

NETSCOUT®

Guardians of the Connected World

2021 ANNUAL REPORT

BORDERLESS VISIBILITY AND SECURITY



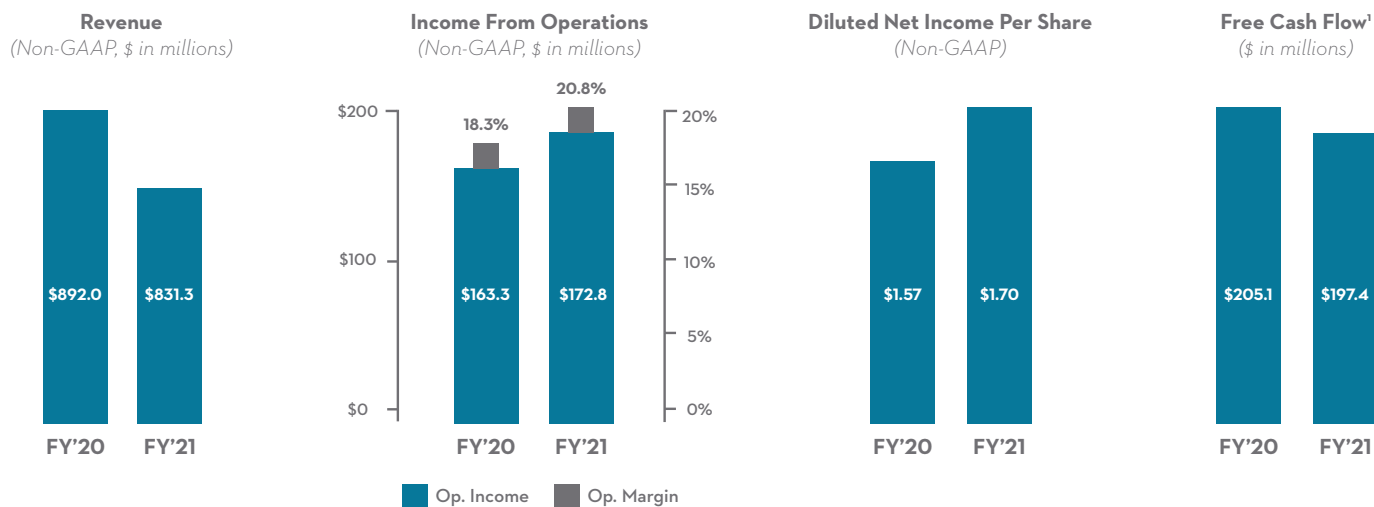


WE ASSURE AND SECURE THE CONNECTED WORLD THROUGH BORDERLESS VISIBILITY AND SECURITY SOLUTIONS

In today's connected world, the stakes have never been higher and the imperative to see it all and to protect it all is critical. Network and application downtime, degradations in digital service quality, and security breaches can instantly disrupt operations, impact revenue, erode profitability and harm reputations. That is why the world's largest and most innovative service providers, enterprises and government agencies trust NETSCOUT SYSTEMS, INC (NASDAQ: NTCT) and its "Visibility Without Borders" solutions to address these challenges. NETSCOUT helps assure and secure the performance of networks and the user experience while driving ROI on infrastructure investments, maximizing digital performance, and protecting against attacks that threaten availability or compromise critical business assets.

NETSCOUT assures digital business services against disruptions in availability, performance, and security. From on-premises to private and public cloud environments – NETSCOUT's solutions provide the real-time visibility required to manage performance and protect against an ever-expanding array of cybersecurity threats. With deployment flexibility spanning appliances, commercial off-the-shelf (COTS), virtual, or SaaS, NETSCOUT's solutions convert wire data into contextual, high value "smart data" in real-time, enabling customers' operations and security teams to identify and analyze issues impacting their digital transformation initiatives, earlier and with more precision, to resolve problems faster.

FINANCIAL PERFORMANCE



¹ Free cash flow is defined as cash flow provided by operating activities less purchases of fixed and intangible assets.

	FY'20		FY'21	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Revenue	\$ 891.8	\$ 892.0	\$ 831.3	\$ 831.3
Income from Operations	\$ 17.6	\$ 163.3	\$ 37.1	\$ 172.8
Income from Operations %	2.0%	18.3%	4.5%	20.8%
Net Income	\$ (2.8)	\$ 119.1	\$ 19.4	\$ 125.8
Diluted Net Income per Share	\$ (0.04)	\$ 1.57	\$ 0.26	\$ 1.70
Free Cash Flow	\$ 205.1	-	\$ 197.4	-

A reconciliation of each non-GAAP metric with the applicable GAAP metric is available on page R-1.

CONNECTED FOR GOOD

We have a long tradition of supporting our communities through various charitable activities and contributions. Our employee Guardians, through their passion and desire to help those in need, are at the center of this effort through their participation in our “Heart of Giving” program. We allocate a significant portion of our philanthropy resources to this program to support their kind efforts.

To learn more about our philanthropic activities, please visit www.netscout.com and go to the Company section of the site.



TO MY FELLOW SHAREHOLDERS:

When I wrote the shareholder letter last year, we were at the beginning of the COVID-19 global pandemic. As I write this year's letter, we are hopefully putting the pandemic behind us. It was certainly an unprecedented and challenging year from a people, business, and macro-economic perspective. However, as I said last year, "NETSCOUT is a strong Company, and it will emerge from this crisis even stronger." I am proud to report that we accomplished this objective.

MEETING FISCAL YEAR 2021 OBJECTIVES

Our priority in fiscal year 2021 was the health, safety and security of our people, customers, partners, and other stakeholders, while also focusing on improving our operations and maintaining our disciplined approach to managing cost and capital. Our financial goals were to deliver operating leverage, grow earnings per share, and generate strong free cash flow. From a strategic perspective, our goal was to focus on innovating, advancing, and investing in our technology and solutions to ensure our industry leadership throughout the crisis and well into the future. I am proud to report that we achieved all our objectives in fiscal year 2021.

During this past year, we supported our customers as an essential solution, kept our dedicated team safe and productive, collaborated with the communities around us, invested in our solutions for the future, and delivered on our financial goals. We accomplished all this while demonstrating the importance of our smart visibility and cybersecurity solutions and the flexibility, agility, and resiliency of our business.

From a financial perspective, we drove non-GAAP operating margins up by two and a half percentage points to nearly 21%, increased our non-GAAP diluted earnings per share by more than 8%, and generated nearly \$200 million of free cash flow through our disciplined cost and capital management focus. From a strategic perspective, we solidified the next evolution of our strategy, which we call "NETSCOUT without Borders," and enhanced our existing product offerings while also launching our new Omnis brand of integrated solutions that combines the pervasive visibility of NETSCOUT with the cybersecurity power of Arbor.

LOOKING AHEAD TO FISCAL YEAR 2022

As the global pandemic moves into the rearview mirror, we are excited about the future. Long-term technology trends, such as the advancement of 5G networks, the evolving cybersecurity threat landscape, and the ongoing importance of the user experience amid accelerated digital transformation and cloud migration investments by customers, position NETSCOUT well to remain a leader in our core markets as well as to expand within them.

For fiscal year 2022, we are focused on growth. By capitalizing on these fundamental tailwinds and effectively executing our strategy, we plan to drive revenue growth while continuing our commitment to increasing diluted earnings per share and generating strong free cash flow.

Our NETSCOUT without Borders strategy focuses on three main tenets. One, further expanding within our existing customer base by leveraging our incumbency to access both existing and incremental budget dollars for 5G, cloud, and smart DDoS use cases. Two, acquiring new customers through targeting new logos with existing and new products with our flexible offering formats, such as COTS, virtual, and SaaS solutions. And three, continuing our expansion into high-value adjacencies, such as extended cybersecurity, beyond DDoS, and enhanced big data analytics, that enables customers to gain deeper insight and improve decision outcomes by using our smart data. We believe we have the building blocks necessary to address this next phase of growth for NETSCOUT and have launched some exciting new solutions with

our Omnis brand, including Omnis Security. Omnis Security is one of the most advanced threat response platforms in the market, providing unmatched visibility, analytics, and continuous protection across all computing platforms, including hybrid cloud environments.

In addition to these goals, we continue to focus on our environmental, social, and corporate governance (ESG) responsibilities. While ESG is a growing area of interest for a diverse set of stakeholders, these principles have always been a part of who we are at NETSCOUT. To provide greater insight into how we think about ESG related issues and our efforts in this area, we have taken our first foray into publicly reporting on ESG by creating an Environmental, Social and Governance Report as a supplement to our Annual Report. Our ESG report can be accessed on our website at www.netscout.com. I invite you to explore this new report and join us as we strive to increase our positive impact on the world.

In closing, I would like to thank my fellow NETSCOUT Guardians around the world for their efforts, dedication, and flexibility, as well as our customers, partners, and stakeholders for their continued support as we navigated the global pandemic this past fiscal year. Our resolve has been tested, and our “Lean But Not Mean” philosophy and culture has served us well during this time, as it has over our 35+ years in business. I look forward to sharing our progress and achievements with you over the course of fiscal year 2022 and beyond.

Sincerely,



Anil Singhal

Co-Founder, President, Chief Executive Officer, and Chairman of the Board



School children in need received weekend meals packaged by Guardians from our Allen, TX office in November 2020.

NETSCOUT continued its commitment to our corporate social responsibility agenda during the global pandemic as it universally accentuated stress points. With passion, flexibility, and creativity, NETSCOUT Guardians around the world continued to volunteer and participate in virtual and in-person events, such as the one pictured here. NETSCOUT corporate sponsorships in support of various organizations and initiatives continued as well. A few examples of organizations NETSCOUT supported include Tech Goes Home, which addresses the digital divide by providing computers, internet access and digital skills training in underserved communities; NPower’s Command Shift, a coalition of nonprofit and corporate partners committed to accelerating more women of color in technology; an Annual Civic Hackathon with Shooting Stars Foundation, which helps foster students’ interest in STEM topics and community issues. Additionally, NETSCOUT offered leadership and encouragement to foster COVID vaccinations and continued to provide aid to underserved communities. We are proud of our Guardians and pleased to support these efforts through our “Heart of Giving” program.



KEY TECHNOLOGY TRENDS: CLOUD MIGRATION, 5G, AND CYBERSECURITY

NETSCOUT's service assurance and cybersecurity solutions are enabling the world's largest and most innovative organizations to optimize network performance, ensure delivery of mission-critical services and applications, gain insight into the end-user experience, and protect the network from attack as they navigate the latest technology trends.

ENTERPRISE

Enterprises worldwide are accelerating major digital transformation initiatives, such as cloud migration, for business continuity and contingency planning, to improve the delivery of new products and services, to enhance mission-critical operational workflows, and to drive operational and capital efficiency – all while taking overall quality, performance, and security to new levels. To keep pace with this innovation, CIOs, IT operations, and security teams are turning to NETSCOUT for a holistic approach to real-time network, application and infrastructure performance management based on end-to-end visibility into all service delivery interdependencies. This holistic approach includes assurance across physical and virtual, on-premises and off-premises, and in private and public clouds. We refer to this as “Visibility Without Borders” and believe it enables organizations to innovate while maintaining control in the ever-changing world.

NETSCOUT's ability to capture and analyze wire data in real-time is helping drive increased collaboration between network and security operations teams as well. NETSCOUT's new Omnis Security solution integrates the Company's historical strength in packet forensics with Arbor's robust cybersecurity intelligence to create the most advanced threat response platform in the industry to provide unmatched visibility, analytics and protection required to secure any infrastructure, anywhere, anytime. This enables network and security teams to work faster and more efficiently to identify and investigate potential network-based cybersecurity threats and breaches. Finally, as enterprises start to take advantage of 5G networks and technologies, NETSCOUT is uniquely positioned to facilitate and secure the burgeoning Internet-of-Things (IOT) applications, ranging from autonomous vehicles and industrial control systems to supply chain automation, telemedicine, virtual reality, and gaming. NETSCOUT's extensive expertise and deep relationships with both enterprises and service providers can help bridge the 5G gap for our customers.

SERVICE PROVIDER

Across fixed line, 3G, 4G and 5G network architectures, NETSCOUT's service assurance solutions are helping digital service providers gain end-to-end, real-time, reliable visibility into their network and the services they deliver over them. As a result, service providers gain timely insight into network problems, quickly pinpoint issues, automate key processes, and better understand the subscriber experience. As Tier-one operators across North America and other major geographic regions invest in 5G, NETSCOUT is 5G ready. We are well-positioned to leverage our incumbency to help carriers in each phase of the network lifecycle from planning and launch to monetization and optimization.

Carriers worldwide also rely on NETSCOUT's market-leading smart DDoS solutions to detect and mitigate an ever-expanding range of distributed denial of service (DDoS) attacks and other cybersecurity threats that are aimed at disrupting network or service availability. As cyberattacks increase in frequency, volume and complexity, NETSCOUT's enhanced capabilities are enabling service providers to realize significant benefits, including increased efficiency of their DDoS defenses and broader network infrastructure; greater insight into their network topologies, customers and traffic patterns via powerful, big data analytics and visualizations; and opportunities to monetize their investment in NETSCOUT technology through managed services for their enterprise customers. We have also launched solutions to meet carriers' most demanding mobile security challenges.



CORPORATE INFORMATION

BOARD OF DIRECTORS

ANIL K. SINGHAL

Chairman of the Board, Co-Founder,
President and Chief Executive Officer
NETSCOUT SYSTEMS, INC.

MICHAEL SZABADOS

Vice Chairman of the Board
and Chief Operating Officer
NETSCOUT SYSTEMS, INC.

ROBERT E. DONAHUE

President and
Chief Executive Officer (Retired)
Authorize.net Holdings, Inc.

JOHN R. EGAN

Managing Partner
Egan-Managed Capital, L.P.

ALFRED GRASSO

President and
Chief Executive Officer (Retired)
The Mitre Corporation

JOSEPH G. HADZIMA, JR.

Managing Director
Main Street Partners, LLC

CHRISTOPHER PERRETTA

Chief Information and
Operations Officer (Retired)
MUGF Americas Holding Corporation

SUSAN L. SPRADLEY

Chief Executive Officer
Motion Intelligence, Inc.

VIVIAN VITALE

Principal
Vivian Vitale Consulting, LLC

EXECUTIVE OFFICERS

ANIL K. SINGHAL

Chairman of the Board, Co-Founder,
President and Chief Executive Officer

MICHAEL SZABADOS

Vice Chairman of the Board
and Chief Operating Officer

JEAN BUA

Executive Vice President,
Chief Financial Officer and Treasurer

JOHN W. DOWNING

Executive Vice President,
Worldwide Sales Operations

CORPORATE HEADQUARTERS

NETSCOUT SYSTEMS, INC.

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Westford, MA 01886

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Fax: (978) 614-4004

Web: www.netscout.com

FORM 10-K

Stockholders may obtain copies of the exhibits to the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission at the SEC's website, www.sec.gov, or by contacting NETSCOUT Investor Relations or by visiting the investor relations section of the Company's website, www.netscout.com.

INVESTOR RELATIONS

NETSCOUT SYSTEMS, INC.

310 Littleton Road

Westford, MA 01886

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Email: ir@netscout.com

ANNUAL MEETING

The Annual Meeting of Stockholders of the Company will be held on Thursday, September 9, 2021 at 10:00 a.m. ET.

LEGAL COUNSEL

Cooley LLP

Boston, MA

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP

Boston, MA

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Computershare

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International Shareowners: (201) 680-6578

TDD International Shareowners: (781) 575-4592

www.computershare.com/investor

COMMON STOCK

Common Stock of NETSCOUT SYSTEMS, INC. is traded on the NASDAQ Global Select Market under the symbol "NTCT"



NETSCOUT[®]

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