Nutanix Reports First Quarter Fiscal 2027 Financial Results

November 24, 2026

Reports 15% YoY ARR Growth and Solid Free Cash Flow

Nutanix Announces CEO Succession Plan; Board Initiates Search for Next CEO

SAN JOSE, Calif., Nov. 24, 2026 (GLOBE NEWSWIRE) -- Nutanix, Inc. (NASDAQ: NTNX), a hybrid cloud leader and AI platform company, today announced financial results for its first quarter ended October 31, 2026.

"In the first quarter we delivered results that exceeded all of our guided metrics," said Rajiv Ramaswami, CEO of Nutanix. "We also continued to invest in our cloud platform, especially with respect to AI and broadening our support for external storage."

"Our first quarter results demonstrated a good balance of top and bottom line performance with 15% year-over-year ARR growth and solid free cash flow generation," said Rukmini Sivaraman, CFO of Nutanix. "We remain focused on delivering sustainable growth and improving profitability."

Nutanix today separately announced that the Board is working with Chief Executive Officer Rajiv Ramaswami to identify and recruit his successor, and he will step down after his successor has been appointed and assumes the role. Ramaswami will continue to serve as a senior advisor to the Company for a period of time after his successor is in place to ensure a smooth transition. The Board has engaged a leading national search firm to assist the process of identifying Nutanix's next CEO.

First Quarter Fiscal 2027 Financial Summary

	Q1 FY'27	Q1 FY'26	Y/Y Change
Annual Recurring Revenue (ARR)[1]	$2.63 billion	$2.28 billion	15%
Average Contract Duration[2]	3.4 years	3.1 years	0.3 years
Revenue	$772.4 million	$670.6 million	15%
GAAP Gross Margin	87.5%	87.0%	50 bps
Non-GAAP Gross Margin	88.5%	88.0%	50 bps
GAAP Operating Expenses	$533.4 million	$533.8 million	(0.1%)
Non-GAAP Operating Expenses	$435.9 million	$458.0 million	(5%)
GAAP Operating Income	$142.6 million	$49.3 million	$93.3 million
Non-GAAP Operating Income	$248.1 million	$131.8 million	$116.3 million
GAAP Operating Margin	18.5%	7.4%	1,110 bps
Non-GAAP Operating Margin	32.1%	19.7%	1,240 bps
Net Cash Provided by Operating Activities	$219.9 million	$196.8 million	$23.1 million
Free Cash Flow	$209.3 million	$174.5 million	$34.8 million

Reconciliations between GAAP and non-GAAP financial measures and key performance measures, to the extent available, are provided in the tables of this press release.

Recent Company Highlights

- Nutanix Receives Micron Global Supplier Award for IT & Professional Services: Nutanix announced it was honored with the Outstanding Supplier Performance Award in IT & Professional Services at Micron Supplier Day 2026.
- Nutanix Builds a Faster Foundation for Production AI: Nutanix expanded its AI ecosystem with NVIDIA, Supermicro, and Netris to help enterprises and service providers quickly deploy and scale production AI, and reduce AI costs.
- Nutanix Acquires Ryax Technologies to Help Customers Accelerate Agentic AI Initiatives: Nutanix completed its acquisition of Ryax Technologies, an AI-driven compute orchestration and management platform company, and plans to integrate the platform's advanced GPU utilization and smart scheduling capabilities into Nutanix Kubernetes Platform (NKP) and Nutanix Enterprise AI (NAI).
- Nutanix Named a Leader in 2026 Gartner® Magic Quadrant™ for Server Virtualization Platforms: Nutanix announced its recognition as a Leader in the 2026 Gartner® Magic Quadrant™ for Server Virtualization Platforms.
- Nutanix Named a Leader in 2026 Gartner® Magic Quadrant™ for Distributed Hybrid Infrastructure: Nutanix announced its recognition as a Leader in the 2026 Gartner® Magic Quadrant™ for Distributed Hybrid Infrastructure.
- Nutanix Recognized in 2026 Gartner® Magic Quadrant™ for Container Management for Second Consecutive Year: Nutanix announced its recognition as a Challenger in the 2026 Gartner® Magic Quadrant™ for Container Management for the second consecutive year, following the 2024 launch of NKP.

Second Quarter Fiscal 2027 Outlook

Revenue	$820 - $830 million
Non-GAAP Operating Margin	27% to 28%

Weighted Average Shares Outstanding (Diluted)[3]	Approximately 295 million

Fiscal 2027 Outlook

Revenue	$3.180 - $3.230 billion
Non-GAAP Operating Margin	24.5% to 25.5%
Free Cash Flow	$875 - $975 million

Supplementary materials to this press release, including our first quarter fiscal 2027 earnings presentation, can be found at https://ir.nutanix.com/financial/quarterly-results.

Webcast and Conference Call Information

Nutanix executives will discuss the Company's first quarter fiscal 2027 financial results on a conference call today at 4:30 p.m. Eastern Time / 1:30 p.m. Pacific Time. Interested parties may access the conference call by registering at this link to receive dial in details and a unique PIN number. The conference call will also be webcast live on the Nutanix Investor Relations website at ir.nutanix.com. An archived replay of the webcast will be available on the Nutanix Investor Relations website at ir.nutanix.com shortly after the call.

Footnotes

[1]***Annual Recurring Revenue**, or **ARR**, is defined as the sum of ACV for all subscription contracts from all customers in effect as of the end of a specific period, assuming any subscription contract that expires is renewed on its existing terms. ARR excludes the value of professional services, non-portable software and support contracts and hardware sales. For the purposes of this calculation, we generally assume that the contract term begins on the date when the software is made available to the customer. **ACV** is defined as the total annualized value of a contract. The total annualized value for a contract is calculated by dividing the total value of the contract by the number of years in the term of such contract.*

[2]***Average Contract Duration** represents the dollar-weighted term, calculated on a billings basis, across all subscription contracts, as well as our limited number of life-of-device contracts, using an assumed term of five years for life-of-device licenses, executed in the period.*

[3]*Weighted average share count used in computing diluted non-GAAP net income per share.*

Non-GAAP Financial Measures and Other Key Performance Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, this press release includes the following non-GAAP financial and other key performance measures: non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP operating margin, free cash flow, Annual Recurring Revenue (or ARR), and Average Contract Duration. In computing non-GAAP financial measures, we exclude certain items such as stock-based compensation, costs associated with our acquisitions (such as amortization of acquired intangible assets and other acquisition-related costs), restructuring charges, litigation costs related to certain litigation matters, the amortization of the debt discount and issuance costs related to debt, interest expense related to debt, changes in the fair value of convertible notes receivable, valuation allowance releases, and other non-recurring transactions and the related tax impact. Non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, and non-GAAP operating margin are financial measures which we believe provide useful information to investors because they provide meaningful supplemental information regarding our performance and liquidity by excluding certain expenses and expenditures such as stock-based compensation expense that may not be indicative of our ongoing core business operating results. Free cash flow is a performance measure that we believe provides useful information to our management and investors about the amount of cash generated by the business after capital expenditures, and we define free cash flow as net cash provided by operating activities less purchases of property and equipment. ARR is a performance measure that we believe provides useful information to our management and investors as it allows us to better track the top-line growth of our subscription business (including our ability to acquire subscriptions with new customers and to retain and expand with existing customers), while normalizing for differences in contract durations. Our calculation of ARR is not adjusted for the impact of any known or projected future events (such as customer cancellations, expansion or contraction of existing customer relationships or price increases or decreases) that may cause any subscription contract not to be renewed on its existing terms. ARR is a performance measure that should be viewed independently of revenue and does not represent our revenue under GAAP on an annualized basis or a forecast of GAAP revenue. Investors should not place undue reliance on ARR as an indicator of our future or expected results. ARR does not have any standardized meaning and is therefore unlikely to be comparable to similarly titled performance measures presented by other companies. We use these non-GAAP financial and key performance measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. However, these non-GAAP financial and key performance measures have limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP operating margin, and free cash flow are not substitutes for gross margin, operating expenses, operating income, operating margin, and net cash provided by operating activities, respectively. There is no GAAP measure that is comparable to ARR or Average Contract Duration, so we have not reconciled the ARR or Average Contract Duration data included in this press release to any GAAP measure. In addition, other companies, including companies in our industry, may calculate non-GAAP financial measures and key performance measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures and key performance measures as tools for comparison. We urge you to review the reconciliation of our non-GAAP financial measures and key performance measures to the most directly comparable GAAP financial measures included below in the tables captioned "Reconciliation of GAAP to Non-GAAP Profit Measures" and "Reconciliation of GAAP Net Cash Provided By Operating Activities to Non-GAAP Free Cash Flow," and not to rely on any single financial measure to evaluate our business. This press release also includes the following forward-looking non-GAAP financial measures as part of our second quarter fiscal 2027 outlook and/or our fiscal 2027 outlook: non-GAAP operating margin and free cash flow. We are unable to reconcile these forward-looking non-GAAP financial measures to their most directly comparable GAAP financial measures without unreasonable efforts, as we are currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact the GAAP financial measures for these periods but would not impact the non-GAAP financial measures.

Forward-Looking Statements

This press release contains express and implied forward-looking statements, including, but not limited to, statements regarding: our business trends, momentum and prospects; our expectations regarding demand for our solutions; our ability to capitalize on market opportunities through our partnerships, cloud platform innovations, acquisitions, AI offerings and support for external storage; our focus on delivering sustainable growth and improving profitability; the Company's CEO succession process, including the search for and appointment of a successor Chief Executive Officer, the timing of the leadership transition and Mr. Ramaswami's expected continued service as Chief Executive Officer and subsequent service as a senior advisor; our second quarter fiscal 2027 outlook; and our fiscal 2027 outlook.

These forward-looking statements are not historical facts and instead are based on our current expectations, estimates, opinions, and beliefs. Consequently, you should not rely on these forward-looking statements. The accuracy of these forward-looking statements depends upon future events and involves risks, uncertainties, and other factors, including factors that may be beyond our control, that may cause these statements to be inaccurate and cause our actual results, performance or achievements to differ materially and adversely from those anticipated or implied by such statements, including, among others: the inherent uncertainty or assumptions and estimates underlying our projections and guidance, which are necessarily speculative in nature; supply chain constraints, component availability and related impacts on the timing of orders, shipments and customer deployments; any failure to successfully implement or realize the anticipated benefits of our business plans, strategies and initiatives, or unexpected difficulties or delays in doing so; our ability to achieve, sustain and/or manage future growth effectively; the rapid evolution of the markets in which we compete, including the introduction, or acceleration of adoption of, competing solutions, including public cloud infrastructure; failure to timely and successfully meet our customer needs; delays in or lack of customer or market acceptance of our new solutions (including AI-related offerings), products, services, product features or technology; macroeconomic or geopolitical uncertainty; our ability to attract, recruit, train, retain, and, where applicable, ramp to full productivity, qualified employees and key personnel; potential disruption or uncertainty resulting from the CEO succession process; factors that could result in the significant fluctuation of our future quarterly operating results (including anticipated changes to our revenue and product mix, the timing and magnitude of orders, shipments and acceptance of our solutions in any given quarter, our ability to attract new and retain existing end-customers, changes in the pricing and availability of certain components of our solutions, and fluctuations in demand and competitive pricing pressures for our solutions); our ability to form new or maintain and strengthen existing strategic alliances and partnerships, as well as our ability to manage any changes thereto; our ability to realize the anticipated benefits of our restructuring initiatives announced in August 2026; our ability to make share repurchases; and other risks detailed in our Annual Report on Form 10-K for the fiscal year ended July 31, 2026 filed with the U.S. Securities and Exchange Commission, or the SEC, on September 18, 2026 and subsequent quarterly reports. Additional information will be set forth in our Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2026, which should be read in conjunction with this press release and the financial results included herein. Our SEC filings are available on the Investor Relations section of our website at ir.nutanix.com and on the SEC's website at www.sec.gov. These forward-looking statements speak only as of the date of this press release and, except as required by law, we assume no obligation, and expressly disclaim any obligation, to update, alter or otherwise revise any of these forward-looking statements to reflect actual results or subsequent events or circumstances.

Gartner References and Disclaimers

Gartner, Inc, Magic Quadrant for Server Virtualization Platforms, Tony Harvey, Daniel Bowers, Paul Delory, Tony Iams, Owen Marino, 14 September 2026

Gartner, Inc, Magic Quadrant for Distributed Hybrid Infrastructure, Julia Palmer, Elaine Zhang, Adrian Wong, Daniel Bowers, 7 September 2026

Gartner, Inc., Magic Quadrant for Container Management, Dennis Smith, Tony Iams, Wataru Katsurashima, Lucas Albuquerque, Carolin Zhou, Bhuvie Chhabra, 2 September 2026

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About Nutanix

Nutanix is a hybrid cloud leader and AI platform company, offering organizations a unified infrastructure software platform to safely run applications, data, and AI anywhere. Trusted by customers worldwide, Nutanix empowers more than 50% of the Global 2000 to innovate faster with AI, while modernizing infrastructure, simplifying operations, and controlling costs. Learn more at www.nutanix.com or follow us on social media.

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NUTANIX, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	As of	
	July 31, 2026	October 31, 2026
	(in thousands)	
Assets		
Current assets:		
Cash and cash equivalents	$ 777,308	$ 762,394
Short-term investments	1,584,155	1,705,447
Accounts receivable, net	289,251	275,394
Deferred commissions—current	156,316	129,121
Prepaid expenses and other current assets	221,483	238,339
Total current assets	3,028,513	3,110,695
Property and equipment, net	134,887	146,283
Operating lease right-of-use assets	164,427	200,464
Deferred commissions—non-current	217,606	225,918
Intangible assets, net	1,837	3,292
Goodwill	185,235	186,290
Deferred tax asset	1,215,823	1,207,516
Other assets—non-current	125,357	156,504
Total assets	$ 5,073,685	$ 5,236,962
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 96,508	$ 111,180
Accrued compensation and benefits	269,181	190,517
Accrued expenses and other current liabilities	36,117	48,435
Deferred revenue—current	1,246,575	1,254,133
Operating lease liabilities—current	35,713	39,134
Convertible senior notes, net—current	—	498,749
Total current liabilities	1,684,094	2,142,148
Deferred revenue—non-current	1,176,794	1,224,955
Operating lease liabilities—non-current	134,310	167,249
Convertible senior notes, net—non-current	1,348,711	851,191
Other liabilities—non-current	27,211	27,425
Total liabilities	4,371,120	4,412,968
Stockholders' equity:		
Common stock	7	7
Additional paid-in capital	4,416,059	4,397,125
Accumulated other comprehensive loss	(4,895)	(8,181)
Accumulated deficit	(3,708,606)	(3,564,957)
Total stockholders' equity	702,565	823,994
Total liabilities and stockholders' equity	$ 5,073,685	$ 5,236,962

NUTANIX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended October 31,	
	2025	2026
	(in thousands, except per share data)	
Revenue:		
Product	$ 349,003	$ 393,526
Support, maintenance and other services	321,573	378,874
Total revenue	670,576	772,400
Cost of revenue:		

Product [1][2]	4,292	4,493
Support, maintenance and other services [1]	83,178	91,966
Total cost of revenue	87,470	96,459
Gross profit	583,106	675,941
Operating expenses:		
Sales and marketing [1][2]	285,233	277,866
Research and development [1]	187,482	179,869
General and administrative [1]	61,056	75,621
Total operating expenses	533,771	533,356
Income from operations	49,335	142,585
Other income, net	16,239	18,954
Income before provision for income taxes	65,574	161,539
Provision for income taxes	3,478	17,890
Net income	$ 62,096	$ 143,649
Net income per share attributable to Class A common stockholders, basic	$ 0.23	$ 0.53
Net income per share attributable to Class A common stockholders, diluted	$ 0.21	$ 0.49
Weighted average shares used in computing net income per share attributable to Class A common stockholders, basic	269,872	271,650
Weighted average shares used in computing net income per share attributable to Class A common stockholders, diluted	296,518	294,602

(1) Includes the following stock-based compensation expense:

	Three Months Ended October 31,	
	2025	2026
	(in thousands)	
Product cost of revenue	$ 359	$ 349
Support, maintenance and other services cost of revenue	6,255	6,993
Sales and marketing	17,760	18,330
Research and development	39,501	40,861
General and administrative	13,885	17,244
Total stock-based compensation expense	$ 77,760	$ 83,777

(2) Includes the following amortization of intangible assets:

	Three Months Ended October 31,	
	2025	2026
	(in thousands)	
Product cost of revenue	$ 106	$ 106
Sales and marketing	88	88
Total amortization of intangible assets	$ 194	$ 194

NUTANIX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended October 31,	
	2025	2026
	(in thousands)	
Cash flows from operating activities:		
Net income	$ 62,096	$ 143,649
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,374	11,972
Stock-based compensation	77,760	83,777

Amortization of debt discount and issuance costs	1,361	1,371
Operating lease cost, net of accretion	8,000	10,007
Deferred income taxes	41	19,405
Other	1,736	(1,895)
Changes in operating assets and liabilities:		
Accounts receivable, net	22,759	13,858
Deferred commissions	15,396	18,883
Prepaid expenses and other assets	3,490	(52,795)
Accounts payable	9,395	10,779
Accrued compensation and benefits	(55,126)	(85,209)
Accrued expenses and other liabilities	2,152	44
Operating leases, net	(8,110)	(9,685)
Deferred revenue	37,501	55,718
Net cash provided by operating activities	196,825	219,879
Cash flows from investing activities:		
Maturities of investments	236,608	185,669
Purchases of investments	(290,086)	(311,972)
Sales of investments	1,250	—
Payments for acquisitions, net of cash acquired	—	(1,208)
Purchases of property and equipment	(22,319)	(10,543)
Net cash used in investing activities	(74,547)	(138,054)
Cash flows from financing activities:		
Proceeds from sales of shares through employee equity incentive plans	29,035	28,020
Taxes paid related to net share settlement of equity awards	(89,223)	(74,088)
Repurchases of common stock	(50,225)	(50,098)
Other financing activities, net	(946)	(573)
Net cash used in financing activities	(111,359)	(96,739)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 10,919	$ (14,914)
Cash, cash equivalents and restricted cash—beginning of period	769,517	777,322
Cash, cash equivalents and restricted cash—end of period	$ 780,436	$ 762,408
Restricted cash [1]	15	14
Cash and cash equivalents—end of period	$ 780,421	$ 762,394
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	$ 8,597	$ 12,515
Supplemental disclosures of non-cash investing and financing information:		
Purchases of property and equipment included in accounts payable and accrued and other liabilities	$ 3,939	$ 6,277
Unpaid taxes related to net share settlement of equity awards included in accrued expenses and other liabilities	$ 19,878	$ 14,159

(1) Included within other assets—non-current in the consolidated balance sheets.

Disaggregation of Revenue
(Unaudited)

	Three Months Ended October 31,	
	2025	2026
	(in thousands)	
Disaggregation of revenue:		
Subscription revenue	$ 637,840	$ 735,442
Professional services and other revenue	32,736	36,958
Total revenue	$ 670,576	$ 772,400

Annual Recurring Revenue
(Unaudited)

	As of October 31,	
	2025	2026
	(in thousands)	
Annual Recurring Revenue (ARR)	$ 2,284,051	$ 2,632,988

Remaining Performance Obligations
(Unaudited)

	As of October 31,	
	2025	2026
	(in thousands)	
Remaining performance obligations:		
Current	$ 1,296,795	$ 1,582,142
13-36 months	1,032,685	1,279,256
Thereafter	341,035	442,933
Total	$ 2,670,515	$ 3,304,331

Reconciliation of GAAP to Non-GAAP Profit Measures
(Unaudited)

	GAAP	Non-GAAP Adjustments							Non-GAAP
	Three Months Ended October 31, 2026	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Three Months Ended October 31, 2026
	(in thousands, except percentages and per share data)								
Gross profit	$ 675,941	$ 7,342	$ 106	$ 552	$ —	$ —	$ —	$ —	$ 683,941
Gross margin	87.5 %	0.9%	—	0.1%	—	—	—	—	88.5 %
Operating expenses:									
Sales and marketing	277,866	(18,330)	(88)	(2,425)	—	—	—	—	257,023
Research and development	179,869	(40,861)	—	(761)	—	—	—	—	138,247
General and administrative	75,621	(17,244)	—	(436)	(17,234)	(110)	—	—	40,597
Total operating expenses	533,356	(76,435)	(88)	(3,622)	(17,234)	(110)	—	—	435,867
Income from operations	142,585	83,777	194	4,174	17,234	110	—	—	248,074
Operating margin	18.5 %	10.9%	—	0.5%	2.2%	—	—	—	32.1 %
Net income	$ 143,649	$ 83,777	$ 194	$ 4,174	$ 17,234	$ 110	$ 3,004	$ (36,116)	$ 216,026
Weighted shares outstanding, basic	271,650								271,650
Weighted shares outstanding, diluted [8]	294,602								294,602
Net income per share, basic	$ 0.53	$ 0.31	$ -	$ 0.02	$ 0.06	$ -	$ 0.01	$ (0.13)	$ 0.80
Net income per share, diluted [9]	$ 0.49								$ 0.73

(1) Stock-based compensation expense
(2) Amortization of intangible assets
(3) Restructuring charges
(4) Litigation costs
(5) Other
(6) Amortization of debt issuance costs and interest expense related to debt
(7) Income tax effect of non-GAAP adjustments. We use a long-term projected non-GAAP tax rate of 20% for the purposes of determining our non-GAAP net income and non-GAAP income per share, which is based on our current long-term projections. We believe the use of a long-term projected tax rate of 20% aligns with the non-GAAP measure of profitability, reduces volatility of the non-GAAP tax rate and provides consistency across reporting periods. Our estimated long-term projected tax rate is subject to change for a variety of reasons, including tax law changes in major jurisdictions in which we operate, changes in our geographic earnings mix, or other changes to our strategy or business operations. We will re-evaluate our long-term projected tax rate as appropriate.
(8) Includes 22,952 potentially dilutive shares related to convertible senior notes and the issuance of shares under employee equity incentive plans
(9) In accordance with ASC 260, in order to calculate GAAP net income per share, diluted, the numerator has been adjusted to add back $2,071 of interest expense related to the convertible senior notes

	GAAP Three Months Ended October 31, 2025	Non-GAAP Adjustments (1)	(2)	(3)	(4)	(5)	Non-GAAP Three Months Ended October 31, 2025
				(in thousands, except percentages and per share data)			
Gross profit	$ 583,106	$ 6,614	$ 106	$ —	$ —	$ —	$ 589,826
Gross margin	87.0 %	1.0%	—	—	—	—	88.0 %
Operating expenses:							
Sales and marketing	285,233	(17,760)	(88)	—	—	—	267,385
Research and development	187,482	(39,501)	—	—	—	—	147,981
General and administrative	61,056	(13,885)	—	(4,560)	—	—	42,611
Total operating expenses	533,771	(71,146)	(88)	(4,560)	—	—	457,977
Income from operations	49,335	77,760	194	4,560	—	—	131,849
Operating margin	7.4 %	11.6%	—	0.7%	—	—	19.7 %
Net income	$ 62,096	$ 77,760	$ 194	$ 4,560	$ 2,993	$ (26,738)	$ 120,865
Weighted shares outstanding, basic	269,872						269,872
Weighted shares outstanding, diluted (6)	296,518						296,518
Net income per share, basic	$ 0.23	$ 0.29	$ -	$ 0.02	$ 0.01	$ (0.10)	$ 0.45
Net income per share, diluted (7)	$ 0.21						$ 0.41

(1) Stock-based compensation expense
(2) Amortization of intangible assets
(3) Litigation costs
(4) Amortization of debt issuance costs and interest expense related to debt
(5) Income tax effect of non-GAAP adjustments. Beginning in the third quarter of fiscal 2025, we adopted a long-term projected non-GAAP tax rate of 20% for the purposes of determining our non-GAAP net income and non-GAAP income per share, which is based on our current long-term projections. We believe the use of a long-term projected tax rate of 20% better aligns with the non-GAAP measure of profitability, reduces volatility of the non-GAAP tax rate and provides better consistency across reporting periods. Our estimated long-term projected tax rate is subject to change for a variety of reasons, including tax law changes in major jurisdictions in which we operate, changes in our geographic earnings mix, or other changes to our strategy or business operations. We will re-evaluate our long-term projected tax rate as appropriate.
(6) Includes 26,646 potentially dilutive shares related to convertible senior notes and the issuance of shares under employee equity incentive plans
(7) In accordance with ASC 260, in order to calculate GAAP net income per share, diluted, the numerator has been adjusted to add back $1,099 of interest expense related to the convertible senior notes

Reconciliation of GAAP Net Cash Provided by Operating Activities to Non-GAAP Free Cash Flow
(Unaudited)

	Three Months Ended October 31, 2025	2026
	(in thousands)	
Net cash provided by operating activities	$ 196,825	$ 219,879
Purchases of property and equipment	(22,319)	(10,543)
Free cash flow	$ 174,506	$ 209,336