

Q2 FY2025 Earnings

February 26, 2025

NUTANIX

Safe Harbor

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 presentation 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 and the related income tax impact, costs associated with our acquisitions (such as amortization of acquired intangible assets, income tax-related impact, and other acquisition-related costs), restructuring charges, litigation settlement accruals and legal fees related to certain litigation matters, the amortization and conversion of the debt discount and issuance costs related to convertible senior notes, interest expense related to convertible senior notes, inducement expense related to the repurchase of convertible senior notes, 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 (used in) 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 topline growth of our subscription business because it takes into account variability in term lengths. 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 (loss), operating margin, or net cash provided by (used in) 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 presentation 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 "GAAP to Non-GAAP Reconciliations," and not to rely on any single financial measure to evaluate our business. This presentation also includes the following forward-looking non-GAAP financial measures as part of our third quarter fiscal 2025 outlook and/or our fiscal 2025 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.

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Forward Looking Statements

This presentation contains express and implied forward-looking statements, including, but not limited to, statements regarding: our business momentum and prospects, including the strength of our platform, demand from businesses looking for a long-term partner committed to innovation and customer care, and go-to-market leverage from our partnerships; our focus on delivering sustainable, profitable growth; our third quarter fiscal 2025 outlook; and our fiscal 2025 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; any failure to successfully implement or realize the full benefits of, or unexpected difficulties or delays in successfully implementing or realizing the full benefits of, our business plans, strategies, initiatives, vision, objectives, momentum, prospects and outlook; 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, 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; 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 make share repurchases; and other risks detailed in our Annual Report on Form 10-K for the fiscal year ended July 31, 2024 filed with the U.S. Securities and Exchange Commission, or the SEC, on September 19, 2024 and our subsequent Quarterly Reports on form 10-Q filed with the SEC. Additional information will be set forth in our Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2025, which should be read in conjunction with this presentation 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 presentation 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.

Q2 FY2025 Company Highlights

Delivered Outperformance Across All Q2'25 Guided Metrics	Revenue of \$654.7 million was up 16% year-over-year and Non-GAAP Operating Margin of 24.6% increased 270 bps year-over-year.
Raised FY'25 Guidance	Raised all FY25 guided metrics, including Revenue, Non-GAAP Operating Margin and Free Cash Flow.
Strong New Logo Performance	New logo additions of 710 represented the 2 nd quarter in a row of 50%-plus year-over-year growth, with strength seen across all customer tiers and G2K.
Announced Findings of its Seventh Annual ECI Survey and Research Report	The Enterprise Cloud Index (ECI) revealed that Gen AI is changing organizations' priorities, with security and privacy being a primary concern.
Issued New Convertible Notes and Established New Revolving Credit Facility	Nutanix strengthened its balance sheet and increased its financial flexibility with the issuance of \$862.5 million of convertible senior notes and by establishing a \$500 million revolving credit facility.

Management Commentary

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During our second quarter we delivered outperformance across our guided metrics. Our results are benefiting from the strength of the Nutanix Cloud Platform, demand from businesses looking for a trusted long-term partner committed to innovation and customer care, and go-to-market leverage from our partnerships and programs.



Rajiv Ramaswami
President and Chief Executive Officer
Nutanix

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Our second quarter results included 19% year-over-year ARR growth and strong year-to-date free cash flow generation, reflecting our focus on delivering sustainable, profitable growth. We also recently strengthened our balance sheet and increased our financial flexibility with the issuance of convertible notes at attractive terms and by establishing a new revolving credit facility.



Rukmini Sivaraman
Chief Financial Officer
Nutanix



Note: See Appendix for definition of Annual Recurring Revenue (ARR). There is no GAAP measure that is comparable to ARR, so the Company has not reconciled ARR in this presentation to any GAAP measure.

Q2 FY2025 Financial Summary

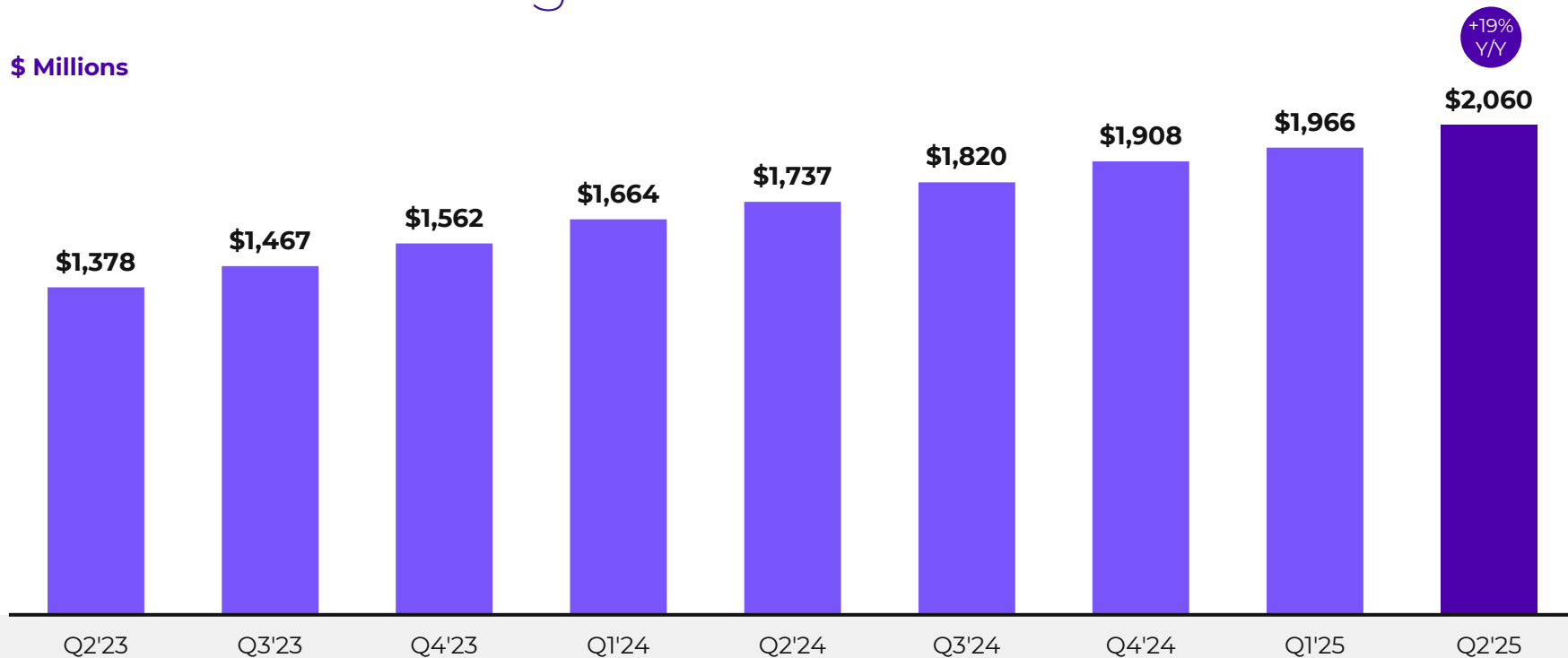
	Q2'25 Results	Y/Y Change	Q2'25 Guidance
Annual Recurring Revenue	\$2.06B	19%	N/A
Average Contract Duration	3.0 Years	0.2 Year	N/A
Revenue	\$654.7M	16%	\$635 – \$645M
Non-GAAP Gross Margin	88.3%	100 bps	N/A
Non-GAAP Operating Expenses	\$417.0M	13%	N/A
Non-GAAP Operating Income	\$161.3M	\$37.4M	N/A
Non-GAAP Operating Margin	24.6%	270 bps	20% to 21%
Non-GAAP Net Income per Share (Diluted)	\$0.56	\$0.10	N/A
Free Cash Flow	\$187.1M	\$24.5M	N/A



Note: See Appendix for GAAP to Non-GAAP reconciliations, as well as definitions of Annual Recurring Revenue (ARR) and Average Contract Duration. There is no GAAP measure that is comparable to ARR, so the Company has not reconciled ARR in this presentation to any GAAP measure.

Annual Recurring Revenue

\$ Millions

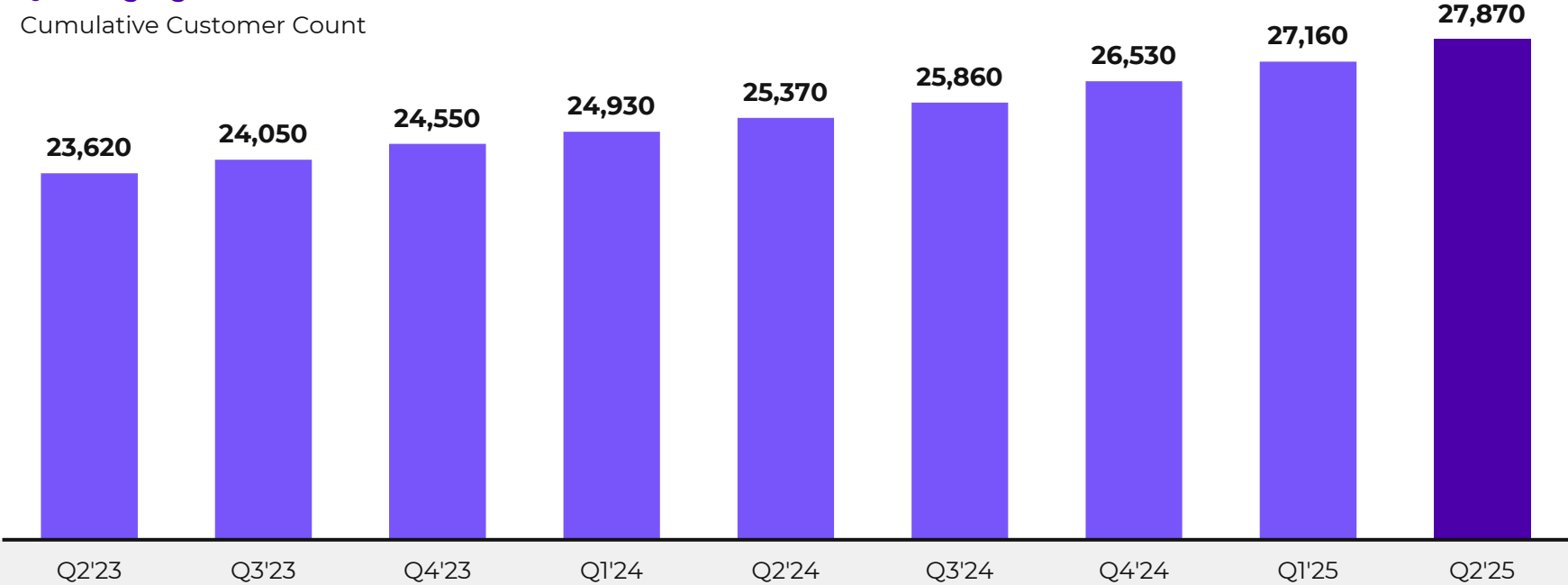


Note: See Appendix for definition of Annual Recurring Revenue (ARR). There is no GAAP measure that is comparable to ARR, so the Company has not reconciled ARR in this presentation to any GAAP measure.

Customer Growth

Q2'25 Highlights

Cumulative Customer Count



Note: The cumulative customer count reflects standard adjustments/consolidation to certain customer accounts within our system of record and is rounded to the nearest 10.

Q3'25 Financial Guidance

	Q3'25 Guidance
Revenue	\$620 – \$630M
Non-GAAP Operating Margin	17% to 18%
Weighted Average Shares Outstanding (Diluted) ⁽¹⁾	~296M

 1. Weighted average share count used in computing diluted non-GAAP net income per share.
Note: Q3'25 guidance is as of February 26, 2025.

FY'25 Financial Guidance

	FY'25 Guidance
Revenue	\$2.495 – \$2.515B
Non-GAAP Operating Margin	17.5% to 18.5%
Free Cash Flow	\$650 – \$700M

Guidance Commentary:

1. The updated guidance assumes continued strength in landing new logo customers onto the Company's platform, steady performance of the Company's expansion into its existing customer base, and continued good renewal performance.
2. The Company assumes aggregate contract duration for the full year to be more-or-less flat relative to last year.
3. As discussed in prior earnings calls, the Company expects to continue to increase its investment in Sales & Marketing and Research & Development in the second half of the fiscal year. These investments are directed towards addressing the Company's large market opportunity; and are expected to continue to ramp in Q3 and Q4.



Note: FY'25 guidance is as of February 26, 2025.

Appendix

Nutanix Reporting Model

Product Type	Product Mix	Contract Duration	Revenue Recognized
Subscription	Term-based Subscription	1, 3, or 5 Years	Upfront
	SaaS Subscription	Monthly up to 5 Years	Ratable
	Support and Entitlements	1, 3, or 5 Years	Ratable
Professional Services	Professional Services for All Nutanix Offerings	Various	As Performed
Other Non-Subscription Product			
Non-Portable Software	Software License Attached to Appliance	Life of the Device (LoD)	Upfront
Pass-Through Hardware	Pass-Through Hardware Cost	N/A	Upfront

Definitions

Annual Recurring Revenue, or ARR, for any given period, is defined as the sum of ACV for all subscription contracts in effect as of the end of a specific period. For the purposes of this calculation, we assume that the contract term begins on the date a contract is booked, unless the terms of such contract prevent us from fulfilling our obligations until a later period, and irrespective of the periods in which we would recognize revenue for such contract. Excludes all life-of-device contracts. **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. Excludes amounts related to professional services and hardware.

Note: ARR is a performance measure that the Company believes provides useful information to its management and investors as it allows the Company to better track the topline growth of its subscription business because it takes into account variability in term lengths. There is no GAAP measure that is comparable to ARR, so the Company has not reconciled ARR in this presentation to any GAAP measure.

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.

Net Retention Rate, or NRR is calculated by dividing ARR at the end of the period by the ARR of the same group of customers at the beginning of that 12-month period.

GAAP to Non-GAAP Reconciliations

	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25
Gross Margin (GAAP)	85.6%	84.8%	85.2%	86.0%	87.0%
Stock-Based Compensation Expense	1.6	1.6	1.6	1.4	1.2
Amortization of Intangible Assets	0.1	0.1	0.1	0.1	0.1
Gross Margin (Non-GAAP)	87.3%	86.5%	86.9%	87.5%	88.3%
Operating Expenses (GAAP)	\$446.6	\$456.5	\$479.2	\$481.0	\$504.0
Stock-Based Compensation Expense	(77.1)	(74.3)	(73.4)	(80.7)	(85.3)
Amortization of Intangible Assets	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Restructuring Charges	0.2	–	–	–	–
Litigation-Related Costs	–	(1.7)	(0.2)	(1.3)	(1.6)
Other	(0.2)	–	–	–	–
Operating Expenses (Non-GAAP)	\$369.4	\$380.4	\$405.5	\$398.9	\$417.0
Income (Loss) from Operations (GAAP)	\$37.1	\$(11.5)	\$(12.2)	\$27.3	\$65.4
Stock-Based Compensation Expense	86.0	82.3	81.6	88.7	93.4
Amortization of Intangible Assets	0.8	0.8	0.9	0.9	0.9
Restructuring Charges	(0.2)	–	–	–	–
Litigation-Related Costs	–	1.7	0.2	1.3	1.6
Other	0.2	–	–	–	–
Income from Operations (Non-GAAP)	\$123.9	\$73.3	\$70.5	\$118.2	\$161.3



Note: All amounts in millions, except percentages.

GAAP to Non-GAAP Reconciliations

	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25
Net Income (Loss) (GAAP)	\$32.8	\$(15.6)	\$(126.1)	\$29.9	\$56.4
Stock-Based Compensation Expense	86.0	82.3	81.6	88.7	93.4
Amortization of Intangible Assets	0.8	0.8	0.9	0.9	0.9
Restructuring Charges	(0.2)	–	–	–	–
Litigation-Related Costs	–	1.7	0.2	1.3	1.6
Amortization and Conversion of Debt Discount and Issuance Costs	16.6	16.9	119.5	0.8	1.7
Inducement Expense	–	–	–	–	11.3
Other	0.1	(0.1)	(0.2)	(0.1)	–
Income Tax-Related Adjustments	0.2	(0.8)	(0.2)	0.3	(0.2)
Net Income (Non-GAAP)	\$136.3	\$85.2	\$75.7	\$121.8	\$165.1
Net Cash Provided by Operating Activities	\$186.4	\$96.3	\$244.7	\$161.7	\$221.7
Purchases of Property and Equipment	(23.8)	(18.0)	(20.4)	(9.8)	(34.6)
Free Cash Flow (Non-GAAP)	\$162.6	\$78.3	\$224.3	\$151.9	\$187.1

	Q2'24	Q2'25
Weighted Average Shares Outstanding (Basic)	244M	267M
Weighted Average Shares Outstanding (Diluted)	299M	293M

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Thank You