

NUTANIX™

# Q4 FY '18 Investor Presentation

August 30, 2018



\* Financial results herein are reported under ASC 606 revenue standard

## Non-GAAP Financial Measures and Other Key Performance Measures

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial and other key performance measures: billings, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net loss, pro forma non-GAAP net loss per share, free cash flow, software & support revenue and software & support billings. In computing these non-GAAP financial and key performance measures, we exclude certain items such as stock-based compensation and the related income tax impact, costs associated with our acquisitions (such as amortization of acquired intangible assets, revaluation of contingent consideration, income tax related impact, and other acquisition-related costs), amortization of debt discount and issuance costs, loss on debt extinguishment, changes in the fair value of our preferred stock warrant liability, and other non-recurring transactions and the related tax impact. Billings is a performance measure which our management believes provides useful information to investors because it represents the amounts under binding purchase orders received by us during a given period that have been billed, and we calculate billings by adding the change in deferred revenue between the start and end of the period to total revenue recognized in the same period. Free cash flow is a performance measure that our management believes provides useful information to management and investors about the amount of cash generated by the business after necessary capital expenditures, and we define free cash flow as net cash (used in) provided by operating activities less purchases of property and equipment. Adjusted gross margin and non-GAAP operating expenses are performance measures which our management believes provides 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. Software & support revenue and software & support billings are performance measures that our management believes provide useful information to our management and investors as it allows us to better track the true growth of our core software business without the amounts attributable to the pass-through hardware that we use to deliver our solutions. 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. Billings, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net loss, pro forma non-GAAP net loss per share, and free cash flow are not substitutes for total revenue, gross margin, operating expenses, net loss, net loss per share, or net cash (used in) provided by operating activities, respectively. 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 Non-GAAP Financial Measures and Key Performance Measures" and not to rely on any single financial measure to evaluate our business.

## Forward Looking Statements

This presentation contains express and implied forward-looking statements, including but not limited to statements relating to our long-term financial model targets and our plans to achieve those targets. 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 such forward-looking statements depends upon future events, and involves risks, uncertainties and other factors 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 rapid evolution of the markets in which we compete; our ability to sustain or manage future growth effectively; factors that could result in the significant fluctuation of our future quarterly operating results, including, among other things, anticipated changes to our revenue and product mix which may slow revenue growth during such changes and make forecasting future performance more difficult, 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 to the pricing of certain components of our solutions, and fluctuations in demand and competitive pricing pressures for our solutions; delays in or lack of customer or market acceptance of our new product features or technology; the introduction, or acceleration of adoption of, competing solutions, including public cloud infrastructure; and other risks detailed in our Quarterly Report on Form 10-Q for the quarter ended April 30, 2018, filed with the SEC on June 12, 2018. Additional information will also be set forth in our Form 10-K that will be filed for the fiscal year ended July 31, 2018, which should be read in conjunction with the information in this presentation. Our SEC filings are available on the Investor Relations section of the company's website at [ir.nutanix.com](http://ir.nutanix.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov). These forward-looking statements speak only as of the date of this presentation and, except as required by law, we assume no obligation to update forward-looking statements to reflect actual results or subsequent events or circumstances.

# > Q4 & FY'18 KEY HIGHLIGHTS

## FY'18 Highlights

- \$1.2B Software and Support Billings (+54% YoY)
- \$898M Software and Support Revenue (+47% YoY)

## Q4 Highlights

- \$359M Software and Support Billings (+66% YoY)
- \$268M Software and Support Revenue (+49% YoY)
- 78% Non-GAAP Gross Margin (+15 pts YoY)

## Customers<sup>(1)</sup>

- 10,610 Total Customers (+1,000 new customers QoQ)<sup>(2)</sup>
- 710 Global 2000 Customers
- 472 Customers with Lifetime Bookings of \$1-3M
- 90 Customers with Lifetime Bookings of \$3-5M
- 83 Customers with > \$5M in Lifetime Bookings
- 70% of Bookings from Repeat Customers
- 44% of Bookings from International Customers

## Balance Sheet

- \$934M in Cash and Short-term Investments
- DSO of 78 days, weighted average DSO of 23 days

## Liquidity

- \$93M Operating Cash Flow in FY'18 (+570% YoY)
- \$30M Free Cash Flow in FY'18 (+\$67M YoY)



**\$1.2B +54% YoY**  
FY'18 Software & Support Billings



**\$268M +49% YoY**  
Q4 Software and Support Revenue



**78% +15 pts YoY**  
Q4 Non-GAAP Gross Margin



**10,610 +1,000 QoQ<sup>(2)</sup>**  
Total Customers



**\$934M +168% YoY**  
Cash and Short-term Investments



**\$93M +570% YoY**  
FY'18 Operating Cash Flow

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(1) Total customer and Global 2000 customer numbers are rounded to the nearest 10.

(2) Added 1,000 new customers in Q4'18. Final customer count reflects standard adjustments to certain customer accounts within our system of record.

Note: See appendix for reconciliation of Total Billings, Software and Support Billings, Non-GAAP Gross Margin and Free Cash Flow to comparable GAAP metrics.

# > Q4 FY'18 FINANCIAL RESULTS

\$ Millions	Q4'18	Q3'18	Q/Q Change	Q4'17	Y/Y Change
<b>SW &amp; Support Billings</b>	\$359.2	\$292.0	23%	\$216.3	66%
<b>Total Billings</b>	\$395.1	\$351.2	12%	\$289.2	37%
<b>SW &amp; Support Revenue</b>	\$267.9	\$226.8	18%	\$179.6	49%
<b>Total Revenue</b>	\$303.7	\$289.4	5%	\$252.5	20%
<b>Gross Margin</b>	77.7%	68.4%	9.3 pts	62.6%	15.1 pts
<b>Operating Loss</b>	\$(19.7)	\$(34.6)	(43%)	\$(23.9)	(17%)
<b>Net Loss Per Share</b>	\$(0.11)	\$(0.21)	(\$0.10)	\$(0.17)	(\$0.06)
<b>Operating Cash Flow</b>	\$22.7	\$13.3	71%	\$5.9	284%
<b>Free Cash Flow</b>	\$6.5	\$(0.8)	\$7.3	\$(6.5)	\$13.0

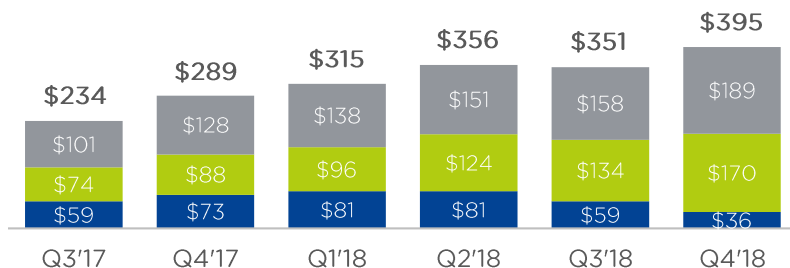
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Note: All amounts in millions, except per share amounts and percentages.  
All measures are non-GAAP except for revenue and cash flow from operations—see GAAP to Non-GAAP/metric reconciliations in appendix of this presentation.

# > BILLINGS AND REVENUE MIX

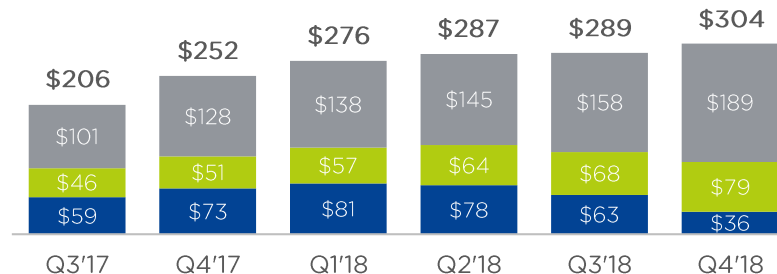
**Total Billings \$M**

■ Pass-thru HW ■ Entitlements and Support ■ Software



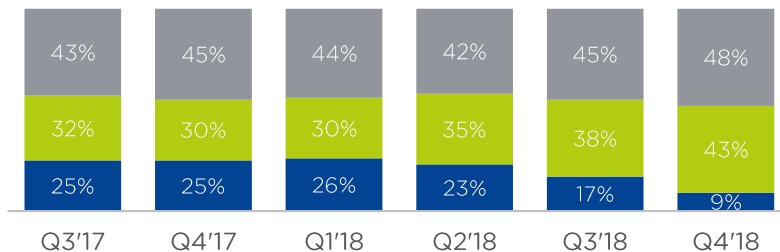
**Total Revenue \$M**

■ Pass-thru HW ■ Entitlements and Support ■ Software



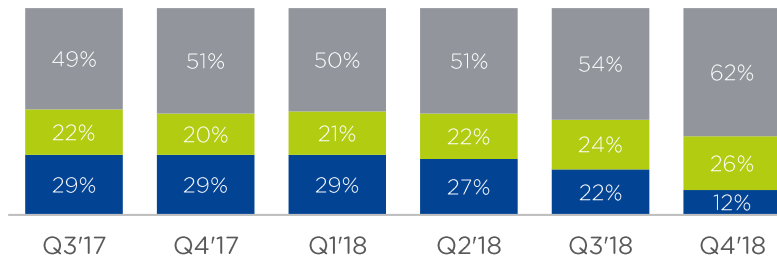
**Total Billings %**

■ Pass-thru HW ■ Entitlements and Support ■ Software



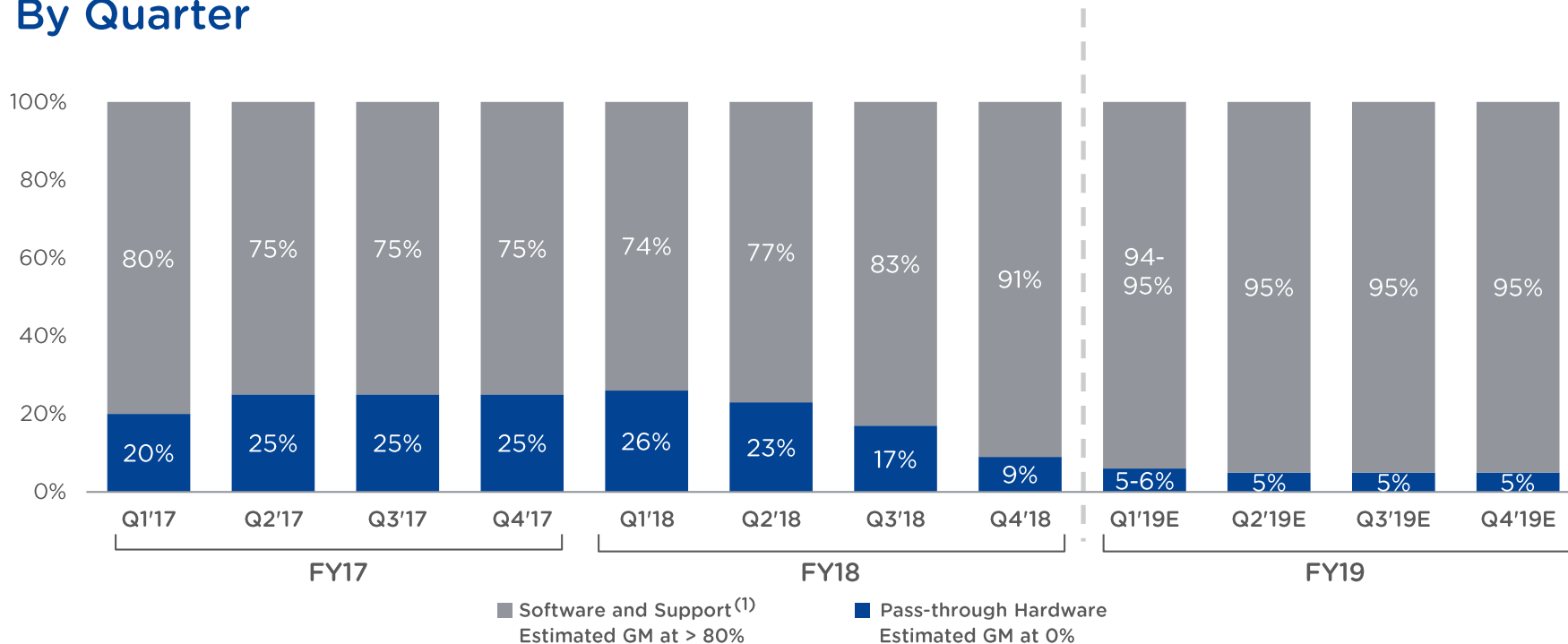
**Total Revenue %**

■ Pass-thru HW ■ Entitlements and Support ■ Software



# > BILLINGS MIX—ACTUAL AND ESTIMATED

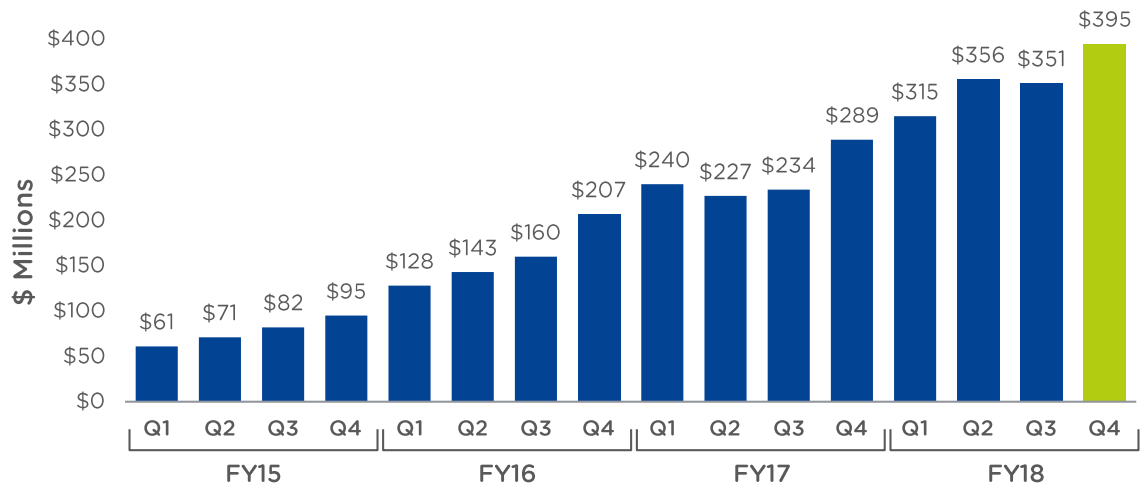
## By Quarter



Note: Future periods shown are management's targeted mix as of 8/30/18  
(1) Assumes Software margin of 100% and Support and other margin of 55% for future periods

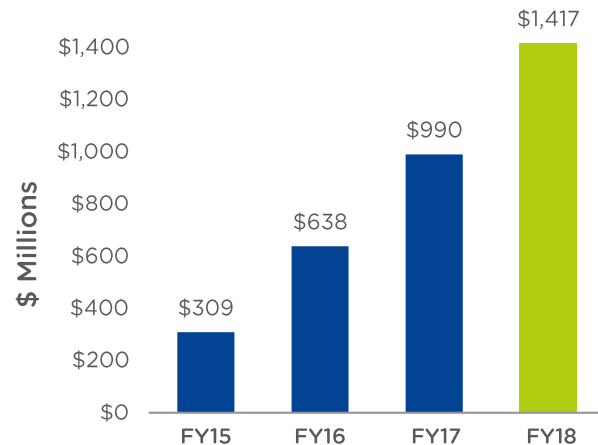
# > TOTAL BILLINGS PERFORMANCE

## By Quarter



YoY Growth %	167	89	92	98	111	102	94	118	87	59	47	40	32	57	50	37
QoQ Growth %	27	17	16	15	36	12	11	30	16	(5)	3	24	9	13	(1)	12

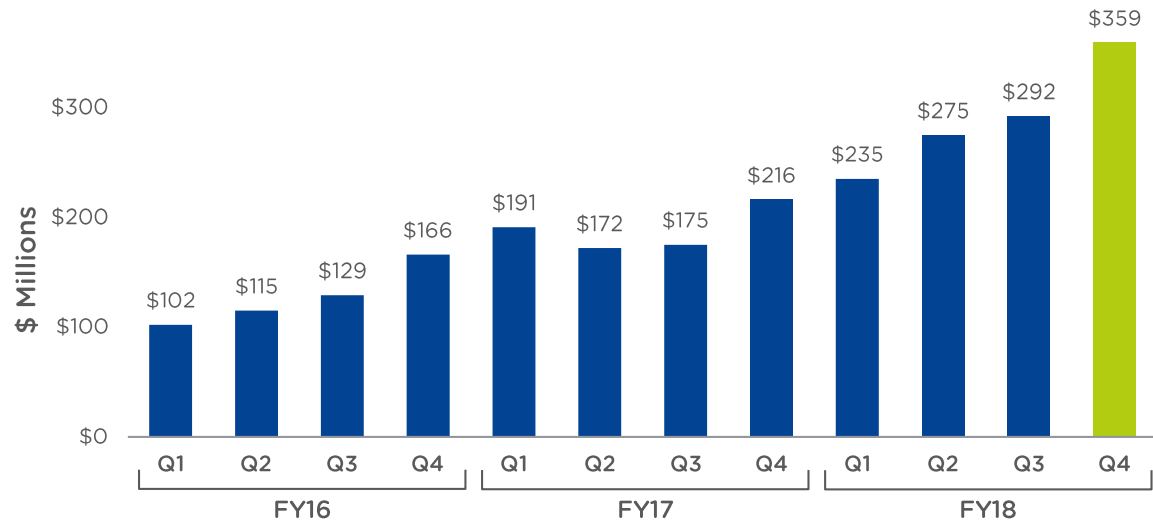
## By Fiscal Year



YoY Growth %	104	107	55	43
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# > SOFTWARE AND SUPPORT BILLINGS

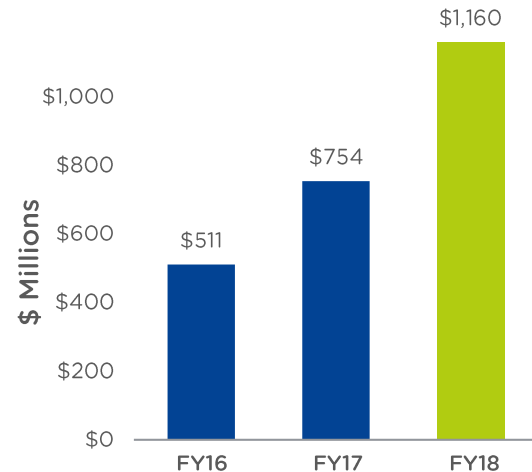
## By Quarter



YoY Growth %	*	*	*	*	87	50	36	30	23	60	67	66
QoQ Growth %	*	12	12	29	15	(10)	2	24	8	17	6	23

\*FY16 growth not shown as only FY16 and FY17 were recast under ASC 606.

## By Fiscal Year

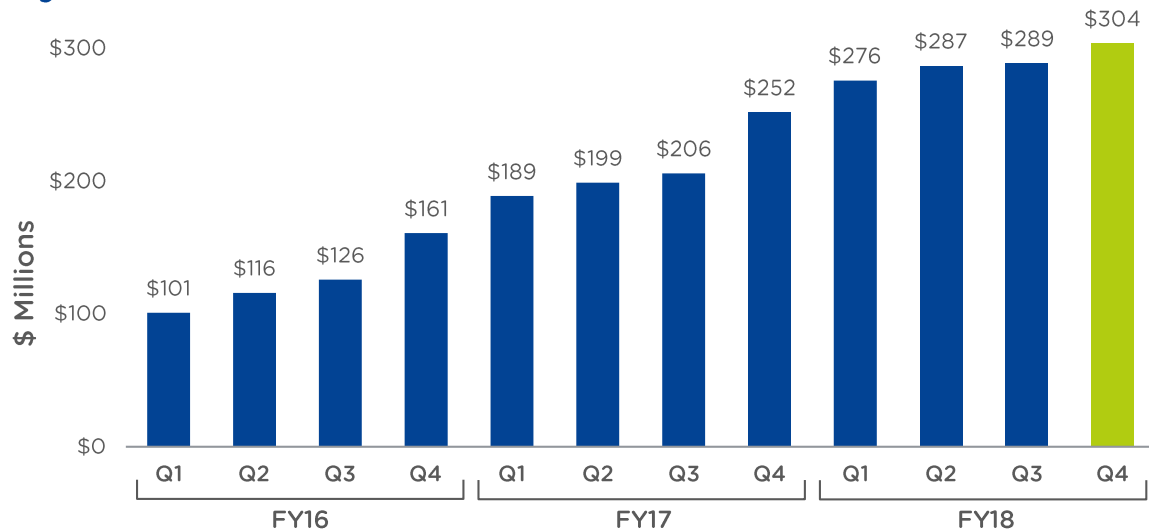


YoY Growth %	*	47	54
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# > TOTAL REVENUE GROWTH

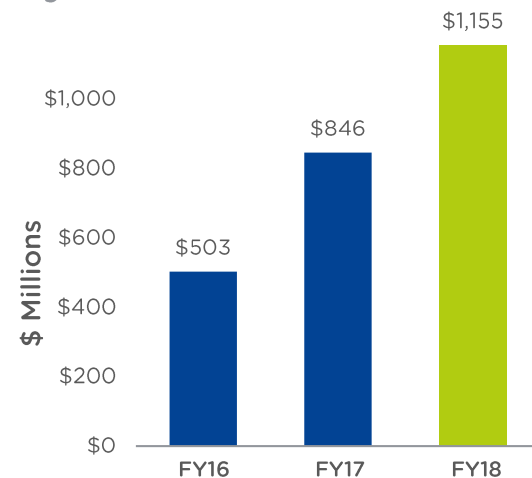
## By Quarter



YoY Growth %	*	*	*	*	88	71	63	57	46	44	41	20
QoQ Growth %	*	16	8	27	17	6	3	23	9	4	1	5

\*FY16 growth not shown as only FY16 and FY17 were recast under ASC 606.

## By Fiscal Year



YoY Growth %	*	68	37
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# > SOFTWARE AND SUPPORT REVENUE

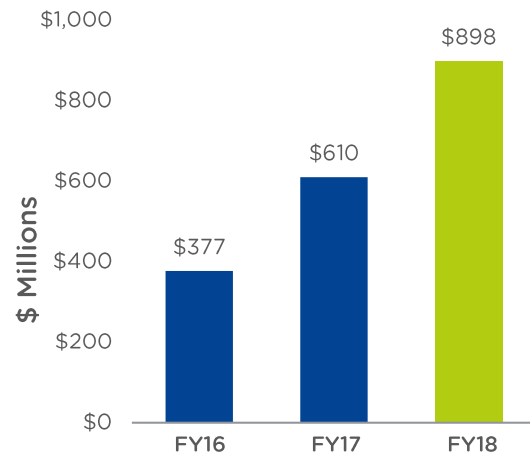
## By Quarter



YoY Growth %	*	*	*	*	88	64	54	50	39	45	55	49
QoQ Growth %	*	18	8	26	17	3	2	23	8	7	9	18

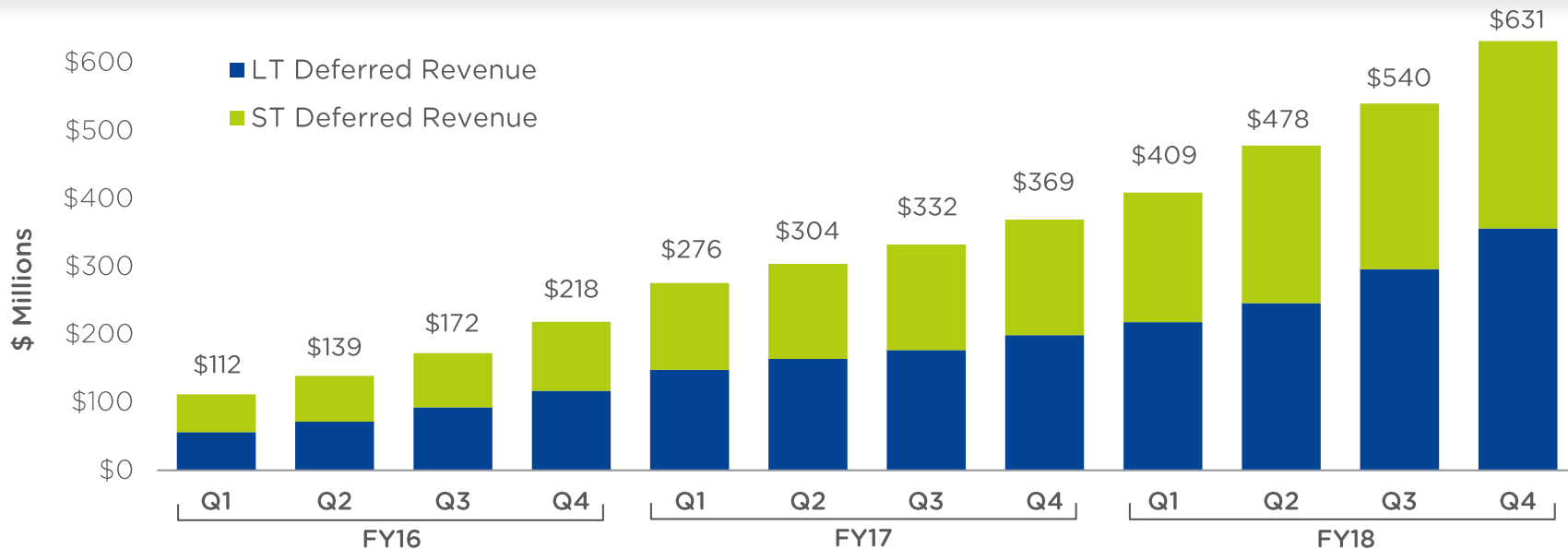
\*FY16 growth not shown as only FY16 and FY17 were recast under ASC 606.

## By Fiscal Year



YoY Growth %	*	62	47
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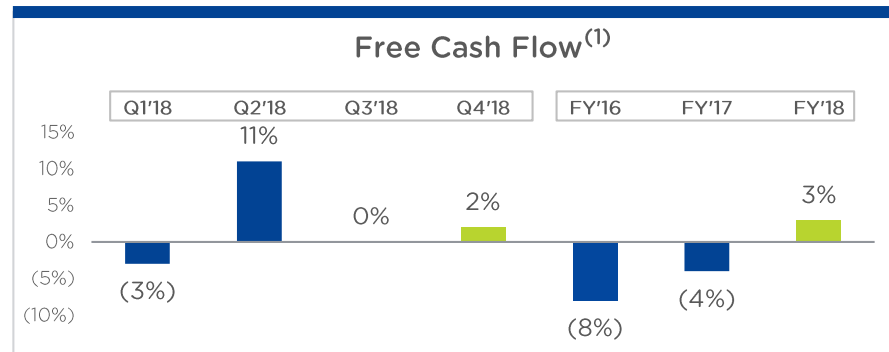
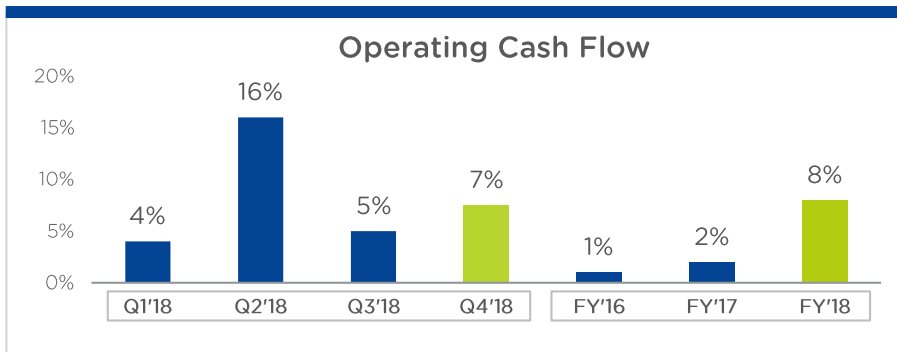
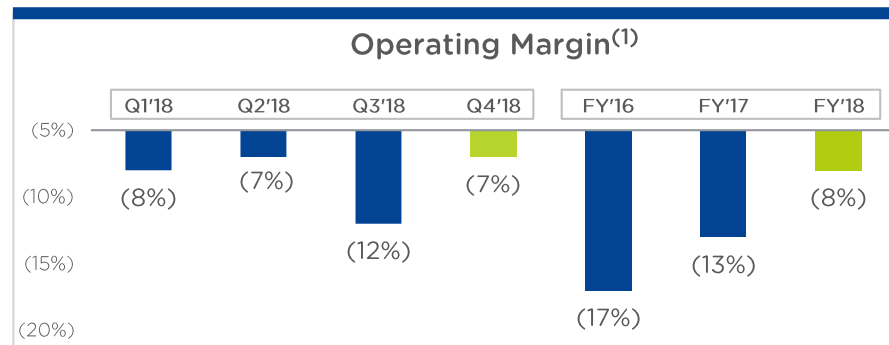
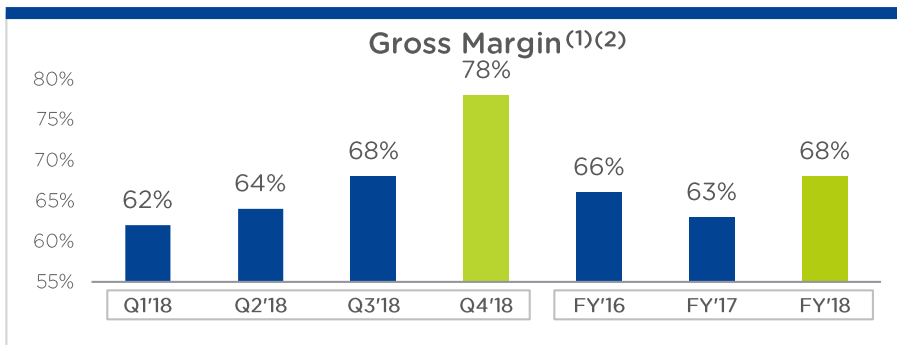
# > DEFERRED REVENUE



ST Deferred Revenue	\$56	\$67	\$80	\$102	\$128	\$140	\$155	\$170	\$191	\$232	\$244	\$276
LT Deferred Revenue	\$56	\$72	\$92	\$116	\$148	\$164	\$177	\$199	\$218	\$246	\$296	\$355

# OPERATING LEVERAGE

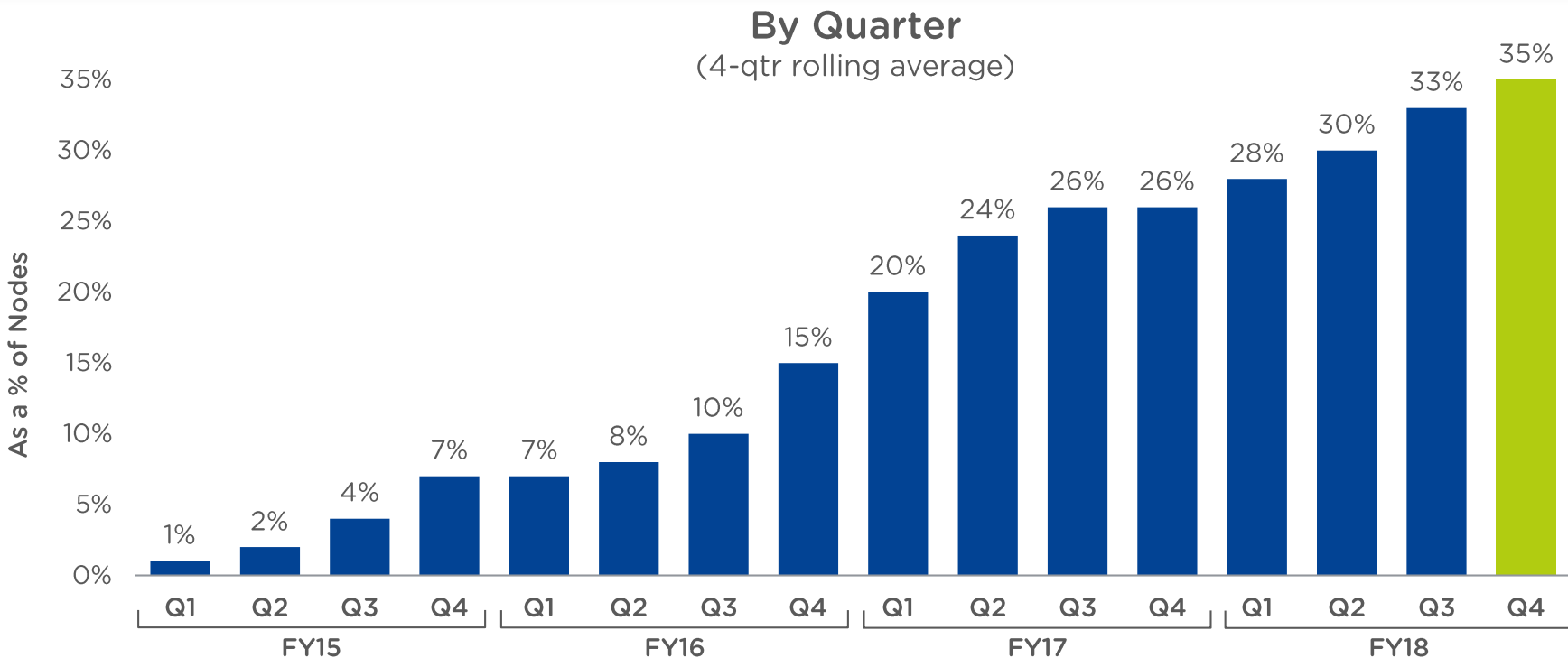
## Percentages Indicated as a % of Total Revenue



(1) Non-GAAP metrics shown. See appendix of this presentation for a reconciliation of GAAP to Non-GAAP metrics.

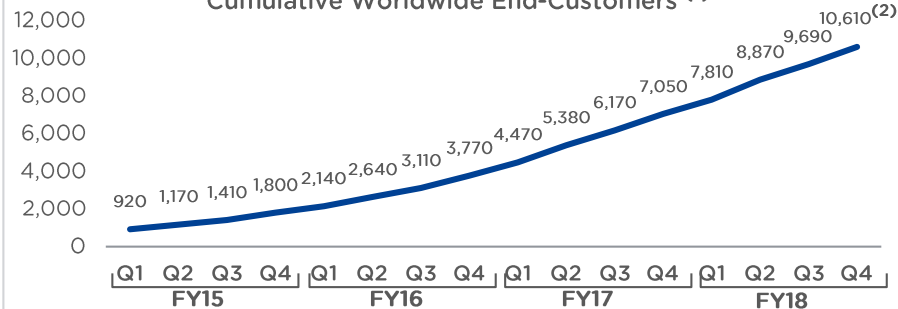
(2) Gross Margin percentages in FY17 and Q1'18 through Q3'18 were negatively impacted by DRAM cost increases.

# > STEADY AHV ADOPTION, AS A % OF NX NODES

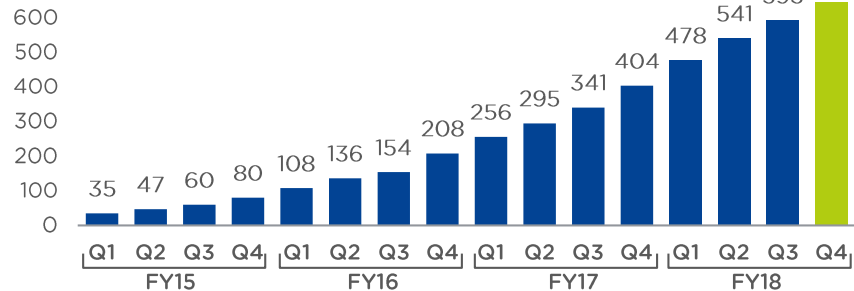


# STRONG CUSTOMER GROWTH METRICS

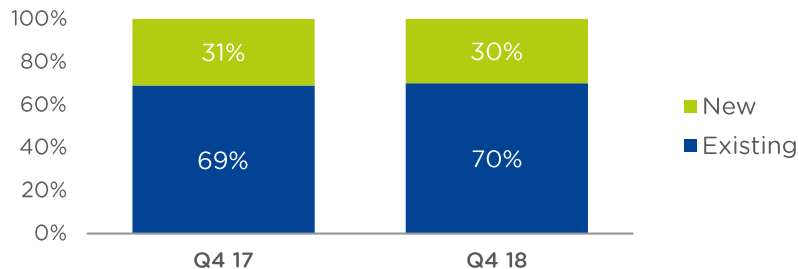
**Fast Growing Customer Acquisition**  
Cumulative Worldwide End-Customers <sup>(1)</sup>



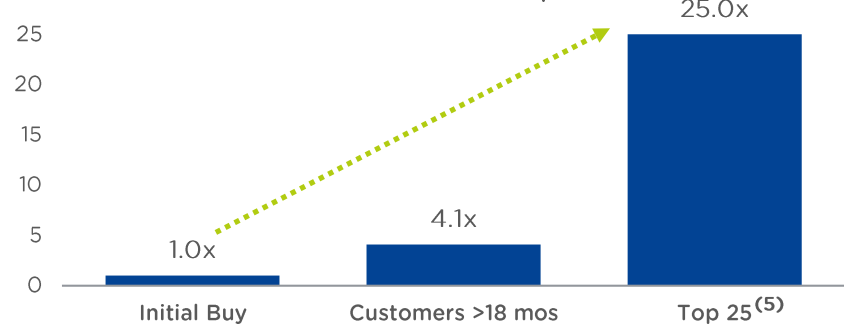
**Cumulative End-Customers with Lifetime Purchases >\$1M<sup>(3)</sup>**



**Strong Repeat Business**  
New vs. Existing End-Customer Bookings



**Total Lifetime Purchase Multiples<sup>(4)</sup>**



(1) Cumulative worldwide end-customer numbers are rounded to the nearest 10.

(2) Added 1,000 new customers in Q4'18. Final customer count reflects standard adjustments to certain customer accounts within our system of record.

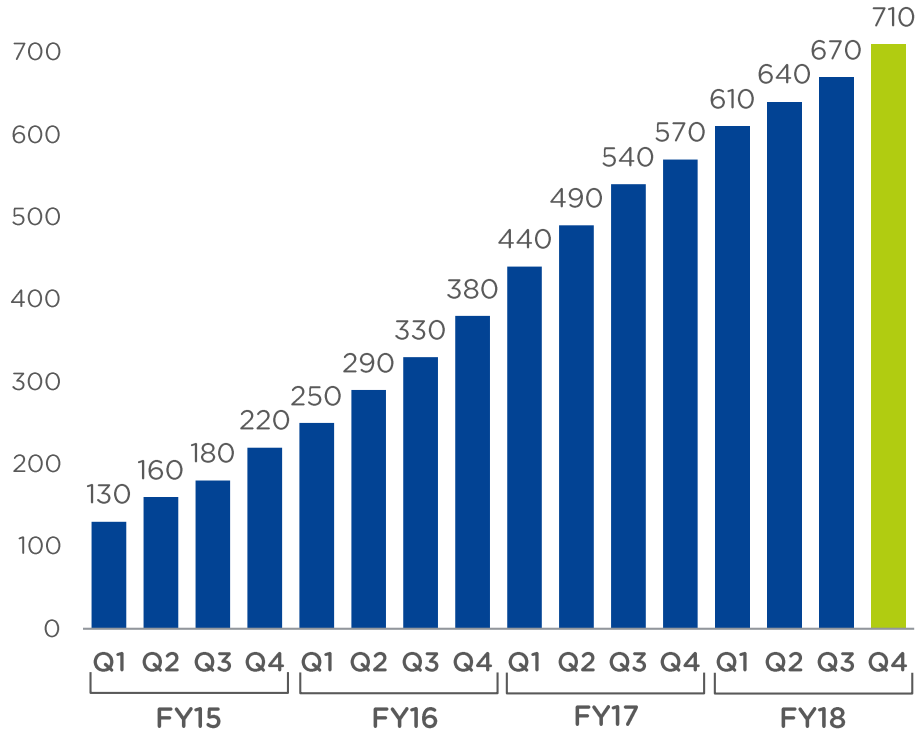
(3) Based on bookings.

(4) Multiples represent Total Lifetime Purchase / Initial Purchase.

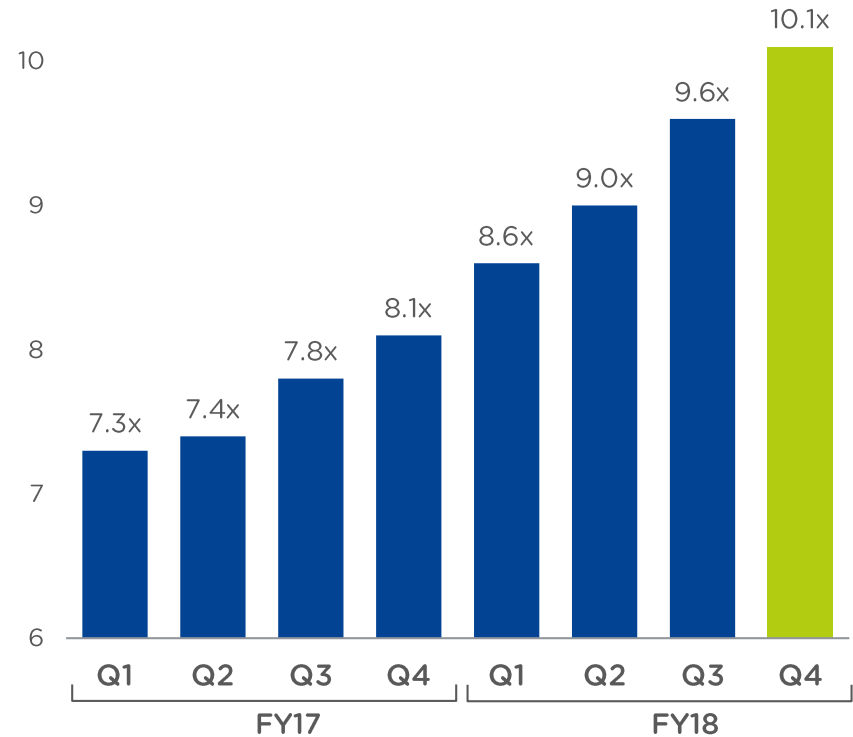
(5) Top 25 lifetime purchases are from IPO class of customers, for comparability.

# > STRONG GROWTH IN THE GLOBAL 2000

## Cumulative Global 2000 Customers<sup>(1)</sup>



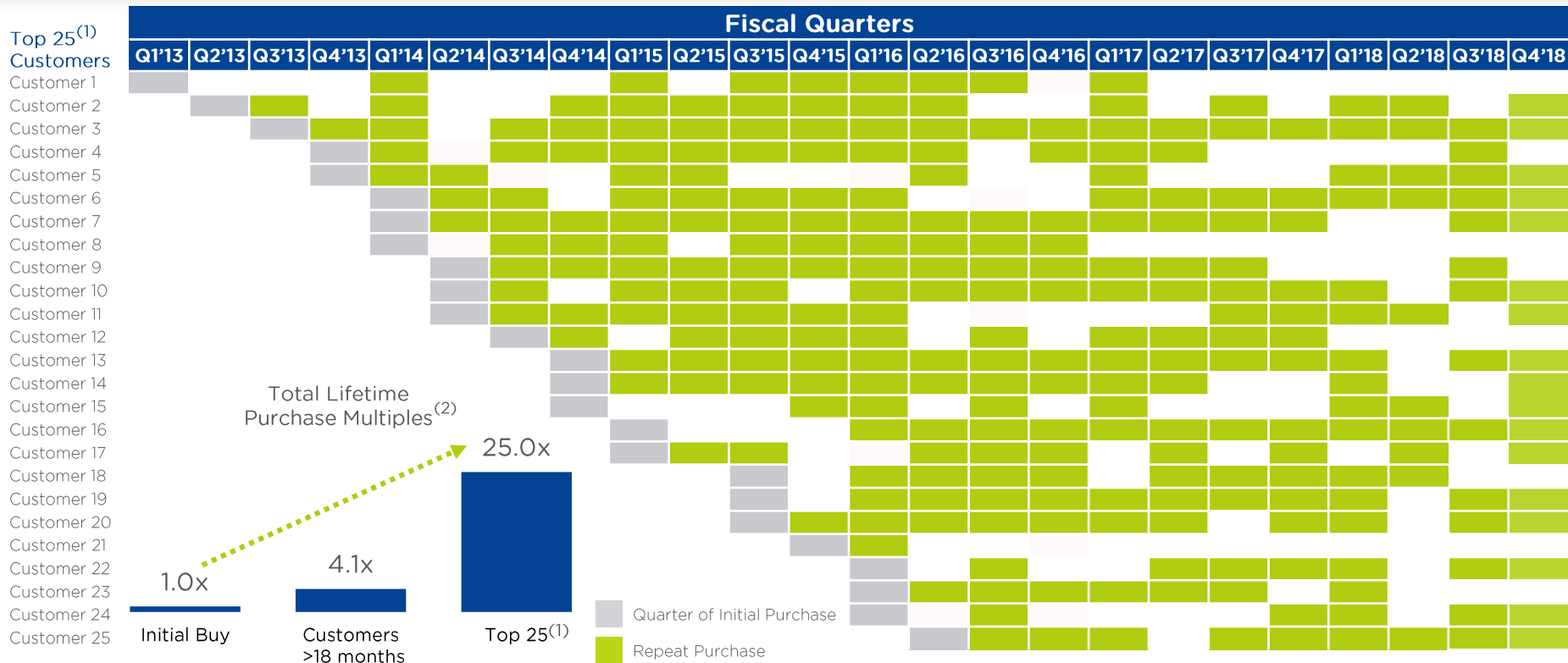
## Total Lifetime Purchase Multiples<sup>(2)</sup>



(1) Reflects yearly update of the members of the Global 2000 list as reported by Forbes. Global 2000 status is updated each fiscal year and historical data is revised to reflect the updated status. Customer numbers are rounded to the nearest 10.

(2) Multiples represent Total Lifetime Purchase / Initial Purchase, for Global 2000 customers that have been customers for over 18 months.

# > LAND AND EXPAND STRATEGY AT WORK



(1) Top 25 lifetime purchases are from IPO class of customers, for comparability, sorted by initial first purchase quarter.

(2) Multiples represent Total Lifetime Purchase/Total Initial Purchase.

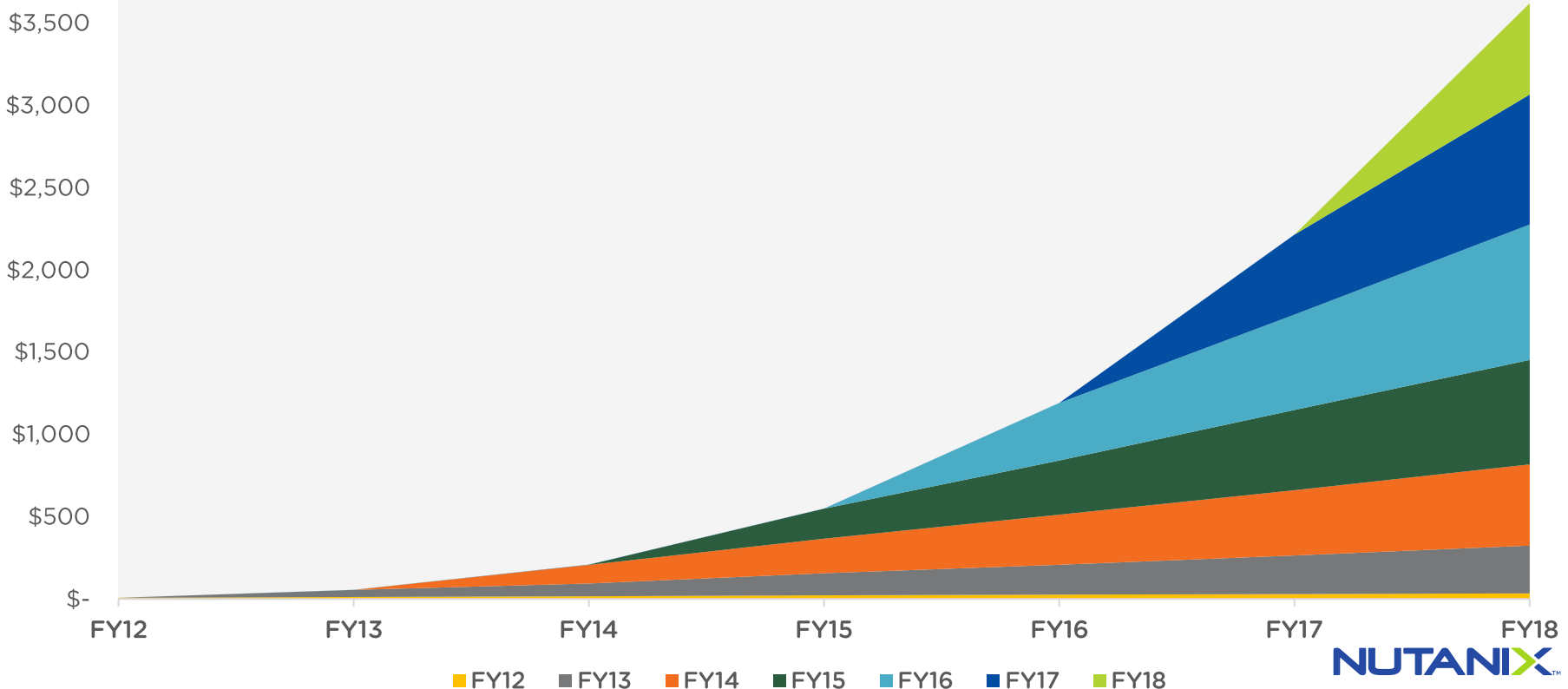




# CUSTOMER COHORT BOOKING CAPACITY COMPOUNDING

\$ Millions

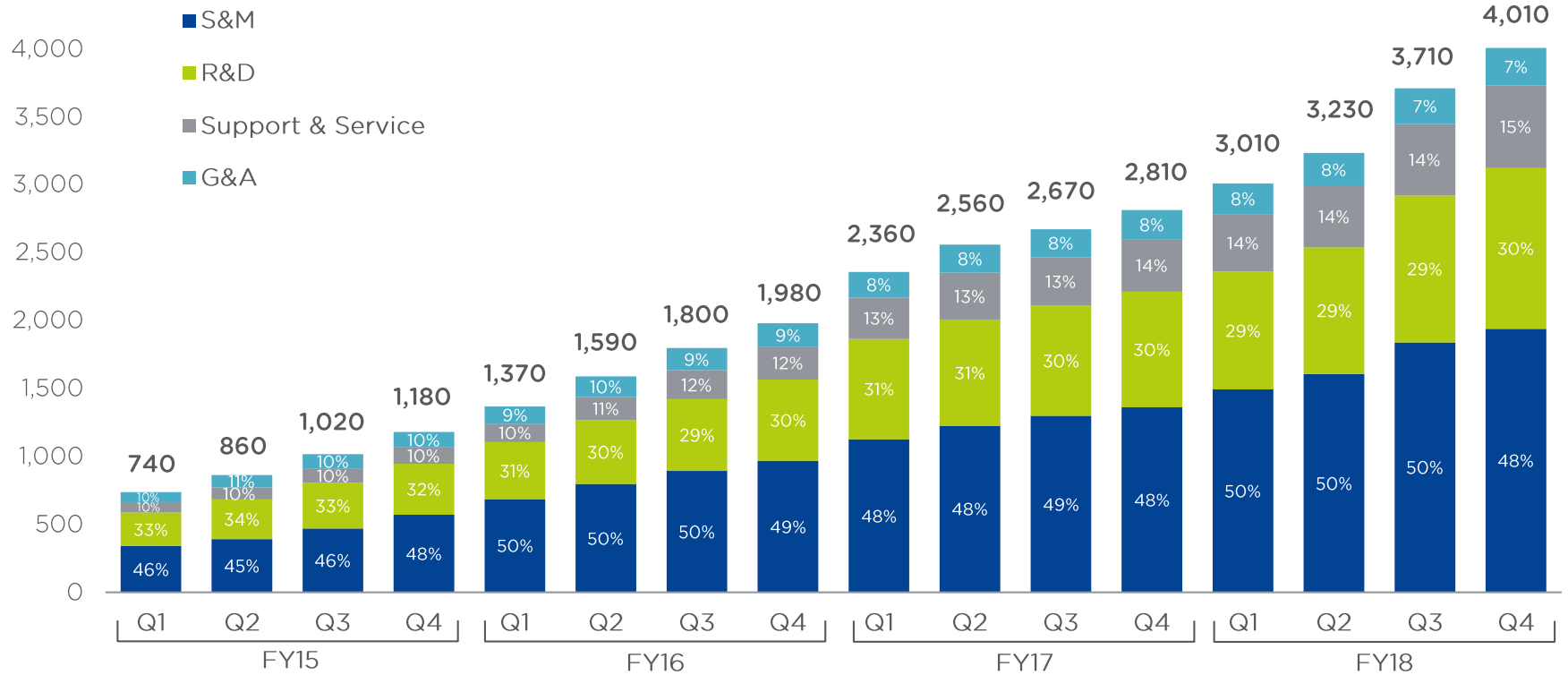
## Cumulative Bookings by End-Customer Cohort<sup>(1)</sup>



(1) Classified according to the fiscal year in which an end-customer made its first purchase.



# FUNDING HEADCOUNT RESOURCES FOR THE FUTURE



Note: Employee numbers rounded to the nearest 10 are the total headcount at the end of each quarter. Percentages represent each function as a percentage of total headcount. Total percentage may not sum up to 100% due to rounding.

# > BALANCE SHEET TRENDS

\$ Millions	Q4'18	Q3'18	Q/Q Change	Q4'17	Y/Y Change
<b>Cash and ST Investments</b>	\$934.3	\$923.5	1%	\$349.1	168%
<b>Accounts Receivable</b>	\$258.3	\$194.3	33%	\$178.9	44%
<b>Days Sales<sup>(1)</sup> Outstanding</b>	78	60	18 days	65	13 days
<b>Weighted Days Sales Outstanding</b>	23	26	(3) days	27	(4) days
<b>Total Deferred Revenue</b>	\$631.2	\$539.9	17%	\$369.1	71%

# > THE CULTURE THAT DRIVES OUR GROWTH



## WE START WITH WHY...

...then the How, then the What. It helps us prioritize boulders, pebbles, and sand. With a beginner's mindset, we are **curious** about **first principles**.



## OBSERVE OVER THE CUSTOMER & FRONTLINE

As insurgents, we are waging a war on behalf of the underserved customer, and against naysaying bureaucracy. We have an obsession for **customer success**. We win with **honor**.



## THINK BIG BUT START SMALL

A well-designed innovation engine is ambitious yet iterative, strategic yet detail-oriented, big-picture-biased yet milestone-based. We believe in a **marathon of sprints**.



## HIRE OFTEN AND HIRE DIVERSE

We celebrate people. We constantly evaluate, promote from within, and make bets on people who are different from us. We actively attract, retain, and motivate people from many backgrounds and perspectives. **Being diverse is not optional; it is what we must be.**



## HAVE BACKBONE; DISAGREE BUT COMMIT

Being authentic and respecting boundaries are how we build trust. Backbone is about brutal **intellectual honesty**, but also about committing. There is no place for passive aggressive disagreements (indirect resistance) within.



## HAVE BIAS FOR ACTION

Velocity is essential for survival. Balancing **velocity** and **quality** makes us thrive. Outcomes matter. We discern, design, and deliver.



## BELIEVE IN STRIVING

We are a constantly **learning**, continuously **improving**, eternally **evolving** company with immense respect for the law of small improvements. We re-engineer, we re-factor, we take care of accumulated stress. We believe in **long-term greed**.



## SHOW GRIT

We endure adversity. We are anti-fragile. Every shock to the system makes us **better**. We celebrate **failures** and **vulnerable** leaders. Vulnerability connects us, and results in **courage** and **integrity**.



## WE HATE WASTE

It's our money, our property, our company. As owners, we believe in **sharing** and **leveraging** common core, common data, and adjacencies. We fail fast and learn fast.



## DESIGN IS EVERYTHING!

**Empathy** drives design. We strive to reduce friction for the best end user experience. **Less-is-more**, both in product and organizational design. We embrace the mundane, as we strive for elegant **simplicity**.



## CELEBRATE AUTONOMY

We are a startup. It's still Day-1. We constantly **disaggregate** (products, organizations, decision-making), **segment** and delegate, while **responsibly recomposing** for a unified customer experience.



## GET COMFORTABLE BEING UNCOMFORTABLE

Leaders accept ambiguity, are comfortable with change, and are adept at balancing **paradoxes**. We are big-hearted, **tough decision-makers** who are optimistic and paranoid simultaneously. Creators' monomaniacal focus and energy in bringing ideas to life are not always pleasant for those close to them.

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GAAP to NON-GAAP  
RECONCILIATIONS



# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND KEY PERFORMANCE MEASURES—2018

	Q1	Q2	Q3	Q4	FY2018
<b>Reconciliation of GAAP to Non-GAAP</b>					
Gross profit - GAAP	\$ 166.9	\$ 178.2	\$ 193.8	\$ 230.5	\$ 769.4
Gross margin - GAAP	61%	62%	67%	76%	67%
Stock-based compensation expense	2.6	2.8	2.6	3.5	11.5
Amortization of intangibles	0.9	1.2	1.4	2.1	5.7
Gross profit - Non-GAAP	\$ 170.5	\$ 182.2	\$ 197.8	\$ 236.6	\$ 786.6
Gross margin - Non-GAAP	62%	64%	68%	78%	68%
Sales and marketing - GAAP	\$ 145.4	\$ 151.2	\$ 169.9	\$ 183.2	\$ 649.7
Stock-based compensation expense	(13.8)	(16.0)	(18.1)	(17.3)	(65.1)
Amortization of intangibles	(0.2)	(0.2)	(0.2)	(0.3)	(0.9)
Sales and marketing - Non-GAAP	\$ 131.4	\$ 135.1	\$ 151.6	\$ 165.6	\$ 583.7
Research and development - GAAP	\$ 64.5	\$ 70.9	\$ 81.3	\$ 97.0	\$ 313.8
Stock-based compensation expense	(15.5)	(17.0)	(16.5)	(25.4)	(74.4)
Research and development - Non-GAAP	\$ 49.0	\$ 53.9	\$ 64.8	\$ 71.6	\$ 239.4
General and administrative - GAAP	\$ 16.1	\$ 15.9	\$ 24.9	\$ 29.5	\$ 86.4
Stock-based compensation expense	(3.6)	(6.2)	(7.8)	(9.3)	(26.9)
Change in fair value of contingent consideration	(0.3)	4.2	(0.6)	(0.9)	2.4
Acquisition related costs	-	(0.5)	(0.5)	(0.7)	(1.8)
General and administrative - Non-GAAP	\$ 12.2	\$ 13.4	\$ 16.0	\$ 18.6	\$ 60.1
Operating expenses - GAAP	\$ 226.0	\$ 238.0	\$ 276.1	\$ 309.7	\$ 1,049.9
Stock-based compensation expense	(32.9)	(39.2)	(42.4)	(52.0)	(166.4)
Change in fair value of contingent consideration	(0.3)	4.2	(0.6)	(0.9)	2.4
Acquisition related costs	-	(0.5)	(0.5)	(0.7)	(1.8)
Amortization of intangibles	(0.2)	(0.2)	(0.2)	(0.3)	(0.9)
Operating expenses - Non-GAAP	\$ 192.6	\$ 202.4	\$ 232.4	\$ 255.8	\$ 883.2
Loss from operations - GAAP	\$ (59.0)	\$ (59.8)	\$ (82.3)	\$ (79.2)	\$ (280.5)
Operating Margin - GAAP	(21) %	(21) %	(28) %	(26) %	(24) %
Stock-based compensation expense	35.5	42.0	44.9	55.5	177.9
Change in fair value of contingent consideration	0.3	(4.2)	0.6	0.9	(2.4)
Amortization of intangibles	1.1	1.4	1.7	2.4	6.6
Acquisition related costs	-	0.5	0.5	0.7	1.8
Loss from operations - Non-GAAP	\$ (22.1)	\$ (20.2)	\$ (34.6)	\$ (19.7)	\$ (96.6)
Operating Margin - Non-GAAP	(8) %	(7) %	(12) %	(7) %	(8) %
Net loss - GAAP	\$ (61.5)	\$ (62.6)	\$ (85.7)	\$ (87.4)	\$ (297.2)
Stock-based compensation expense	35.5	42.0	44.9	55.5	177.9
Change in fair value of contingent consideration	0.3	(4.2)	0.6	0.9	(2.4)
Amortization of intangibles	1.1	1.4	1.7	2.4	6.6
Acquisition related costs	-	0.5	0.5	0.7	1.8
Amortization of debt discount and debt issuance costs	-	0.7	6.9	7.1	14.7
Income tax-related adjustments	(0.1)	(0.9)	(3.5)	1.8	(2.9)
Net loss - Non-GAAP	\$ (24.7)	\$ (23.2)	\$ (34.6)	\$ (19.0)	\$ (101.5)
Net cash provided by operating activities	\$ 10.1	\$ 46.6	\$ 13.3	\$ 22.7	\$ 92.6
Purchases of PP&E	(18.0)	(14.0)	(14.1)	(16.3)	(62.4)
Free cash flow	\$ (7.9)	\$ 32.4	\$ (0.8)	\$ 6.5	\$ 30.2
Free cash flow margin	(3) %	11 %	0 %	2 %	3 %
Basic and diluted EPS - GAAP	\$ (0.39)	\$ (0.39)	\$ (0.51)	\$ (0.51)	\$ (1.81)
Stock-based compensation expense	0.23	0.26	0.27	0.32	1.08
Change in fair value of contingent consideration	-	(0.03)	-	0.01	(0.01)
Amortization of debt discount and debt issuance costs	-	0.01	0.04	0.04	0.09
Acquisition related costs	-	0.01	-	-	0.01
Amortization of intangibles	-	0.01	0.01	0.02	0.04
Income tax-related adjustments	-	(0.01)	(0.02)	0.01	(0.02)
Basic and diluted EPS - Non-GAAP	\$ (0.16)	\$ (0.14)	\$ (0.21)	\$ (0.11)	\$ (0.62)



# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND KEY PERFORMANCE MEASURES—2018 CONTINUED

	Q1	Q2	Q3	Q4	FY2018
<b>Billings</b>					
Revenue	\$ 275.6	\$ 286.7	\$ 289.4	\$ 303.7	\$ 1,155.5
Change in deferred revenue, net of acquisitions	39.8	69.2	61.8	91.3	262.0
<b>Total billings</b>	<b>\$ 315.3</b>	<b>\$ 355.9</b>	<b>\$ 351.2</b>	<b>\$ 395.0</b>	<b>\$ 1,417.5</b>
<b>Software and Support Billings</b>					
Software revenue	\$ 138.2	\$ 145.1	\$ 158.5	\$ 188.8	\$ 630.7
Hardware revenue	80.9	78.0	62.6	35.8	257.3
Support, entitlements and other services revenue	56.5	63.6	68.3	79.1	267.5
<b>Total revenue</b>	<b>\$ 275.6</b>	<b>\$ 286.7</b>	<b>\$ 289.4</b>	<b>\$ 303.7</b>	<b>\$ 1,155.5</b>
Total software and support revenue	\$ 194.7	\$ 208.7	\$ 226.8	\$ 267.9	\$ 898.2
Change in software and support deferred revenue, net of acquisitions	39.8	65.8	65.2	91.3	262.0
<b>Software and support billings</b>	<b>\$ 234.5</b>	<b>\$ 274.5</b>	<b>\$ 292.0</b>	<b>\$ 359.2</b>	<b>\$ 1,160.20</b>

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND KEY PERFORMANCE MEASURES—2017

	Q1	Q2	Q3	Q4	FY 2017
<b>Reconciliation of GAAP to Non-GAAP</b>					
Gross profit - GAAP	\$ 118.8	\$ 122.4	\$ 122.5	\$ 154.9	\$ 518.6
Gross margin - GAAP	63%	61%	60%	61%	61%
Stock-based compensation expense	4.3	3.2	3.1	2.8	13.5
Amortization of intangibles	0.2	0.4	0.4	0.4	1.3
Gross profit - Non-GAAP	\$ 123.3	\$ 126.0	\$ 126.0	\$ 158.1	\$ 533.4
Gross margin - Non-GAAP	65%	63%	61%	63%	63%
Sales and marketing - GAAP	\$ 128.6	\$ 111.4	\$ 126.7	\$ 134.3	\$ 501.0
Stock-based compensation expense	(33.9)	(15.5)	(15.7)	(13.0)	(78.1)
Amortization of intangibles	(0.2)	(0.2)	(0.3)	(0.2)	(0.9)
Sales and marketing - Non-GAAP	\$ 94.5	\$ 95.6	\$ 110.7	\$ 121.0	\$ 422.0
Research and development - GAAP	\$ 75.3	\$ 70.9	\$ 74.6	\$ 67.8	\$ 228.6
Stock-based compensation expense	(34.0)	(28.8)	(27.0)	(19.2)	(109.0)
Research and development - Non-GAAP	\$ 41.3	\$ 42.2	\$ 47.6	\$ 48.6	\$ 179.6
General and administrative - GAAP	\$ 29.4	\$ 15.5	\$ 15.6	\$ 16.9	\$ 77.3
Stock-based compensation expense	(18.5)	(5.1)	(4.5)	(2.8)	(30.9)
Change in fair value of contingent consideration	(0.2)	(0.3)	0.3	(1.8)	(1.9)
Acquisition related costs	(0.7)	-	-	-	(0.7)
General and administrative - Non-GAAP	\$ 10.0	\$ 10.1	\$ 11.4	\$ 12.4	\$ 43.9
Operating expenses - GAAP	\$ 233.3	\$ 197.8	\$ 216.9	\$ 219.0	\$ 866.9
Stock-based compensation expense	(86.4)	(49.4)	(47.3)	(35.0)	(218.0)
Change in fair value of contingent consideration	(0.2)	(0.3)	0.3	(1.8)	(1.9)
Acquisition related costs	(0.7)	-	-	-	(0.7)
Amortization of intangibles	(0.2)	(0.2)	(0.3)	(0.2)	(0.9)
Operating expenses - Non-GAAP	\$ 145.8	\$ 147.8	\$ 169.7	\$ 182.0	\$ 645.5
Loss from operations - GAAP	\$ (114.5)	\$ (75.4)	\$ (94.5)	\$ (64.0)	\$ (348.4)
Operating Margin - GAAP	(61)%	(38)%	(46)%	(25)%	(41)%
Stock-based compensation expense	9.7	5.2	5.4	3.8	23.5
Change in fair value of contingent consideration	0.2	0.3	(0.3)	1.8	1.9
Acquisition related costs	0.7	-	-	-	0.7
Amortization of intangibles	0.4	0.6	0.6	0.6	2.2
Loss from operations - Non-GAAP	\$ (22.5)	\$ (21.9)	\$ (43.8)	\$ (23.8)	\$ (112.1)
Operating Margin - Non-GAAP	(12)%	(11)%	(21)%	(9)%	(13)%
Net loss - GAAP	\$ (140.3)	\$ (76.4)	\$ (96.8)	\$ (66.1)	\$ (379.6)
Stock-based compensation expense	90.7	52.6	50.4	37.8	231.5
Change in fair value of contingent consideration	0.2	0.3	(0.3)	1.8	1.9
Acquisition related costs	0.7	-	-	-	0.7
Amortization of intangibles	0.4	0.6	0.6	0.6	2.2
Loss on debt extinguishment	3.3	-	-	-	3.3
Warrant MtM	2.1	-	-	-	2.1
Income tax-related adjustments	(2.1)	(0.2)	0.5	(0.1)	(1.8)
Net loss - Non-GAAP	\$ (26.0)	\$ (23.0)	\$ (45.7)	\$ (26.0)	\$ (120.7)
Net cash (used in) provided by operating activities	\$ 4.2	\$ 19.8	\$ (16.0)	\$ 5.9	\$ 13.8
Purchases of PP&E	(11.9)	(12.7)	(13.2)	(12.4)	(50.2)
Free cash flow	\$ (7.8)	\$ 7.1	\$ (29.2)	\$ (6.5)	\$ (36.4)
Free cash flow margin	(4)%	4%	(14)%	(3)%	(4)%
Pro forma basic and diluted EPS - GAAP	\$ (1.09)	\$ (0.54)	\$ (0.67)	\$ (0.43)	\$ (2.68)
Stock-based compensation expense	0.71	0.37	0.35	0.25	1.61
Change in fair value of contingent consideration	-	-	-	-	0.01
Acquisition related costs	0.01	-	-	-	-
Amortization of intangibles	-	0.01	0.01	0.01	0.02
Loss on debt extinguishment	0.03	-	-	-	0.02
Warrant MtM	0.16	-	-	-	0.15
Income tax-related adjustments	(0.02)	-	-	-	(0.01)
Pro forma basic and diluted EPS - Non-GAAP	\$ (0.20)	\$ (0.16)	\$ (0.32)	\$ (0.17)	\$ (0.85)





# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND KEY PERFORMANCE MEASURES—2017 CONTINUED

	Q1	Q2	Q3	Q4	FY 2017
<b>Billings</b>					
Revenue	\$ 188.6	\$ 199.2	\$ 205.7	\$ 252.5	\$ 845.9
Change in deferred revenue, net of acquisitions	51.3	28.2	28.4	36.7	144.6
Total billings	\$ 239.8	\$ 227.4	\$ 234.1	\$ 289.2	\$ 990.5
<b>Software and Support Billings</b>					
Software revenue	\$ 104.8	\$ 102.8	\$ 100.8	\$ 128.6	\$ 437.0
Hardware revenue	48.8	55.4	59.3	72.9	236.3
Support, entitlements and other services revenue	35.0	41.0	45.6	51.0	172.6
Total revenue	\$ 188.6	\$ 199.2	\$ 205.7	\$ 252.5	\$ 845.9
Total software and support revenue	\$ 139.8	\$ 143.8	\$ 146.4	\$ 179.6	\$ 609.6
Change in software and support deferred revenue, net of acquisitions	51.2	28.2	28.5	36.7	144.6
Software and support billings	\$ 191.0	\$ 172.0	\$ 174.9	\$ 216.3	\$ 754.2

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND KEY PERFORMANCE MEASURES—2016

	Q1	Q2	Q3	Q4	FY 2016
Reconciliation of GAAP to Non-GAAP					
Gross profit - GAAP	\$ 65.4	\$ 78.5	\$ 82.6	\$ 106.1	\$ 332.6
Gross margin - GAAP	65 %	67 %	66 %	66 %	66 %
Stock-based compensation expense	0.4	0.3	0.3	0.3	1.3
Gross profit - Non-GAAP	\$ 65.8	\$ 78.8	\$ 82.9	\$ 106.4	\$ 334.0
Gross margin - Non-GAAP	66 %	68 %	66 %	66 %	66 %
Sales and marketing - GAAP	\$ 58.1	\$ 65.2	\$ 75.8	\$ 87.4	\$ 286.6
Stock-based compensation expense	(2.1)	(2.0)	(2.0)	(1.9)	(8.0)
Sales and marketing - Non-GAAP	\$ 56.0	\$ 63.2	\$ 73.7	\$ 85.5	\$ 278.6
Research and development - GAAP	\$ 23.8	\$ 26.0	\$ 31.4	\$ 35.1	\$ 116.4
Stock-based compensation expense	(1.6)	(1.6)	(1.5)	(1.5)	(6.2)
Research and development - Non-GAAP	\$ 22.2	\$ 24.4	\$ 29.9	\$ 33.6	\$ 110.1
General and administrative - GAAP	\$ 7.4	\$ 7.8	\$ 8.8	\$ 10.3	\$ 34.3
Stock-based compensation expense	(1.3)	(1.0)	(1.2)	(1.0)	(4.4)
General and administrative - Non-GAAP	\$ 6.1	\$ 6.8	\$ 7.6	\$ 9.3	\$ 29.8
Operating expenses - GAAP	\$ 89.3	\$ 99.1	\$ 115.9	\$ 132.8	\$ 437.2
Stock-based compensation expense	(5.0)	(4.6)	(4.7)	(4.4)	(18.7)
Operating expenses - Non-GAAP	\$ 84.3	\$ 94.5	\$ 111.2	\$ 128.4	\$ 418.6
Loss from operations - GAAP	\$ (23.9)	\$ (20.8)	\$ (33.3)	\$ (26.7)	\$ (104.6)
Operating Margin - GAAP	(24) %	(18) %	(26) %	(17) %	(21) %
Stock-based compensation expense	5.4	4.9	5.1	4.7	20.1
Loss from operations - Non-GAAP	\$ (18.6)	\$ (15.7)	\$ (28.3)	\$ (22.0)	\$ (84.6)
Operating Margin - Non-GAAP	(18) %	(13) %	(22) %	(14) %	(17) %
Net loss - GAAP	\$ (25.3)	\$ (18.6)	\$ (35.5)	\$ (28.8)	\$ (108.2)
Stock-based compensation expense	5.4	4.9	5.1	4.7	20.1
Warrant MtM	0.7	(2.6)	1.3	(1.4)	(2.0)
Net loss - Non-GAAP	\$ (19.2)	\$ (16.4)	\$ (29.1)	\$ (25.5)	\$ (90.2)
Net cash (used in) provided by operating activities	\$ (5.6)	\$ 4.4	\$ 2.4	\$ 2.4	\$ 3.6
Purchases of PP&E	(9.6)	(10.4)	(13.4)	(8.9)	(42.3)
Free cash flow	\$ (15.3)	\$ (5.9)	\$ (11.0)	\$ (6.5)	\$ (38.7)
Free cash flow margin	(15) %	(5) %	(9) %	(4) %	(8) %
Pro forma basic and diluted EPS - GAAP	\$ (0.21)	\$ (0.16)	\$ (0.29)	\$ (0.24)	\$ (0.90)
Stock-based compensation expense	0.05	0.04	0.04	0.04	0.17
Warrant MtM	-	(0.02)	0.01	(0.01)	(0.02)
Pro forma basic and diluted EPS - Non-GAAP	\$ (0.16)	\$ (0.14)	\$ (0.24)	\$ (0.21)	\$ (0.75)



# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND KEY PERFORMANCE MEASURES—2016 CONTINUED

	Q1	Q2	Q3	Q4	FY 2016
<b>Billings</b>					
Revenue	\$ 100.5	\$ 116.4	\$ 126.0	\$ 160.5	\$ 503.4
Change in deferred revenue	27.7	27.0	33.5	46.1	134.4
<b>Total billings</b>	<b>\$ 128.3</b>	<b>\$ 143.4</b>	<b>\$ 159.5</b>	<b>\$ 206.6</b>	<b>\$ 637.8</b>
<b>Software and Support Billings</b>					
Software revenue	\$ 57.9	\$ 67.2	\$ 71.5	\$ 91.0	\$ 287.6
Hardware revenue	26.1	28.7	30.9	40.6	126.3
Support, entitlements and other services revenue	16.5	20.5	23.6	28.9	89.5
<b>Total revenue</b>	<b>\$ 100.5</b>	<b>\$ 116.4</b>	<b>\$ 126.0</b>	<b>\$ 160.5</b>	<b>\$ 503.4</b>
Total software and support revenue	\$ 74.4	\$ 87.7	\$ 95.1	\$ 119.9	\$ 377.1
Change in software and support deferred revenue	27.7	27.0	33.5	46.1	134.4
<b>Software and support billings</b>	<b>\$ 102.2</b>	<b>\$ 114.7</b>	<b>\$ 128.6</b>	<b>\$ 166.0</b>	<b>\$ 511.5</b>



# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND KEY PERFORMANCE MEASURES—2015

	Q1	Q2	Q3	Q4	FY 2015
Billings					
Revenue	\$ 46.0	\$ 56.8	\$ 64.5	\$ 74.1	\$ 241.4
Change in deferred revenue	14.7	14.2	17.6	20.6	67.1
Total billings	\$ 60.7	\$ 71.0	\$ 82.1	\$ 94.7	\$ 308.5
Net cash (used in) provided by operating activities	\$ (6.9)	\$ (7.7)	\$ (5.7)	\$ (5.4)	\$ (25.7)
Purchases of PP&E	(4.5)	(6.4)	(5.2)	(7.2)	(23.3)
Free cash flow	\$ (11.4)	\$ (14.1)	\$ (11.0)	\$ (12.6)	\$ (49.0)
Free cash flow margin	(25)%	(25) %	(17) %	(17) %	(20) %

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