

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 23, 2026

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 000-27130

NetApp, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

77-0807520
(I.R.S. Employer Identification No.)

3500 Faber Place
Sunnyvale, California 94134
(Address of principal executive office, including zip code)
(408) 822-4800
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Trading Symbol(s)
NTAP

Name of exchange on which registered
The NASDAQ Stock Market LLC

Title of each class
Common Stock, \$0.001 Par Value

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for each shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for each shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of February 20, 2026, there were 197,330,409 shares of the registrant's common stock, \$0.001 par value, outstanding.

TABLE OF CONTENTS
PART I — FINANCIAL INFORMATION

Item 1	Condensed Consolidated Financial Statements (Unaudited)	3
	Condensed Consolidated Balance Sheet	3
	Condensed Consolidated Statement of Income	4
	Condensed Consolidated Statement of Comprehensive Income	5
	Condensed Consolidated Statement of Cash Flows	6
	Condensed Consolidated Statement of Stockholders' Equity	7
	Notes to Condensed Consolidated Financial Statements	9
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	25
Item 3	Quantitative and Qualitative Disclosures About Market Risk	36
Item 4	Controls and Procedures	37

PART II — OTHER INFORMATION

Item 1	Legal Proceedings	38
Item 1A	Risk Factors	38
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	39
Item 3	Defaults upon Senior Securities	39
Item 4	Mine Safety Disclosures	39
Item 5	Other Information	39
Item 6	Exhibits	39
	SIGNATURE	41

TRADEMARKS

© 2026 NetApp, Inc. All Rights Reserved. No portions of this document may be reproduced without prior written consent of NetApp, Inc. NetApp, the NetApp logo and the marks listed at <http://www.netapp.com/TM> are trademarks of NetApp, Inc. Other company and product names may be trademarks of their respective owners.

PART I — FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

NETAPP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except par value)
(Unaudited)

	January 23, 2026	April 25, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,629	\$ 2,742
Short-term investments	1,379	1,104
Accounts receivable	1,314	1,246
Investments	109	186
Other current assets	565	573
Total current assets	4,996	5,851
Property and equipment, net	576	563
Goodwill	2,756	2,723
Purchased intangible assets, net	26	43
Other non-current assets	1,617	1,643
Total assets	\$ 9,971	\$ 10,823
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 413	\$ 511
Accrued expenses	908	1,122
Current portion of long-term debt	750	750
Short-term deferred revenue and financed unearned services revenue	2,273	2,279
Total current liabilities	3,394	4,662
Long-term debt	2,406	2,485
Other long-term liabilities	375	379
Long-term deferred revenue and financed unearned services revenue	2,358	2,257
Total liabilities	8,813	9,783
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Common stock and additional paid-in capital, \$0.001 par value, 885 shares authorized, 198 and 201 shares issued and outstanding as of January 23, 2026 and April 25, 2025, respectively	1,147	1,106
Retained earnings	40	—
Accumulated other comprehensive loss	(229)	(66)
Total stockholders' equity	1,158	1,040
Total liabilities and stockholders' equity	\$ 9,971	\$ 10,823

See accompanying notes to condensed consolidated financial statements.

NETAPP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	January 23, 2024	January 24, 2024	January 23, 2024	January 24, 2024
Revenues:				
Product	\$ 786	\$ 758	\$ 2,228	\$ 2,195
Services	922	883	2,749	2,645
Net revenues	<u>1,711</u>	<u>1,641</u>	<u>4,977</u>	<u>4,840</u>
Cost of revenues:				
Cost of product	353	330	976	966
Cost of services	151	166	467	514
Total cost of revenues	504	496	1,443	1,420
Gross profit	<u>1,207</u>	<u>1,145</u>	<u>3,534</u>	<u>3,420</u>
Operating expenses:				
Sales and marketing	455	451	1,381	1,407
Research and development	237	247	730	756
General and administrative	86	74	259	226
Restructuring charges	(3)	9	22	38
Acquisition-related expense	—	—	—	4
Total operating expenses	775	783	2,392	2,431
Income from operations	434	362	1,142	989
Other (expense) income, net	(1)	8	(12)	40
Income before income taxes	433	370	1,130	1,029
Provision for income taxes	89	71	258	183
Net income	<u>\$ 344</u>	<u>\$ 299</u>	<u>\$ 872</u>	<u>\$ 846</u>
Net income per share:				
Basic	\$ 1.69	\$ 1.47	\$ 4.38	\$ 4.13
Diluted	\$ 1.67	\$ 1.44	\$ 4.32	\$ 4.03
Shares used in net income per share calculations:				
Basic	198	204	199	205
Diluted	<u>200</u>	<u>208</u>	<u>202</u>	<u>210</u>

See accompanying notes to condensed consolidated financial statements.

NETAPP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (in millions)
 (Unaudited)

	Three Months Ended		Nine Months Ended	
	January 23, 2024	January 24, 2024	January 23, 2024	January 24, 2024
Net income	\$ 334	\$ 299	\$ 872	\$ 846
Other comprehensive income (loss):				
Foreign currency translation adjustments	21	(11)	35	(7)
Unrealized gains on available-for-sale securities:				
Unrealized holding gains arising during the period	—	—	—	1
Unrealized gains (losses) on cash flow hedges:				
Unrealized holding gains (losses) arising during the period	—	5	(1)	2
Reclassification adjustments for losses (gains) included in net income	—	(4)	3	(2)
Other comprehensive income (loss)	21	(10)	37	(6)
Comprehensive income	<u>\$ 355</u>	<u>\$ 289</u>	<u>\$ 909</u>	<u>\$ 840</u>

See accompanying notes to condensed consolidated financial statements.

NETAPP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Nine Months Ended	
	January 23, 2025	January 24, 2025
Cash flows from operating activities:		
Net income	\$ 872	\$ 846
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	151	190
Non-cash operating lease cost	32	31
Stock-based compensation	282	291
Deferred income taxes	48	(110)
Other items, net	58	(25)
Changes in assets and liabilities, net of acquisitions of businesses:		
Accounts receivable	(63)	104
Inventories	77	(82)
Other operating assets	(54)	(65)
Accounts payable	(98)	(77)
Accrued expenses	(288)	(94)
Deferred revenue and financial unearned services revenue	66	(92)
Long-term taxes payable	3	(84)
Other operating liabilities	(9)	1
Net cash provided by operating activities	<u>1,117</u>	<u>831</u>
Cash flows from investing activities:		
Purchases of investments	(2,263)	(2,288)
Maturities, sales and collections of investments	1,981	1,878
Purchases of property and equipment	(148)	(133)
Other investing activities, net	15	3
Net cash (used in) provided by investing activities	<u>(115)</u>	<u>(660)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock under employee stock award plans	103	108
Payments for taxes related to net share settlement of stock awards	(112)	(168)
Repurchase of common stock	(750)	(900)
Repayments and extinguishment of debt	(750)	(490)
Dividends paid	(110)	(119)
Net cash used in financing activities	<u>(1,619)</u>	<u>(1,579)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	3	(5)
Net change in cash, cash equivalents and restricted cash	<u>(1,114)</u>	<u>(911)</u>
Cash, cash equivalents and restricted cash:		
Beginning of period	2,749	1,809
End of period	<u>\$ 1,635</u>	<u>\$ 1,518</u>

See accompanying notes to condensed consolidated financial statements.

NETAPP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended January 23, 2026				
	Common Stock and Additional Paid-in Capital		Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount			
Balances, October 24, 2025	198	\$ 1,056	\$ —	\$ (50)	\$ 906
Net income	—	—	334	—	334
Other comprehensive income	—	—	—	21	21
Issuance of common stock under employee stock award plans, net of taxes	2	24	—	—	24
Repurchase of common stock	(2)	(9)	(191)	—	(200)
Excise tax on net stock repurchases	—	(1)	—	—	(1)
Stock-based compensation	—	97	—	—	97
Cash dividends declared (\$0.52 per common share)	—	—	(103)	—	(103)
Balances, January 23, 2026	198	\$ 1,147	\$ 40	\$ (29)	\$ 1,158

	Three Months Ended January 24, 2025				
	Common Stock and Additional Paid-in Capital		Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount			
Balances, October 25, 2024	203	\$ 947	\$ —	\$ (55)	\$ 892
Net income	—	—	299	—	299
Other comprehensive loss	—	—	—	(10)	(10)
Issuance of common stock under employee stock award plans, net of taxes	1	17	—	—	17
Repurchase of common stock	(1)	(7)	(193)	—	(200)
Stock-based compensation	—	103	—	—	103
Cash dividends declared (\$0.52 per common share)	—	—	(106)	—	(106)
Balances, January 24, 2025	203	\$ 1,060	\$ —	\$ (65)	\$ 995

See accompanying notes to condensed consolidated financial statements.

NETAPP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions, except per share amounts)
(Unaudited)

	Nine Months Ended January 23, 2025				
	Common Stock and Additional Paid-in Capital		Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount			
Balances, April 25, 2025	201	\$ 1,106	\$ —	\$ (66)	\$ 1,040
Net income	—	—	872	—	872
Other comprehensive income	—	—	—	37	37
Issuance of common stock under employee stock award plans, net of taxes	4	(9)	—	—	(5)
Repurchase of common stock	(7)	(86)	(664)	—	(750)
Excise tax on net stock repurchases	—	(4)	—	—	(4)
Stock-based compensation	—	282	—	—	282
Cash dividends declared (\$1.56 per common share)	—	(142)	(168)	—	(310)
Balances, January 23, 2026	198	\$ 1,147	\$ 40	\$ (29)	\$ 1,158

	Nine Months Ended January 24, 2025				
	Common Stock and Additional Paid-in Capital		Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount			
Balances, April 26, 2024	206	\$ 997	\$ 208	\$ (59)	\$ 1,146
Net income	—	—	846	—	846
Other comprehensive loss	—	—	—	(6)	(6)
Issuance of common stock under employee stock award plans, net of taxes	4	(69)	—	—	(65)
Repurchase of common stock	(7)	(55)	(865)	—	(927)
Excise tax on net stock repurchases	—	(3)	—	—	(3)
Stock-based compensation	—	291	—	—	291
Cash dividends declared (\$1.56 per common share)	—	(130)	—	—	(130)
Balances, January 24, 2025	203	\$ 1,060	\$ —	\$ (65)	\$ 995

See accompanying notes to condensed consolidated financial statements.

NETAPP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Description of Business and Significant Accounting Policies

NetApp, Inc. (we, us, our, NetApp, or the Company) helps customers make their data infrastructure more seamless, more dynamic, and higher performing. We provide a full range of enterprise-class software, systems, and services that customers use to transform their data infrastructures across data types, workloads, and environments to realize business possibilities.

Basis of Presentation and Preparation

Our fiscal year is reported on a 52- or 53-week year ending on the last Friday in April. An additional week is included in the first fiscal quarter approximately every six years to realign fiscal months with calendar months. Fiscal years 2026 and 2025, ending on April 24, 2026 and April 25, 2025, respectively, are each 52-week years, with 13 weeks in each quarter.

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company, and reflect all adjustments, consisting only of normal recurring adjustments, that are, in the opinion of management, necessary for the fair presentation of our financial position, results of operations, comprehensive income, cash flows and stockholders' equity for the interim periods presented. The statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information. Accordingly, these statements do not include all information and footnotes required by GAAP for annual consolidated financial statements, and should be read in conjunction with our audited consolidated financial statements as of and for the fiscal year ended April 25, 2025 contained in our Annual Report on Form 10-K. The results of operations for the three and nine months ended January 23, 2026 are not necessarily indicative of the operating results to be expected for the full fiscal year or future operating periods.

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Such estimates include, but are not limited to, revenue recognition, reserves and allowances, inventory valuation, valuation of goodwill and intangibles, restructuring reserves, employee benefit accruals, stock-based compensation, loss contingencies, investment impairments, income taxes and fair value measurements. Actual results could differ materially from those estimates, the anticipated effects of which have been incorporated, as applicable, into management's estimates as of January 23, 2026.

2. Recent Accounting Pronouncements

In September 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The ASU simplifies the capitalization guidance by removing all references to prescriptive and sequential software development stages (referred to as “project stages”) throughout ASC 350-40. The ASU is effective for annual periods beginning after December 15, 2027, with early adoption permitted. Adoption of this ASU can be applied prospectively, or following a modified transition approach that is based on the status of each project and whether software costs were capitalized before adoption, or retrospectively. We are currently evaluating the effect of this pronouncement on our consolidated financial statements and disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires additional disclosure of the nature of expenses included in the income statement. The standard requires disclosures about specific types of expenses included in the expense captions presented in the income statement as well as disclosures about selling expenses. This ASU is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted. The requirements should be applied on a prospective basis while retrospective application is permitted. We are currently evaluating the effect of this pronouncement on our disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which expands the disclosures required for income taxes. While retrospective application is permitted, we will adopt this standard in our Form 10-K for the year ending April 24, 2026 on a prospective basis. Adoption of this new guidance will result in increased disclosures in the notes to our consolidated financial statements.

3. Goodwill and Purchased Intangible Assets, Net

Goodwill by reportable segment as of January 23, 2026 is as follows (in millions):

	Hybrid Cloud		Public Cloud		Total
Balance as of April 25, 2025	\$	1,714	\$	1,099	\$ 2,813
Impact of foreign currency translation		—		33	33
Balance as of January 23, 2026	\$	1,714	\$	1,042	\$ 2,756

Purchased intangible assets, net are summarized below (in millions):

	Green Assets	January 23, 2026 Accumulated Amortization	Net Assets	Green Assets	April 25, 2025 Accumulated Amortization	Net Assets
Developed technology	\$ 55	\$ (41)	\$ 14	\$ 55	\$ (33)	\$ 22
Customer contracts/relationships	50	(38)	12	50	(29)	21
Other purchased intangibles	2	(2)	—	2	(2)	—
Total purchased intangible assets	\$ 107	\$ (81)	\$ 26	\$ 107	\$ (64)	\$ 43

Amortization expense for purchased intangible assets is summarized below (in millions):

	Three Months Ended			Nine Months Ended			Statement of Income Classification
	January 23, 2026	January 24, 2025	January 23, 2025	January 23, 2025	January 24, 2025	January 23, 2025	
Developed technology	\$ 2	\$ 3	\$ 5	\$ 8	\$ 9	\$ 25	Cost of revenues
Customer contracts/relationships	3	5	5	9	16	16	Operating expenses
Total	\$ 5	\$ 8	\$ 10	\$ 17	\$ 25	\$ 41	

As of January 23, 2026, future amortization expense related to purchased intangible assets is as follows (in millions):

Final Year	Amount
2026 (remainder)	\$ 4
2027	21
2028	1
Total	\$ 26

4. Supplemental Financial Information

Cash and cash equivalents (in millions):

The following table presents cash and cash equivalents as reported in our condensed consolidated balance sheets, as well as the sum of cash, cash equivalents and restricted cash as reported on our condensed consolidated statements of cash flows:

	January 23, 2026	April 25, 2025
Cash and cash equivalents	\$ 1,629	\$ 2,742
Restricted cash	6	7
Cash, cash equivalents and restricted cash	\$ 1,635	\$ 2,749

Inventories (in millions):

	January 23, 2026	April 25, 2025
Purchased components	\$ 32	\$ 87
Finished goods	77	105
Inventories	\$ 109	\$ 192

Property and equipment, net (in millions):

	January 23, 2023		April 25, 2023
Land	\$	46	\$ 46
Buildings and improvements		376	374
Leasehold improvements		114	105
Computer, production, engineering and other equipment		1,241	1,172
Computer software		236	229
Furniture and fixtures		62	62
Construction-in-progress		55	49
		2,330	2,135
Accumulated depreciation and amortization		(1,654)	(1,572)
Property and equipment, net	\$	676	\$ 563

Other non-current assets (in millions):

	January 23, 2023		April 25, 2023
Deferred tax assets	\$	946	\$ 994
Operating lease right-of-use (ROU) assets		231	241
Other assets		480	408
Other non-current assets	\$	1,657	\$ 1,643

Other non-current assets as of January 23, 2023 and April 25, 2023 include \$36 million and \$92 million, respectively, for our 49% non-controlling equity interest in Lenovo NetApp Technology Limited (LNLT), a China-based entity that we formed with Lenovo (Beijing) Information Technology Ltd. in fiscal 2019. LNLT is integral to our sales channel strategy in China, acting as a distributor of our offerings to customers headquartered there, and involved in certain OEM sales to Lenovo. LNLT is also focused on localizing our products and services, and developing new joint offerings for the China market by leveraging NetApp and Lenovo technologies.

Accrued expenses (in millions):

	January 23, 2023		April 25, 2023
Accrued compensation and benefits	\$	370	\$ 513
Product warranty liabilities		16	18
Operating lease liabilities		41	40
Other current liabilities		475	551
Accrued expenses	\$	903	\$ 1,122

Other long-term liabilities (in millions):

	January 23, 2023		April 25, 2023
Liability for uncertain tax positions	\$	48	\$ 47
Product warranty liabilities		9	9
Operating lease liabilities		207	216
Other liabilities		111	109
Other long-term liabilities	\$	375	\$ 379

Deferred revenue and financed unearned services revenue

Deferred revenue primarily represents customer payments made in advance for services, which include software and hardware support contracts, certain public cloud services and other services. Financed unearned services revenue represents undelivered services for which cash has been received under certain third-party financing arrangements. See Note 14 – Commitments and Contingencies for additional information related to these arrangements.

During the nine months ended January 23, 2026 and January 24, 2025, we recognized revenue of \$1,804 million and \$1,737 million, respectively, that was included in the deferred revenue and financed unearned services revenue balance at the beginning of the respective periods.

Remaining performance obligations

As of January 23, 2026, the aggregate amount of the transaction price allocated to the remaining performance obligations related to customer contracts that are unaffiliated or partially unaffiliated was \$5.1 billion. Because customer orders are typically placed on an as-needed basis, and cancellable without penalty prior to shipment, orders in backlog may not be a meaningful indicator of future revenue and have not been included in this amount. We expect to recognize as revenue approximately 48% of our remaining performance obligations in the next 12 months and the remainder thereafter.

Deferred commissions (in millions):

The following table summarizes deferred commissions balances as reported in our condensed consolidated balance sheets:

	January 23, 2026		April 24, 2025	
Other current assets	\$	67	\$	64
Other non-current assets		115		104
Total deferred commissions	\$	172	\$	168

Other (expense) income, net (in millions):

	Three Months Ended			
	January 23, 2026		January 24, 2025	
Interest income	\$	25	\$	20
Interest expense		(26)		(12)
Other, net		—		(19)
Total other (expense) income, net	\$	(1)	\$	(12)

Statements of cash flows additional information (in millions):

Supplemental cash flow information related to our operating leases is included in Note 7 – Leases. Non-cash investing activities and other supplemental cash flow information are presented below:

	Nine Months Ended			
	January 23, 2026		January 24, 2025	
Non-cash Investing Activities:				
Capital expenditures incurred but not paid	\$	—	\$	12
Supplemental Cash Flow Information:				
Income taxes paid, net of refunds	\$	330	\$	217
Interest paid	\$	74	\$	53

5. Financial Instruments and Fair Value Measurements

The accounting guidance for fair value measurements provides a framework for measuring fair value on either a recurring or nonrecurring basis, whereby the inputs used in valuation techniques are assigned a hierarchical level. The following are the three levels of inputs to measure fair value:

Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs that reflect quoted prices for identical assets or liabilities in less active markets; quoted prices for similar assets or liabilities in active markets; benchmark yields, reported trades, broker/dealer quotes, inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Unobservable inputs that reflect our own assumptions incorporated in valuation techniques used to measure fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

We consider an active market to be one in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis, and consider an inactive market to be one in which there are infrequent or few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers. Where appropriate, our own or the counterparty's non-performance risk is considered in measuring the fair values of liabilities and assets, respectively.

Investments

The following is a summary of our investments at their cost or amortized cost as of January 23, 2026 and April 25, 2025 (in millions)

	January 23, 2026	April 25, 2025
U.S. Treasury and government debt securities	\$ 1,279	\$ 2,025
Money market funds	876	1,126
Certificates of deposit	47	24
Mutual funds	48	41
Total debt and equity securities	\$ 2,250	\$ 3,216

The fair value of our investments approximates their cost or amortized cost for both periods presented. Investments in mutual funds relate to the non-qualified deferred compensation plan offered to certain employees.

As of January 23, 2026, all our debt investments are due to mature in one year or less.

Fair Value of Financial Instruments

The following table summarizes our financial assets and liabilities measured at fair value on a recurring basis (in millions):

	January 23, 2026			
	Total	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	
Cash and cash equivalents:				
Cash	\$ 700	\$ 700	\$ —	\$ —
Money market funds	876	876	—	—
Certificates of deposit	47	—	—	47
Total cash and cash equivalents	1,623	1,576	—	47
Short-term investments:				
U.S. Treasury and government debt securities	1,379	1,379	—	—
Total short-term investments	1,379	1,379	—	—
Total cash, cash equivalents and short-term investments	\$ 3,002	\$ 2,955	\$ —	\$ 47
Other items:				
Mutual funds ⁽¹⁾	\$ 7	\$ 7	\$ —	\$ —
Mutual funds ⁽²⁾	\$ 41	\$ 41	\$ —	\$ —
Foreign currency exchange contracts assets ⁽³⁾	\$ 6	\$ —	\$ —	\$ 6

	April 25, 2025			
	Total	Fair Value Measurements of Reporting Date Using		
		Level 1	Level 2	
Cash and cash equivalents:				
Cash	\$ 671	\$ 671	\$ —	—
Money market funds	1,126	1,126	—	—
Certificates of deposit	24	—	—	24
U.S. Treasury and government debt securities	921	—	921	—
Total cash and cash equivalents	2,742	2,718	—	24
Short-term investments:				
U.S. Treasury and government debt securities	1,104	—	1,104	—
Total short-term investments	1,104	—	1,104	—
Total cash, cash equivalents and short-term investments	\$ 3,846	\$ 2,718	\$ 1,104	\$ 24
Other items:				
Monial funds ⁽¹⁾	\$ 7	\$ 7	\$ —	—
Monial funds ⁽²⁾	\$ 34	\$ 34	\$ —	—
Foreign currency exchange contracts assets ⁽³⁾	\$ 29	\$ —	\$ —	\$ 29
Foreign currency exchange contracts liabilities ⁽³⁾	\$ (2)	\$ —	\$ —	\$ (2)

⁽¹⁾ Reported in other current assets in the condensed consolidated balance sheet.

⁽²⁾ Reported in other non-current assets in the condensed consolidated balance sheet.

⁽³⁾ Reported in accrued expenses in the condensed consolidated balance sheet.

Our Level 2 debt instruments are held by a custodian who prices some of the investments using standard inputs in various asset price models or obtains investment prices from third-party pricing providers that incorporate standard inputs in various asset price models. These pricing providers utilize the most recent observable market information in pricing these securities or, if specific prices are not available for these securities, use other observable inputs like market transactions involving identical or comparable securities. We review Level 2 inputs and fair value for reasonableness and the values may be further validated by comparison to multiple independent pricing sources. In addition, we review third-party pricing provider models, key inputs and assumptions and understand the pricing processes at our third-party providers in determining the overall reasonableness of the fair value of our Level 2 debt instruments. As of January 23, 2026 and April 25, 2025, we have not made any adjustments to the prices obtained from our third-party pricing providers.

Fair Value of Debt

As of January 23, 2026 and April 25, 2025, the fair value of our long-term debt, which includes the current portion of long-term debt, was \$2,486 million and \$3,143 million, respectively. The fair value of our long-term debt was based on observable market prices in a less active market.

6. Financing Arrangements

Long-Term Debt

The following table summarizes information relating to our long-term debt, which we collectively refer to as our Senior Notes (in millions, except interest rates):

	Effective Interest Rate	January 23, 2026	April 25, 2025
1.875% Senior Notes Due June 2025	2.03%	\$ —	\$ 750
2.375% Senior Notes Due June 2027	2.51%	550	550
2.70% Senior Notes Due June 2030	2.81%	700	700
3.50% Senior Notes Due March 2032	3.71%	425	425
5.70% Senior Notes Due March 2035	5.90%	625	625
Total principal amount		2,500	3,250
Unamortized discount and issuance costs		(14)	(15)
Total senior notes		2,486	3,235
Less: Current portion of long-term debt		—	(750)
Total long-term debt		\$ 2,486	\$ 2,485

Senior Notes

On June 23, 2025, upon maturity, we repaid the 1.875% Senior Notes due June 2025 for an aggregate amount of \$757 million, comprised of the principal and unpaid interest.

Our Senior Notes, which are unsecured, unsubordinated obligations, rank equally in right of payment with any existing and future senior unsecured indebtedness. Interest on our Senior Notes is payable semi-annually.

We may redeem the Senior Notes in whole or in part, at any time at our option at specified redemption prices. In addition, upon the occurrence of certain change of control triggering events, we may be required to repurchase the Senior Notes under specified terms. The Senior Notes also include covenants that limit our ability to incur debt secured by liens on assets or on shares of stock or indebtedness of our subsidiaries; to engage in certain sale and lease-back transactions; and to consolidate, merge or sell all or substantially all of our assets. As of January 23, 2026, we were in compliance with all covenants associated with the Senior Notes.

As of January 23, 2026, our aggregate future principal debt maturities are as follows (in millions):

Final Year	Amount
2026	—
2027	\$ —
2028	550
2029	—
2030	—
Thereafter	1,950
Total	\$ 2,500

Commercial Paper Program and Credit Facility

We have a commercial paper program (the Program), under which we may issue unsecured commercial paper notes. Amounts available under the Program, as amended in July 2017, may be borrowed, repaid and re-borrowed, with the aggregate face or principal amount of the notes outstanding under the Program at any time not to exceed \$1.0 billion. The maturities of the notes can vary, but may not exceed 397 days from the date of issue. The notes are sold under customary terms in the commercial paper market and may be issued at a discount from par or, alternatively, may be sold at par and bear interest at rates dictated by market conditions at the time of their issuance. The proceeds from the issuance of the notes are used for general corporate purposes. There were no commercial paper notes outstanding as of January 23, 2026 or April 25, 2025.

In connection with the Program, we have a senior unsecured credit agreement with a syndicated group of lenders. The credit agreement, which was amended in March 2025, provides for a \$1.0 billion revolving unsecured credit facility, with a sublimit of \$50 million available for the issuance of letters of credit on our behalf. The credit facility matures on March 5, 2030, with an option for us to extend the maturity date for two additional 1 year periods, subject to certain conditions. The proceeds of the loans may be used by us for general corporate purposes and as liquidity support for our existing commercial paper program. As of January 23, 2026, we were compliant with all associated covenants in the agreement. No amounts were drawn against this credit facility during any of the periods presented.

7. Leases

We lease real estate, equipment and automobiles in the U.S. and internationally. Our real estate leases, which are responsible for the majority of our aggregate ROU asset and liability balances, include leases for office space, data centers and other facilities, and as of January 23, 2026, have remaining lease terms not exceeding 16 years. Some of these leases contain options that allow us to extend or terminate the lease agreement. Our equipment leases are primarily for servers and networking equipment and as of January 23, 2026, have remaining lease terms not exceeding 4 years. All our leases are classified as operating leases except for certain immaterial equipment finance leases.

The components of lease cost related to our operating leases were as follows (in millions):

	Three Months Ended				Six Months Ended	
	January 23, 2026	12	January 24, 2025	13	January 23, 2026	January 24, 2025
Operating lease cost	\$ —	\$ —	\$ —	\$ —	\$ 38	\$ 38
Variable lease cost	4	4	3	3	11	11
Total lease cost	\$ 4	\$ 4	\$ 3	\$ 3	\$ 49	\$ 49

Variable lease cost is primarily attributable to amounts paid to lessors for common area maintenance and utility charges under our real estate leases.

The supplemental cash flow information related to our operating leases is as follows (in millions):

	Nine Months Ended	
	January 23, 2026	January 24, 2025
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 37	\$ 36
ROU assets obtained in exchange for new operating lease obligations	\$ 11	\$ 18

The supplemental balance sheet information related to our operating leases is as follows (in millions, except lease term and discount rate):

	January 23, 2026	April 25, 2025
Other non-current assets	\$ 231	\$ 241
Total operating lease ROU assets	\$ 231	\$ 241
Accrued expenses	\$ 41	\$ 40
Other long-term liabilities	\$ 207	\$ 216
Total operating lease liabilities	\$ 248	\$ 256

Weighted Average Remaining Lease Term	8.0 years	8.5 years
Weighted Average Discount Rate	3.5%	3.4%

Future minimum operating lease payments as of January 23, 2026, are as follows (in millions):

Fiscal Year	Amount
2026 (remainder)	\$ 13
2027	47
2028	41
2029	36
2030	31
Thereafter	118
Total lease payments	286
Less: Interest	(135)
Total	\$ 151

K. Stockholders' Equity

Retained Stock Units

We granted 4 million restricted stock units (RSUs), including performance-based RSUs (PBRUSUs), with a weighted average grant date fair value of \$105.44 per share during the nine months ended January 23, 2026.

In the nine months ended January 23, 2026, we granted PBRUSUs to certain of our executives. Each PBRSU has performance-based vesting criteria (in addition to the service-based vesting criteria) such that the PBRUSUs cliff-vest at the end of a three-year performance period, which began on the date specified in the grant agreements and typically ends on the last day of the third fiscal year, following the grant date. The number of shares that will be used to calculate the settlement amount for all of these PBRUSUs at the end of the applicable performance and service period will range from 0% to 200% of a target number of shares originally granted. For half of the PBRUSUs granted in the nine months ended January 23, 2026, the number of shares used to calculate the settlement amount will depend upon our Total Stockholder Return (TSR) as compared to the TSR of a specified group of benchmark peer companies (each expressed as a growth rate percentage) calculated as of the end of the performance period. For the remaining half of the PBRUSUs granted in the nine months ended January 23, 2026, the number of shares used to calculate the settlement amount will depend upon the Company's billings result average over the three-year performance period. The billings result average is computed based on achievement against annual billings targets, with each target set at the beginning of the respective fiscal year, during the three-year performance period. Billings, for purposes of measuring the performance of these PBRUSUs, means the total obtained by adding net revenues as reported on the Company's condensed consolidated statements of income to the amount reported as the change in deferred revenue and financed unearned services revenue on the condensed consolidated statements of cash flows for the applicable

measurement period, excluding the impact of fluctuations in foreign currency exchange rates. The aggregate grant date fair value of PRRSUs granted in the current year was \$63 million, which is being recognized to compensation expense over the remaining performance / service periods.

Stock-Based Compensation Expense

Stock-based compensation expense is included in the condensed consolidated statements of income as follows (in millions):

	January 23, 2026	Three Months Ended	January 24, 2025	January 23, 2026	Nine Months Ended	January 24, 2025
Cost of product revenues	\$	2	\$	2	\$	5
Cost of services revenues		6		6		18
Sales and marketing		38		44		114
Research and development		33		36		104
General and administrative		18		15		42
Total stock-based compensation expense	\$	97	\$	103	\$	282

As of January 23, 2026, total unrecognized compensation expense related to equity awards was \$706 million, which is expected to be recognized on a straight-line basis over a weighted-average remaining service period of 2.2 years.

Stock Repurchase Program

In the first quarter of fiscal 2026, our Board of Directors authorized the repurchase of an additional \$1.1 billion of our common stock. Under our stock repurchase program, we may purchase shares of our outstanding common stock through solicited or unsolicited transactions in the open market, in privately negotiated transactions, through accelerated share repurchase programs, pursuant to a Rule 10b5-1 plan or in such other manner as deemed appropriate by our management. The stock repurchase program may be suspended or discontinued at any time.

The following table summarizes activity related to the stock repurchase program for the nine months ended January 23, 2026 (in millions, except for per share amounts):

Number of shares repurchased	7.0
Average price per share	\$ 107.26
Stock repurchases allocated to additional paid-in capital	\$ 86
Stock repurchases allocated to retained earnings	\$ 664
Remaining authorization at end of period	\$ 702

Dividends

The following is a summary of our activities related to dividends on our common stock (in millions, except per share amounts):

	January 23, 2026	Nine Months Ended	January 24, 2025	
Dividends per share declared	\$	1.56	\$	1.56
Dividend payments allocated to additional paid-in capital	\$	142	\$	130
Dividend payments allocated to retained earnings	\$	168	\$	189

On February 19, 2026, we declared a cash dividend of \$0.52 per share of common stock, payable on April 22, 2026 to holders of record as of the close of business on April 3, 2026. The timing and amount of future dividends will depend on market conditions, corporate business and financial considerations and regulatory requirements. All dividends declared have been determined by us to be legally authorized under the laws of the state in which we are incorporated.

Our effective tax rate reflects the impact of a significant amount of earnings being taxed in foreign jurisdictions at rates below the United States (U.S.) statutory rate which is offset by non-deductible stock-based compensation and state taxes. Our effective tax rate for the nine months ended January 23, 2026 includes a decrease in discrete tax benefits related to stock-based compensation compared to the corresponding period of the prior year.

On July 4, 2025, the reconciliation bill H.R. 1, referred to as the One Big Beautiful Bill Act (OBHBA), was signed into law in the United States. The OBHBA contains several changes to corporate taxation including the extension of key provisions of the 2017 Tax Cuts and Jobs Act and modifications to the international tax framework. The legislation has multiple effective dates, with certain provisions effective in our fiscal year 2026 and others phased in through our fiscal year 2027. We are still in the process of evaluating the impact of the OBHBA on our financial statements, but an estimate of the tax benefit has been included in our operating results for the nine months ended January 23, 2026. The OBHBA did not have a material impact to our income tax provision for the nine months ended January 23, 2026.

The Organisation for Economic Co-operation and Development (OECD) introduced an international tax framework under Pillar Two that provides for a global minimum tax of 15% for large multinational companies. We are currently subject to Pillar Two rules enacted in certain foreign jurisdictions in which we operate. As of January 23, 2026, Pillar Two taxes did not have a significant impact on our financial statements, particularly due to the safe harbor relief during the transition period. On January 5, 2026, the OECD issued administrative guidance outlining a framework under which U.S.-parented groups may be excluded from the application of Pillar Two rules through a "side-by-side arrangement." Each member jurisdiction will need to adopt this guidance into local law, and the timing and manner of adoption may vary. We will continue to monitor U.S. and international legislative developments, including further announcements on the side-by-side arrangement, to assess any potential impacts to our financial statements.

We are currently undergoing various income tax audits in the U.S. and audits in several foreign tax jurisdictions. Transfer pricing calculations are key topics under these audits and are often subject to dispute and appeals.

We continue to monitor the progress of ongoing discussions with tax authorities and the impact, if any, of the expected expiration of the statute of limitations in various taxing jurisdictions. We engage in continuous discussion and negotiation with taxing authorities regarding tax matters in multiple jurisdictions. We believe that within the next 12 months, it is reasonably possible that either certain audits will conclude, certain statutes of limitations will lapse, or both. As a result of uncertainties regarding tax audits and their possible outcomes, an estimate of the range of possible impacts to unrecognized tax benefits in the next twelve months cannot be made at this time.

As of January 23, 2026, we had \$71 million of gross unrecognized tax benefits. Inclusive of penalties, interest and certain income tax benefits, \$48 million of net unrecognized tax benefits would affect our provision for income taxes if recognized and have been recorded in other long-term liabilities.

12. Net Income per Share

The following is a calculation of basic and diluted net income per share (in millions, except per share amounts):

	Three Months Ended		Nine Months Ended	
	January 23, 2026	January 24, 2025	January 23, 2026	January 24, 2025
Numerator:				
Net income	\$ 334	\$ 299	\$ 872	\$ 846
Denominator:				
Shares used in basic computation	198	204	199	205
Dilutive impact of employee equity award plans	2	4	3	5
Shares used in diluted computation	200	208	202	210
Net Income per Share:				
Basic	\$ 1.69	\$ 1.47	\$ 4.38	\$ 4.13
Diluted	\$ 1.67	\$ 1.44	\$ 4.32	\$ 4.03

The following table presents the number of potential shares of common stock from outstanding employee equity awards that have been excluded from the computation of diluted net income per share, as their inclusion would have had an anti-dilutive effect, for the periods presented (in millions):

	Three Months Ended		Six Months Ended	
	January 23, 2026	January 24, 2025	January 23, 2026	January 24, 2025
Employee equity award plans	2	—	1	—

13. Segment, Geographic, and Significant Customer Information

Our operations are organized into two segments: Hybrid Cloud and Public Cloud. The two segments are based on the information reviewed by our Chief Operating Decision Maker (CODM), who is the Chief Executive Officer, to evaluate results and allocate resources. The CODM measures performance of each segment based on segment revenue and segment gross profit by comparing actual revenue and gross profit results to historical results and previously forecasted financial information. We do not allocate to our segments certain cost of revenues which we manage at the corporate level. These unallocated costs include stock-based compensation and amortization of intangible assets. We do not allocate assets to our segments.

Hybrid Cloud offers a unified data storage portfolio of storage management and infrastructure solutions that helps customers modernize their data centers. This portfolio accommodates both structured and unstructured data with unified storage optimized for flash, disk, and cloud storage, capable of handling data-intensive workloads and applications. Hybrid Cloud includes software, hardware, and related support, along with professional and other services.

Public Cloud offers a portfolio of products delivered primarily as-a-service, including related support. This portfolio includes cloud storage, data services, and operational services. Public Cloud includes certain reseller arrangements in which the timing of our consideration follows the end user consumption of the reseller services.

Segment Revenue and Gross Profit

Financial information by segment is as follows (in millions, except percentages):

	Three Months Ended January 23, 2026		Three Months Ended January 24, 2025	
	Hybrid Cloud	Public Cloud	Hybrid Cloud	Public Cloud
Product revenues	\$ 786	\$ —	\$ 786	\$ —
Support revenues	654	—	654	—
Professional and other services revenues	99	—	99	—
Public cloud revenues	—	174	—	174
Net revenues	1,539	174	1,539	1,713
Cost of product revenues	351	—	351	—
Cost of support revenues	49	—	49	—
Cost of professional and other services revenues	65	—	65	—
Cost of public cloud revenues	—	26	—	26
Segment cost of revenues	465	26	465	26
Segment gross profit	\$ 1,071	\$ 148	\$ 1,071	\$ 1,219
Segment gross margin	69.6%	85.1%	69.6%	71.2%
Unallocated cost of revenues ¹	—	—	—	18
Total gross profit	—	\$ 148	—	\$ 1,237
Total gross margin	—	85.1%	—	72.5%

¹ Unallocated cost of revenues are composed of \$8 million of stock-based compensation expense and \$1 million of amortization of intangible assets.

	Three Months Ended January 14, 2020		
	Hybrid Cloud	Public Cloud	Total
Product revenues	\$ 758	\$ —	\$ 758
Support revenues	621	—	621
Professional and other services revenues	88	—	88
Public cloud revenues	—	174	174
Net revenues	1,067	174	1,241
Cost of product revenues	328	—	328
Cost of support revenues	48	—	48
Cost of professional and other services revenues	63	—	63
Cost of public cloud revenues	—	41	41
Segment cost of revenues	439	41	480
Segment gross profit	\$ 1,020	\$ 133	\$ 1,153
Segment gross margin	70.1%	76.4%	70.7%
Unallocated cost of revenues ¹	—	—	16
Total gross profit	—	—	\$ 1,145
Total gross margin	—	—	69.8%

¹ Unallocated cost of revenues are composed of \$8 million of stock-based compensation expense and \$8 million of amortization of intangible assets.

	Nine Months Ended January 13, 2020		
	Hybrid Cloud	Public Cloud	Total
Product revenues	\$ 2,228	\$ —	\$ 2,228
Support revenues	1,948	—	1,948
Professional and other services revenues	295	—	295
Public cloud revenues	—	506	506
Net revenues	4,471	506	4,977
Cost of product revenues	971	—	971
Cost of support revenues	150	—	150
Cost of professional and other services revenues	205	—	205
Cost of public cloud revenues	—	87	87
Segment cost of revenues	1,326	87	1,413
Segment gross profit	\$ 3,145	\$ 419	\$ 3,564
Segment gross margin	70.3%	82.8%	71.6%
Unallocated cost of revenues ¹	—	—	36
Total gross profit	—	—	\$ 3,534
Total gross margin	—	—	71.0%

¹ Unallocated cost of revenues are composed of \$22 million of stock-based compensation expense and \$8 million of amortization of intangible assets.

	Six Months Ended January 24, 2025		
	Hybrid Cloud	Public Cloud	Total
Product revenues	\$ 2,195	\$ —	\$ 2,195
Support revenues	1,887	—	1,887
Professional and other services revenues	257	—	257
Public cloud revenues	—	501	501
Net revenues	4,339	501	4,840
Cost of product revenues	901	—	901
Cost of support revenues	149	—	149
Cost of professional and other services revenues	191	—	191
Cost of public cloud revenues	—	131	131
Segment cost of revenues	1,241	131	1,372
Segment gross profit	\$ 3,098	\$ 370	\$ 3,468
Segment gross margin	71.4%	73.9%	71.7%
Unallocated cost of revenues ¹	—	—	48
Total gross profit	—	—	\$ 3,420
Total gross margin	—	—	70.7%

¹ Unallocated cost of revenues we consisted of \$25 million of stock-based compensation expense and \$23 million of amortization of intangible assets.

Geographical Revenues and Certain Assets

Revenues summarized by geographic region are as follows (in millions):

	Three Months Ended		Six Months Ended	
	January 23, 2025	January 24, 2025	January 23, 2025	January 24, 2025
United States, Canada and Latin America (Americas)	\$ 882	\$ 833	\$ 2,576	\$ 2,458
Europe, Middle East and Africa (EMEA)	585	559	1,660	1,615
Asia Pacific (APAC)	240	249	781	767
Net revenues	\$ 1,711	\$ 1,641	\$ 4,917	\$ 4,840

Americas revenues consist of sales to Americas commercial and U.S. public sector markets. Sales to customers inside the U.S. were \$825 million and \$768 million during the three months ended January 23, 2025 and January 24, 2025, respectively, and were \$2,391 million and \$2,273 million during the six months ended January 23, 2025 and January 24, 2025, respectively.

The majority of our assets, excluding cash, cash equivalents, short-term investments and accounts receivable, were attributable to our domestic operations. The following table presents cash, cash equivalents and short-term investments held in the U.S. and internationally in various foreign subsidiaries (in millions):

	January 23, 2025		April 25, 2025	
	U.S.	International	U.S.	International
U.S.	\$ 394	\$ —	\$ 1,320	\$ —
International	2,614	2,526	2,526	3,846
Total	\$ 2,998	\$ 2,526	\$ 3,846	\$ 3,846

With the exception of property and equipment, we do not identify or allocate our long-lived assets by geographic area. The following table presents property and equipment information for geographic areas based on the physical location of the assets (in millions):

	January 23, 2025		April 25, 2025	
	U.S.	International	U.S.	International
U.S.	\$ 357	\$ —	\$ 344	\$ —
International	219	219	219	563
Total	\$ 576	\$ 219	\$ 563	\$ 563

Significant Customers

The following customers, each of which is a distributor, accounted for 10% or more of our net revenues:

	Three Months Ended		Six Months Ended	
	January 23, 2026	January 24, 2025	January 23, 2026	January 24, 2025
Arrow Electronics, Inc.	22%	20%	22%	21%
TD Synnex Corporation	22%	26%	22%	24%

The following customers accounted for 10% or more of accounts receivable:

	Three Months Ended		Six Months Ended	
	January 23, 2026	January 24, 2025	January 23, 2026	April 25, 2025
Arrow Electronics, Inc.			14%	16%
TD Synnex Corporation			23%	27%

14. Commitments and Contingencies

Purchase Orders and Other Commitments

In the ordinary course of business, we make commitments to third-party contract manufacturers and component suppliers to manage manufacturer lead times and meet product forecasts, and to other parties, to purchase various key components used in the manufacture of our products. A significant portion of our reported purchase commitments arising from these agreements consist of firm, non-cancelable, and unconditional commitments. As of January 23, 2026, we had \$0.7 billion in non-cancelable purchase commitments for inventory. We record a liability for firm, non-cancelable and unconditional purchase commitments for quantities in excess of our future demand forecasts consistent with the valuation of our excess and obsolete inventory. As of January 23, 2026 and April 25, 2025, such liability amounted to \$26 million and \$22 million, respectively, and is included in accrued expenses in our condensed consolidated balance sheets. To the extent that such forecasts are not achieved, our commitments and associated accruals may change.

In addition to inventory commitments with contract manufacturers and component suppliers, we have open purchase orders and contractual obligations associated with our ordinary course of business for which we have not yet received goods or services. As of January 23, 2026, we had \$0.4 billion in other purchase obligations.

Financing Guarantees

While most of our arrangements for sales include short-term payment terms, from time to time we provide long-term financing to creditworthy customers. We have generally sold receivables financed through these arrangements on a non-recourse basis to third party financing institutions within 10 days of the contract's dates of execution. We sold \$25 million and \$42 million of receivables during the nine months ended January 23, 2026 and January 24, 2025, respectively.

In addition, we enter into arrangements with leasing companies for the sale of our hardware systems products. These leasing companies, in turn, lease our products to end-users. The leasing companies generally have no recourse to us in the event of default by the end-user.

Some of the leasing arrangements described above have been financed on a recourse basis through third-party financing institutions. Under the terms of recourse leases, which are generally three years or less, we remain liable for the aggregate unpaid remaining lease payments to the third-party leasing companies in the event of end-user customer default. These arrangements are generally collateralized by a security interest in the underlying assets. As of January 23, 2026 and April 25, 2025, the aggregate amount by which such contingencies exceeded the associated liabilities was not significant. To date, we have not experienced significant losses under our lease financing programs or other financing arrangements.

We have entered into service contracts with certain of our end-user customers that are supported by third-party financing arrangements. If a service contract is terminated as a result of our non-performance under the contract or our failure to comply with the terms of the financing arrangement, we could, under certain circumstances, be required to acquire certain assets related to the service contract or to pay the aggregate unpaid financing payments under such arrangements. As of January 23, 2026, we have not been required to make any payments under these arrangements, and we believe the likelihood of having to acquire a material amount of assets or make material payments under these arrangements is remote.

Legal Contingencies

When a loss is considered probable and reasonably estimable, we record a liability in the amount of our best estimate for the ultimate loss. However, the likelihood of a loss with respect to a particular contingency is often difficult to predict and determining a meaningful estimate of the loss or a range of loss may not be practicable based on the information available and the potential effect of future events and decisions by third parties that will determine the ultimate resolution of the contingency.

We are subject to various legal proceedings and claims that arise in the normal course of business. We may, from time to time, receive claims that we are infringing third parties' intellectual property rights, including claims for alleged patent infringement brought by non-practicing entities. We are currently involved in patent litigation brought by non-practicing entities and other third parties. We believe we have strong arguments that our products do not infringe and/or the asserted patents are invalid, and we intend to vigorously defend against the plaintiffs' claims. However, there is no guarantee that we will prevail at trial and if a jury were to find that our products infringe, we could be required to pay significant monetary damages, and may cause product shipment delays or stoppages, require us to redesign our products, or require us to enter into royalty or licensing agreements.

Although management at present believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not materially harm our financial position, results of operations, cash flows, or overall trends, legal proceedings are subject to inherent uncertainties, and unfavorable rulings or other events could occur. Unfavorable resolutions could include significant monetary damages. In addition, in matters for which injunctive relief or other conduct remedies are sought, unfavorable resolutions could include an injunction or other order prohibiting us from selling one or more products at all or in particular ways or requiring other remedies. An unfavorable outcome may result in a material adverse impact on our business, results of operations, financial position, cash flows and overall trends. No material accrual has been recorded as of January 23, 2026 related to such matters.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This section and other parts of this Quarterly Report on Form 10-Q contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements also can be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "will," "would," "could," "can," "may," and similar terms. Forward-looking statements are not guarantees of future performance and the actual results of NetApp, Inc. ("NetApp," "we," "us," "our," or the "Company") may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those described in our Annual Report on Form 10-K for the year ended April 23, 2023 ("2023 Annual Report on Form 10-K"), including under the heading "Risk Factors," and discussed in this Form 10-Q under the heading "Risk Factors," which are incorporated herein by reference. The following discussion should be read in conjunction with our consolidated financial statements as of and for the fiscal year ended April 23, 2023, and the notes thereto, contained in our 2023 Annual Report on Form 10-K, and the condensed consolidated financial statements and notes thereto included elsewhere in this Form 10-Q. We assume no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Overview

Our Company

NetApp helps customers make their data infrastructure more seamless, more dynamic, and higher performing. We were incorporated in 1992, are headquartered in San Jose, California, and provide a full range of enterprise-class software, systems and services that customers use to transform their data infrastructures across data types, workloads, and environments to realize business possibilities.

We leverage over thirty years of innovation to make data infrastructure intelligent. Our unified data storage solutions deliver flexible, simplified, and silo-free infrastructure. Our active data management capabilities focus on security, compliance, and sustainability, while our adaptive operations enhance performance, efficiency, and productivity. Our extensive portfolio integrates hybrid and multi-cloud environments, addressing key customer priorities such as modernizing legacy systems, enhancing resilience against ransomware, and developing scalable, high-performance data pipelines for artificial intelligence (AI) workloads.

NetApp empowers customers to harness their data for accelerated innovation, improved operations, and competitive advantage. Our unified data storage solutions provide the flexibility to consistently and easily store any data type and support any workload. As the only enterprise-grade storage service natively embedded in the world's largest clouds, we power data across Amazon AWS, Microsoft Azure, and Google Cloud. Our integrated data services enable active data management, security, protection, governance, and sustainability. Additionally, our operational services support adaptive operations across infrastructure, applications, and teams. Together with our Hybrid Cloud products, these services enable customers to construct a seamless, intelligent data infrastructure across hybrid multi-cloud environments.

Our operations are organized into two segments: Hybrid Cloud and Public Cloud.

Hybrid Cloud offers a unified data storage portfolio of storage management and infrastructure solutions that helps customers modernize their data centers. Our Hybrid Cloud portfolio accommodates both structured and unstructured data with unified storage optimized for flash, disk, and cloud storage, capable of handling data-intensive workloads and applications. Hybrid Cloud includes software, hardware, and related support, along with professional and other services.

Public Cloud offers a portfolio of products delivered primarily as-a-service, including related support. This portfolio includes cloud storage, data services, and operational services. These services are generally available on the leading public clouds, including Amazon AWS, Microsoft Azure, and Google Cloud.

Stock Repurchase and Dividend Activity

During the first nine months of fiscal 2026, we repurchased 7.0 million shares of our common stock at an average price of \$107.26 per share, for an aggregate purchase price of \$750 million. We also declared aggregate cash dividends of \$1.56 per share in that period, for which we paid \$310 million.

Restructuring Events

In the first nine months of fiscal 2026, we approved a restructuring plan to redirect resources to highest return activities and reduce costs. Aggregate charges recorded from restructuring plans during the first nine months of fiscal 2026 totaled \$22 million.

Results of Operations

Our fiscal year is reported as a 52- or 53-week year that ends on the last Friday in April. Fiscal years 2026 and 2025, ending on April 24, 2026 and April 25, 2025, respectively, are each 52-week years, with 13 weeks in each of their quarters. Unless otherwise stated, references to particular years, quarters, months and periods refer to the Company's fiscal years ended in April and the associated quarters, months and periods of those fiscal years.

The following table sets forth certain condensed consolidated statements of income data as a percentage of net revenues for the periods indicated:

	January 23, 2026	Three Months Ended January 24, 2025	January 23, 2025	January 23, 2026	Nine Months Ended January 24, 2025	January 24, 2025
Revenues:						
Product		46%	46%	45%	45%	45%
Services		54	54	55	55	55
Net revenues		100	100	100	100	100
Cost of revenues:						
Cost of product		21	20	20	19	19
Cost of services		9	10	9	11	11
Gross profit		71	70	71	71	71
Operating expenses:						
Sales and marketing		27	27	28	29	29
Research and development		14	15	15	16	16
General and administrative		5	5	5	5	5
Restructuring charges		—	1	—	—	1
Acquisition-related expense		—	—	—	—	—
Total operating expenses		46	48	48	50	50
Income from operations		25	22	23	20	20
Other (expense) income, net		—	—	—	—	1
Income before income taxes		25	22	23	21	21
Provision for income taxes		6	4	5	4	4
Net income		19%	18%	18%	17%	17%

Discussion and Analysis of Results of Operations

Net Revenues (in millions, except percentages):

	January 23, 2026	Three Months Ended January 24, 2025	% Change	January 23, 2026	Nine Months Ended January 24, 2025	% Change
Net revenues	\$ 1,713	\$ 1,641	4%	\$ 4,977	\$ 4,840	3%

The increase in net revenues for the third quarter and first nine months of fiscal 2026 compared to the corresponding periods of fiscal 2025 was due to an increase in both product and services revenues. Product revenues as a percentage of net revenues remained relatively flat in the third quarter and first nine months of fiscal 2026, as compared to the corresponding periods of fiscal 2025. Fluctuations in foreign currency exchange rates favorably impacted net revenues percentage growth by approximately two percentage points in the third quarter and first nine months of fiscal 2026, compared to the corresponding periods of fiscal 2025.

Product Revenues (in millions, except percentages):

	January 23, 2026	Three Months Ended January 24, 2025	% Change	January 23, 2026	Nine Months Ended January 24, 2025	% Change
Product revenues	\$ 786	\$ 758	4%	\$ 2,228	\$ 2,195	2%

Hybrid Cloud

Product revenues are derived through the sale of our Hybrid Cloud solutions and consist of sales of configured all-flash array systems (including All-Flash FAS A-Series and All-Flash FAS C-Series with capacity flash) and hybrid systems, which are bundled hardware and software products, as well as add-on flash, disk and/or hybrid storage and related OS, StorageGrid, OEM products, and add-on optional software.

Total product revenues increased in the third quarter and first nine months of fiscal 2026 compared to the corresponding periods of the prior year primarily due to higher sales of all-flash array systems and the favorable impact from foreign exchange rate fluctuations.

Services Revenues (in millions, except percentages):

	Three Months Ended			Six Months Ended		
	January 23, 2026	January 24, 2025	% Change	January 23, 2026	January 24, 2025	% Change
Services revenues	\$ 927	\$ 883	5%	\$ 2,749	\$ 2,645	4%
Support	654	621	5%	1,948	1,887	3%
Professional and other services	99	88	13%	295	257	15%
Public cloud	174	174	—%	506	501	1%

Hybrid Cloud

Hybrid Cloud services revenues are derived from the sale of: (1) support, which includes both hardware and software support contracts (the latter of which entitle customers to receive unspecified product upgrades and enhancements, bug fixes and patch releases), and (2) professional and other services, which include customer education and training.

Support revenues increased in the third quarter and first nine months of fiscal 2026 compared to the corresponding periods of the prior year, primarily due to a higher aggregate support contract value for our installed base and the favorable impact from foreign exchange rate fluctuations.

Professional and other services revenues increased in the third quarter and first nine months of fiscal 2026 compared to the corresponding periods of the prior year primarily due to an increase in revenues from our Keystone storage-as-a-service offering.

Public Cloud

Public Cloud revenues are derived from the sale of public cloud offerings delivered primarily as-a-service, which include cloud storage, data services and operational services.

Public Cloud revenues were flat in the third quarter and increased marginally in the first nine months of fiscal 2026 compared to the corresponding periods of the prior year, due to higher customer demand, driven by NetApp's diversified cloud offerings and overall growth in the cloud market, offset by the loss of revenue from our Spot by NetApp business which we sold in the fourth quarter of fiscal 2025.

Cost of Revenues

Our cost of revenues consists of:

- (1) cost of product revenues, composed of (a) cost of Hybrid Cloud product revenues, which includes the costs of manufacturing and shipping our products, inventory write-downs, and warranty costs, and (b) unallocated cost of product revenues, which includes stock-based compensation, and;
- (2) cost of services revenues, composed of (a) cost of support revenues, which includes the costs of providing support activities for hardware and software support, global support partnership programs, and third party royalty costs, (b) cost of professional and other services revenues, (c) cost of public cloud revenues, constituting the cost of providing our Public Cloud offerings, which includes depreciation and amortization expense and third party datacenter fees, and (d) unallocated cost of services revenues, which includes stock-based compensation and amortization of intangibles.

Cost of Product Revenues (in millions, except percentages):

	Three Months Ended			Six Months Ended		
	January 23, 2026	January 24, 2025	% Change	January 23, 2026	January 24, 2025	% Change
Cost of product revenues	\$ 353	\$ 330	7%	\$ 976	\$ 906	8%
Hybrid Cloud	351	328	7%	971	901	8%
Unallocated	2	2	—%	5	5	—%

Hybrid Cloud

Cost of Hybrid Cloud product revenues represented 45% and 44% of product revenues for the third quarter and first nine months of fiscal 2026, respectively, compared to 43% and 41% for the corresponding periods of the prior year, respectively. Materials costs represented 90% of cost of Hybrid Cloud product revenues for the third quarter and first nine months of fiscal 2026, compared to 89% for the corresponding periods of the prior year.

Materials costs increased by \$25 million and \$73 million in the third quarter and first nine months of fiscal 2026, respectively, compared to the corresponding periods of the prior year.

Hybrid Cloud product gross margins decreased one percentage point in the third quarter and decreased three percentage points in the first nine months of fiscal 2026 compared to the corresponding periods of the prior year primarily due to higher component costs.

Cost of Services Revenues (in millions, except percentages):

	Three Months Ended			Nine Months Ended		
	January 23, 2025	January 24, 2025	% Change	January 23, 2025	January 24, 2025	% Change
Cost of services revenues	\$ 151	\$ 166	(9)%	\$ 467	\$ 514	(9)%
Support	49	48	2%	150	149	1%
Professional and other services	68	63	8%	205	193	7%
Public cloud	26	41	(37)%	87	131	(34)%
Unallocated	8	14	(43)%	25	43	(42)%

Hybrid Cloud

Cost of Hybrid Cloud services revenues, which are composed of the costs of support and professional and other services, increased in the third quarter and first nine months of fiscal 2026 compared to the corresponding periods of the prior year. Cost of Hybrid Cloud services revenues represented 16% of Hybrid Cloud services revenues for the third quarter and first nine months of fiscal 2026 and the corresponding periods of the prior year.

Hybrid Cloud support gross margins were relatively flat in the third quarter and first nine months of fiscal 2026 compared to the corresponding periods of the prior year. Hybrid Cloud professional and other services gross margins increased by three percentage points in the third quarter of fiscal 2026 and five percentage points in the first nine months of 2026 compared to the corresponding periods of the prior year due primarily to the mix of services provided.

Public Cloud

Cost of Public Cloud revenues decreased and gross margins increased by nine percentage points in the third quarter and first nine months of fiscal 2026 compared to the corresponding periods of the prior year. The decrease in cost of Public Cloud revenues and improved gross margins was due to cost optimization that included a decrease in fixed assets depreciation, and the mix of offerings provided which was impacted by the sale of our Spot by NetApp business in the fourth quarter of fiscal 2025.

Unallocated

Unallocated cost of services revenues decreased in the third quarter and first nine months of fiscal 2026 compared to the corresponding periods of the prior year, due to lower intangible asset amortization expense from the derecognition of certain intangible assets as a result of the sale of our Spot by NetApp business during the fourth quarter of fiscal 2025.

Operating Expenses

Sales and Marketing, Research and Development and General and Administrative Expenses

Sales and marketing, research and development, and general and administrative expenses for the third quarter and first nine months of fiscal 2026 totaled \$778 million, or 45% of net revenues, and \$2,370 million, or 48% of net revenues, respectively, reflecting a decrease of two percentage points and one percentage point, respectively, compared to the corresponding periods of the prior year, primarily due to the increase in net revenues.

Compensation costs represent the largest component of operating expenses. Included in compensation costs are salaries, benefits, other compensation-related costs, stock-based compensation expense and employee incentive compensation plan costs.

Total compensation costs included in sales and marketing, research and development and general and administrative expenses in the third quarter and first nine months of fiscal 2026 were relatively flat compared to the corresponding periods of the prior year, despite the unfavorable impact from fluctuations in foreign currency exchange rates.

Sales and Marketing (in millions, except percentages):

	Three Months Ended			Six Months Ended		
	January 23, 2026	January 24, 2025	% Change	January 23, 2026	January 24, 2025	% Change
Sales and marketing expenses	\$ 455	\$ 451	1%	\$ 1,381	\$ 1,407	(2)%

Sales and marketing expenses consist primarily of compensation costs, commissions, outside services, facilities and IT support costs, advertising and marketing promotional expense and travel and entertainment expense.

The increase in sales and marketing expenses in the third quarter of fiscal 2026 compared to the corresponding period of the prior year was primarily due to higher commission expenses, partially offset by lower compensation costs.

The decrease in sales and marketing expenses in the first nine months of fiscal 2026 compared to the corresponding period of the prior year was primarily due to lower compensation costs.

Research and Development (in millions, except percentages):

	Three Months Ended			Six Months Ended		
	January 23, 2026	January 24, 2025	% Change	January 23, 2026	January 24, 2025	% Change
Research and development expenses	\$ 237	\$ 247	(4)%	\$ 730	\$ 756	(3)%

Research and development expenses consist primarily of compensation costs, facilities and IT support costs, depreciation, equipment and software related costs, prototypes, non-recurring engineering charges and other outside services costs.

Research and development expenses decreased in the third quarter and first nine months of fiscal 2026 compared to the corresponding periods of the prior year, primarily attributable to lower compensation costs and lower spend on engineering projects.

General and Administrative (in millions, except percentages):

	Three Months Ended			Six Months Ended		
	January 23, 2026	January 24, 2025	% Change	January 23, 2026	January 24, 2025	% Change
General and administrative expenses	\$ 86	\$ 74	16%	\$ 259	\$ 226	15%

General and administrative expenses consist primarily of compensation costs, professional and corporate legal fees, outside services and facilities and IT support costs.

General and administrative expenses increased in the third quarter and first nine months of fiscal 2026 compared to the corresponding periods of the prior year, primarily attributable to higher compensation costs and higher spend on professional services.

Restructuring Charges (in millions, except percentages):

	Three Months Ended			Six Months Ended		
	January 23, 2026	January 24, 2025	% Change	January 23, 2026	January 24, 2025	% Change
Restructuring charges	\$ (3)	\$ 9	(133)%	\$ 22	\$ 38	(42)%

In the first nine months of fiscal 2026, we incurred charges related to a restructuring plan previously approved by management in the fourth quarter of fiscal 2025, as well as a restructuring plan approved by management in the second quarter of fiscal 2026 to redirect resources to the highest return activities and reduce costs. The activities under these plans are expected to be substantially complete by the end of fiscal 2026.

In the first nine months of fiscal 2025, management approved restructuring plans to redirect resources to the highest return activities and reduce costs. The activities under these plans were substantially completed by the end of fiscal 2025.

Other (Expense) Income, Net (in millions, except percentages)

The components of other (expense) income, net were as follows:

	Three Months Ended			Six Months Ended		
	January 23, 2025	January 24, 2025	% Change	January 23, 2025	January 24, 2025	% Change
Interest income	\$ 25	\$ 20	25%	\$ 85	\$ 85	0%
Interest expense	(26)	(12)	137%	(81)	(43)	88%
Other, net	—	—	NM	(18)	—	NM
Total	\$ (1)	\$ 8	(113)%	\$ (12)	\$ 40	(130)%

NM - Not Meaningful

Interest income increased in the third quarter and first nine months of fiscal 2026 compared to the corresponding periods of the prior year, primarily due to higher average cash and investment balances.

Interest expense increased in the third quarter and first nine months of fiscal 2026 compared to the corresponding periods of the prior year due to a higher average outstanding aggregate principal amount of Senior Notes, with a higher average coupon rate.

The difference in Other, net in the first nine months of fiscal 2026 compared to the corresponding period of the prior year is primarily due to fluctuations in foreign exchange gains and losses year-over-year.

Provision for Income Taxes (in millions, except percentages):

	Three Months Ended			Six Months Ended		
	January 23, 2025	January 24, 2025	% Change	January 23, 2025	January 24, 2025	% Change
Provision for income taxes	\$ 99	\$ 71	39%	\$ 258	\$ 183	41%
Effective tax rate	22.9%	19.2%	NM	22.8%	17.8%	NM

NM - Not Meaningful

Our effective tax rate reflects the impact of a significant amount of earnings being taxed in foreign jurisdictions at rates below the United States (U.S.) statutory rate which is offset by non-deductible stock-based compensation and state taxes. Our effective tax rate for the three and nine months ended January 23, 2026 includes a decrease in discrete tax benefits related to stock-based compensation compared to the corresponding periods of the prior year.

As of January 23, 2026, we had \$71 million of gross unrecognized tax benefits. Inclusive of penalties, interest and certain income tax benefits, \$48 million of net unrecognized tax benefits would affect our provision for income taxes if recognized and have been recorded in other long-term liabilities.

Liquidity, Capital Resources and Cash Requirements

(In millions)	January 23, 2025	April 25, 2025
Cash, cash equivalents and short-term investments	\$ 3,008	\$ 3,846
Principal amount of debt	\$ 2,500	\$ 2,250

The following is a summary of our cash flow activities:

	Six Months Ended	
	January 23, 2025	January 24, 2025
Net cash provided by operating activities	\$ 1,117	\$ 831
Net cash used in investing activities	6,155	600
Net cash used in financing activities	(1,819)	(1,679)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	3	(3)
Net change in cash, cash equivalents and restricted cash	\$ (6,854)	\$ (251)

Cash Flows

As of January 23, 2026, our cash, cash equivalents and short-term investments were \$3.0 billion, which represents a decrease of \$838 million during the first nine months of fiscal 2026. The decrease was primarily due to a \$750 million principal repayment of our 1.875% Senior Notes due June 2025, \$750 million used for the repurchase of our common stock, \$310 million used for the payment of dividends, and \$148 million used for purchases of property and equipment, partially offset by \$1.1 billion provided by operating activities. Our working capital was \$1.4 billion as of January 23, 2026, representing an increase of \$213 million compared to April 25, 2025.

Cash Flows from Operating Activities

During the first nine months of fiscal 2026, cash provided by operating activities reflected net income of \$872 million which was increased for non-cash depreciation and amortization expense of \$151 million and non-cash stock-based compensation expense of \$282 million. During the first nine months of fiscal 2025, cash provided by operating activities reflected net income of \$846 million which was increased for non-cash depreciation and amortization expense of \$190 million and non-cash stock-based compensation expense of \$291 million.

Significant changes in assets and liabilities in the first nine months of fiscal 2026 included the following:

- *Accounts payable* decreased by \$98 million, primarily reflecting the timing of purchases from, and payments to, our contract manufacturers.
- *Accrued expenses* decreased by \$248 million, primarily due to employee compensation payments related to our fiscal 2025 incentive compensation plan accrual.

We expect that cash provided by operating activities may materially fluctuate in future periods due to a number of factors, including fluctuations in our operating results, shipping linearity, accounts receivable collections performance, inventory and supply chain management, vendor payment initiatives, and the timing and amount of compensation, income taxes and other payments.

Cash Flows from Investing Activities

During the first nine months of fiscal 2026, we used \$282 million in purchases of investments, net of maturities and sales, and paid \$148 million for capital expenditures, as compared to the same period of fiscal 2025, in which we generated \$590 million from maturities and sales of investments, net of purchases, and paid \$133 million for capital expenditures.

Cash Flows from Financing Activities

During the first nine months of fiscal 2026, we used \$750 million for the principal repayment upon maturity of our 1.875% Senior Notes due in June 2025, \$750 million for the repurchase of 7.0 million shares of common stock, and \$310 million for the payment of dividends. During the first nine months of fiscal 2025, we used \$900 million for the repurchase of 7.4 million shares of common stock, \$400 million principal repayment upon maturity of our 3.30% Senior Notes due in September 2024 and \$319 million for the payment of dividends.

Key factors that could affect our cash flows include changes in our revenue mix and profitability, our ability to effectively manage our working capital, in particular, accounts receivable, accounts payable and inventories, the timing and amount of stock repurchases and payment of cash dividends, the impact of foreign exchange rate changes, our ability to effectively integrate acquired products, businesses and technologies and the timing of repayments of our debt. Based on past performance and our current business outlook, we believe that our sources of liquidity, including cash, cash equivalents and short-term investments, cash generated from operations, and our ability to access capital markets and committed credit lines will satisfy our working capital needs, capital expenditures, investment requirements, stock repurchases, cash dividends, contractual obligations, commitments, principal and interest payments on our debt and other liquidity requirements associated with operations and meet our cash requirements for at least the next 12 months and thereafter for the foreseeable future. We may choose to periodically raise additional debt capital based on certain conditions, including the refinancing of upcoming maturities and/or for potential strategic acquisitions and investments. Our ability to obtain this, or any additional financing that we may pursue or need, will depend on, among other things, our business plans, operating performance and the condition of the capital markets at the time we seek financing. We may not be able to obtain such financing on terms acceptable to us or at all. In the event our liquidity is insufficient and we are unable to enter into new financing arrangements, we may be required to curtail spending and implement additional cost saving measures and restructuring actions. We cannot be certain that we will continue to generate cash flows at or above current levels. For further discussion of factors that could affect our cash flows and liquidity requirements, see Item 1A, Risk Factors.

Liquidity

Our principal sources of liquidity as of January 23, 2026 consisted of cash, cash equivalents and short-term investments, cash we expect to generate from operations, and our commercial paper program and related credit facility.

Cash, cash equivalents and short-term investments consisted of the following (in millions):

	January 23, 2026	April 25, 2025
Cash and cash equivalents	\$ 1,629	\$ 2,742
Short-term investments	1,379	1,104
Total	\$ 3,008	\$ 3,846

As of January 23, 2026 and April 25, 2025, \$2.6 billion and \$2.5 billion, respectively, of cash, cash equivalents and short-term investments were held by various foreign subsidiaries and were generally based in U.S. dollar-denominated holdings, while \$394 million and \$1.3 billion, respectively, were available in the U.S.

Our principal liquidity requirements are primarily to meet our working capital needs, support ongoing business activities, fund research and development, meet capital expenditure needs, invest in critical or complementary technologies through asset purchases and/or business acquisitions, service interest and principal payments on our debt, fund our stock repurchase program, and pay dividends, as and if declared. In the ordinary course of business, we engage in periodic reviews of opportunities to invest in or acquire companies or units in companies to expand our total addressable market, leverage technological synergies and establish new streams of revenue, particularly in our Public Cloud segment.

The principal objectives of our investment policy are the preservation of principal and maintenance of liquidity. We attempt to mitigate default risk by investing in high-quality investment grade securities, limiting the time to maturity and monitoring the counterparties and underlying obligors closely. We believe our cash equivalents and short-term investments are liquid and accessible. We are not aware of any significant deterioration in the fair value of our cash equivalents or investments from the values reported as of January 23, 2026.

Our investment portfolio has been and will continue to be exposed to market risk due to trends in the credit and capital markets. We continue to closely monitor current economic and market events to minimize the market risk of our investment portfolio. We routinely monitor our financial exposure to both sovereign and non-sovereign borrowers and counterparties. We utilize a variety of planning and financing strategies in an effort to ensure our worldwide cash is available when and where it is needed. We also have an automatic shelf registration statement on file with the U.S. Securities and Exchange Commission (SEC). We may in the future offer an additional unspecified amount of debt, equity and other securities.

Senior Notes

The following table summarizes the principal amount of our Senior Notes as of January 23, 2026 (in millions):

	Amount
2.375% Senior Notes Due June 2027	\$ 550
2.70% Senior Notes Due June 2028	700
5.50% Senior Notes Due March 2032	625
5.70% Senior Notes Due March 2035	625
Total	\$ 2,500

Interest on the Senior Notes is payable semi-annually. For further information on the underlying terms, see Note 6 - Financing Arrangements of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1.

On June 23, 2025, upon maturity, we repaid our 1.875% Senior Notes due June 2025 for an aggregate amount of \$757 million, comprised of the principal and unpaid interest.

Commercial Paper Program and Credit Facility

We have a commercial paper program (the Program), under which we may issue unsecured commercial paper notes. Amounts available under the Program may be borrowed, repaid and re-borrowed, with the aggregate face or principal amount of the notes outstanding under the Program at any time not to exceed \$1.0 billion. The maturities of the notes can vary but may not exceed 397 days from the date of issue. The notes are sold under customary terms in the commercial paper market and may be issued at a discount from par or, alternatively, may be sold at par and bear interest at rates dictated by market conditions at the time of their issuance. The proceeds from the issuance of the notes are used for general corporate purposes. No commercial paper notes were outstanding as of January 23, 2026.

In connection with the Program, we have a senior unsecured credit agreement with a syndicated group of lenders. The credit agreement, which was amended in March 2025, provides for a \$1.0 billion revolving unsecured credit facility, with a sublimit of \$50 million available for the issuance of letters of credit on our behalf. The credit facility matures on March 5, 2030, with an option for us to extend the maturity date for two additional 1-year periods, subject to certain conditions. The proceeds of the loans may be used by us for general corporate purposes and as liquidity support for our existing commercial paper program. As of January 23, 2026, we were compliant with all associated covenants in the agreement. No amounts were drawn against this credit facility during any of the periods presented.

Capital Expenditure Requirements

We expect to fund our capital expenditures, including our commitments related to facilities, equipment, operating leases and internal-use software development projects over the next few years through existing cash, cash equivalents, investments and cash generated from operations. The timing and amount of our capital requirements cannot be precisely determined and will depend on a number of factors, including future demand for products, changes in the network storage industry, hiring plans and our decisions related to the financing of our facilities and equipment requirements. We anticipate capital expenditures for the remainder of fiscal 2026 to be between \$50 million and \$100 million.

Transition Tax Payment

The Tax Cuts and Jobs Act of 2017 imposed a mandatory, one-time transition tax on accumulated foreign earnings and profits that had not previously been subject to U.S. income tax. A final transition tax payment of \$179 million was paid during the second quarter of fiscal 2026.

Dividends and Stock Repurchase Program

On February 19, 2026, we declared a cash dividend of \$0.52 per share of common stock, payable on April 22, 2026, to holders of record as of the close of business on April 3, 2026.

In the first quarter of fiscal 2026, our Board of Directors authorized the repurchase of an additional \$1.1 billion of our common stock under our stock repurchase program. Under this program, we may purchase shares of our outstanding common stock through solicited or unsolicited transactions in the open market, in privately negotiated transactions, through accelerated share repurchase programs, pursuant to a Rule 10b5-1 plan or in such other manner as deemed appropriate by our management. The stock repurchase program may be suspended or discontinued at any time. As of January 23, 2026, the remaining authorized amount for stock repurchases under this program was \$792 million.

Purchase Commitments

In the ordinary course of business, we make commitments to third-party contract manufacturers and component suppliers to manage manufacturer lead times and meet product forecasts, and to other parties, to purchase various key components used in the manufacture of our products. In addition, we have open purchase orders and contractual obligations associated with our ordinary course of business for which we have not yet received goods or services. These off-balance sheet purchase commitments totaled \$1.1 billion as of January 23, 2026.

Financing Guarantees

We enter into financing and leasing contracts through the ordinary course of business. These arrangements and related financing guarantees are described in Note 14 – Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1. There has been no material change in our financing guarantees as described in our 2025 Annual Report on Form 10-K.

Legal Contingencies

We are subject to various legal proceedings and claims which arise in the normal course of business. See further details on such matters in Note 14 - Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates as described in our 2025 Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in our market risk exposures for the nine months ended January 23, 2026, as compared to those discussed in our Annual Report on Form 10-K for the year ended April 25, 2025.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

The phrase “disclosure controls and procedures” refers to controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended (the Exchange Act), such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the U.S. Securities and Exchange Commission (SEC). Disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of January 23, 2026, the end of the fiscal period covered by this Quarterly Report on Form 10-Q (the Evaluation Date). Based on this evaluation, our CEO and CFO concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information required to be disclosed in our SEC reports (i) is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to our management, including our CEO and CFO, in appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

During the third quarter of fiscal 2026, we implemented the final phase of our new global enterprise resource planning system, which impacted certain processes and procedures, resulting in changes to our internal control over financial reporting. We will continue to evaluate and monitor our internal control over financial reporting as processes and procedures in the affected areas evolve.

With the exception of the implementation described above, there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) identified in connection with our evaluation that occurred during the third quarter of fiscal 2026 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

For a discussion of legal proceedings, see Note 14 - Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1.

Item 1A. Risk Factors.

Our future business, operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended April 25, 2025, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common and capital stock. Except to the extent updated below or to the extent additional factual information disclosed elsewhere in this Quarterly Report on Form 10-Q relates to such risk factors (including, without limitation, the matters discussed in Part I, Item 2, "Management's Discussion and Analysis of Financial Conditions and Results of Operations), there have been no material changes to the Company's risk factors since our Annual Report on Form 10-K for the year ended April 25, 2025.

Risks Related to Our Business and Industry

Our gross margins may fluctuate.

Our gross margins are influenced by a variety of factors, including macroeconomic volatility, competitive pricing, component and product design costs, inflation, foreign exchange currency fluctuations, and the volume and relative mix of revenues from product sales, software support, hardware support, and other services offerings. Factors such as increased component and labor costs, pricing and discounting pressures, changes in component costs and product prices, or shifts in revenue mix and volume from different offerings could negatively impact our revenues, gross margins or earnings.

Additionally, our gross margins are affected by the cost of any substandard materials and our sales and distribution activities, including pricing actions, rebates, sales initiatives, discount levels, and the timing of service contract renewals. Third-party component costs make up a significant portion of our product costs. These costs are difficult to manage if supplies of certain components, including NAND, become limited relative to demand or component prices rise significantly.

We have experienced, and may continue to experience, negative impacts on our gross margins due to rising component costs, logistics costs, tariffs and other trade barriers, and inflationary pressures. An increase in component or design costs relative to our product prices could harm our gross margins and earnings. Failure to sustain or improve our gross margins may have a material adverse effect on our business and stock price.

Risks Related to Our Operations

Initiatives to improve our cost structure, business processes, and systems may not achieve the expected benefits and could negatively impact our reputation, business, operating results, financial condition and cash flows.

We continuously strive to make our cost structure and business processes more efficient, including by relocating our business activities from higher-cost to lower-cost locations, outsourcing certain business processes and functions, and implementing changes to our business information systems. These efforts require significant investment of financial and human resources and substantial changes to our current operations. For example, we continue to implement certain new business information systems, including implementing the final phase of a new enterprise resource planning system in the third quarter of fiscal 2026 to enhance and standardize our processes, improve oversight, and better serve our customers. Disruptions during this transition have impacted and may continue to impact our ability to efficiently process customer orders and issue invoices, and may impact our ability to process vendor payments, pay employees, fulfill contractual obligations, report financial results, maintain effective internal controls, or operate our business effectively.

We may also encounter difficulties in implementing new business information systems or maintaining and upgrading existing systems and software. These difficulties could lead to significant expenses or losses due to unexpected additional costs, disruption in business operations, loss of sales or profits, or delays in processing and reporting key financial information. As a result, our business, results of operations, financial condition and prospects could be materially adversely affected.

Additionally, as we move operations to lower-cost jurisdictions and outsource certain business processes, we become subject to new regulatory regimes and lose control of certain aspects of our operations, increasing our dependence upon third-party systems and processes. If we fail to move operations, outsource processes, or implement new information in compliance with local laws and maintain adequate standards, controls and procedures, the quality of our products and services may suffer, and we may face increased litigation risk. These issues could adversely affect our business, operating results, and financial condition.

If we do not achieve the expected benefits of these and other transformational initiatives, our business, operating results, financial condition, and cash flows could be harmed.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of equity securities

The following table provides information with respect to the shares of common stock repurchased by us during the three months ended January 23, 2026:

Period	Total Number of Shares Purchased (Shares in thousands)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (Shares in thousands)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Repurchase Program (Dollars in millions)
October 25, 2025 - November 21, 2025	625	\$ 112.37	387,627	\$ 832
November 22, 2025 - December 19, 2025	591	\$ 113.64	388,218	\$ 765
December 20, 2025 - January 23, 2026	590	\$ 106.00	388,898	\$ 792
Total	1,806	\$ 110.70		

In May 2023, our Board of Directors approved a stock repurchase program. Under this program, we may purchase shares of our outstanding common stock through solicited or unsolicited transactions in the open market, in privately negotiated transactions, through accelerated share repurchase programs, pursuant to a Rule 10b5-1 plan or in such other manner as deemed appropriate by our management. The stock repurchase program may be suspended or discontinued at any time. For further information, see Note 8 - Stockholders' Equity of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

Insider Adoption or Termination of Trading Arrangements

On December 18, 2025, Elizabeth O'Callahan, EVP, Chief Administrative Officer of the Company, entered into a Rule 10b5-1 trading arrangement intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act. The trading arrangement will expire on June 30, 2027, and may be terminated earlier in the limited circumstances defined in the trading arrangement. An aggregate of up to 12,000 shares may be sold pursuant to the trading arrangement.

No other directors or executive officers of the Company adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of the Company's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or any non-Rule 10b5-1 trading arrangement (as defined in Item 409(c) of Regulation S-K), during the quarterly period covered by this report.

Item 6. Exhibits.

The following documents are filed as exhibits to this report.

Exhibit No.	Description	Form	File No.	Incorporation by Reference Exhibit	Filing Date
31.1	Certification of the Chief Executive Officer pursuant to Section 302(a) of the Securities Exchange Act of 2002.				

31.2	Certification of the Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.	—	—	—	—
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.	—	—	—	—
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.	—	—	—	—
101	The following financial statements from the Company's 10-Q for the fiscal quarter ended January 23, 2026, formatted in XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Income, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Cash Flows, (v) Condensed Consolidated Statements of Shareholders' Equity, and (vi) Notes to Condensed Consolidated Financial Statements.	—	—	—	—
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	—	—	—	—

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SIGNATURE

NETAPP, INC.

(Registrant)

WISSAM JABRE

Wissam Jabre

Executive Vice President and Chief Financial Officer

Date: February 26, 2026

CERTIFICATION PURSUANT TO SECTION 302(a)
OF THE SARBANES-OXLEY ACT OF 2002

I, George Kurian, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of NetApp, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(c) and 15d-15(c)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ GEORGE KURIAN
George Kurian
Chief Executive Officer and Director
(Principal Executive Officer and Principal Operating Officer)

Date: February 26, 2026

CERTIFICATION PURSUANT TO SECTION 302(a)
OF THE SARBANES-OXLEY ACT OF 2002

I, Wissam Jabre, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of NetApp, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(c) and 15d-15(c)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ WISSAM JABRE
Wissam Jabre
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: February 26, 2026

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, George Kurian, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of NetApp, Inc., on Form 10-Q for the quarterly period ended January 23, 2026 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of NetApp, Inc.

/s/ GEORGE KURIAN
George Kurian
Chief Executive Officer and Director
(Principal Executive Officer and Principal Operating Officer)

Date: February 26, 2026

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Wissam Jabre, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of NetApp, Inc., on Form 10-Q for the quarterly period ended January 23, 2026 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of NetApp, Inc.

/s/ WISSAM JABRE
Wissam Jabre
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: February 26, 2026