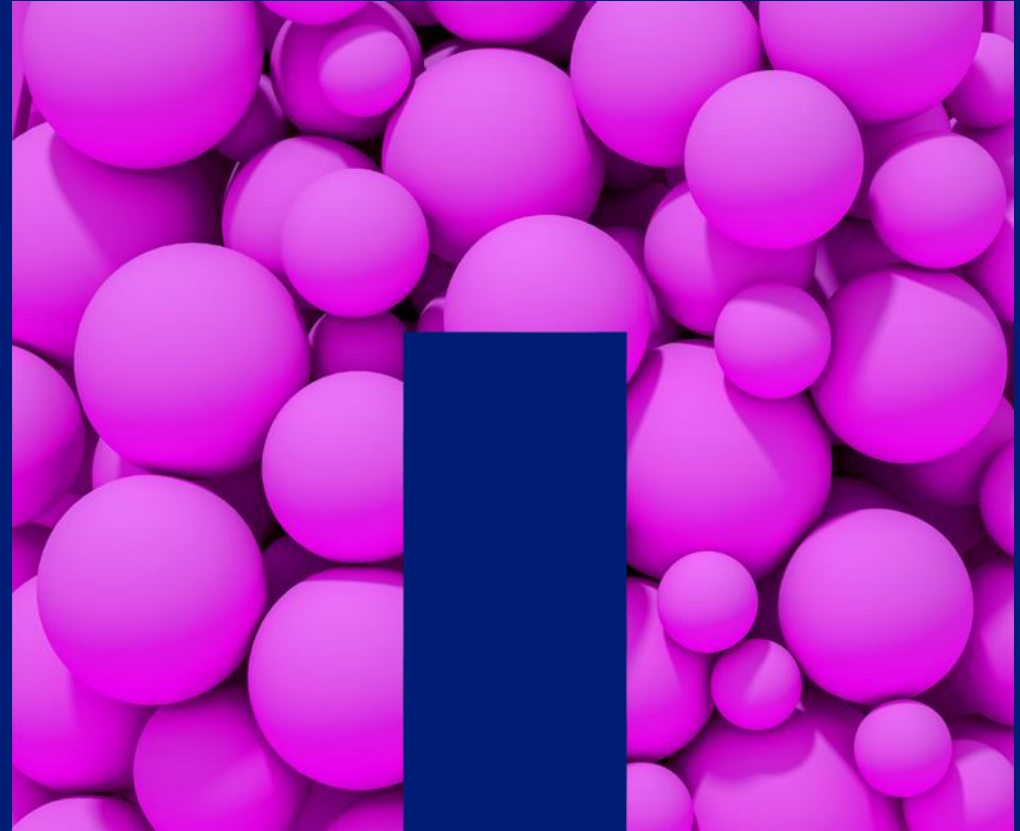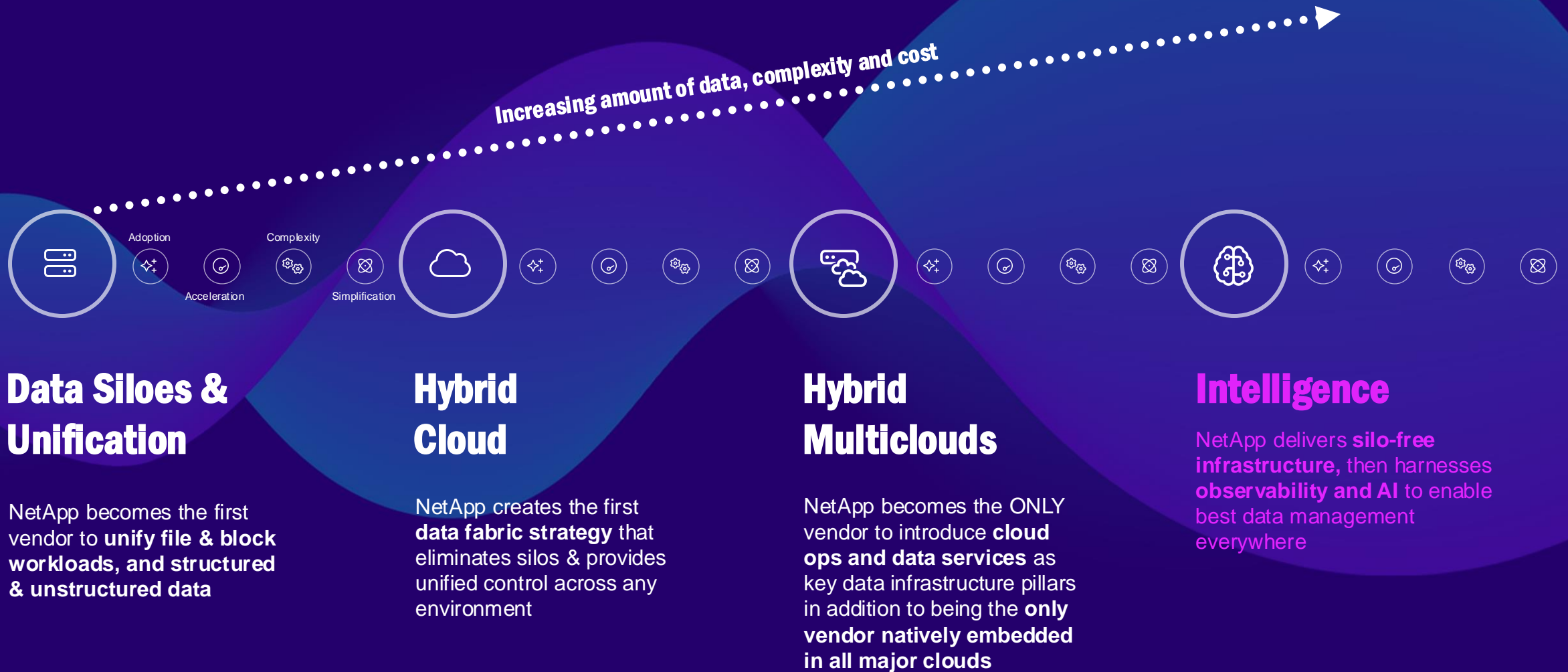# NetApp

Q2 FY25 EARNINGS RESULTS

Safe harbor

- This presentation contains forward-looking statements and projections about our strategy, products and services, shareholder returns, and our future results, performance or achievements, financial and otherwise. These statements and projections reflect management's current expectations, estimates and assumptions based on the information currently available to us and are not guarantees of future performance.

- Actual results may differ materially from these statements for a variety of reasons, including, without limitation, our ability to keep pace with the rapid industry, technological and market trends and changes in the markets in which we operate; our ability to execute our evolved cloud strategy and introduce and gain market acceptance for our products and services; our ability to maintain our customer, partner, supplier and contract manufacturer relationships on favorable terms and conditions; global political, macroeconomic and market conditions, including inflation, fluctuating interest rates, changes in trade regulations, monetary policy shifts, recession risks, and foreign exchange volatility and the resulting impact on demand for our products; the impact due to new or ongoing armed conflicts and any sanctions posed in response; adoption or changes to laws, regulations standards or policies affecting our operations, products, services, the storage industry, or AI usage; material cybersecurity and other security breaches; the impact of supply chain disruptions on our business operations, financial performance and results of operations; changes in U.S. government spending; changes in overall technology spending by our customers; revenue seasonality; changes in laws or regulations, including those relating to privacy, data protection and information security; the timing of orders and their fulfilment; and our ability to manage our gross profit margins. These and other equally important factors that may affect our future results are described in reports and documents we file from time to time with the SEC, including the factors described under the section titled "Risk Factors" in our most recent annual report on Form 10-K and quarterly report on Form 10-Q, each available at www.sec.gov. The forward-looking statements made in these presentations are being made as of the time and date of the live presentation. If these presentations are reviewed after the time and date of the live presentation, even if subsequently made available by us, on our website or otherwise, these presentations may not contain current or accurate information. Except as required by law, we disclaim any obligation to update or revise any forward-looking statement based on new information, future events or otherwise.

- This presentation includes non-GAAP financial measures. Reconciliations of these measures to the comparable GAAP measures are available in the appendix to this presentation.

- NetApp's Investor Relations website at https://investors.netapp.com/investor-relations contains a significant amount of information about NetApp, including financial and other information for investors. NetApp encourages investors to visit that website from time to time as information is updated and new information is posted. The content of NetApp's website is not incorporated by reference into this presentation, and any references to NetApp's website are intended to be inactive textual references only.

NetApp is the

INTELLIGENT DATA INFRASTRUCTURE COMPANY

Across several eras in the age of data, NetApp has led in data infrastructure innovation

Increasing amount of data, complexity and cost

Adoption

Acceleration

Complexity

Simplification

Data Siloes & Unification

NetApp becomes the first vendor to **unify file & block workloads, and structured & unstructured data**

Hybrid Cloud

NetApp creates the first **data fabric strategy** that eliminates silos & provides unified control across any environment

Hybrid Multiclouds

NetApp becomes the ONLY vendor to introduce **cloud ops and data services** as key data infrastructure pillars in addition to being the **only vendor natively embedded in all major clouds**

Intelligence

NetApp delivers **silo-free infrastructure,** then harnesses **observability and AI** to enable best data management everywhere

Intelligent data infrastructure lets you turn disruption into opportunity

BUSINESS OPPORTUNITIES

- Enhanced experiences
- Team productivity
- Operations efficiency

IT OPPORTUNITIES

- Data resilience
- High-performing apps & infrastructure
- Flexible, silo-free cloud usage

SOCIETAL OPPORTUNITIES

- Cost savings
- Greater sustainability
- Improved compliance

INTELLIGENT DATA INFRASTRUCTURE

WITH INTELLIGENT DATA INFRASTRUCTURE, YOU CAN RISE TO EVERY MOMENT

BE THE SILO BUSTER

Deliver simplicity by managing complex workloads and eliminating infrastructure silos across apps, data, and clouds

SIMPLICITY

BE THE BUDGET HERO

Make your on-premises and cloud infrastructure spend go further

SAVINGS

BE THE SUSTAINABILITY CHAMPION

Power more sustainable operations with energy-efficient technologies, tiering, and analytics

SUSTAINABILITY

BE THE BUSINESS DEFENDER

Keep your business running with built-in security, rapid recovery, and infrastructure observability

SECURITY

BE THE AI WORKLOAD INNOVATOR

Embed intelligence into your data infrastructure to enable your AI workloads—for new levels of productivity and innovation
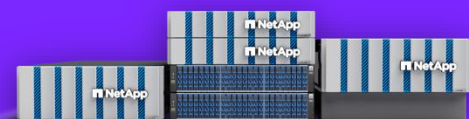
SMARTS

BE THE APPLICATION AGILITY DRIVER

Maximize your infrastructure and applications scalability and team responsiveness

SCALABILITY

■ NetApp   6   © 2024 NetApp, Inc. All rights reserved.

Competitively positioned to drive growth in key markets

Flash

AFF Series

Block

ASA Series

Cloud

AI

NetApp + NVIDIA

Optimized performance and design across all price points

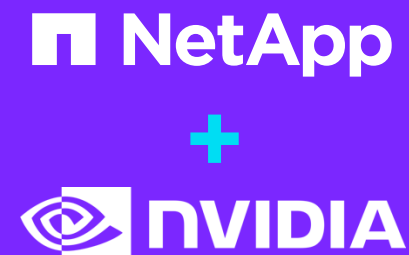The right product and strategy to disrupt the mature block market

Only natively integrated player, addressing a broad set of workloads

Large portion of the world's unstructured enterprise data resides on NetApp today

THE NETAPP PLATFORM

Increase productivity and minimize risk with unified simplicity at scale

High-performance file	Virtual machines	Databases	Kubernetes	AI/ML/modern data lakes	Cloud storage	Dev/test or secondary

ONTAP

ONLY NETAPP
Comprehensive data management software delivering automation, efficiency, data protection, and security capabilities for file, block, and object

aws · Microsoft Azure · Google Cloud
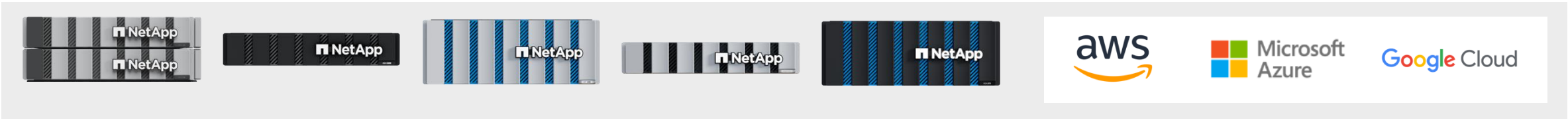
- ✓ **Consistent management and automation**
- ✓ **Consistent data security**
- ✓ **Consistent data protection**
- ✓ **Consistent performance**
- ✓ **Consistent experience**

Flexible unified storage for any app, any data, anywhere

NetApp AFF

vmware®

ORACLE

Microsoft SQL Server®

SAP®

mongoDB

APACHE Spark™

kafka

Red Hat OpenShift

Any unstructured file or object workload	SMB	NFS	S3
Any block workload	NVMe/FC	NVMe/TCP	
	FCP	iSCSI	

ONTAP

Comprehensive data management software delivering automation, efficiency, data protection, and security capabilities for file, block, and object

aws

Microsoft Azure

Google Cloud

IBM Cloud

Focused SAN storage for your block workloads

Dedicated block storage without the silos

Simple

Leverage a storage solution so simple that anyone can deploy it, manage it, and upgrade it

Powerful

Accelerate VMware and database apps with market-leading performance, proven reliability, and intelligent data management

Affordable

Get unmatched value with a 25-50% lower upfront price and better ROI overall

vmware®   **Microsoft SQL Server®**   **ORACLE**   **SAP®**

NVMe/FC   **NVMe/TCP**   **FCP**   **iSCSI**

NetApp ASA

NetApp is trusted and proven by over 20,000 customers for their SAN workloads
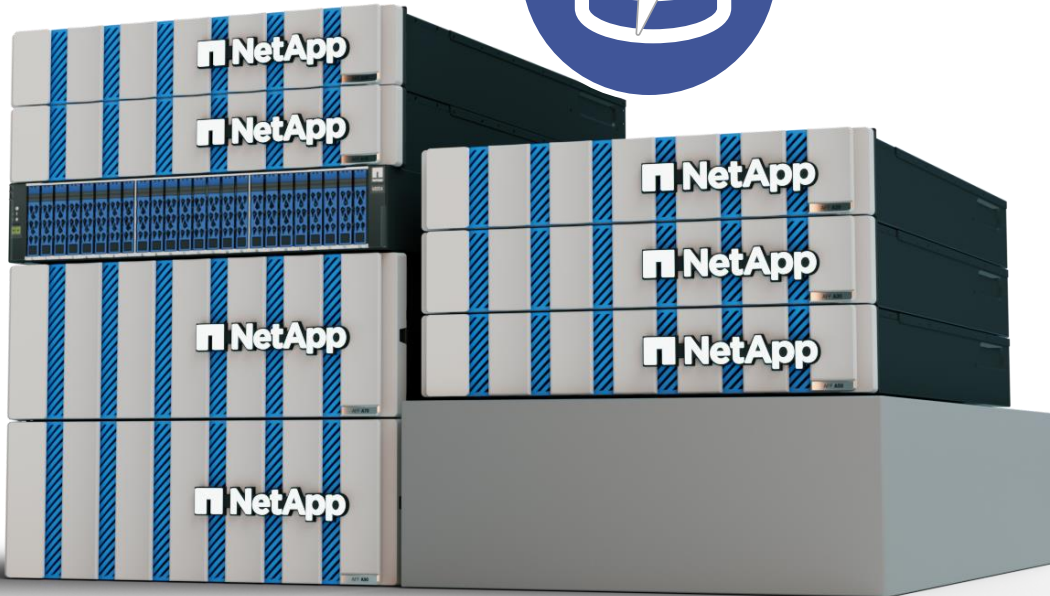
ONTAP

Comprehensive data management software delivering automation, efficiency, data protection, and security capabilities for file, block, and object

aws   **Microsoft Azure**   **Google Cloud**   **IBM Cloud**

This slide is an overview only. The Six Nines Data Availability Guarantee requires agreement with certain Terms & Conditions. Please refer to the Terms & Conditions for full details. The guarantee requires usage of Data Infrastructure Insights to validate compliance.

Leading NAS & Object storage for unstructured data

Massive scalability meets the most advanced integrated data management

Scalable. Start small and grow to close to exabyte-scale clusters with multi-PB single namespaces.

Comprehensive with fully integrated tiering, caching, replication, backup, and ransomware protection. Support for simultaneous NAS & Object access.

Anywhere. Scale your data across the globe, including a globally distributed object storage solution. Deploy on-prem or in any major cloud.

Cork

NetApp StorageGRID

San Jose

Singapore

NetApp

NetApp 1st Party Cloud-Native File Services

FSx

NetApp created the enterprise NAS market in 1992, and continues to lead, three decades of innovation later

ONTAP

Comprehensive data management software delivering automation, efficiency, data protection, and security capabilities for file, block, and object
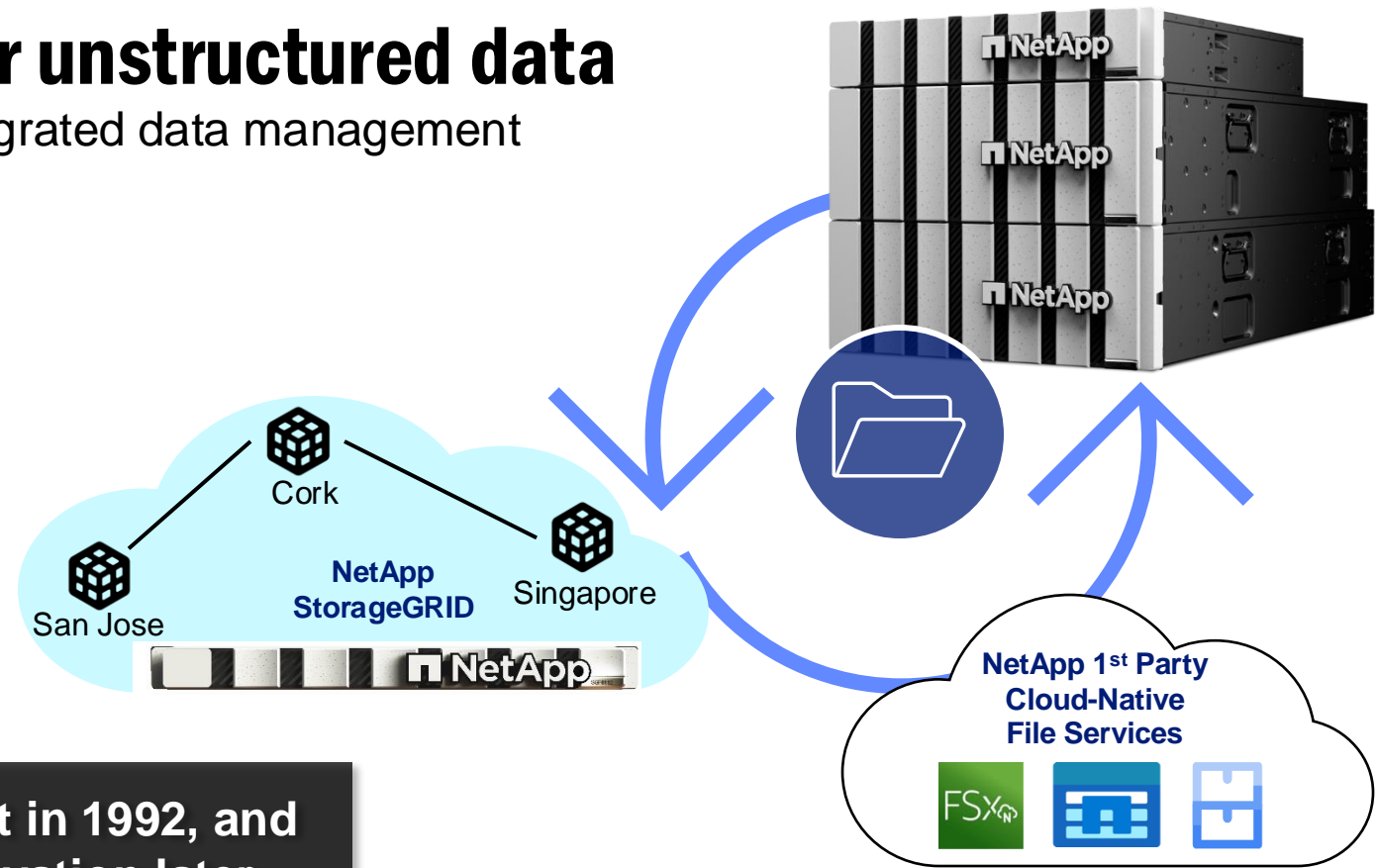
aws

Microsoft Azure

Google Cloud

IBM Cloud

Simple efficient secondary storage
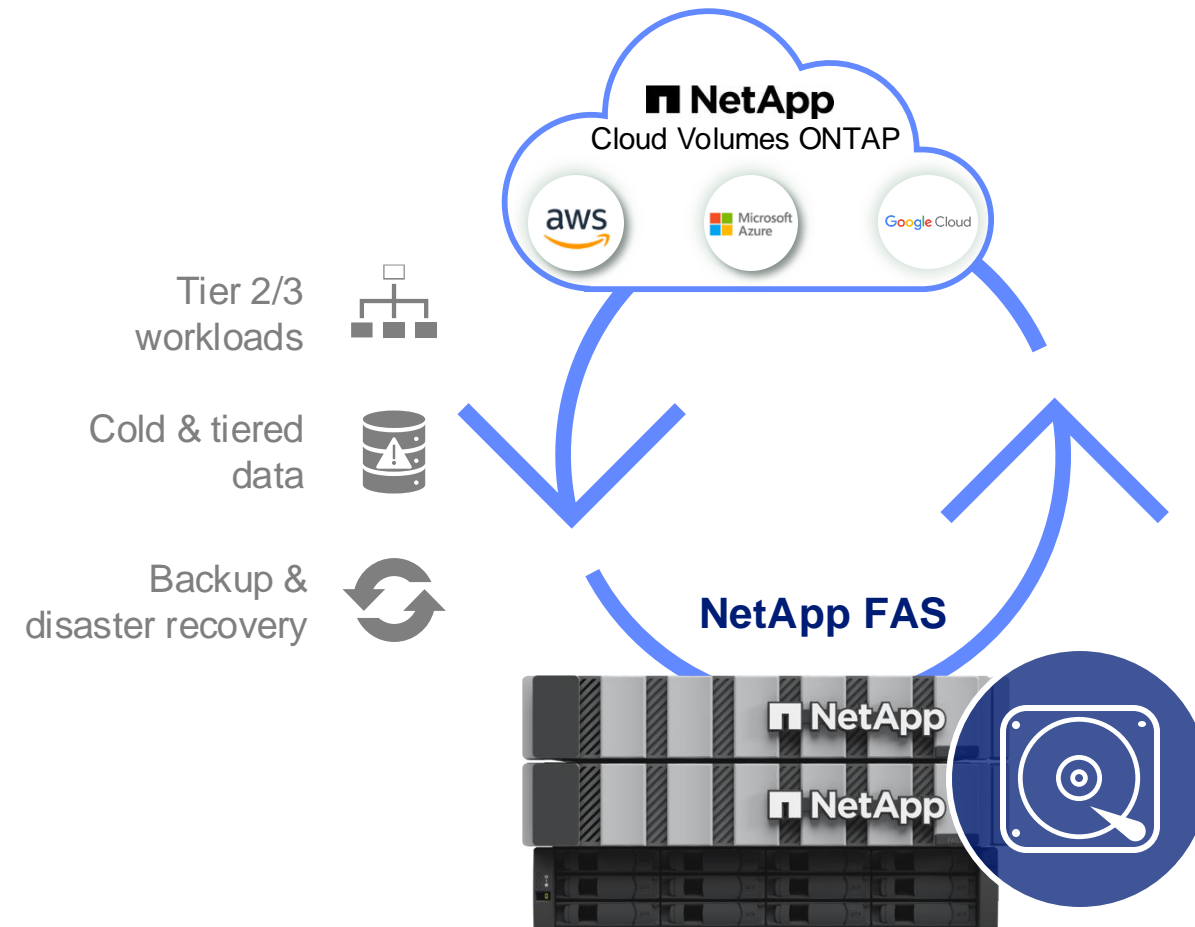

Economical
Optimize overall cost of storage over the data lifecycle with automated tiering and economical backup

Simple
Flexibly adapt to evolving business needs with industry-leading hybrid flash storage.

Secure
Autonomous ransomware protection, based on machine learning, quickly identifies malware threats.

NetApp Cloud Volumes ONTAP

Tier 2/3 workloads

Cold & tiered data

Backup & disaster recovery

NetApp FAS

ONTAP	Comprehensive data management software delivering automation, efficiency, data protection, and security capabilities for file, block, and object

Consume your data infrastructure on your terms

Ultimate flexibility, guaranteed

As-A-Service

NetApp Keystone
- Procure services, not systems
- Pay-as-you-grow (or shrink!) based on consumption
- Flexible management options – do it yourself, partner-managed, or NetApp managed

Integrated Tech Refresh

Storage Lifecycle Program
- Purchase your system but eliminate ongoing refresh costs
- Included new storage controller every 3 years
- Scale out to the cloud to meet business needs

Traditional Purchase
- Always available and unchanged
- Purchase hardware and software with support subscription
- Financing & enterprise agreements available

Public Cloud Consumption
- Choose from the three largest public clouds
- Native offering: billing and financing directly with the cloud provider
- Choice of service levels

SLAs

GUARANTEES

SLAs

- **Performance**
- **Uptime**
- **Sustainability**

- **Storage Efficiency Guarantee**
- **Ransomware Recovery Guarantee**

- **6 Nines Data Availability Guarantee (ASA)**
- **Predictable Support Pricing**
- **Media Replacement Assurance**

- **Performance (throughput, IOPS)**
- **Uptime/availability**
- **Price**

Peace of mind, guaranteed
Continually evolve your storage environment with confidence

Ransomware Recovery Guarantee

OPTIONAL PROGRAM[1]
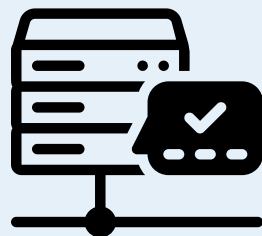
6 Nines (99.9999%) Data Availability Guarantee

INCLUDED w/ ASA[2]

Predictable Support Pricing

INCLUDED w/ Support
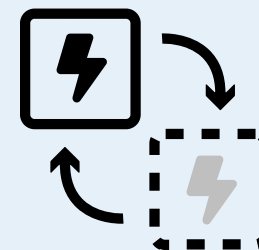
Media Replacement Assurance

INCLUDED w/ Support
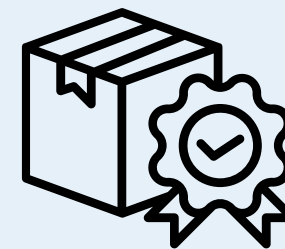
Storage Efficiency Guarantee

INCLUDED w/ ASA/AFF

Best-in-class ownership experience to accompany NetApp AFF/FAS/ASA solution purchase

Unified control across your hybrid multicloud
NetApp BlueXP

Unified control
of storage and services for
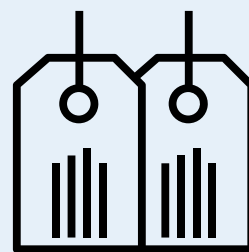all your data wherever it lives

Powerful AIOps
drives operational simplicity

Flexible consumption of resources
unlocks control, investment protection,
and ROI

Integrated services
maximize data protection and cyber
resilience while minimizing costs
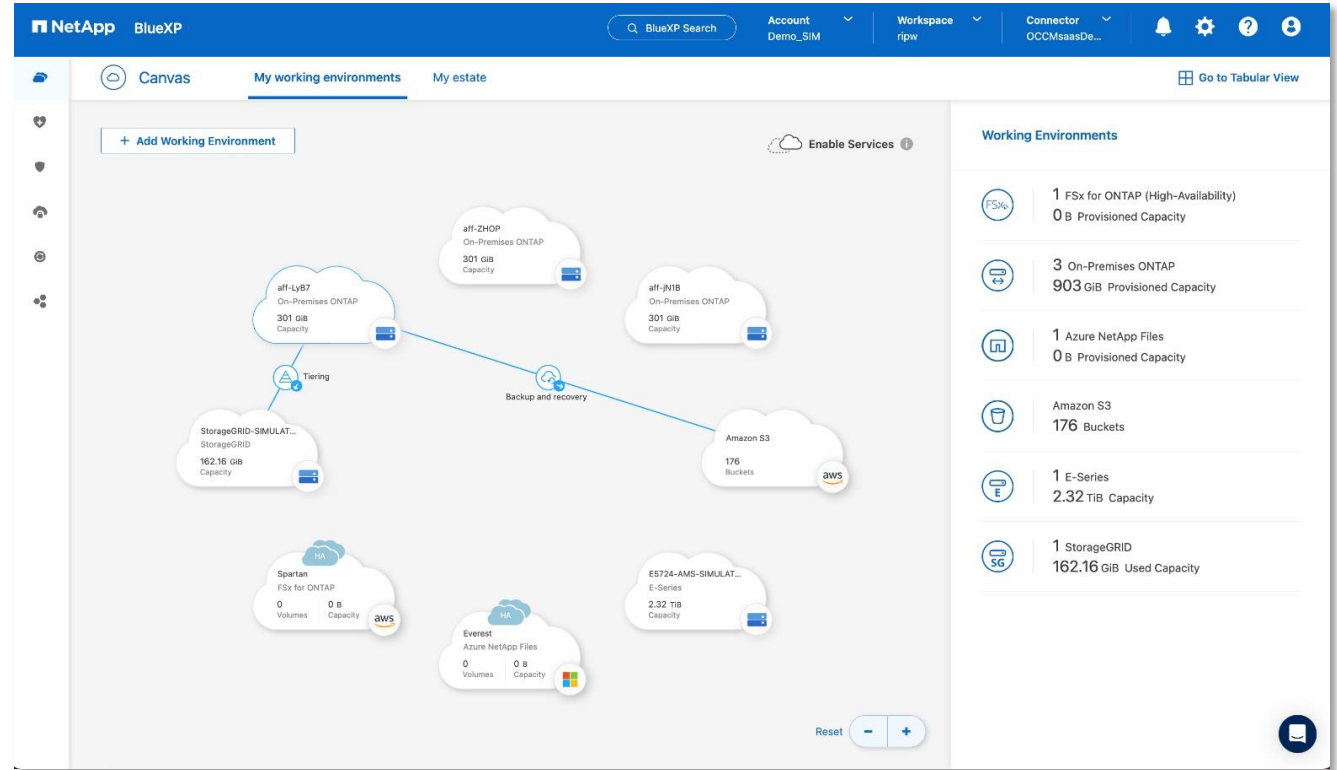
**Delivering the speed, simplicity, and security
required in today's highly complex world**

It's always ONTAP, delivered how you need it, where you need it

On-Premises/ Hybrid Cloud
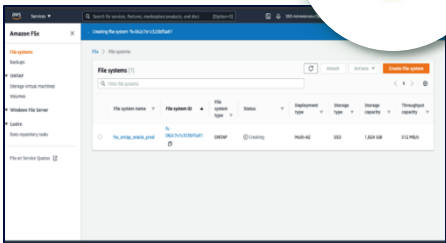
Amazon FSx for NetApp ONTAP
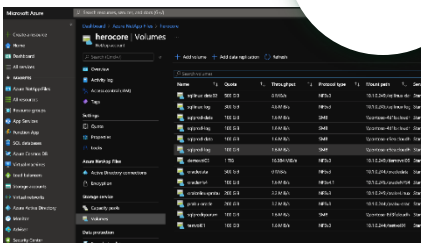
Azure NetApp Files
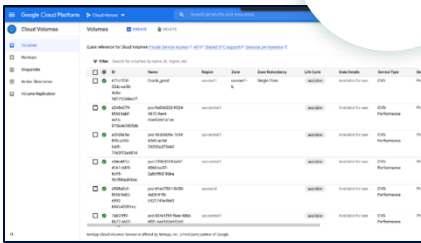
Google Cloud NetApp Volumes
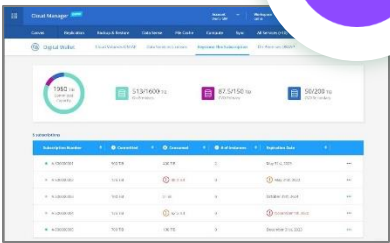
NetApp Cloud Volumes ONTAP

The only common storage software provided as on-premises enterprise storage and as a native managed cloud storage service directly by the three biggest cloud providers

NetApp continues its commitment to Sustainability and ESG

PRODUCTS

NEW SUSTAINABLE PACKAGING
made from recycled content, recyclable curbside, and designed for space efficiency

AFF A-SERIES
launched high performing all-flash storage enabling storage consolidation and reduction in overall energy consumption

BLUE XP SUSTAINABILITY DASHBOARD
Enabled customers to advance their sustainability efforts and meaningfully reduce energy use

99%
of e-waste responsibly managed and diverted from the landfill

DEI&B

AMERICA'S GREATEST WORKPLACES FOR DIVERSITY
global recognition from Newsweek and several other organizations for our diversity efforts

$250,000
invested in new scholarships for HBCU students as part of an expanded Equity pillar scholarship program

SOCIAL IMPACT

46%
of NetApp employees participated in volunteering and charitable giving

20,000
employee volunteer hours

$3.5 MILLION
to over 3,200 global nonprofits

ENVIRONMENT

19%
reduction in Scope 3 intensity as of FY23, compared to FY20 baseline

37%
reduction in Scope 1 & 2 emissions as of FY23, compared to FY20 baseline

144%
increase of renewable energy use compared to FY20 baseline

6 MILLION GALLONS
of potable water saved by transitioning to reclaimed water for data center/lab cooling at our Research Triangle Park, North Carolina site

100%
of our global real estate footprint now certified to ISO 14001 standards

NETAPP MAKES DATA INFRASTRUCTURE INTELLIGENT TO TURN A WORLD OF DISRUPTION INTO OPPORTUNITIES FOR EVERY CUSTOMER

Q2 FY25 highlights

Delivered Q2 year-over-year revenue and billings growth of 6% and 9%, respectively*

Set Q2 records for operating margin at 29% and EPS at $1.87*

Grew all-flash annualized revenue run rate by 19% year-over-year to an all-time high of $3.8 billion

Grew first party and marketplace cloud storage services revenue approximately 43% year-over-year

Recognized as a leader in Gartner's 2024 Magic Quadrant for Primary Storage Platforms for the 12th consecutive year

Extended our partnership with Google Cloud to provide the foundational data storage for Google Distributed Cloud

*Billings, operating margin, and EPS are Non-GAAP numbers. Refer to appendix for additional details and a reconciliation between GAAP and Non-GAAP numbers.

Q2 FY25 summary

	Q2 guidance (as of Aug 28, 2024)	Q2 actual	
Revenue	$1.565B – $1.715B	$1.66B +6.1% y/y	✅
Billings[1]		$1.59B +9.1% y/y	
Non-GAAP gross margin	71% – 72%	72.0% +0 bps y/y	✅
Non-GAAP operating margin	~ 28%	28.6% +180 bps y/y	✅
Non-GAAP EPS	$1.73 – $1.83	$1.87 +18.4% y/y	✅
Non-GAAP FCF margin		3.6%	
Remaining performance obligation[2]		$4.43B	
Capital returns[3]		$406M	

[1]Billings is a Non-GAAP measure. Refer to appendix for additional details on the Non-GAAP measures presented in the table above and a reconciliation between GAAP and Non-GAAP numbers.
[2]Beginning in FY25, we've started disclosing remaining performance obligations, inclusive of unbilled RPO, as it is a leading indicator of future growth in our business.
[3]Capital returns are the sum of cash dividends and share repurchases.

YTD FY25 summary

	Q1	Q2	YTD
Revenue	$1.54B +7.6% y/y	$1.66B +6.1% y/y	$3.20B +6.8% y/y
Billings[1]	$1.45B +11.5% y/y	$1.59B +9.1% y/y	$3.04B +10.2% y/y
Non-GAAP gross margin	72.2% +150 bps y/y	72.0% +0 bps y/y	72.1% +70 bps y/y
Non-GAAP operating margin	25.9% +430 bps y/y	28.6% +180 bps y/y	27.3% +300 bps y/y
Non-GAAP EPS	$1.56 +35.7% y/y	$1.87 +18.4% y/y	$3.42 +25.7% y/y
Non-GAAP FCF margin	19.5%	3.6%	11.3%
Remaining performance obligation[2]	$4.46B	$4.43B	$4.43B
Capital returns[3]	$507M	$406M	$913M

[1]Billings is a Non-GAAP measure. Refer to appendix for additional details on the Non-GAAP measures presented in the table above and a reconciliation between GAAP and Non-GAAP numbers.
[2]Beginning in FY25, we've started disclosing remaining performance obligations, inclusive of unbilled RPO, as it is a leading indicator of future growth in our business.
[3]Capital returns are the sum of cash dividends and share repurchases.

Revenues
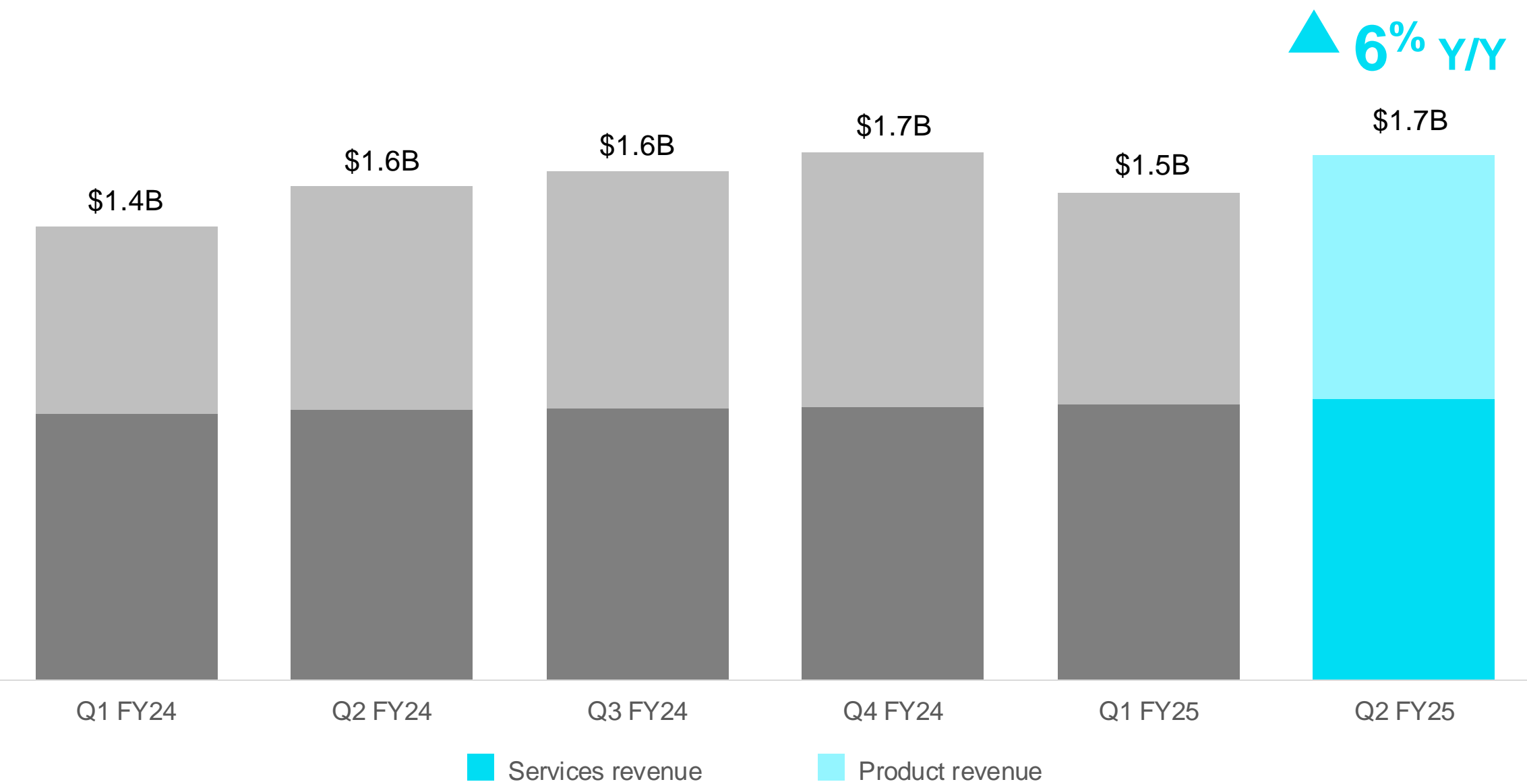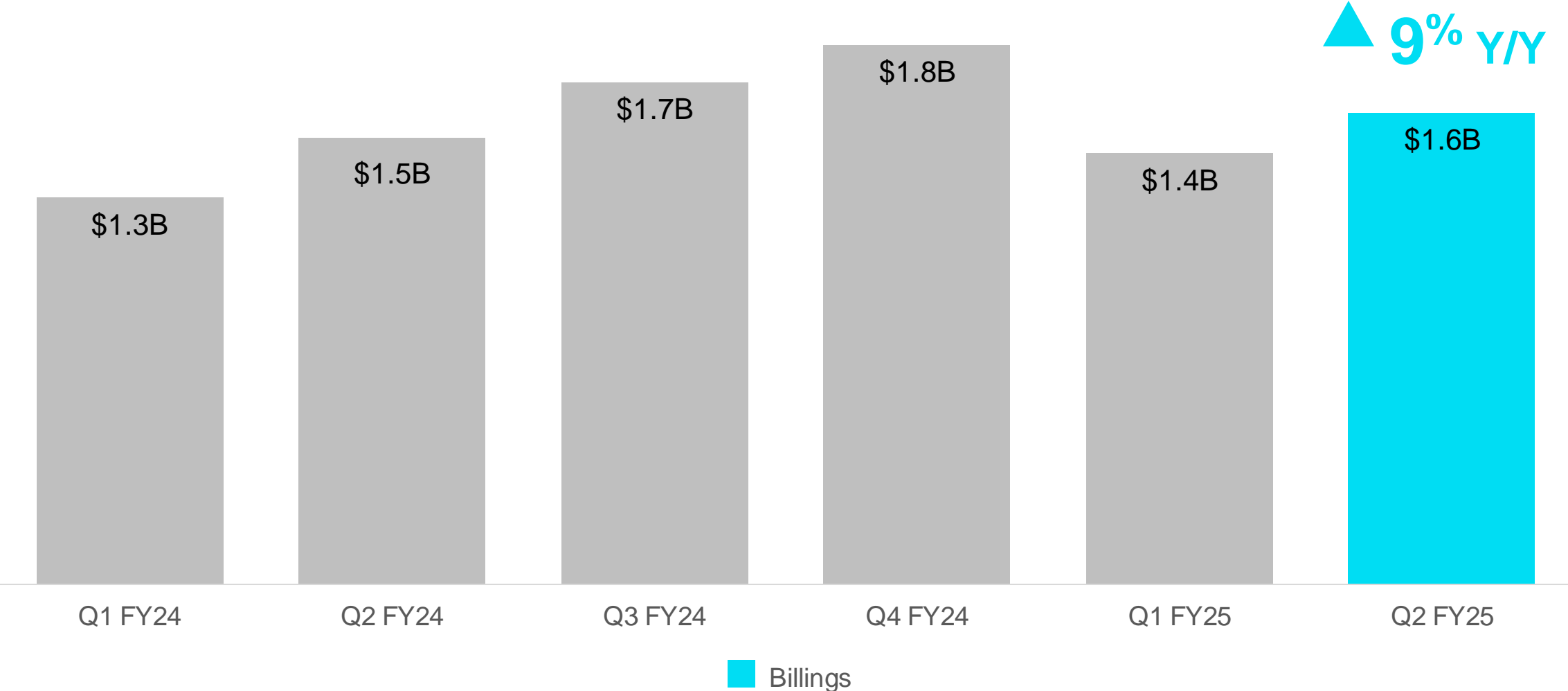
▲ **6%** Y/Y

	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25
	$1.4B	$1.6B	$1.6B	$1.7B	$1.5B	$1.7B

■ Services revenue   ■ Product revenue

Billings

$1.3B — Q1 FY24
$1.5B — Q2 FY24
$1.7B — Q3 FY24
$1.8B — Q4 FY24
$1.4B — Q1 FY25
$1.6B — Q2 FY25

▲ 9% Y/Y

Billings

Non-GAAP gross margin

	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25
Non-GAAP gross profit	$1,012M	$1,125M	$1,167M	$1,192M	$1,113M	$1,194M
Non-GAAP gross margin	70.7%	72.0%	72.7%	71.5%	72.2%	72.0%

Non-GAAP gross profit   Non-GAAP gross margin

Refer to appendix for a reconciliation between GAAP and Non-GAAP numbers
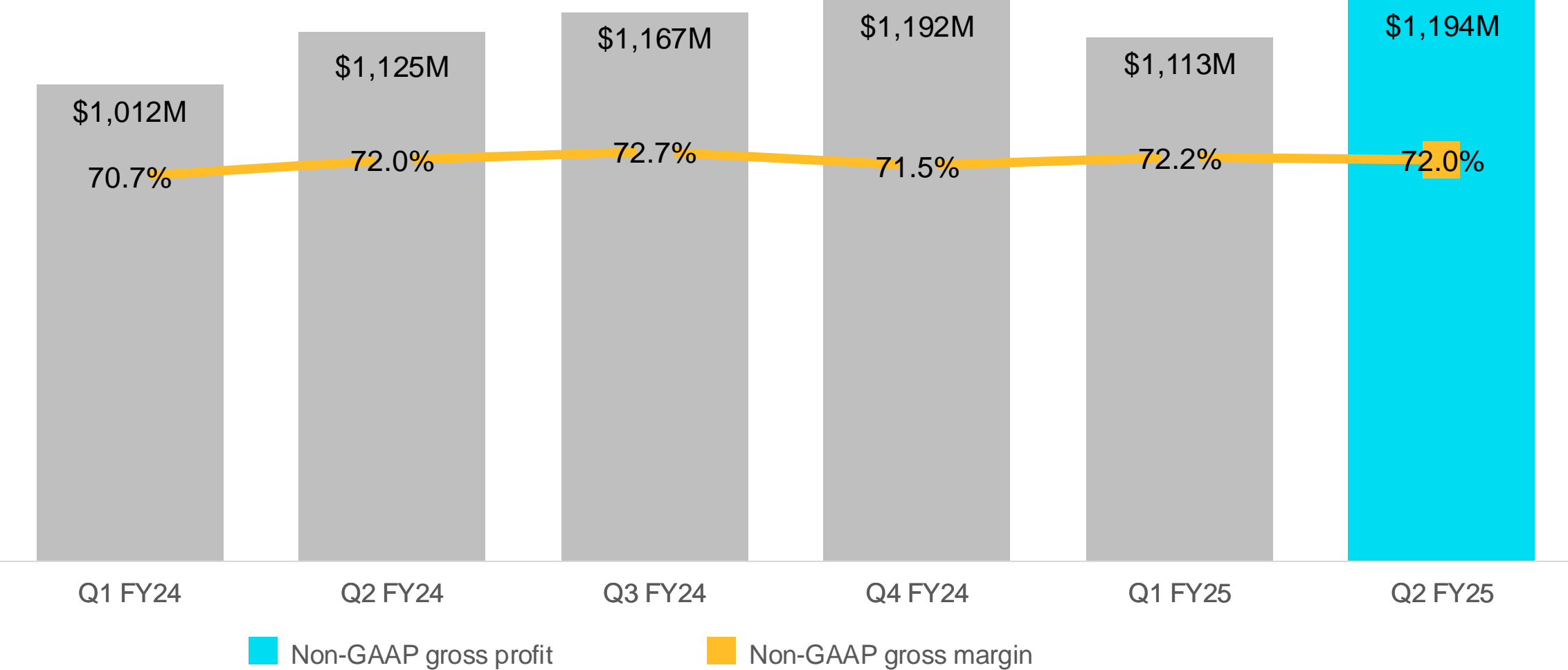
Segment revenue and gross margin

Hybrid Cloud

Quarter	Revenue	Gross Margin
Q1 FY24	$1,278M	71.1%
Q2 FY24	$1,408M	72.7%
Q3 FY24	$1,455M	73.4%
Q4 FY24	$1,516M	71.8%
Q1 FY25	$1,382M	72.4%
Q2 FY25	$1,490M	71.8%

Public Cloud

Quarter	Revenue	Gross Margin
Q1 FY24	$154M	66.9%
Q2 FY24	$154M	66.2%
Q3 FY24	$151M	65.6%
Q4 FY24	$152M	68.4%
Q1 FY25	$159M	71.1%
Q2 FY25	$168M	73.8%

Legend: ▮ Segment revenue ▬ Segment gross margin
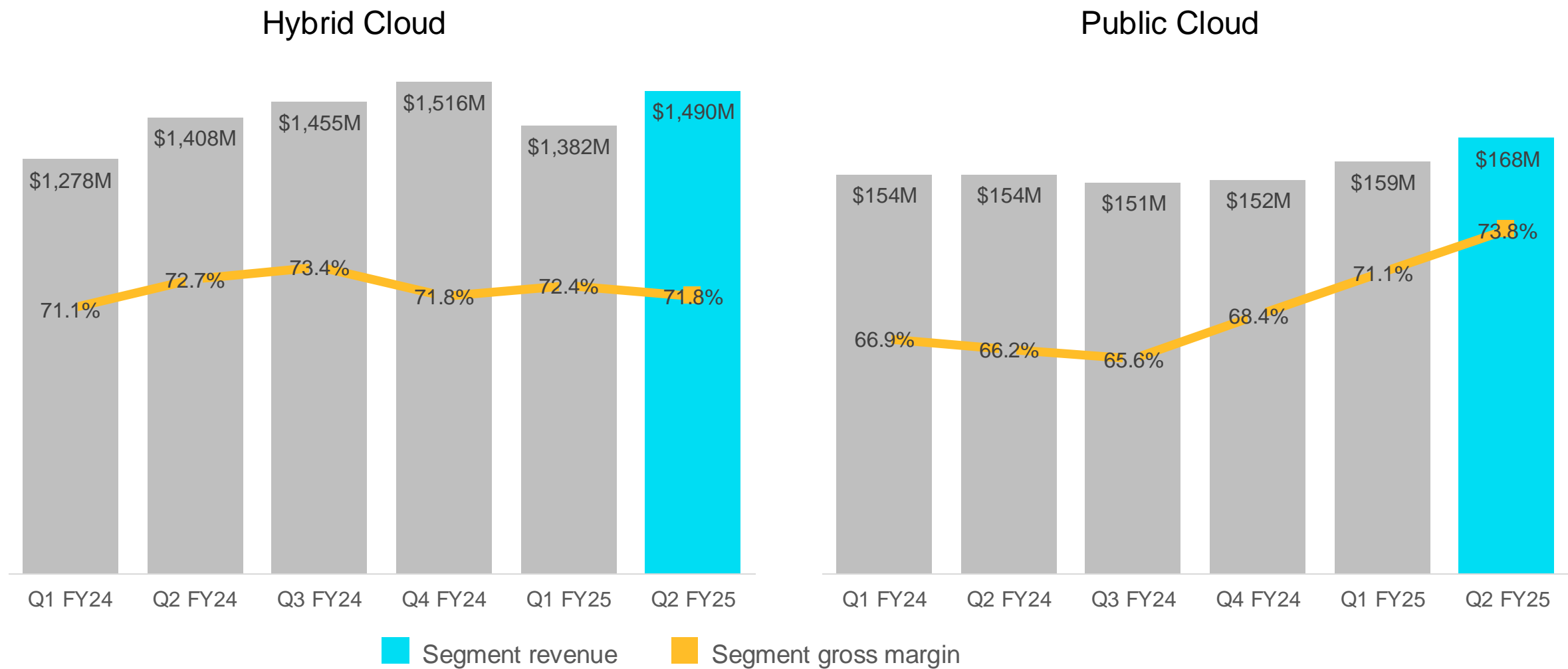
The company has two segments for financial reporting purposes: Hybrid Cloud and Public Cloud. A reconciliation of segment gross profit, which does not include stock-based compensation or amortization of intangibles, to consolidated gross profit is included in the appendix.

All flash array annualized revenue run rate

▲ **19%** Y/Y

Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25
$2.8B	$3.2B	$3.4B	$3.6B	$3.4B	$3.8B

■ All flash annualized array revenue run rate

AFA annualized net revenue run rate is determined by products and services revenue for the current period, multiplied by 4

Non-GAAP operating expense

	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25
Non-GAAP operating expense	$703M	$706M	$682M	$723M	$714M	$719M
Non-GAAP operating expense as a percent of revenue	49.1%	45.2%	42.5%	43.3%	46.3%	43.4%

Non-GAAP operating expense

Non-GAAP operating expense as a percent of revenue

Refer to appendix for a reconciliation between GAAP and Non-GAAP numbers

Non-GAAP operating profit

	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25
Non-GAAP operating profit	$309M	$419M	$485M	$469M	$399M	$475M
Non-GAAP operating margin	21.6%	26.8%	30.2%	28.1%	25.9%	28.6%

Non-GAAP operating profit   ■ Non-GAAP operating margin

Refer to appendix for a reconciliation between GAAP and Non-GAAP numbers

Non-GAAP earnings per share

▲ **18%** Y/Y

Q1 FY24: $1.15
Q2 FY24: $1.58
Q3 FY24: $1.94
Q4 FY24: $1.80
Q1 FY25: $1.56
Q2 FY25: $1.87

■ Non-GAAP earnings per share

Refer to appendix for a reconciliation between GAAP and Non-GAAP numbers

Free cash flow

Chart: Free cash flow (bar) and Free cash flow as a percent of revenue (line)

Quarter	Free cash flow	% of revenue
Q1 FY24	$418M	29.2%
Q2 FY24	$97M	6.2%
Q3 FY24	$448M	27.9%
Q4 FY24	$567M	34.0%
Q1 FY25	$300M	19.5%
Q2 FY25	$60M	3.6%

Legend: Free cash flow | Free cash flow as a percent of revenue

Refer to appendix for a reconciliation between GAAP and Non-GAAP numbers

Deferred revenue

▲ **2%** Y/Y

$4.2B	$4.0B	$4.1B	$4.2B	$4.2B	$4.1B
Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25

■ Deferred revenue balance

Q3 FY25 GUIDANCE
AS OF NOVEMBER 21, 2024

	Q3 Guide
Revenue	$1.61B – $1.76B
Gross margin*	71% – 72%
Operating margin*	~ 29%
Earnings per share*	$1.85 – $1.95

Additional modeling points
Net interest income** ~ $10M
Tax rate* 20% – 21%

*Gross margin, operating margin, EPS, and tax rate are Non-GAAP numbers. Refer to appendix for additional details and a reconciliation between GAAP and Non-GAAP numbers.
**Net interest income equals interest income less interest expense

UPDATED FY25 GUIDANCE

AS OF NOVEMBER 21, 2024

	FY25 Guide
Revenue	$6.54B – $6.74B
Gross margin*	71% – 72%
Operating margin*	28% – 28.5%
Earnings per share*	$7.20 – $7.40

Additional modeling points
    Net interest income**   ~ $55M
    Tax rate*   20% – 21%

*Gross margin, operating margin, EPS, and tax rate are Non-GAAP numbers. Refer to appendix for additional details and a reconciliation between GAAP and Non-GAAP numbers.
**Net interest income equals interest income less interest expense

Appendix: Supplementary Tables and GAAP to Non-GAAP Reconciliations & Explanations

Supplemental revenue and gross margin data

RECONCILIATION OF SEGMENTS GROSS PROFIT TO TOTAL GROSS PROFIT

($ in millions)

	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	Q1'FY25	Q2'FY25	First Six Months of FY'24	First Six Months of FY'25
Revenues by Segment								
Product	$ 590	$ 706	$ 747	$ 806	$ 669	$ 768	$ 1,296	$ 1,437
Support	611	623	631	623	631	635	1,234	1,266
Professional and Other Services	77	79	77	87	82	87	156	169
Hybrid Cloud Segment Net Revenues	**1,278**	**1,408**	**1,455**	**1,516**	**1,382**	**1,490**	**2,686**	**2,872**
Public Cloud Segment Net Revenues	**154**	**154**	**151**	**152**	**159**	**168**	**308**	**327**
Net Revenues	**1,432**	**1,562**	**1,606**	**1,668**	**1,541**	**1,658**	**2,994**	**3,199**
Gross Profit by Segment								
Product	326	431	467	494	401	463	757	864
Support	564	573	582	574	581	584	1,137	1,165
Professional and Other Services	19	19	19	20	18	23	38	41
Hybrid Cloud Segment Gross Profit	**909**	**1,023**	**1,068**	**1,088**	**1,000**	**1,070**	**1,932**	**2,070**
Public Cloud Segment Gross Profit	**103**	**102**	**99**	**104**	**113**	**124**	**205**	**237**
Total Segments Gross Profit	**1,012**	**1,125**	**1,167**	**1,192**	**1,113**	**1,194**	**2,137**	**2,307**
Amortization of Intangible Assets	(9)	(8)	(9)	(8)	(8)	(9)	(17)	(17)
Stock-based Compensation	(7)	(7)	(7)	(8)	(7)	(8)	(14)	(15)
Unallocated Cost of Revenues	**(16)**	**(15)**	**(16)**	**(16)**	**(15)**	**(17)**	**(31)**	**(32)**
Gross Profit	**$ 996**	**$ 1,110**	**$ 1,151**	**$ 1,176**	**$ 1,098**	**$ 1,177**	**$ 2,106**	**$ 2,275**
Hybrid Cloud Segment Gross Margin	**71.1%**	**72.7%**	**73.4%**	**71.8%**	**72.4%**	**71.8%**	**71.9%**	**72.1%**
Public Cloud Segment Gross Margin	**66.9%**	**66.2%**	**65.6%**	**68.4%**	**71.1%**	**73.8%**	**66.6%**	**72.5%**

Reconciliation of net revenues to billings (Non-GAAP)

RECONCILIATION OF NET REVENUES
TO BILLINGS (NON-GAAP)
(In millions)

	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	Q1'FY25	Q2'FY25		First Six Months of FY'24	First Six Months of FY'25
Net revenues	$ 1,432	$ 1,562	$ 1,606	$ 1,668	$ 1,541	$ 1,658		$ 2,994	$ 3,199
Change in deferred revenue and financed unearned services revenue*	(133)	(108)	81	146	(92)	(72)		(241)	(164)
Billings	$ 1,299	$ 1,454	$ 1,687	$ 1,814	$ 1,449	$ 1,586		$ 2,753	$ 3,035

* As reported on our Condensed Consolidated Statements of Cash Flows

Some items may not add or recalculate due to rounding

Billings - NetApp approximates billings by adding net revenues as reported on our consolidated statements of operations for the period to the change in total deferred revenue and financed unearned services revenue as reported on our consolidated statements of cash flows.

Reconciliation of GAAP to Non-GAAP gross profit and gross margin

	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	FY2024	Q1'FY25	Q2'FY25	First Six Months of FY'24	First Six Months of FY'25
NET REVENUES	$ 1,432	$ 1,562	$ 1,606	$ 1,668	$ 6,268	$ 1,541	$ 1,658	$ 2,994	$ 3,199
GROSS PROFIT	**$ 996**	**$ 1,110**	**$ 1,151**	**$ 1,176**	**$ 4,433**	**$ 1,098**	**$ 1,177**	**$ 2,106**	**$ 2,275**
Adjustments:									
Amortization of intangible assets	9	8	9	8	34	8	9	17	17
Stock-based compensation	7	7	7	8	29	7	8	14	15
NON-GAAP GROSS PROFIT	**$ 1,012**	**$ 1,125**	**$ 1,167**	**$ 1,192**	**$ 4,496**	**$ 1,113**	**$ 1,194**	**$ 2,137**	**$ 2,307**
Gross margin-GAAP	**69.6%**	**71.1%**	**71.7%**	**70.5%**	**70.7%**	**71.3%**	**71.0%**	**70.3%**	**71.1%**
Adjustments	1.1%	1.0%	1.0%	1.0%	1.0%	0.9%	1.0%	1.1%	1.0%
Gross margin-Non-GAAP	**70.7%**	**72.0%**	**72.7%**	**71.5%**	**71.7%**	**72.2%**	**72.0%**	**71.4%**	**72.1%**

Reconciliation of GAAP to Non-GAAP operating expenses

RECONCILIATION OF GAAP TO NON-GAAP
OPERATING EXPENSES
($ in millions)

	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	Q1'FY25	Q2'FY25		First Six Months of FY'24	First Six Months of FY'25
OPERATING EXPENSES	$ 818	$ 806	$ 785	$ 810	$ 816	$ 832		$ 1,624	$ 1,648
Adjustments:									
Amortization of intangible assets	(6)	(6)	(5)	(6)	(6)	(5)		(12)	(11)
Stock-based compensation	(80)	(86)	(82)	(80)	(78)	(95)		(166)	(173)
Restructuring charges	(26)	(5)	(13)	-	(17)	(12)		(31)	(29)
Acquisition-related expense	(3)	(3)	(3)	(1)	(1)	(1)		(6)	(2)
NON-GAAP OPERATING EXPENSES	$ 703	$ 706	$ 682	$ 723	$ 714	$ 719		$ 1,409	$ 1,433
NET REVENUES	$ 1,432	$ 1,562	$ 1,606	$ 1,668	$ 1,541	$ 1,658		$ 2,994	$ 3,199
GAAP OPERATING EXPENSES AS A PERCENTAGE OF NET REVENUES	57.1%	51.6%	48.9%	48.6%	53.0%	50.2%		54.2%	51.5%
Adjustments	(8.0%)	(6.4%)	(6.4%)	(5.2%)	(6.7%)	(6.8%)		(7.1%)	(6.7%)
NON-GAAP OPERATING EXPENSES AS A PERCENTAGE OF NET REVENUES	49.1%	45.2%	42.5%	43.3%	46.3%	43.4%		47.1%	44.8%

Reconciliation of GAAP to Non-GAAP operating margin

RECONCILIATION OF GAAP TO NON-GAAP
OPERATING MARGIN
($ in millions)

	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	Q1'FY25	Q2'FY25		First Six Months of FY'24	First Six Months of FY'25
INCOME FROM OPERATIONS	$ 178	$ 304	$ 366	$ 366	$ 282	$ 345		$ 482	$ 627
Adjustments:									
Amortization of intangible assets	15	14	14	14	14	14		29	28
Stock-based compensation	87	93	89	88	85	103		180	188
Restructuring charges	26	5	13	-	17	12		31	29
Acquisition-related expense	3	3	3	1	1	1		6	2
NON-GAAP INCOME FROM OPERATIONS	$ 309	$ 419	$ 485	$ 469	$ 399	$ 475		$ 728	$ 874
NET REVENUES	$ 1,432	$ 1,562	$ 1,606	$ 1,668	$ 1,541	$ 1,658		$ 2,994	$ 3,199
OPERATING MARGIN - GAAP	**12.4%**	**19.5%**	**22.8%**	**21.9%**	**18.3%**	**20.8%**		**16.1%**	**19.6%**
Adjustments	9.1%	7.4%	7.4%	6.2%	7.6%	7.8%		8.2%	7.7%
OPERATING MARGIN - NON GAAP	**21.6%**	**26.8%**	**30.2%**	**28.1%**	**25.9%**	**28.6%**		**24.3%**	**27.3%**

Reconciliation of GAAP to Non-GAAP net income per share

RECONCILIATION OF GAAP TO NON-GAAP
NET INCOME PER SHARE

	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	Q1'FY25	Q2'FY25	First Six Months of FY'24	First Six Months of FY'25
NET INCOME PER SHARE	$ 0.69	$ 1.10	$ 1.48	$ 1.37	$ 1.17	$ 1.42	$ 1.79	$ 2.59
Adjustments:								
Amortization of intangible assets	0.07	0.07	0.07	0.07	0.07	0.07	0.14	0.13
Stock-based compensation	0.40	0.44	0.42	0.42	0.40	0.49	0.84	0.89
Restructuring charges	0.12	0.02	0.06	-	0.08	0.06	0.14	0.14
Acquisition-related expense	0.01	0.01	0.01	-	-	-	0.03	0.01
Gain on sale or derecognition of assets	-	-	-	-	-	0.01	-	0.01
Litigation settlements	-	(0.02)	-	-	-	-	(0.02)	-
Income tax effects	(0.14)	(0.04)	(0.10)	(0.06)	(0.17)	(0.19)	(0.19)	(0.35)
NON-GAAP NET INCOME PER SHARE	$ 1.15	$ 1.58	$ 1.94	$ 1.80	$ 1.56	$ 1.87	$ 2.72	$ 3.42
Diluted Shares	216	211	211	212	212	210	214	211

Note: GAAP and Non-GAAP Net Income Per Share were computed using the Diluted number of shares
Some items may not add or recalculate due to rounding

Reconciliation of net cash provided by (used in) operating activities to free cash flow (Non-GAAP)

RECONCILIATION OF NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES
TO FREE CASH FLOW (NON-GAAP)
(In millions)

	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	Q1'FY25	Q2'FY25	First Six Months of FY'24	First Six Months of FY'25
Net cash provided by (used in) operating activities	$ 453	$ 135	$ 484	$ 613	$ 341	$ 105	$ 588	$ 446
Purchases of property and equipment	(35)	(38)	(36)	(46)	(41)	(45)	(73)	(86)
Free cash flow	$ 418	$ 97	$ 448	$ 567	$ 300	$ 60	$ 515	$ 360
NET REVENUES	$ 1,432	$ 1,562	$ 1,606	$ 1,668	$ 1,541	$ 1,658	$ 2,994	$ 3,199
FREE CASH FLOWS AS A PERCENTAGE OF NET REVENUES	**29.2%**	**6.2%**	**27.9%**	**34.0%**	**19.5%**	**3.6%**	**17.2%**	**11.3%**

Free cash flow is calculated as net cash provided by operating activities less purchases of property and equipment.

Reconciliation of GAAP guidance to Non-GAAP - third quarter fiscal 2025

NETAPP, INC.
RECONCILIATION OF GAAP GUIDANCE TO NON-GAAP
THIRD QUARTER FISCAL 2025
(Unaudited)

	Third Quarter Fiscal 2025
Gross Margin - GAAP Guidance	70% - 71%
Adjustment:	
Cost of revenues adjustments	1 %
Gross Margin - Non-GAAP Guidance	71% - 72%

	Third Quarter Fiscal 2025
Operating Margin - GAAP Guidance	~22%
Adjustments:	
Amortization of intangible assets	1 %
Stock-based compensation expense	6 %
Operating Margin - Non-GAAP Guidance	~29%

Reconciliation of GAAP guidance to Non-GAAP - third quarter fiscal 2025, continued

NETAPP, INC.
RECONCILIATION OF GAAP GUIDANCE TO NON-GAAP
THIRD QUARTER FISCAL 2025
(Unaudited)

	Third Quarter Fiscal 2025
Net Income Per Share - GAAP Guidance	$1.41 - $1.51
Adjustments:	
Amortization of intangible assets	$0.07
Stock-based compensation expense	$0.48
Income tax effects	($0.11)
Net Income Per Share - Non-GAAP Guidance	$1.85 - $1.95

	Third Quarter Fiscal 2025
Effective Tax Rate - GAAP Guidance	20% - 21%
Adjustment:	
Income tax effects	-
Effective Tax Rate - Non-GAAP Guidance	20% - 21%

Some items may not add or recalculate due to rounding

Reconciliation of GAAP guidance to Non-GAAP – fiscal 2025

NETAPP, INC.
RECONCILIATION OF GAAP GUIDANCE TO NON-GAAP
FISCAL 2025
(Unaudited)

	Fiscal 2025
Gross Margin - GAAP Guidance	70% - 71%
Adjustment:	
Cost of revenues adjustments	1 %
Gross Margin - Non-GAAP Guidance	71% - 72%

	Fiscal 2025
Operating Margin - GAAP Guidance	21% - 21.5%
Adjustments:	
Amortization of intangible assets	1 %
Stock-based compensation expense	6 %
Operating Margin - Non-GAAP Guidance	28% - 28.5%

Reconciliation of GAAP guidance to Non-GAAP – fiscal 2025, continued

NETAPP, INC.
RECONCILIATION OF GAAP GUIDANCE TO NON-GAAP
FISCAL 2025
(Unaudited)

	Fiscal 2025
Net Income Per Share - GAAP Guidance	$5.48 - $5.68
Adjustments:	
Amortization of intangible assets	$0.26
Stock-based compensation expense	$1.87
Restructuring charges	$0.14
Acquisition-related expenses	$0.01
Gains/losses on the sale or derecognition of assets	$0.01
Income tax effects	($0.57)
Net Income Per Share - Non-GAAP Guidance	$7.20 - $7.40

	Fiscal 2025
Effective Tax Rate - GAAP Guidance	19% - 20%
Adjustment:	
Income tax effects	1%
Effective Tax Rate - Non-GAAP Guidance	20% - 21%

Reconciliation of GAAP guidance to Non-GAAP - second quarter fiscal 2025

NETAPP, INC.
RECONCILIATION OF GAAP GUIDANCE TO NON-GAAP
SECOND QUARTER FISCAL 2025
(Unaudited)

	Second Quarter Fiscal 2025
Gross Margin - GAAP Guidance	70% - 71%
Adjustment:	
Cost of revenues adjustments	1%
Gross Margin - Non-GAAP Guidance	71% - 72%

	Second Quarter Fiscal 2025
Operating Margin - GAAP Guidance	~21%
Adjustments:	
Amortization of intangible assets	1%
Stock-based compensation expense	6%
Operating Margin - Non-GAAP Guidance	~28%

Reconciliation of GAAP guidance to Non-GAAP - second quarter fiscal 2025, continued

NETAPP, INC.
RECONCILIATION OF GAAP GUIDANCE TO NON-GAAP
SECOND QUARTER FISCAL 2025
(Unaudited)

	Second Quarter Fiscal 2025
Net Income Per Share - GAAP Guidance	$1.27 - $1.37
Adjustments:	
Amortization of intangible assets	$0.07
Stock-based compensation expense	$0.48
Income tax effects	($0.09)
Net Income Per Share - Non-GAAP Guidance	$1.73 - $1.83

	Second Quarter Fiscal 2025
Effective Tax Rate - GAAP Guidance	21% - 22%
Adjustment:	
Income tax effects	(1)%
Effective Tax Rate - Non-GAAP Guidance	20% - 21%

Some items may not add or recalculate due to rounding

NetApp

THE INTELLIGENT DATA INFRASTRUCTURE COMPANY