NEWS RELEASE

NetApp Reports Fourth Quarter and Fiscal Year 2024 Results

2024-05-30

Net revenues of $1.67 billion for the fourth quarter;
Net revenues of $6.27 billion for fiscal year 2024

- Record all-flash array annualized revenue run rate[1] of $3.6 billion, an increase of 17% year-over-year
- Record fiscal year GAAP consolidated gross margins of 71%; record non-GAAP consolidated gross margins[2] of 72%
- Fiscal year GAAP operating margins of 19%; record non-GAAP operating margins[2] of 27%
- Fiscal year GAAP net income per share[3] of $4.63; record non-GAAP net income per share[2] of $6.46
- NetApp announced an increase in its quarterly dividend to $0.52 cents per share and a new share repurchase authorization of an additional $1 billion

SAN JOSE, Calif.—May 30, 2024—NetApp (NASDAQ: NTAP), the intelligent data infrastructure company, today reported financial results for the fourth quarter and fiscal year 2024, which ended on April 26, 2024.

“We concluded fiscal year 2024 on a high note, delivering company records for annual gross margin, operating margin, EPS, operating cash flow, and free cash flow and building positive momentum. Our modern approach to unified data storage, spanning data types, price points, and hybrid multicloud environments, is clearly resonating in the market,” said George Kurian, chief executive officer. “In fiscal year 2025, we will remain laser focused on our top priorities of driving growth in all-flash and cloud storage services while maintaining our operational discipline.”

Fourth quarter of fiscal year 2024 financial results

- **Net revenues:** $1.67 billion, compared to $1.58 billion in the fourth quarter of fiscal year 2023; a year-over-year increase of 6%.
  - **Hybrid Cloud segment revenue:** $1.52 billion, compared to $1.43 billion in the fourth quarter of fiscal year 2023.
  - **Public Cloud segment revenue:** $152 million, compared to $151 million in the fourth quarter of fiscal year 2023.
- **Billings[2]:** $1.81 billion, compared to $1.67 billion in the fourth quarter of fiscal year 2023; a year-over-year increase of 8%.

- **NetApp Public Cloud annualized revenue run rate (ARR)[4]:** $630 million, compared to $620 million in the fourth quarter of fiscal year 2023; a year-over-year increase of 2%.
- **All-flash array ARR:** $3.6 billion, compared to $3.1 billion in the fourth quarter of fiscal year 2023; a year-over-year increase of 17%.
- **Net income:** GAAP net income of $291 million, compared to $245 million in the fourth quarter of fiscal year 2023; non-GAAP net income[2] of $382 million, compared to $334 million in the fourth quarter of fiscal year 2023.
- **Earnings per share:** GAAP net income per share of $1.37 compared to $1.13 in the fourth quarter of fiscal year 2023; non-GAAP net income per share of $1.80 compared to $1.54 in the fourth quarter of fiscal year 2023.
- **Cash, cash equivalents and investments:** $3.25 billion at the end of the fourth quarter of fiscal year 2024.
- **Cash provided by operations:** $613 million, compared to $235 million in the fourth quarter of fiscal year 2023.
- **Share repurchases and dividends:** Returned $204 million to stockholders through share repurchases and cash dividends.

Fiscal year 2024 financial highlights

- **Net revenues:** $6.27 billion, compared to $6.36 billion in fiscal year 2023; a year-over-year decrease of 1%.
  - **Hybrid Cloud segment revenue:** $5.66 billion, compared to $5.79 billion in fiscal year 2023.
  - **Public Cloud segment revenue:** $611 million, compared to $575 million in fiscal year 2023.
- **Billings:** $6.25 billion, compared to $6.41 billion in fiscal year 2023; a year-over-year decrease of 2%.
- **Net income:** GAAP net income of $986 million, compared to $1.27 billion in fiscal year 2023; non-GAAP net income of $1.38 billion, compared to $1.23 billion in fiscal year 2023.
- **Earnings per share:** GAAP net income per share of $4.63 compared to $5.79 in fiscal year 2023; non-GAAP net income per share of $6.46 compared to $5.59 in fiscal year 2023.
- **Cash provided by operations:** $1.69 billion compared to $1.11 billion in fiscal year 2023.
- **Share repurchases and dividends:** Returned $1.32 billion to shareholders through share repurchases and cash dividends.

First quarter of fiscal year 2025 financial outlook

The Company provided the following financial guidance for the first quarter of fiscal year 2025:

Net revenues are expected to be in the range of:	$1.455 billion - $1.605 billion	
	GAAP	Non-GAAP
Earnings per share is expected to be in the range of:	$0.98 - $1.08	$1.40 - $1.50

Full fiscal year 2025 financial outlook
The Company provided the following financial guidance for the full fiscal year 2025:

Net revenues are expected to be in the range of:	$6.450 billion - 6.650 billion	
	GAAP	Non-GAAP
Consolidated gross margins are expected to be in the range of:	70% - 71%	71% - 72%
Operating margins are expected to be in the range of:	20% - 21%	27% - 28%
Earnings per share is expected to be in the range of:	$4.96 - $5.16	$6.80 - $7.00

Dividend
The next cash dividend of $0.52 per share is to be paid on July 24, 2024, to stockholders of record as of the close of business on July 5, 2024.

Fourth quarter of fiscal year 2024 business highlights

Leading Product Innovation

- **NetApp™ AIPod™, powered by NVIDIA DGX,** is now a certified NVIDIA DGX BasePOD solution. It uses NVIDIA DGX H100 systems integrated with NetApp AFF C-Series affordable capacity flash systems to drive a new level of cost/performance, while optimizing rack space and sustainability.
- New **FlexPod™ for AI reference architectures** support the NVIDIA AI Enterprise software platform, extending the leading converged infrastructure solution from NetApp and Cisco.
- NetApp announced **validation for NVIDIA OVX computing systems** to help streamline enterprise AI deployments, including model fine-tuning and inference workloads.
- NetApp announced the technology preview of **ONTAP™ Autonomous Ransomware Protection with Artificial Intelligence (ARP/AI),** the next generation of real-time enterprise storage ransomware protection, providing the increased accuracy and performance required to detect and mitigate new, more sophisticated cyber threats.
- **NetApp BlueXP™ Ransomware Protection** provides a single control plane to intelligently coordinate and execute an end-to-end, workload-centric ransomware defense.
- **NetApp BlueXP Disaster Recovery** offers seamless integration with VMware infrastructure and provides storage options for both on-premises and major public cloud environments.
- **NetApp Keystone™ Ransomware Recovery Guarantee** extends NetApp's current Ransomware Recovery

Guarantee to our leading storage-as-a-service offering, NetApp Keystone.

- NetApp released **NetApp SnapCenter™ 5.0**, which includes support for key ONTAP features like tamperproof Snapshot™ copy locking, SnapLock™ protected volumes, and SnapMirror™ Business Continuity to enable more robust data protection for applications and virtual machines.
- NetApp introduced **Application-Aware Ransomware Protection through NetApp SnapCenter™ 5.0,** providing immutable ransomware protection for applications.
- **NetApp StorageGRID™ 11.8 software** is built to elevate the user experience, enhance security, and streamline simplicity in the NetApp object storage solution.
- Upcoming enhancements were announced for **NetApp Astra™ Control data protection and disaster recovery service for Kubernetes,** which improves system extensibility, streamlines management across clusters, and delivers advanced data services.
- **Spot by NetApp** announced a new **Accelerated Scale Down feature** to help generate greater efficiencies and cost savings.

Customer and Partner Momentum

- **NetApp and Aston Martin renewed their partnership,** empowering Aston Martin Aramco Formula One Team to use NetApp's storage technology to instantly store, manage, and access the immense amounts of data needed to optimize the team's performance.
- **NetApp partner Spectra Logic** announced that it has validated its On-Prem Glacier solutions for deployment in **NetApp StorageGRID™** object-based storage environments.
- NetApp and IBM worked together to certify **FSx for ONTAP** as part of a solution on which to run **IBM MQ**.
- **AWS** announced that **Amazon FSx for NetApp ONTAP** increased the maximum throughput capacity per file system by 2x, allowing customers to leverage ONTAP data management features for an even broader set of performance-intensive workloads.
- **NetApp collaborated with NVIDIA** to advance **retrieval-augmented generation for GenAI** applications, connecting **NVIDIA NeMo Retriever microservices to NetApp ONTAP**.
- **DreamWorks used data management capabilities and solutions** from NetApp for the Kung Fu Panda 4 movie.
- **NetApp partner HCLTech** launched an electronic design automation (EDA) solution in partnership with NetApp, to accelerate large EDA implementations in the hybrid cloud.
- **NetApp and Google Cloud** announced a **new service level for Google Cloud NetApp Volumes** called Flex that gives customers more granular control to adapt their storage and performance to match the exact needs of their cloud workloads.
- NetApp released a preview of its **GenAI toolkit reference architecture for Vertex AI** with support for **Google Cloud NetApp Volumes,** giving customers greater ability to generate unique, high-quality, and ultra-relevant insights and automations.
- **AWS** named NetApp a **Manufacturing and Industrial ISV Competency Partner** in its Engineering and Design Category.

Corporate News and Events

- NetApp and YouGov research surveyed over 1,000 IT decision makers on how planning and foundations for AI are at a critical moment for UK businesses.
- NetApp released its second annual Cloud Complexity Report, which explores how technology decision makers around the globe are navigating and deploying AI at scale.

Awards and Recognition

- NetApp received the **2024 Google Cloud Technology Partner of the Year Award** in the **Infrastructure – Storage category for Google Cloud NetApp Volumes** for the second year in a row.
- As a part of **CRN's 2024 Storage 100 Awards,** NetApp was listed as one of the **top 50 vendors bringing software capabilities, services, and cloud connectivity to storage technology**.
- NetApp was named a **leading big data systems and cloud platform vendor** in **CRN's 2024 Big Data 100 Awards**.
- **CRN** named NetApp a **top 25 company leading the AI revolution** in data centers, edge computing, and laptops as part of its **AI 100 Awards**.
- NetApp was named one of the **top data center companies** of 2024 in **CRN's Data Center 50 Awards**.
- NetApp received **five stars** in **CRN's 2024 Partner Program Guide** due to the comprehensive incentives, resources, services, and benefits of **NetApp Partner Sphere**.
- **Frost & Sullivan** named NetApp the **2024 Company of the Year** for **hybrid cloud storage management**.
- NetApp was named a **Leader and Outperformer** in **GigaOm's 2024 Radar report for Primary Storage** for large and midsized enterprises.
- NetApp was named a **Leader and Outperformer** in **GigaOm's 2024 Radar report for Unstructured Data Management** for the third year in a row.
- NetApp was named a **Leader and Outperformer** in **GigaOm's 2024 Radar report for Cloud FinOps**.
- Spot Ocean by NetApp was recognized as the sole **Leader and Outperformer** in GigaOm's 2024 Radar report for Kubernetes Resource Management in the Maturity and Platform Play section.
- **Jenni Flinders, SVP, Worldwide Partner Group at NetApp**, was named one of the 50 Most Influential Channel Leaders as a part of **CRN's 2024 Channel Chief Awards**.
- **Mignona Cote, SVP & CSO at NetApp,** was named the **Global Winner for the 2024 DallasCISO ORBIE Awards** for organizations with over $3.5 billion annual revenue and multinational operations.

Executive Leadership Announcements

- NetApp appointed **Pravjit Tiwana** as **GM and SVP of Cloud Storage**.
- NetApp appointed **Alessandra Yockelson** as **EVP, Chief Human Resources Officer**.

Webcast and Conference Call Information
NetApp will host a conference call to discuss these results today at 2:30 p.m. Pacific Time. To access the live webcast of this event, go to the NetApp Investor Relations website at **investors.netapp.com**. In addition, this press release, historical supplemental data tables, and other information related to the call will be posted on the Investor Relations website. An audio replay will be available on the website after 4:30 p.m. Pacific Time today.

"Safe Harbor" Statement Under U.S. Private Securities Litigation Reform Act of 1995
This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, all of the statements made in the First Quarter of Fiscal Year 2025 Financial Outlook section and the Full Fiscal Year 2025 Financial Outlook section, and statements about our business, economic and market outlook, financial guidance, our overall future prospects, our modern approach to unified data storage, such approach's resonance with customers, and our ability to address new market opportunities, extend our leadership position in existing markets, and deliver increasing value for our stakeholders. Actual results may differ materially from these statements for a variety of reasons, including, without limitation, our ability to keep pace with the rapid industry, technological and market trends and

changes in the markets in which we operate; our ability to execute our evolved cloud strategy and introduce and gain market acceptance for our products and services; our ability to maintain our customer, partner, supplier and contract manufacturer relationships on favorable terms and conditions; global political, macroeconomic and market conditions, including inflation, rising interest rates, monetary policy shifts, recession risks, and foreign exchange volatility and the resulting impact on demand for our products; the impact of new or ongoing geopolitical conflicts and sanctions; adoption or changes to laws, regulations standards or policies affecting our operations, products, services, the storage industry, or AI usage; material cybersecurity and other security breaches; the impact of supply chain disruptions on our business operations, financial performance and results of operations; changes in U.S. government spending; changes in overall technology spending by our customers; revenue seasonality; changes in laws or regulations, including those relating to privacy, data protection and information security; the timing of orders and their fulfilment; and our ability to manage our gross profit margins, including managing component costs. These and other equally important factors are described in reports and documents we file from time to time with the Securities and Exchange Commission, including the factors described under the sections titled "Risk Factors" in our most recently submitted annual report on Form 10-K and quarterly report on Form 10-Q. We disclaim any obligation to update information contained in this press release whether as a result of new information, future events, or otherwise.

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NetApp usage of non-GAAP financial information

To supplement NetApp's condensed consolidated financial statement information presented in accordance with generally accepted accounting principles in the United States (GAAP), NetApp provides investors with certain non-GAAP measures, including, but not limited to, historical non-GAAP gross margins, non-GAAP operating margins, non-GAAP operating results, non-GAAP net income, non-GAAP effective tax rate, free cash flow, billings, and historical and projected non-GAAP earnings per diluted share. NetApp also presents the hardware and software components of our GAAP product revenues. Because our revenue recognition policy under GAAP defines a configured storage system, inclusive of the operating system software essential to its functionality, as a single performance obligation, hardware and software components of our product revenues are considered non-GAAP measures. The hardware and software components of our product revenues are derived from an estimated fair value allocation of the transaction price of our contracts with customers, down to the level of the product hardware and software components. This allocation is primarily based on the contractual prices at which NetApp has historically billed customers for such respective components.

NetApp believes that the presentation of its non-GAAP measures, when shown in conjunction with the corresponding GAAP measures, provides useful information to investors and management regarding financial and business trends relating to its financial condition and results of operations. NetApp's management uses non-GAAP measures in making operating decisions because it believes that the measurements provide meaningful supplemental information regarding NetApp's ongoing operational performance.

NetApp believes that the presentation of non-GAAP gross margins, non-GAAP operating margin, non-GAAP effective tax rate, non-GAAP net income, and non-GAAP earnings per share data, provides investors with supplemental metrics that assist in understanding current results and future prospects, earnings and profitability that are complementary to GAAP metrics. Each of these Non-GAAP metrics is defined as the applicable GAAP metric adjusted to exclude the items defined in A through I below, as applicable, while our Non-GAAP effective tax

rate and Non-GAAP net income also reflect a non-GAAP tax provision, as described in item J below, instead of our GAAP tax provision. Non-GAAP net income per share is computed as Non-GAAP net income divided by the diluted number of shares for the applicable period.

NetApp believes that the presentation of free cash flow, which it defines as the net cash provided by operating activities less cash used to acquire property and equipment, to be a liquidity measure that provides useful information to management and investors because it reflects cash that can be used to, among other things, invest in its business, make strategic acquisitions, repurchase common stock, and pay dividends on its common stock. As free cash flow is not a measure of liquidity calculated in accordance with GAAP, free cash flow should be considered in addition to, but not as a substitute for, the analysis provided in the statement of cash flows.

NetApp believes that the presentation of the software and hardware components of our product revenues is meaningful to investors and management as it illustrates the significance of the Company's software and provides improved visibility into the value created by our software innovation and R&D investment.

NetApp approximates billings by adding net revenues as reported on our Condensed Consolidated Statements of Operations for the period to the change in total deferred revenue and financed unearned services revenue as reported on our Condensed Consolidated Statements of Cash Flows for the same period. Billings is a performance measure that NetApp believes provides useful information to management and investors because it approximates the amounts under purchase orders received by us during a given period that have been billed.

Non-GAAP financial measures are used to: (1) measure company performance against historical results, (2) facilitate comparisons to our competitors' operating results and (3) allow greater transparency with respect to information used by management in financial and operational decision making.

NetApp excludes the following items from its non-GAAP measures when applicable:

A. Amortization of intangible assets. NetApp records amortization of intangible assets that were acquired in connection with its business combinations. The amortization of intangible assets varies depending on the level of acquisition activity. Management finds it useful to exclude these charges to assess the appropriate level of various operating expenses to assist in budgeting, planning and forecasting future periods and in measuring operational performance.
B. Stock-based compensation expenses. NetApp excludes stock-based compensation expenses from its non-GAAP measures primarily because the amount can fluctuate based on variables unrelated to the performance of the underlying business. While management views stock-based compensation as a key element of our employee retention and long-term incentives, we do not view it as an expense to be used in evaluating operational performance in any given period.
C. Litigation settlements. NetApp may periodically incur charges or benefits related to litigation settlements. NetApp excludes these charges and benefits, when significant, because it does not believe they are reflective of ongoing business and operating results.
D. Acquisition-related expenses. NetApp excludes acquisition-related expenses, including (a) due diligence, legal and other one-time integration charges and (b) write down of assets acquired that NetApp does not intend to use in its ongoing business, from its non-GAAP measures, primarily because they are not related to our ongoing business or cost base and, therefore, are less useful for future planning and forecasting.
E. Restructuring charges. These charges consist of restructuring charges that are incurred based on the particular

facts and circumstances of restructuring decisions, including employment and contractual settlement terms, and other related charges, and can vary in size and frequency. We therefore exclude them in our assessment of operational performance.

F. Asset impairments. These are non-cash charges to write down assets when there is an indication that the asset has become impaired. Management finds it useful to exclude these non-cash charges due to the unpredictability of these events in its assessment of operational performance.

G. Gains/losses on the sale or derecognition of assets. These are gains/losses from the sale of our properties and other transactions in which we transfer control of assets to a third party. Management believes that these transactions do not reflect the results of our underlying, ongoing business and, therefore, are less useful for future planning and forecasting.

H. Gains/losses on the sale of investments in equity securities. These are gains/losses from the sale of our investment in certain equity securities. Typically, such investments are sold as a result of a change in control of the underlying businesses. Management believes that these transactions do not reflect the results of our underlying, ongoing business and, therefore, are less useful for future planning and forecasting.

I. Debt extinguishment costs. NetApp excludes certain non-recurring expenses incurred as a result of the early extinguishment of debt. Management believes such nonrecurring costs do not reflect the results of its underlying, ongoing business and, therefore, are less useful for future planning and forecasting.

J. Income tax adjustments. NetApp's non-GAAP tax provision is based upon a projected annual non-GAAP effective tax rate for the first three quarters of the fiscal year and an actual non-GAAP tax provision for the fourth quarter of the fiscal year. The non-GAAP tax provision also excludes, when applicable, (a) tax charges or benefits in the current period that relate to one or more prior fiscal periods that are a result of events such as changes in tax legislation, authoritative guidance, income tax audit settlements, statute lapses and/or court decisions, (b) tax charges or benefits that are attributable to unusual or non-recurring book and/or tax accounting method changes, (c) tax charges that are a result of a non-routine foreign cash repatriation, (d) tax charges or benefits that are a result of infrequent restructuring of the Company's tax structure, (e) tax charges or benefits that are a result of a change in valuation allowance, and (f) tax charges or benefits resulting from the integration of intellectual property from acquisitions. Management believes that the use of non-GAAP tax provisions provides a more meaningful measure of the Company's operational performance.

Non-GAAP measures are not in accordance with, or an alternative for, measures prepared in accordance with GAAP, and may be different from non-GAAP measures used by other companies. In addition, non-GAAP measures are not based on any comprehensive set of accounting rules or principles. NetApp believes that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company's results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate the Company's results of operations in conjunction with the corresponding GAAP measures. NetApp management compensates for these limitations by analyzing current and projected results on a GAAP basis as well as a non-GAAP basis. The presentation of non-GAAP financial information is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with generally accepted accounting principles in the United States. The non-GAAP financial measures are meant to supplement, and be viewed in conjunction with, GAAP financial measures. A detailed reconciliation of our non-GAAP to GAAP results can be found herein.

Constant currency

In periods in which the impacts of foreign currency exchange rate changes are significant, NetApp presents certain constant currency growth rates or quantifies the impact of foreign currency exchange rate changes on year-over-year fluctuations, including for net revenues, billings, and earnings. This constant currency information

assumes the same foreign currency exchange rates that were in effect for the comparable prior-year period were used in translation of the current period results.

About NetApp
NetApp is the intelligent data infrastructure company combining unified data storage, integrated data services, and CloudOps solutions to turn a world of disruption into opportunity for every customer. NetApp creates silo-free infrastructure, then harnesses observability and AI, to enable the best data management. As the only enterprise-grade storage service natively embedded in the world's biggest clouds, our data storage delivers seamless flexibility and our data services create a data advantage through superior cyber-resilience, governance, and applications agility. Our CloudOps solutions provide continuous optimization of performance and efficiency through observability and AI. No matter the data type, workload, or environment, transform your data infrastructure to realize your business possibilities with NetApp.

Learn more at **www.netapp.com** or follow us on **X**, **LinkedIn**, **Facebook**, and **Instagram**.

Footnotes
[1]All-flash array annualized net revenue run rate is determined by products and services revenue for the current quarter, multiplied by 4.

[2]Refer to "NetApp Usage of Non-GAAP Financial Information" section below for explanations of consolidated non-GAAP gross margins, non-GAAP operating margins, non-GAAP net income, non-GAAP net income per share, free cash flow, and billings.

[3]GAAP net income per share and non-GAAP net income per share are calculated using the diluted number of shares.

[4]Public Cloud annualized revenue run rate (ARR) is calculated as the annualized value of all Public Cloud customer commitments with the assumption that any commitment expiring during the next 12 months will be renewed with its existing terms.