

Forward-looking Statements

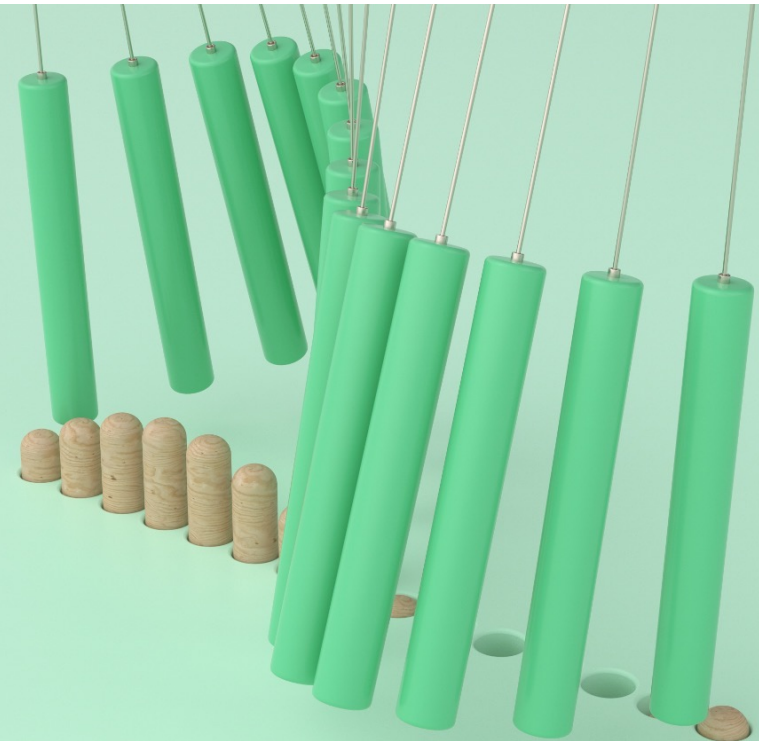
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This presentation also includes non-GAAP financial measures. Reconciliations of these measures to the comparable GAAP measures are available in the appendix to this presentation.

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Strategy for driving sustainable growth to deliver shareholder value

Mike Berry
Executive Vice President, Chief Financial Officer
March 22, 2022



Driving shareholder value

Investor day 2020 – a look back

Public Cloud segment

Hybrid Cloud segment

Growth investments

Capital returns

Financial framework

Driving shareholder value

Investor day 2020 – a look back

Public Cloud segment

Hybrid Cloud segment








Growth investments

Capital returns

Financial framework








What we told you September 2020

Key drivers

Revenue		<ul style="list-style-type: none">• All-flash array share gains• Cloud grows to \$1B ARR in FY25
Gross margin		<ul style="list-style-type: none">• Margin accretion from growth in Cloud and Support• Normalization of product margins (post-COVID)
OPEX		<ul style="list-style-type: none">• Disciplined rebalancing to strategic growth initiatives• Goal is to maintain current levels over the near term
Operating margin		<ul style="list-style-type: none">• Gross margin expansion and disciplined expense management drive increased operating leverage
EPS		<ul style="list-style-type: none">• Grow EPS faster than revenue, prudently manage share count
Free cash flow as a % of revenue		<ul style="list-style-type: none">• Increased operating leverage drives OCF growth• Lower CAPEX from software focus in Cloud
Capital returns % FCF		<ul style="list-style-type: none">• Return 70-75% of FCF through dividends and buybacks• Invest in growth, maintain investment grade rating

Delivering on financial commitments

Our results YTD FY22*

Revenue		<ul style="list-style-type: none">• 23% all-flash array revenue growth• 108% Public Cloud segment revenue growth
Gross margin		<ul style="list-style-type: none">• 560bps improvement in Public Cloud segment gross margin• 12% gross profit dollar growth
OPEX		<ul style="list-style-type: none">• Opex growth of 3% vs revenue growth of 11%
Operating margin		<ul style="list-style-type: none">• Operating margin expansion to 24%
EPS		<ul style="list-style-type: none">• 34% EPS growth
Free cash flow as a % of revenue		<ul style="list-style-type: none">• Strong capex investment to support Azure NetApp Files• Incremental inventory resulting from supply chain challenges
Capital returns % FCF		<ul style="list-style-type: none">• Returned 75% of FCF through dividends and buybacks• Disciplined M&A to accelerate Public Cloud growth

*Q1-Q3 FY22 vs Q1-Q3 FY21

Driving shareholder value

Investor day 2020 – a look back

Public Cloud segment

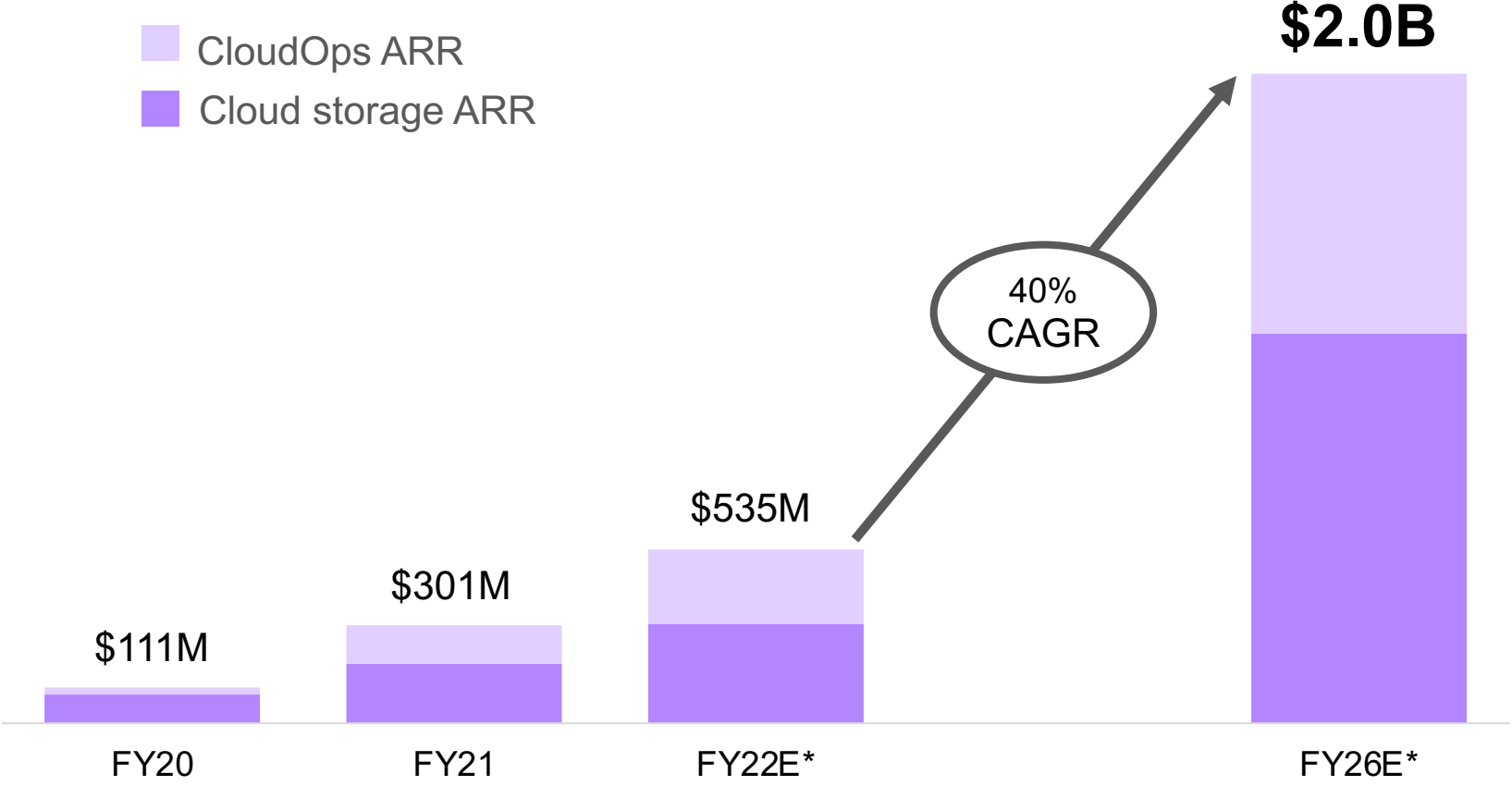
Hybrid Cloud segment

Growth investments

Capital returns

Financial framework

Driving to \$2B Public Cloud ARR exiting FY26



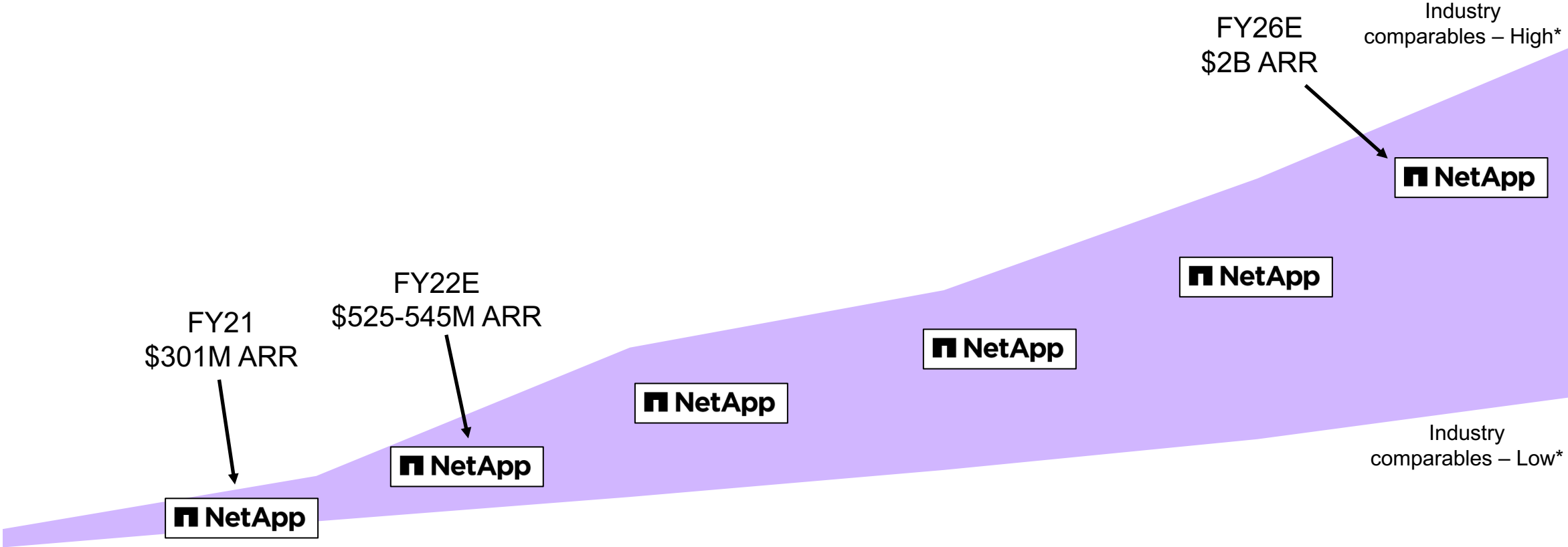
* E = estimate/guidance.

Growth drivers

- 1st party storage services
- Spot, CloudCheckr, and Cloud Insights
- New data services
- Acquisitions
- Cross-sell, up-sell
- New customers

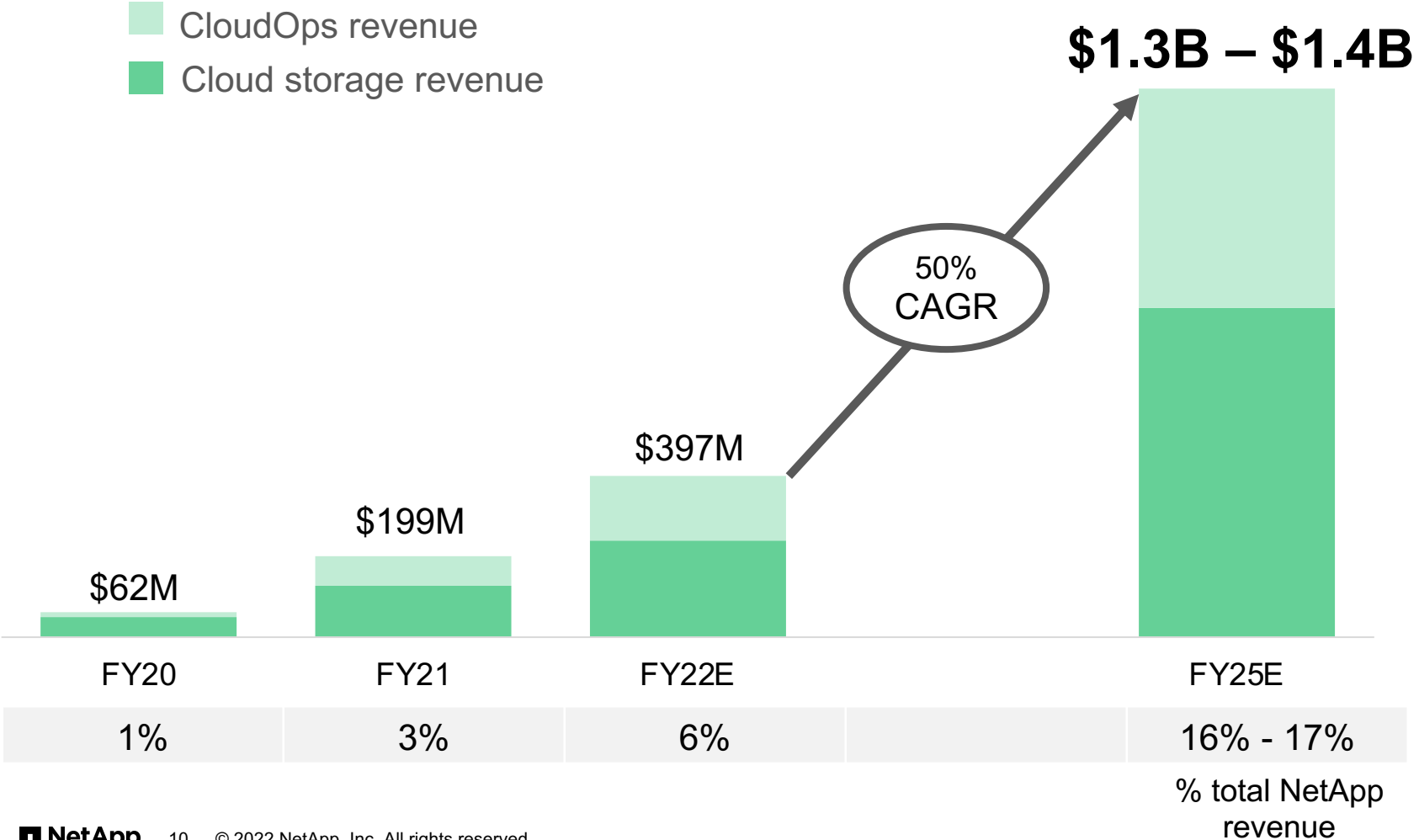
Public Cloud annualized revenue run-rate (ARR) is calculated as the annualized value of all Public Cloud customer commitments, with the assumption that any commitment expiring during the next 12 months will be renewed with its existing term.

Public Cloud growth consistent with established cloud/SaaS franchises



* Cloud/SaaS industry comparables include: Avalara, Cloudflare, Coupa Software, CrowdStrike, Datadog, DocuSign, HubSpot, MongoDB, Okta, Paycom, Snowflake, Veeva Systems, Zendesk, Zscaler

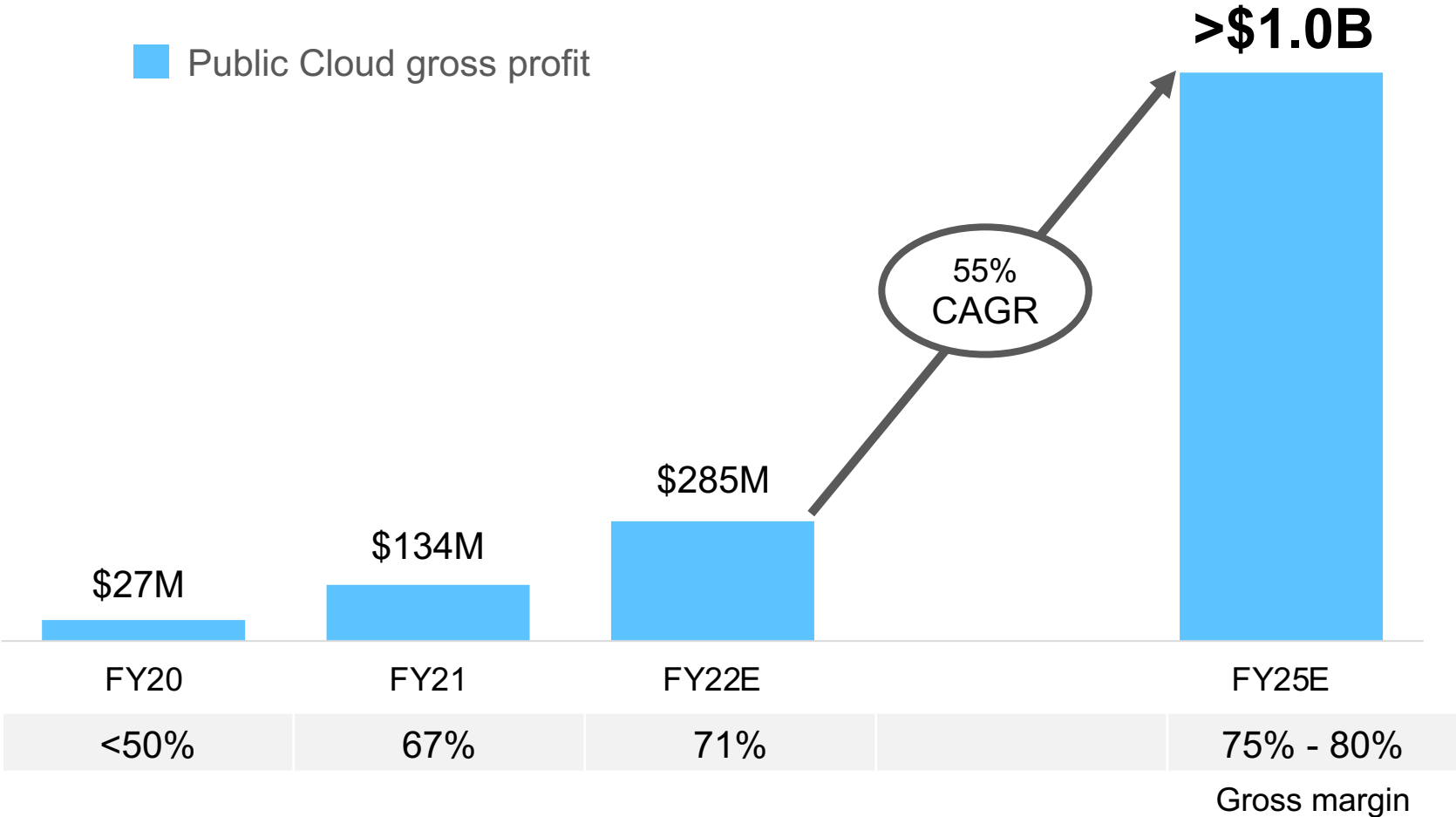
Public Cloud scales to >15% of total company revenue



Growth drivers

- 1st party storage services
- Spot, CloudCheckr, and Cloud Insights
- New data services
- Acquisitions
- Cross-sell, up-sell
- New customers

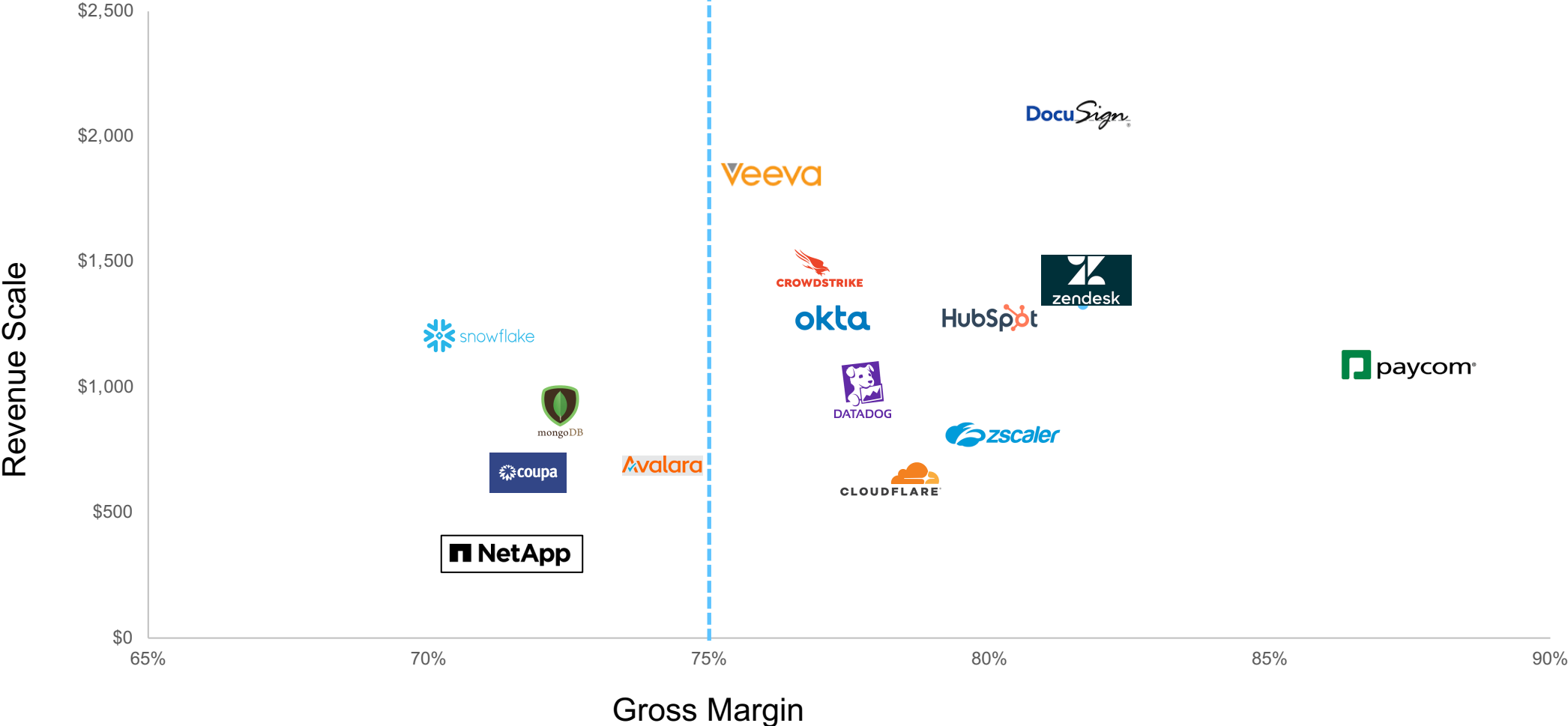
Public Cloud software mix driving gross margin expansion



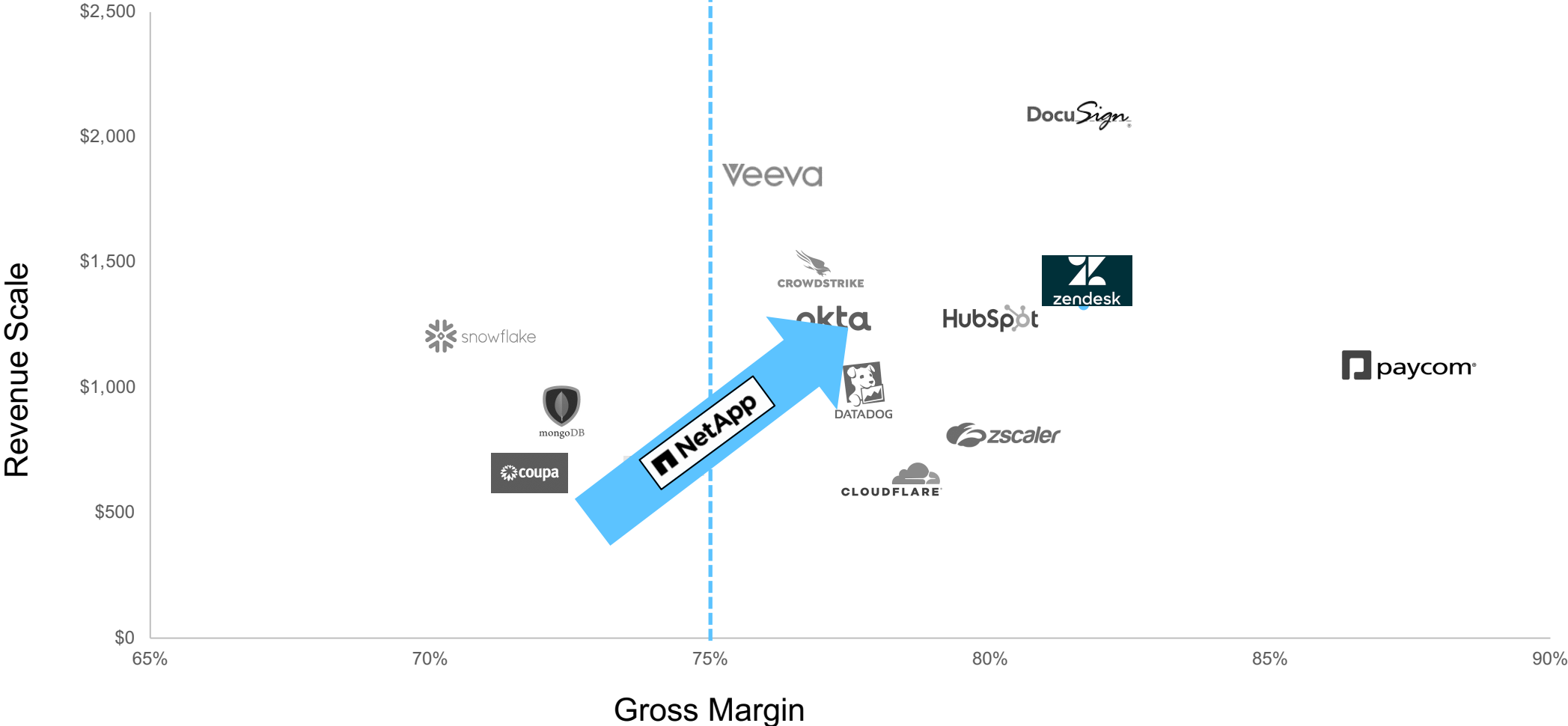
Growth drivers

- + Revenue scale
- + Increased software/SaaS mix
- + Higher system utilization
- Software capitalization

Gross margin expansion driven by revenue scale and software mix

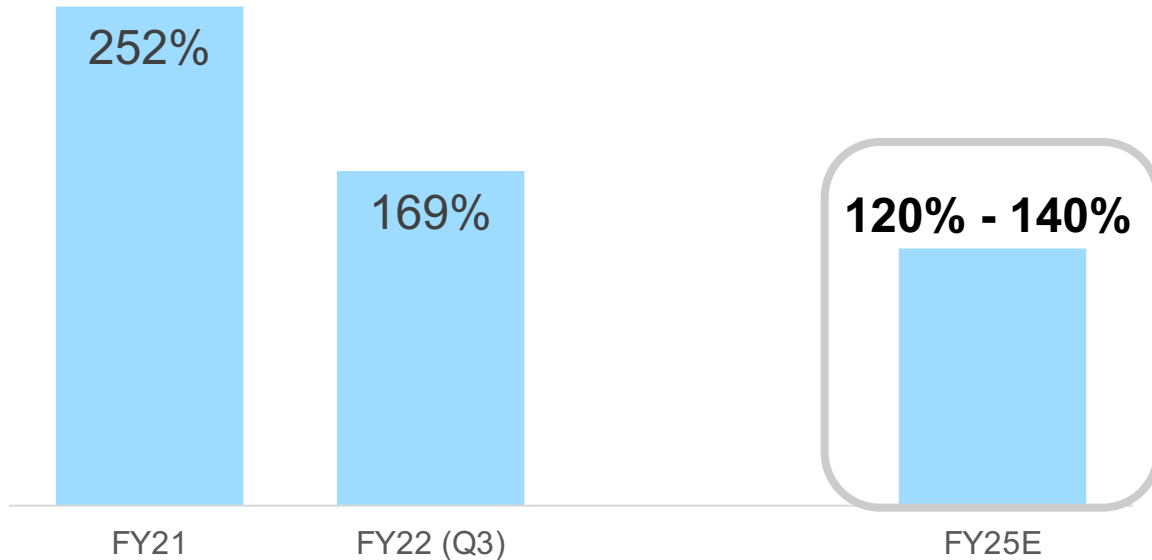


Gross margin expansion driven by revenue scale and software mix



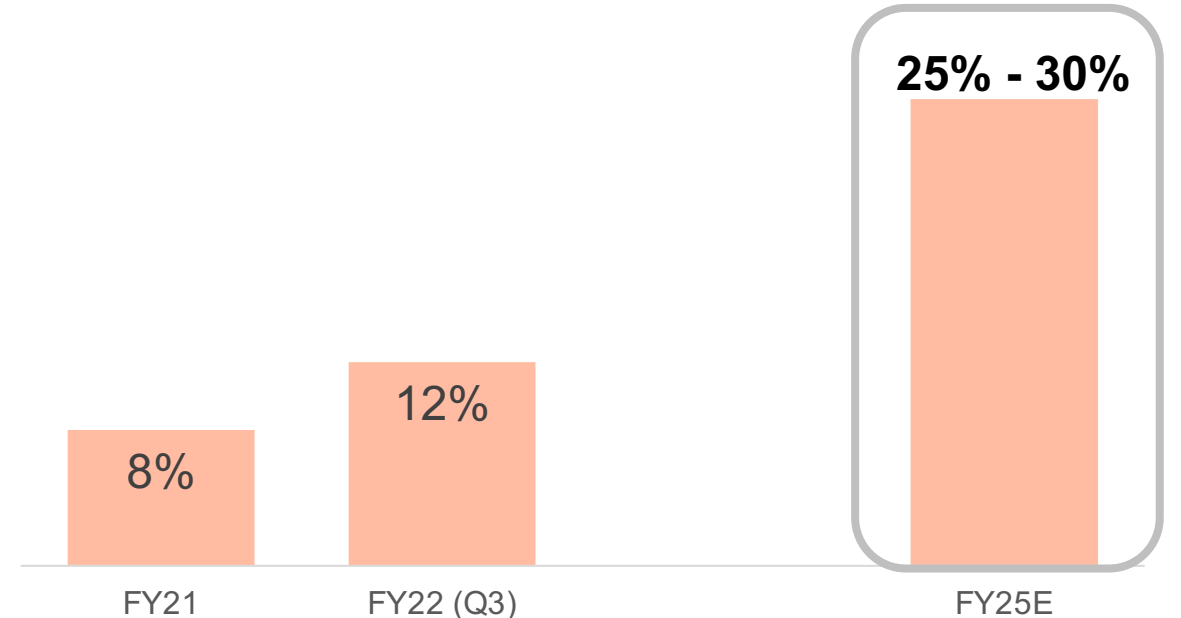
Additional Public Cloud metrics

DOLLAR-BASED NET REVENUE RETENTION RATE



- Normalize to SaaS industry levels at scale
- Supported by increased consumption and cross-sell opportunity

HYBRID CLOUD CUSTOMER PENETRATION



- Expanded participation in cloud selling
- Public Cloud partnerships scale
- Cloud initiatives remain high-priority for customers

Driving shareholder value

Investor day 2020 – a look back

Public Cloud segment

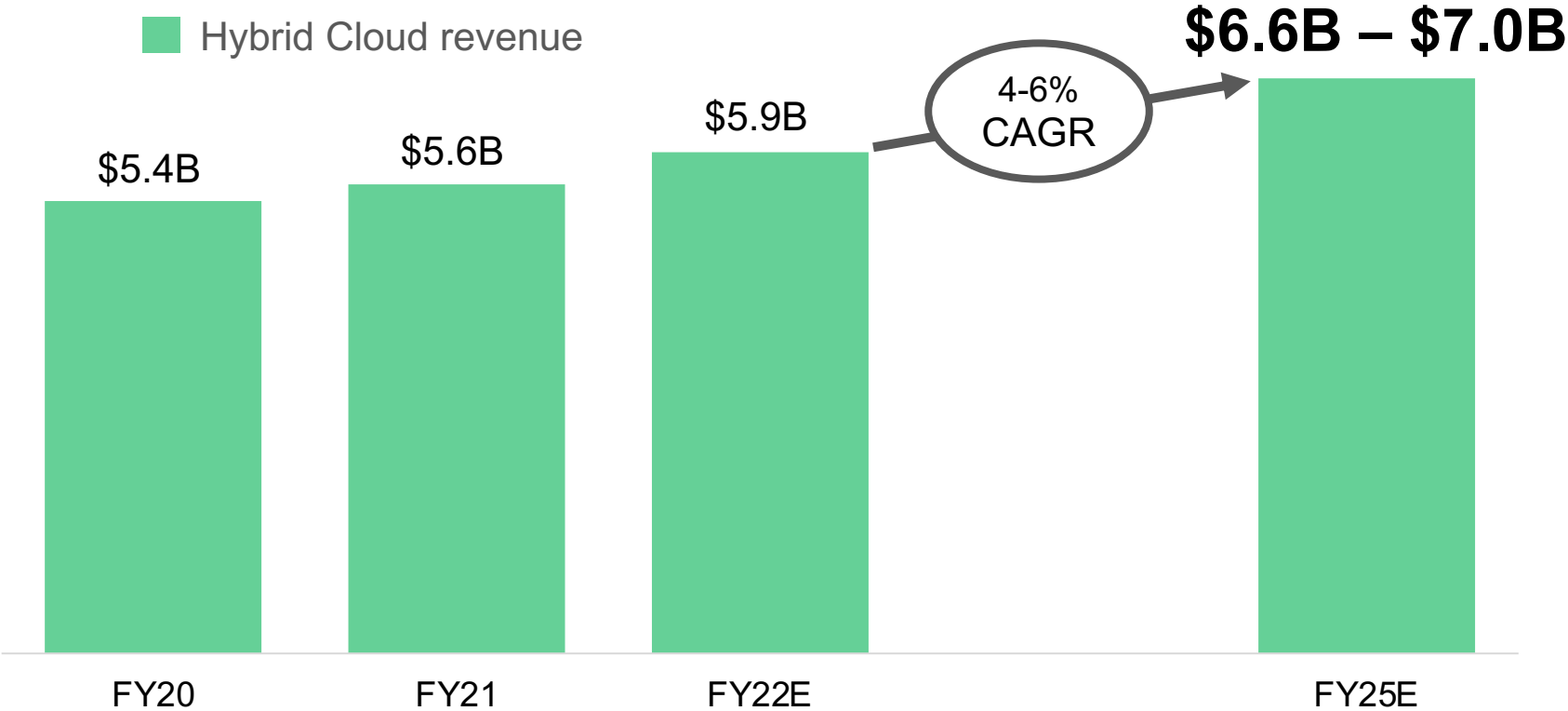
Hybrid Cloud segment

Growth investments

Capital returns

Financial framework

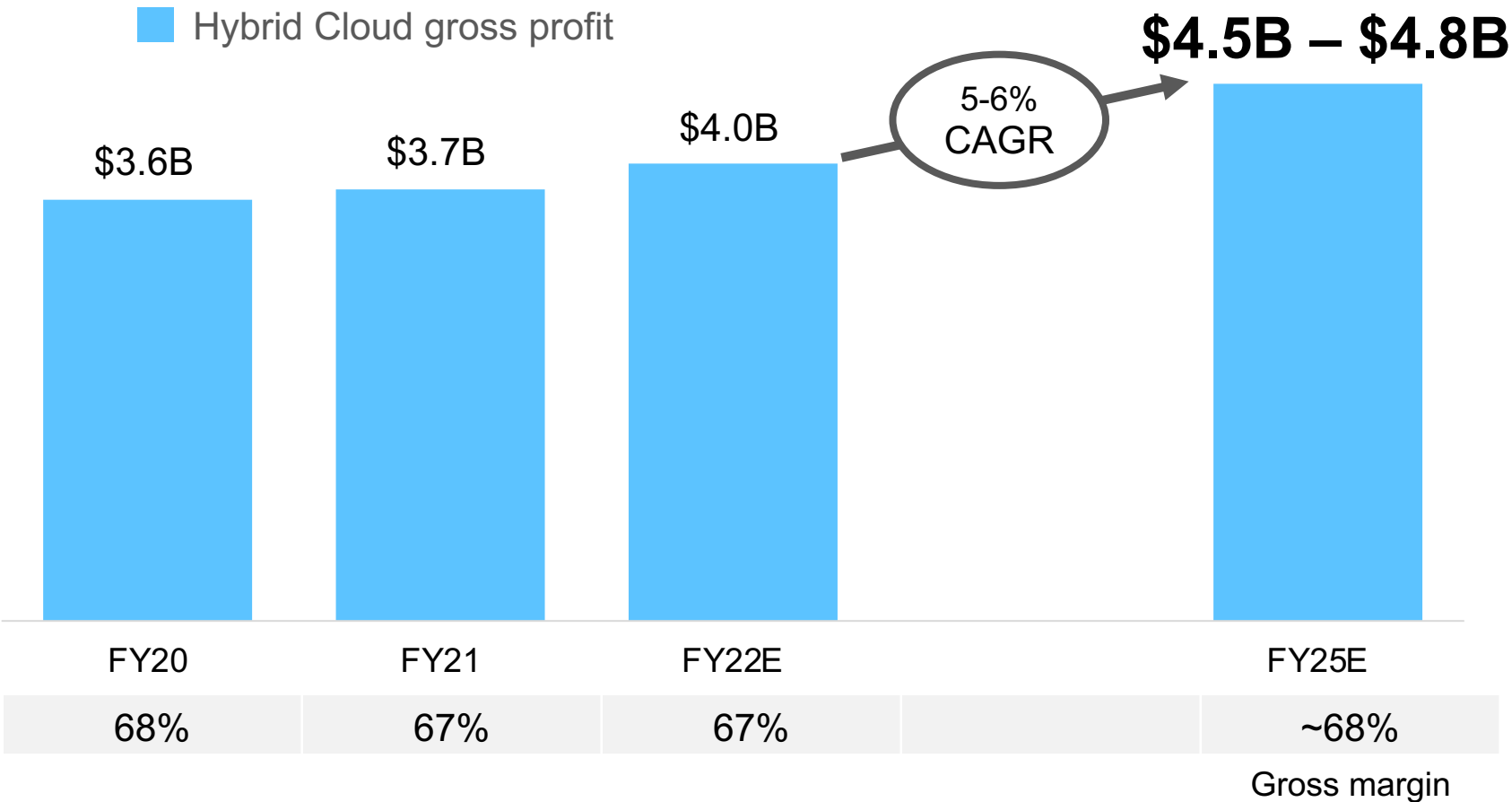
Sustained long-term Hybrid Cloud segment revenue growth



Growth drivers

- Over-indexed to growth areas of the market
- AFA share gains
- Positioned at the intersection of AI, ML, software
- Introduction of new data services (Astra, Data Sense)
- Renewals focus
- Cross-sell, up-sell
- New customers

All flash driving gross margin expansion



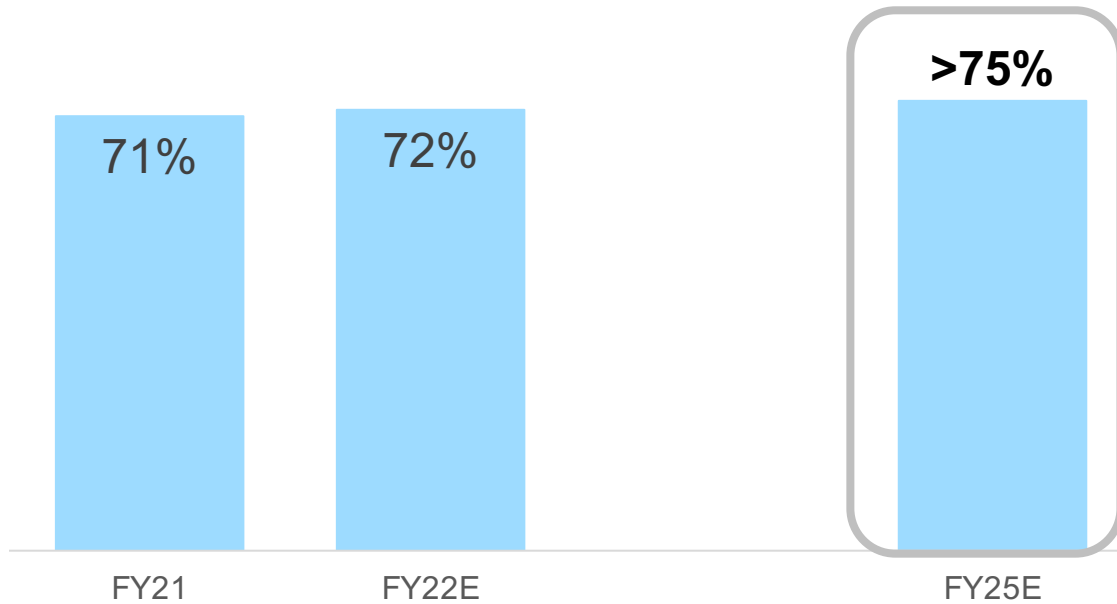
Growth drivers

- Growth in all flash
- Less spinning disk
- Increased software and recurring support mix
- Supply chain normalization

Additional Hybrid Cloud metrics

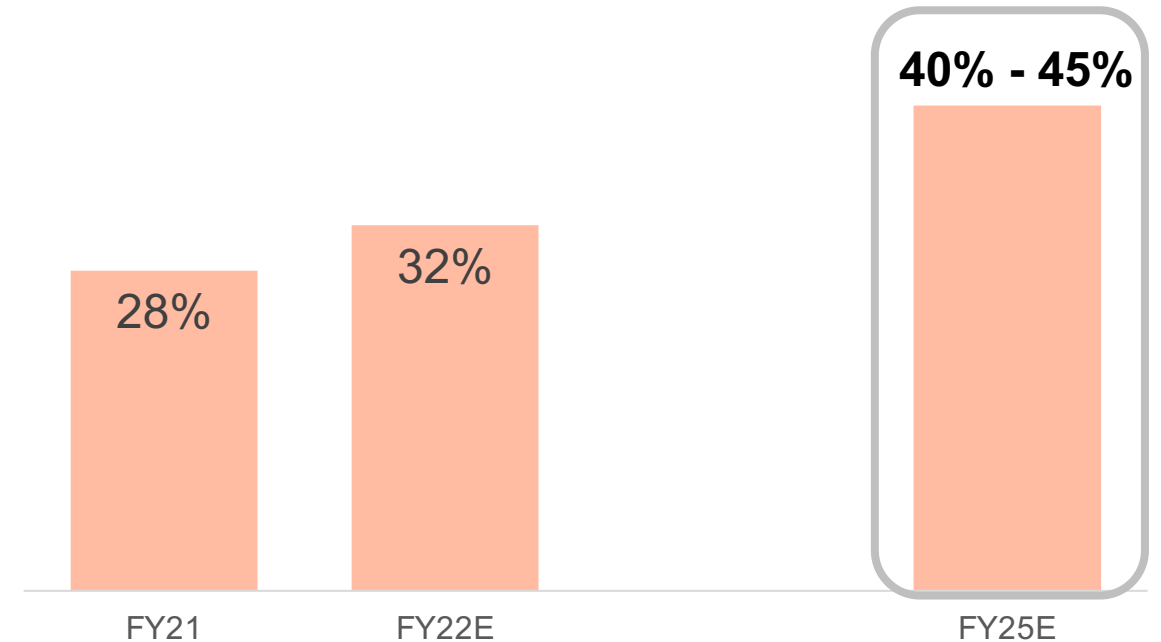
SOFTWARE AND RECURRING SUPPORT REVENUE

(% of total hybrid cloud segment revenue)



- Driven by growth in all-flash arrays, which carry greater software content and higher services revenue

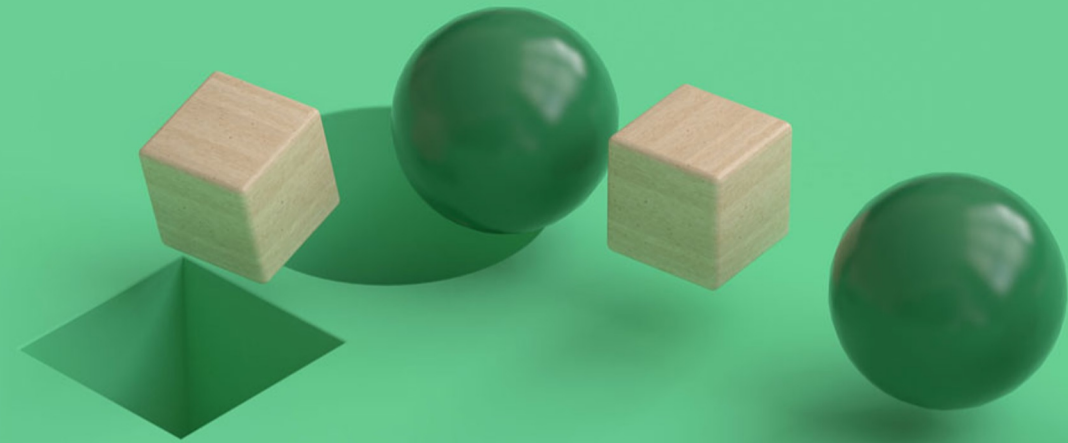
ALL-FLASH ARRAY INSTALLED BASE PENETRATION



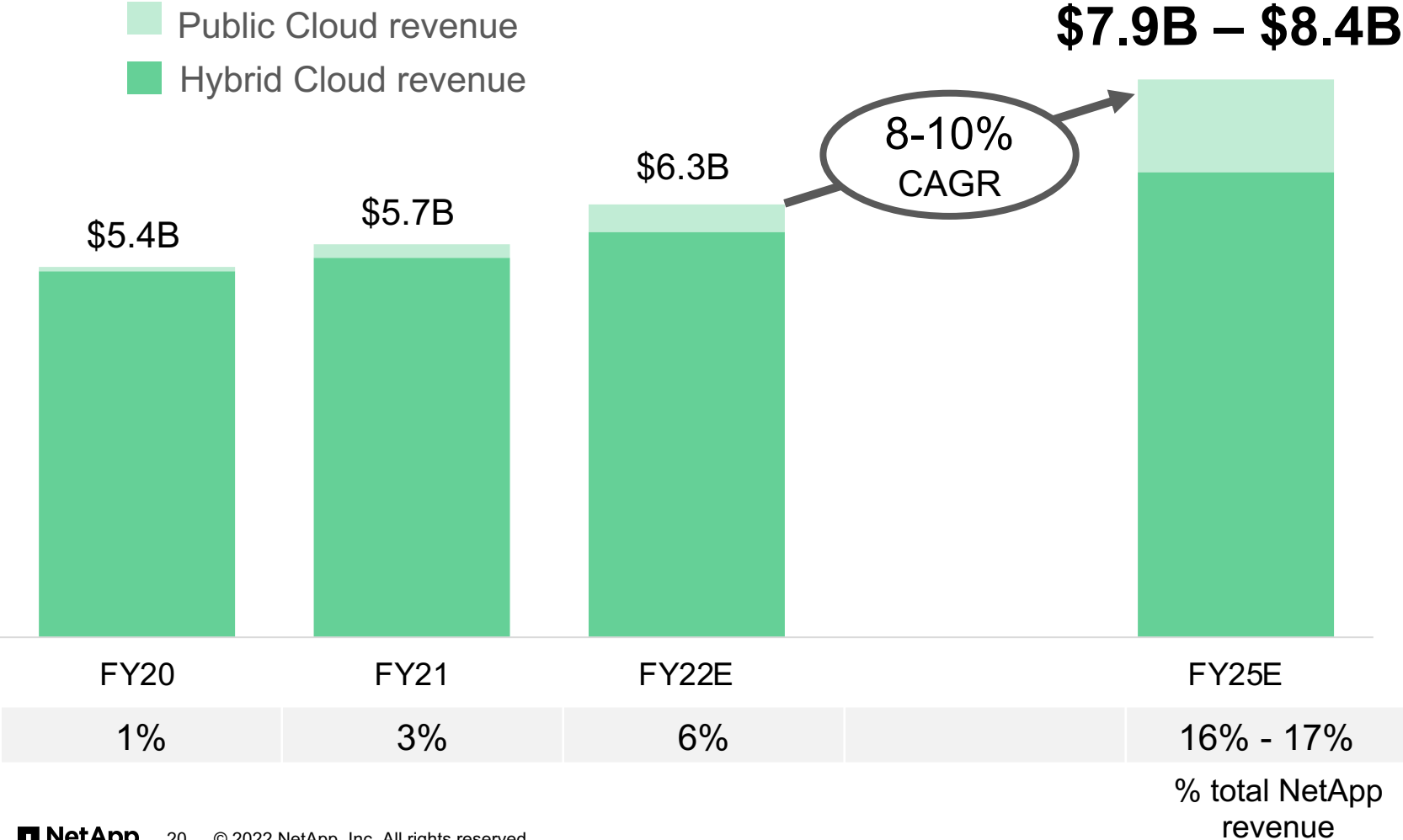
- Market consolidating around all-flash arrays
- Continued share gains in all-flash

Software and recurring support revenue is a non-GAAP measure because it includes the Software component of our Product Revenue, but not the Hardware component. Refer to appendix for details on Non-GAAP measures. .

Total NetApp revenue and gross profit



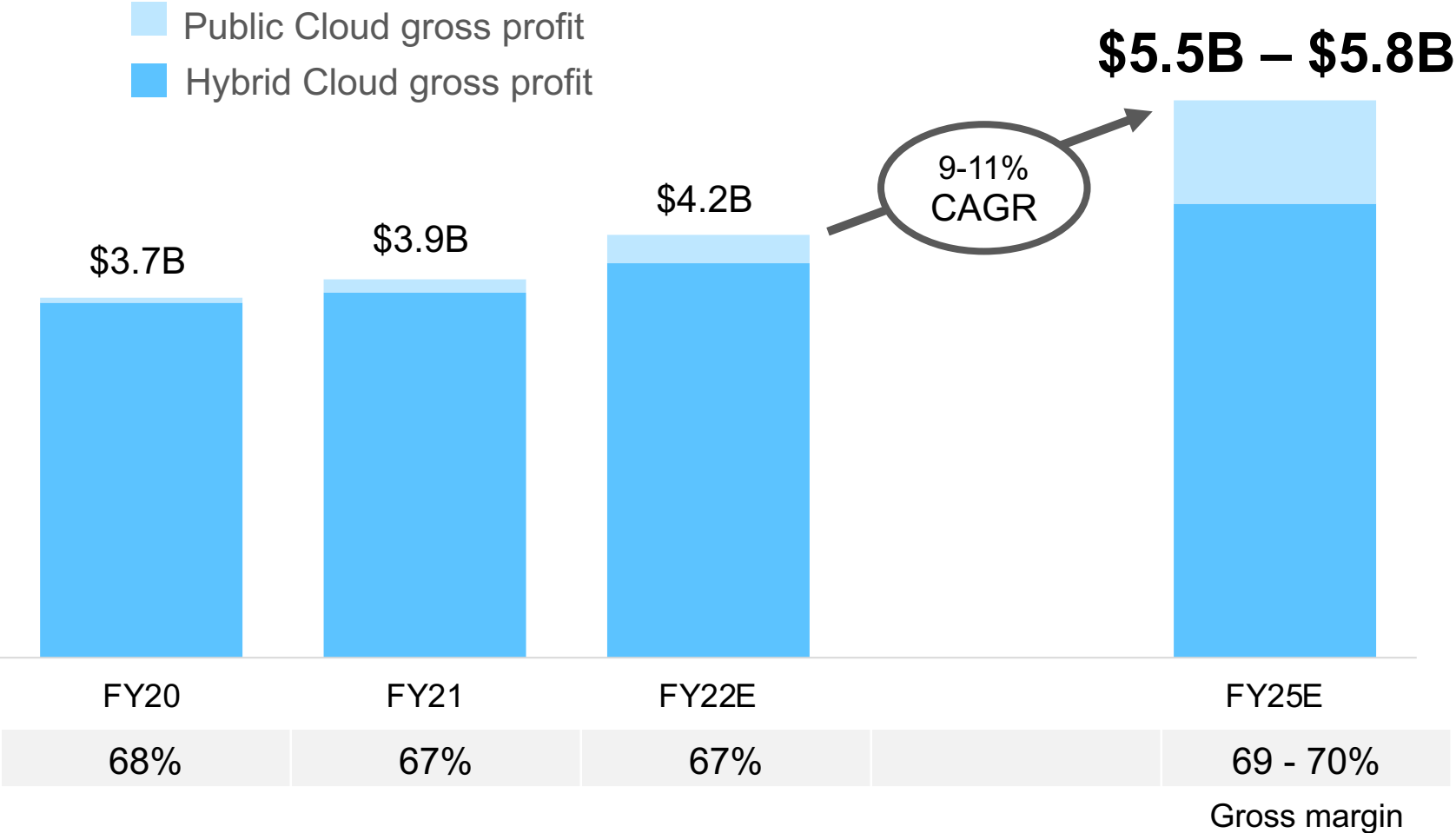
Public Cloud revenue contributes meaningfully to growth



Growth drivers

- 50% Public Cloud CAGR
- 4% - 6% Hybrid Cloud CAGR
- Investing for growth across entire company

Public Cloud drives gross margin expansion



Growth drivers

- Significant contribution from Public Cloud
- Increased software and recurring support mix

Gross profit, gross margin and related metrics are presented on a Non-GAAP basis. Refer to the appendix for a reconciliation between non-GAAP and GAAP numbers.

Driving shareholder value

Investor day 2020 – a look back

Public Cloud segment

Hybrid Cloud segment

Growth investments

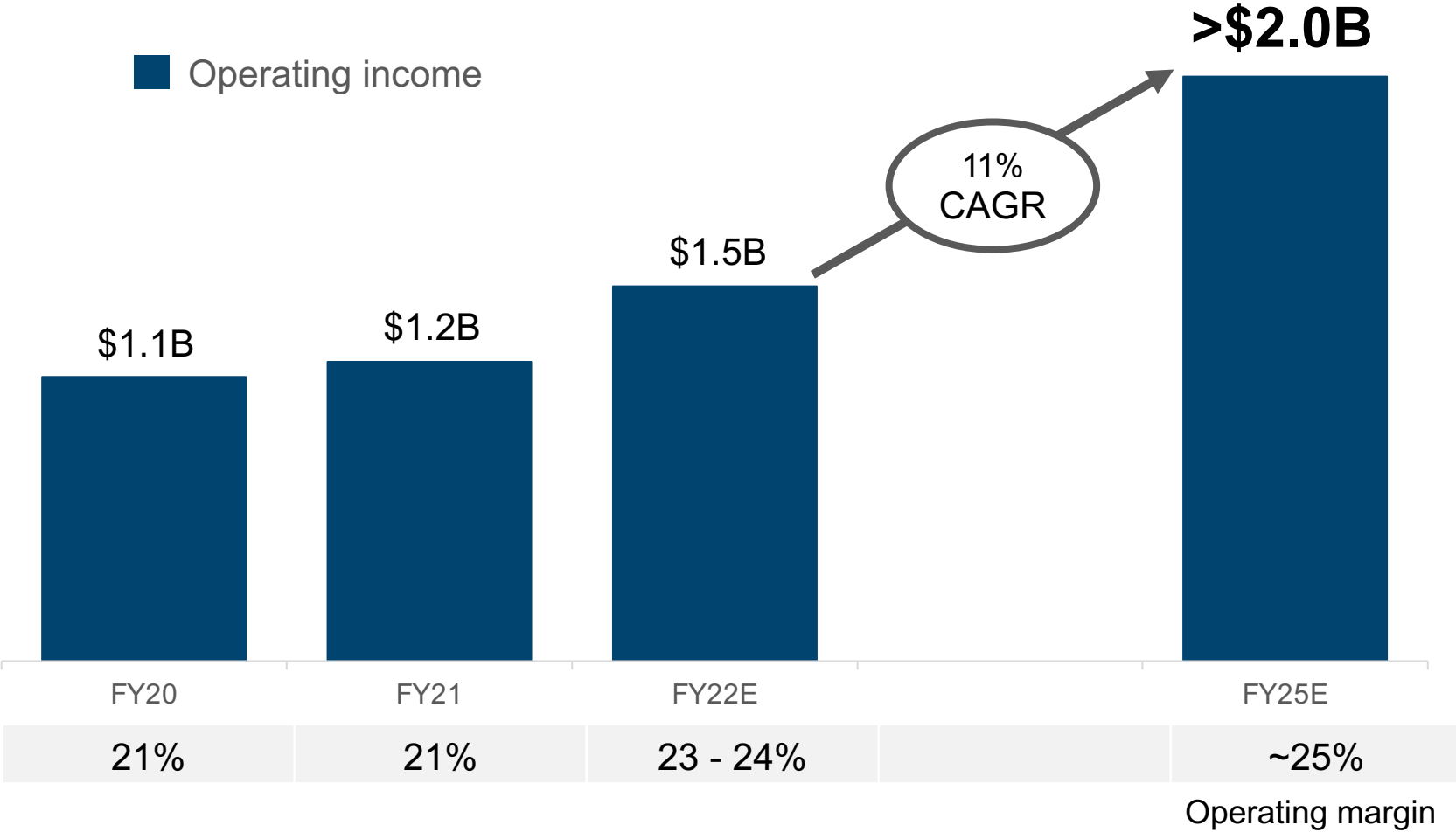
Capital returns

Financial framework

Investing to drive long-term, sustainable growth

Investment area	Comments
Hybrid Cloud sales	In-line with billings growth
Public Cloud sales	Driving to \$2B ARR in FY26
Customer success team	Drive cross-sell / up-sell
Engineering	New services and product enhancements (across both Public/Hybrid Cloud)
Public Cloud acquisitions	Deepen competitive moat and selectively expand addressable market

Operating income growing faster than revenue

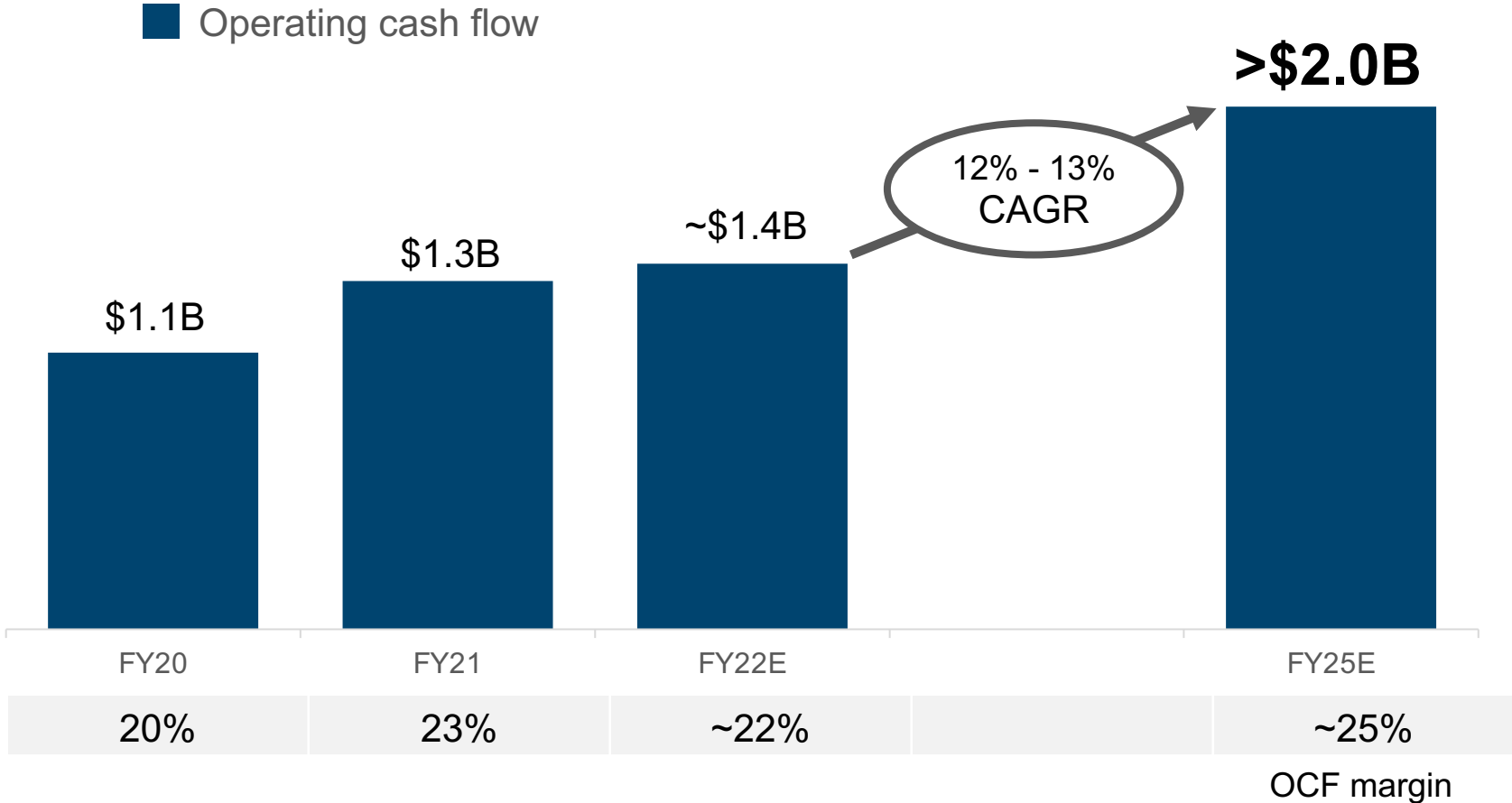


Growth drivers

- + 8% - 10% revenue CAGR
- + Gross margin expansion to 69-70%
- + Disciplined investment for growth
- Acquisitions

Operating income, operating margin and related metrics are presented on a Non-GAAP basis. Refer to the appendix for a reconciliation between non-GAAP and GAAP numbers.

Delivering more than \$2B in operating cash flow



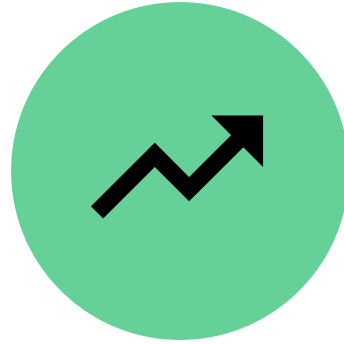
Growth drivers

- Revenue growth and operating leverage drives OCF growth
- Normalization of working capital

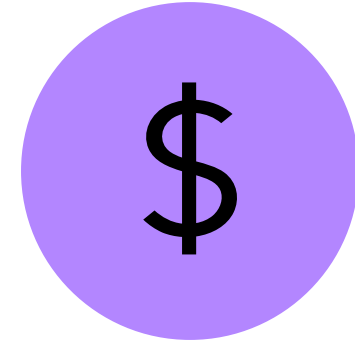
Driving shareholder value



Clear path to **\$2B**
in Public Cloud ARR



8% – 10%
revenue CAGR



>\$2B operating
cash flow

Driving shareholder value

Investor day 2020 – a look back

Public Cloud segment

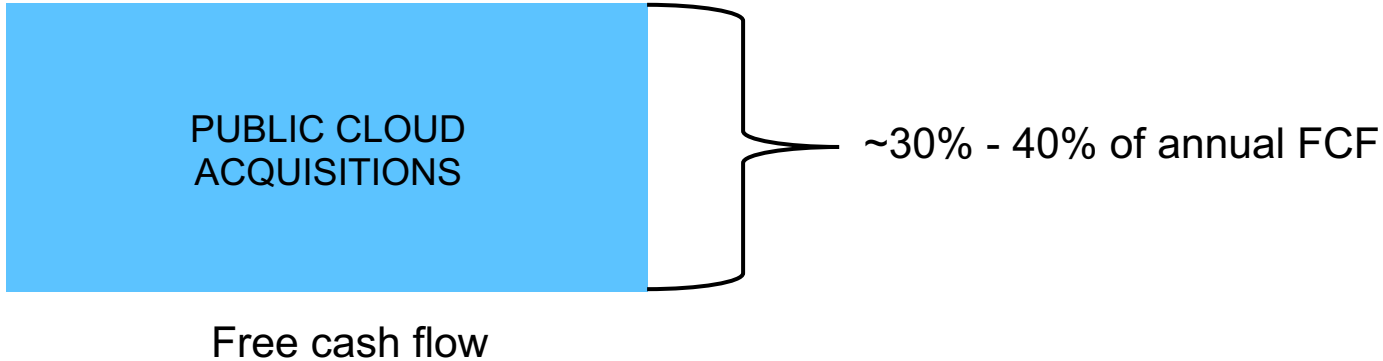
Hybrid Cloud segment

Growth investments

Capital returns

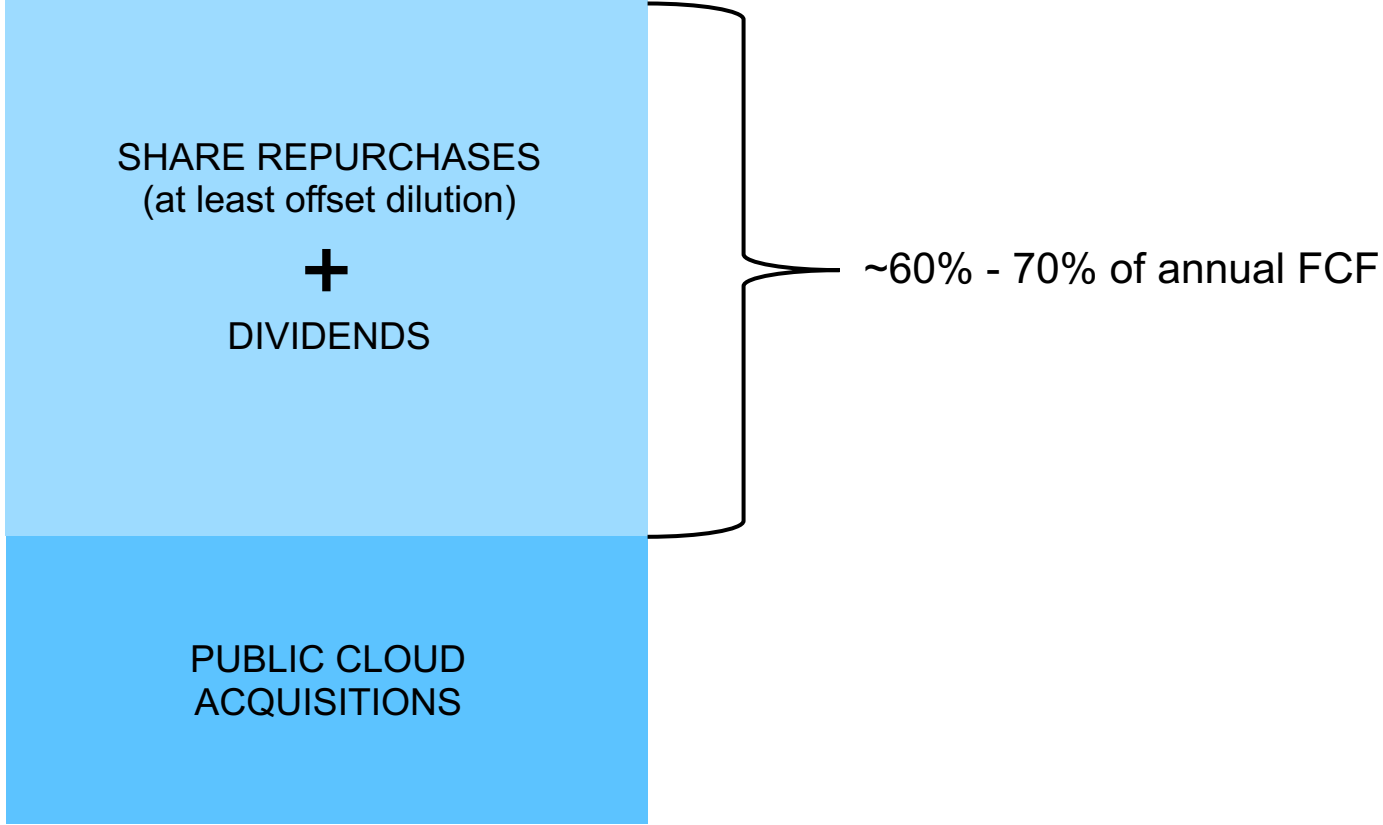
Financial framework

Balancing shareholder returns with investment for growth



Free cash flow is a non-GAAP number and is defined as net cash provided by operating activities less purchases of property and equipment. Refer to the appendix for a reconciliation between non-GAAP and GAAP numbers

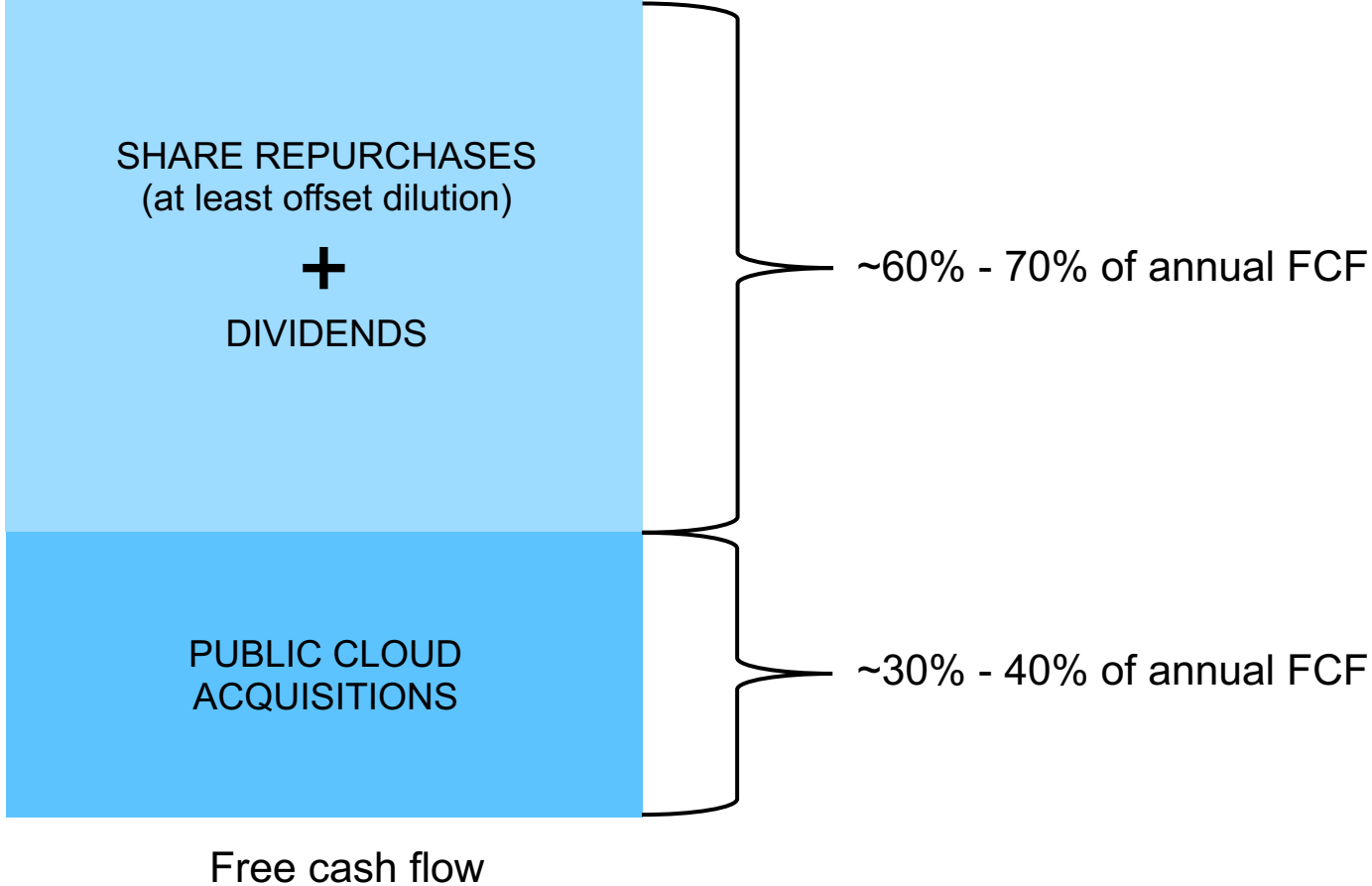
Balancing shareholder returns with investment for growth



Free cash flow

Free cash flow is a non-GAAP number and is defined as net cash provided by operating activities less purchases of property and equipment. Refer to the appendix for a reconciliation between non-GAAP and GAAP numbers

Balancing shareholder returns with investment for growth



- New \$1B buyback authorization
- Maintain investment grade credit rating

Free cash flow is a non-GAAP number and is defined as net cash provided by operating activities less purchases of property and equipment. Refer to the appendix for a reconciliation between non-GAAP and GAAP numbers

Driving shareholder value

Investor day 2020 – a look back

Public Cloud segment

Hybrid Cloud segment

Growth investments

Capital returns

Financial framework

FY25E financial framework

	Public Cloud	Hybrid Cloud	NetApp	Drivers
Revenue	\$1.3B - \$1.4B 50% CAGR	\$6.6B - \$7.0B 4-6% CAGR	\$7.9B - \$8.4B 8% - 10% CAGR	<ul style="list-style-type: none"> \$2B ARR exiting FY26 Hybrid Cloud over-indexed to All-flash
Gross profit \$ Gross Margin	>\$1.0B 75% - 80%	\$4.5B - \$4.8B ~68%	\$5.5B - \$5.8B 69% - 70%	<ul style="list-style-type: none"> Public Cloud GMs of 75% - 80% Hybrid Cloud GMs of ~68%
Operating income			>\$2.0B ~25%	<ul style="list-style-type: none"> Disciplined investments for growth Operating leverage
Operating cash flow			>\$2.0B	<ul style="list-style-type: none"> Operating leverage drives OCF growth Normalization of working capital
Tax rate			21% – 22%	<ul style="list-style-type: none"> Beginning in FY23 (expiration of foreign R&D tax deduction)
Capital returns			100% of FCF	<ul style="list-style-type: none"> 30% - 40% of FCF for Public Cloud M&A New \$1B buyback authorization

Strategy for driving sustainable growth to deliver shareholder value

- Path to \$2B in Public Cloud ARR
- Above market growth in Hybrid Cloud segment
- Growing proportion of high-margin cloud, software and recurring revenue
- Delivering operating leverage and increased cash flow
- Capital allocation strategy to invest in the business with shareholder returns
- Compelling sum-of-the-parts valuation

Appendix: Supplementary tables and non-GAAP to GAAP reconciliations and explanations



Dollar-based net revenue retention rate for cloud services (Non-GAAP)

Dollar-based net revenue retention rate (DBNRR) for cloud services is a Non-GAAP metric calculated by dividing the approximate total revenue from our cloud customer base at the end of a period (“Cloud Current Period revenue”) by the approximate revenue of the same group of customers at the beginning of that 12-month period. Cloud Current Period revenue includes existing customer renewals and expansion, is net of existing customer contraction and churn, and excludes new customers. Amounts used in the calculation of DBNRR differ from revenues recognized in accordance with US GAAP as they are derived from contract values prior to the reallocation of total contract value across all performance obligations based on relative standalone selling price, as required by ASC 606.

Segments Presentation

Effective July 30, 2021, our Chief Operating Decision Maker, who is our Chief Executive Officer, realigned internal reporting for the purposes of evaluating performance and allocating resources. This resulted in the creation of two reportable segments for financial reporting purposes: Public Cloud and Hybrid Cloud. Segment gross profit excludes stock-based compensation and amortization of intangible assets.

NETAPP, INC.
SEGMENT GROSS PROFIT
(\$ millions)

	<u>Nine Months Ended</u> <u>January 29, 2021*</u>	<u>Nine Months Ended</u> <u>January 28, 2022</u>
Hybrid cloud net revenues	\$ 4,056	\$ 4,362
Public cloud net revenues	133	276
Net revenues	<u>4,189</u>	<u>4,638</u>
Gross profit by Segment		
Gross profit hybrid cloud	2,737	2,971
Gross profit public cloud	87	196
Segment gross profit	<u>2,824</u>	<u>3,167</u>
Amortization of intangible assets	(34)	(23)
Stock-based compensation	(10)	(13)
Unallocated	(44)	(36)
Consolidated gross profit	<u>\$ 2,780</u>	<u>\$ 3,131</u>
Segment gross profit	67.4%	68.3%
Gross profit hybrid cloud %	67.5%	68.1%
Gross profit public cloud %	65.4%	71.0%
Public Cloud segment revenue growth		108%
Public Cloud segment gross margin basis points		560
Gross Profit dollar growth		12%

* Prior period disclosures have been revised for comparability.

Segments Presentation (Continued)

NETAPP, INC. SEGMENT GROSS PROFIT (\$ millions)			
	FY20*	FY21*	FY22E**
Hybrid cloud net revenues	\$ 5,350	\$ 5,545	\$ 5,926
Public cloud net revenues	62	199	397
Net revenues	<u>5,412</u>	<u>5,744</u>	<u>6,324</u>
Gross profit hybrid cloud	3,648	3,736	3,961
Gross profit public cloud	27	134	283
Segment gross profit	<u>3,675</u>	<u>3,870</u>	<u>4,245</u>
Amortization of intangible assets	(39)	(41)	(33)
Stock-based compensation	(13)	(14)	(16)
Unallocated	(52)	(55)	(49)
	-		
Consolidated gross profit	<u>\$ 3,623</u>	<u>\$ 3,815</u>	<u>\$ 4,196</u>
Segment gross profit	68%	67%	67%
Gross profit hybrid cloud %	68%	67%	67%
Gross profit public cloud %	44%	67%	71%

* Prior period disclosures have been revised for comparability.

** "E" indicates expected figures

Reconciliation of Non-GAAP to GAAP Operating Margin

NETAPP, INC.
NON-GAAP TO GAAP OPERATING MARGIN RECONCILIATION
(\$ millions)

	<u>Nine Months Ended</u> <u>January 29, 2021</u>	<u>Nine Months Ended</u> <u>January 28, 2022</u>
Net Revenues	\$ 4,189	\$ 4,638
Non-GAAP Cost of Revenues	1,365	1,471
Stock-Based Compensation	10	13
Amortization of Intangible Assets	34	23
GAAP Cost of Revenues	<u>1,409</u>	<u>1,507</u>
Non-GAAP Operating Expenses	1,998	2,053
Stock-Based Compensation	139	166
Amortization of Intangible Assets	6	9
Restructuring	42	29
Acquisition-related Expense	14	8
Litigation Settlements	5	2
GAAP Operating Expenses	<u>\$ 2,204</u>	<u>\$ 2,267</u>
Non-GAAP Operating Profit	<u>\$ 826</u>	<u>\$ 1,114</u>
Non-GAAP Operating Margin	19.7%	24.0%
GAAP Operating Profit	576	864
GAAP Operating Margin	13.8%	18.6%

Reconciliation of Non-GAAP to GAAP EPS

NETAPP, INC. NON-GAAP TO GAAP EPS RECONCILIATION

	<u>Nine Months Ended</u> <u>January 29, 2021</u>	<u>Nine Months Ended</u> <u>January 28, 2022</u>
Non-GAAP Net Income per Share	\$ 2.88	\$ 3.86
Stock-Based Compensation	(0.66)	(0.78)
Amortization of Intangible Assets	(0.18)	(0.14)
Restructuring	(0.19)	(0.13)
Acquisition-related Expense	(0.06)	(0.03)
Litigation Settlements	(0.02)	(0.01)
Gain on Sale of Equity Investment	0.03	-
Debt extinguishment costs	(0.06)	-
Income tax expenses from integration of acquired companies	(0.15)	(0.00)
Income Tax Adjustments	0.17	0.19
GAAP Net Income per Share	<u>\$ 1.76</u>	<u>\$ 2.96</u>
Revenue Growth		11%
Operating Expense Growth		2.8%
EPS Growth		34%

Reconciliation of Non-GAAP to GAAP Operating Profit FY2020

NETAPP, INC.
RECONCILIATION OF NON-GAAP TO GAAP OPERATING PROFIT
(\$ millions, except per share amounts)

	FY2020						
	Non-GAAP	Non-GAAP Adjustments				GAAP	
	Total	Stock-Based Compensation	Amortization of Intangible Assets	Restructuring	Gain on Sale or Derecognition of Assets	COVID-19 Charges	Total
Net Revenues	\$ 5,412	-	-	-	-	-	\$ 5,412
Cost of Revenues	1,737	13	39	-	-	-	1,789
Gross Profit \$	3,675	(13)	(39)	-	-	-	3,623
Operating Expenses	2,552	140	-	21	(38)	3	2,678
Operating Profit	\$ 1,123	(153)	(39)	(21)	38	(3)	\$ 945
<i>Gross Profit %</i>	67.9%						66.9%
<i>Op Profit % of Revenue</i>	20.8%						17.5%

Reconciliation of Non-GAAP to GAAP Operating Profit FY2021

NETAPP, INC.
RECONCILIATION OF NON-GAAP TO GAAP OPERATING PROFIT
(\$ millions, except per share amounts)

	FY2021							GAAP	
	Non-GAAP		Non-GAAP Adjustments						Total
	Total	Stock-Based Compensation	Amortization of Intangible Assets	Restructuring	Acquisition-related Expense	Litigation Settlements	Gain on sale or derecognition of assets		
Net Revenues	\$ 5,744	-	-	-	-	-	-	\$ 5,744	
Cost of Revenues	1,874	14	41	-	-	-	-	1,929	
Gross Profit \$	3,870	(14)	(41)	-	-	-	-	3,815	
Operating Expenses	2,686	183	8	42	16	5	(156)	2,784	
Operating Profit	\$ 1,184	(197)	(49)	(42)	(16)	(5)	\$ 156	\$ 1,031	
Gross Profit %	67.4%							66.4%	
Op Profit % of Revenue	20.6%							17.9%	

Reconciliation of Non-GAAP to GAAP Operating Profit FY2022E

NETAPP, INC.
RECONCILIATION OF NON-GAAP TO GAAP OPERATING PROFIT
(\$ millions, except per share amounts)

	FY2022E						
	Non-GAAP	Non-GAAP Adjustments				GAAP	
	Total	Stock-Based Compensation	Amortization of Intangible Assets	Restructuring	Litigation Settlement	Acquisition-related expenses	Total
Net Revenues	\$ 6,324	-	-	-	-	-	\$ 6,324
Cost of Revenues	2,079	16	33	-	-	-	\$ 2,128
Gross Profit \$	4,245	(16)	(33)	-	-	-	4,196
Operating Expenses	2,763	228	13	29	2	8	3,043
Operating Profit	\$ 1,482	(244)	(46)	(29)	(2)	(8)	1,153
<i>Gross Profit %</i>	67.1%						66.4%
<i>Op Profit % of Revenue</i>	23.4%						18.2%

Reconciliation of Non-GAAP to GAAP Gross Margin FY2025E*

NETAPP, INC.
RECONCILIATION OF NON-GAAP TO GAAP GROSS MARGIN
FISCAL 2025E*

	<u>Fiscal 2025E*</u>
Gross Margin - Non-GAAP	69% - 70%
Adjustment:	
Cost of revenues adjustments	<u>(1)%</u>
Gross Margin - GAAP	68% - 69%

* "E" indicates expected figures

Reconciliation of Non-GAAP to GAAP Gross Profit FY2025E*

NETAPP, INC.
RECONCILIATION OF NON-GAAP TO GAAP GROSS PROFIT
FISCAL 2025E*

	<u>Fiscal 2025E*</u>
Gross Profit - Non-GAAP	\$5,500 - \$5,800
Adjustment:	
Amortization of intangibles	(43)
Stock-based compensation expense	(21)
Gross Profit - GAAP	<u>\$5,436 - \$5,736</u>

* "E" indicates expected figures

Reconciliation of Non-GAAP to GAAP Operating Income FY2025E*

NETAPP, INC.
RECONCILIATION OF NON-GAAP TO GAAP OPERATING INCOME
FISCAL 2025E*

	<u>Fiscal 2025E*</u>
Non-GAAP Operating Income	>2000
Adjustment:	
Amortization of intangibles	(59)
Stock-based compensation expense	<u>(314)</u>
GAAP Operating Income	>1,600

* "E" indicates expected figures

Reconciliation of Non-GAAP to GAAP Tax Rate FY2025E*

NETAPP, INC.
RECONCILIATION OF NON-GAAP TO GAAP TAX RATE
FISCAL 2025E*

	<u>Fiscal 2025E*</u>
Effective Tax Rate - Non-GAAP	21% - 22%
Adjustment:	
Income tax effects	-
Effective Tax Rate - GAAP	<u>21% - 22%</u>

* "E" indicates expected figures

Reconciliation of Non-GAAP to GAAP Operating Margin FY2025E*

NETAPP, INC.
RECONCILIATION OF NON-GAAP TO GAAP OPERATING MARGIN
FISCAL 2025E

	<u>Fiscal 2025E</u>
Gross Margin - Non-GAAP	25%
Adjustment:	
Amortization of intangibles	(1)%
Stock-based compensation expense	(4)%
Gross Margin - GAAP	<u>20%</u>

* "E" indicates expected figures