

Q4 FY2023 Earnings

August 31, 2023

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, non-GAAP net income per share (diluted), free cash flow, Annual Contract Value Billings (or ACV Billings), Annual Recurring Revenue (or ARR), and Average Contract Term. 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), costs related to the impairment and early exit of operating lease-related assets, restructuring charges, litigation settlement accruals and legal fees related to certain litigation matters, the change in fair value of the derivative liability, the amortization of the debt discount and issuance costs, interest expense related to convertible senior notes, loss on debt extinguishment, gains on divestitures, and other non-recurring transactions and the related tax impact. Non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP operating margin, and non-GAAP net income per share (diluted) 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 necessary capital expenditures, and we define free cash flow as net cash provided by (used in) operating activities less purchases of property and equipment. ACV Billings 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 business during our transition to a subscription-based business model because it takes into account variability in term lengths. 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, non-GAAP net income per share (diluted), and free cash flow are not substitutes for gross margin, operating expenses, operating income or loss, operating margin, net income or loss per share, or net cash provided by (used in) operating activities, respectively. There is no GAAP measure that is comparable to ACV Billings, ARR, or Average Contract Term, so we have not reconciled the ACV Billings, ARR, or Average Contract Term 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 set forth in the tables captioned "GAAP to Non-GAAP Reconciliations" included in the appendix hereto, 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 Q1'24 financial guidance and/or our FY'24 financial guidance: non-GAAP gross margin, 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 and the accompanying oral commentary contain express and implied forward-looking statements, including, but not limited to, statements regarding: our business plans, strategies, initiatives, vision, objectives, and outlook (including our growth plan) as well as our ability to execute thereon successfully and in a timely manner and the benefits and impact thereof on our business, operations, and financial results (including our first quarter fiscal 2024 outlook, our fiscal 2024 outlook, and our plans for share repurchases); the impact of our transition to a subscription-based business model, our ability to manage, complete or realize the benefits of such transition successfully and in a timely manner, and the short-term and long-term impacts of such transition on our business, operations and financial results; the competitive market, including our competitive position and ability to compete effectively, the competitive advantages of our products, our projections about our market share and opportunity, and the effects of increased competition in our market; our ability to attract new end customers and retain and grow sales from our existing end customers; our customer needs and our response to those needs; our ability to form new, and maintain and strengthen existing, strategic alliances and partnerships and address macroeconomic supply chain shortages, including our relationships with our channel partners and original equipment manufacturers, and the impact of any changes to such relationships on our business, operations and financial results; the benefits and capabilities of our platform, solutions, products, services and technology, including the interoperability and availability of our solutions with and on third-party platforms; our plans and expectations regarding new solutions, products, services, product features and technology, including those that are still under development or in process; our plans regarding, and the timing and success of, our customer, partner, industry, analyst, investor and employee events and the impact thereof on our business, operations, and financial results; and our decision to use new or different metrics, or to make adjustments to the metrics we use, to supplement our financial reporting, and the impact thereof.

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: 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, and objectives; our ability to achieve, sustain and/or manage future growth effectively; delays or unexpected accelerations in our current and future business model transitions; our ability to resolve the third-party software usage matter within estimates; our ability to remediate the previously disclosed material weakness; matters arising out of the previously disclosed completed Audit Committee investigation (including litigation and regulatory risks); 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, including supply chain issues; 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, including changes as a result of our transition to a subscription-based business model, 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, attrition among sales representatives or other employees; issues related to strategic alliances and partnerships; our ability to make share repurchases, including the possibility that the share repurchase program may be suspended or discontinued; and other risks detailed in our Annual Report on Form 10-K for the fiscal year ended July 31, 2022 filed with the U.S. Securities and Exchange Commission, or the SEC, on September 21, 2022, our Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2022 filed with the SEC on December 7, 2022, our Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2023 filed with the SEC on May 24, 2023, and our Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2023 filed with the SEC on June 2, 2023. Additional information will also be set forth in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023, 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.

Q4 FY2023 Company Highlights

Delivers Outperformance Across All Fiscal Q4'23 Guided Metrics

ACV Billings of \$279 million were up 44% year-over-year and revenue of \$494 million was up 28% year-over-year.

Nutanix Simplifies Customer Adoption of Generative AI with New Nutanix GPT-in-a-Box

Announced Nutanix GPT-in-a-Box, a solution allowing customers to easily size, configure, and purchase AI-ready infrastructure to fine-tune and run generative pre-trained transformers and large language models.

Partnership with Cisco to Simplify Hybrid Multicloud and Fuel Business Transformation

Announced Global Strategic Partnership with Cisco to accelerate customers' hybrid multicloud adoption, foster innovation, and provide seamless customer experience.

Board of Directors Authorizes Share Repurchase

Nutanix Board of Directors authorized the repurchase of up to \$350 million of Nutanix shares.

Mark Templeton Appointed to Board of Directors

Announced the appointment of Mark Templeton, an experienced technology leader with deep industry expertise, to the Board of Directors.



Note: See Appendix for definitions of ACV Billings and ACV. There is no GAAP measure that is comparable to ACV Billings, so the Company has not reconciled ACV Billings in this presentation to any GAAP measure.

Management Commentary

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Our fourth quarter capped off a fiscal year that showed healthy year-over-year top line growth and sharp year-over-year improvements in profitability and free cash flow. Our consistent execution over the course of the year against an uncertain macro backdrop is a testament to the benefits of our subscription model, as well as the value our customers see in the Nutanix Cloud Platform as they look to modernize their IT footprints and implement hybrid multicloud operating models.



Rajiv Ramaswami

President and Chief Executive Officer
Nutanix

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Our fiscal year 2023 results demonstrated a good balance of growth and profitability and further strengthened our balance sheet. In conjunction with our earnings release, we're pleased to announce that our Board of Directors has authorized the repurchase of up to \$350 million of our stock, which we see as a reflection of confidence in the Company's long-term market opportunity and financial outlook.



Rukmini Sivaraman

Chief Financial Officer
Nutanix

Q4 FY2023 Financial Summary

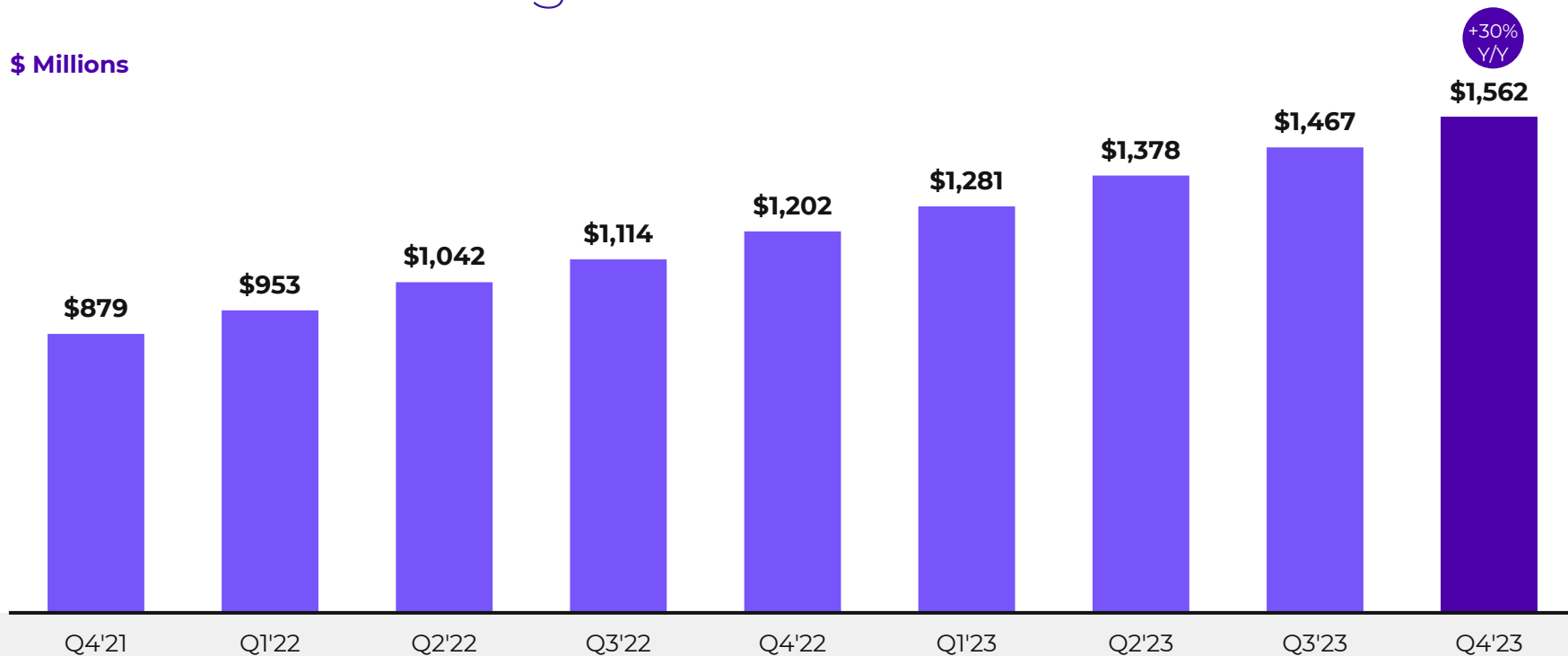
	Q4'23 Results	Y/Y Change	Q4'23 Guidance
ACV Billings	\$278.7M	44%	\$240-\$250M
Annual Recurring Revenue	\$1.56B	30%	N/A
Average Contract Term	3.0 Years	(0.2) Years	N/A
Revenue ⁽¹⁾	\$494.2M	28%	\$470-\$480M
Non-GAAP Gross Margin	85.8%	320 bps	~84%
Non-GAAP Operating Expenses	\$360.6M	1%	N/A
Non-GAAP Operating Income	\$63.6M	\$101.4M	N/A
Non-GAAP Operating Margin	12.9%	22.7% pts	9 – 10%
Non-GAAP Net Income per Share (Diluted)	\$0.24	\$0.41	N/A
Free Cash Flow	\$45.5M	\$22.3M	N/A

See endnote 1 in the Appendix.

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

Annual Recurring Revenue

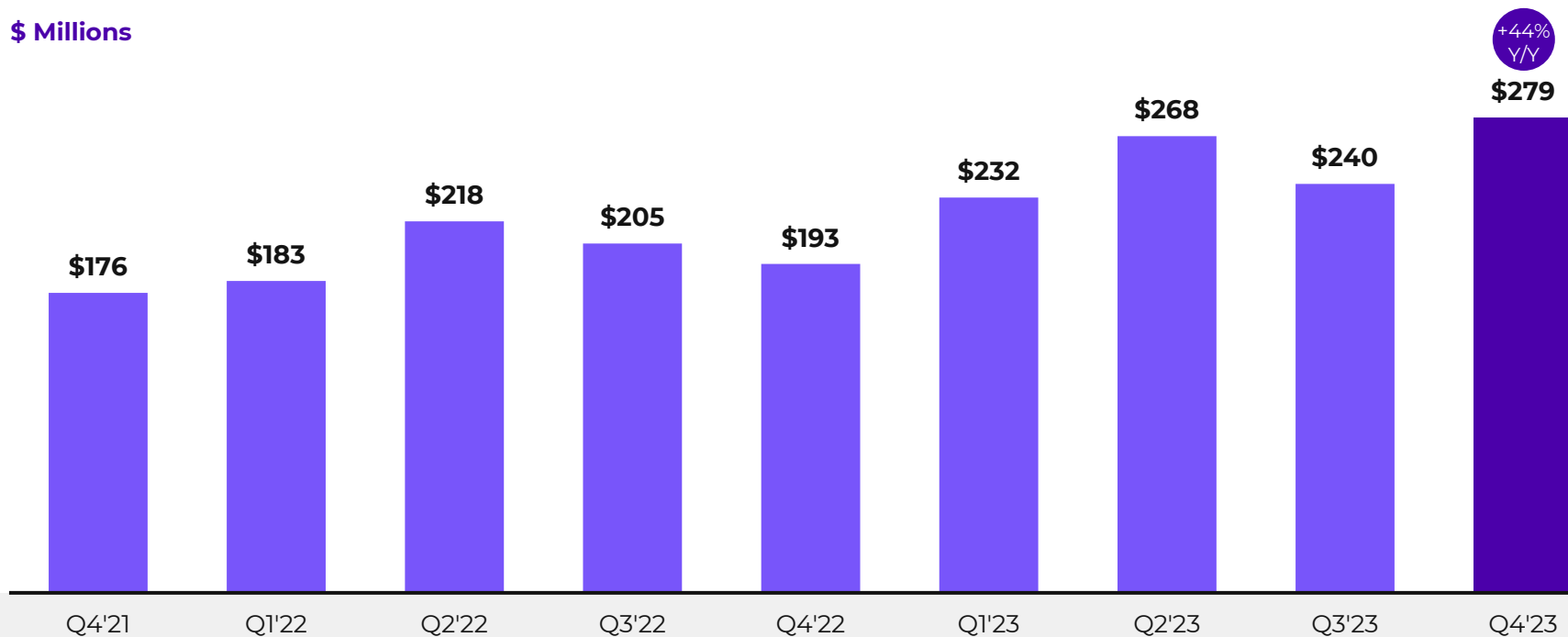
\$ Millions



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

ACV Billings

\$ Millions

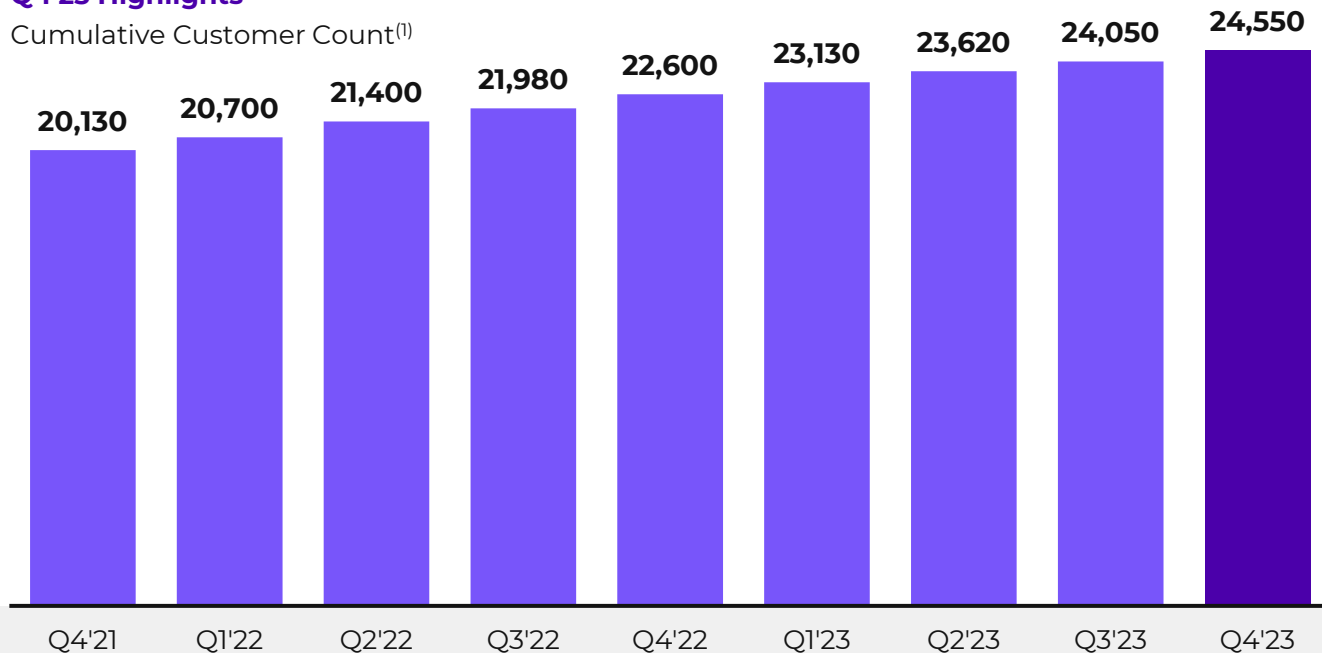


Note: ACV Billings exclude amounts related to professional services and hardware. See Appendix for definition of ACV Billings. There is no GAAP measure that is comparable to ACV Billings, so the Company has not reconciled ACV Billings in this presentation to any GAAP measure.

Customer Growth

Q4'23 Highlights

Cumulative Customer Count⁽¹⁾



9%

Total Customers
Y/Y Growth

25.8⁽²⁾

G2K Lifetime ACV Repeat
Purchase Multiple

91 NPS

7-Year Average

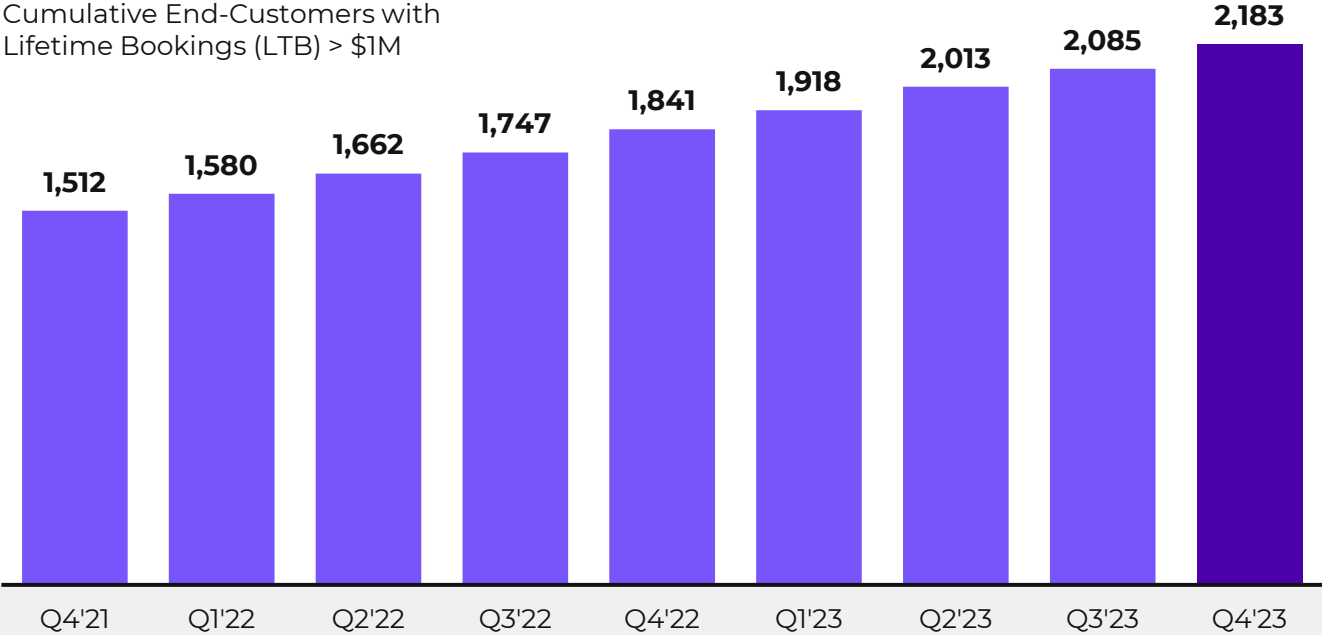
1. The cumulative customer count reflects standard adjustments/consolidation to certain customer accounts within our system of record and is rounded to the nearest 10.

2. See endnote 2 in the Appendix. See Appendix for definition of ACV. There is no GAAP measure that is comparable to ACV so the Company has not reconciled the ACV numbers in this presentation to any GAAP measure.

Over \$1M Customer Growth

Q4'23 Highlights

Cumulative End-Customers with Lifetime Bookings (LTB) > \$1M



1,498 Customers \$1-\$3M in LTB	+17% Y/Y
326 Customers \$3-\$5M in LTB	+20% Y/Y
217 Customers \$5-\$10M in LTB	+22% Y/Y
142 Customers >\$10M in LTB	+29% Y/Y

Q1'24 Financial Guidance

	Q1'24 Guidance
ACV Billings	\$260 – \$270M
Revenue	\$495 – \$505M
Non-GAAP Gross Margin	~84%
Non-GAAP Operating Margin	9% to 11%
Weighted Average Shares Outstanding (Diluted)	~290M

Note: Q1'24 guidance is as of August 31, 2023. See Appendix for definition of ACV Billings. There is no GAAP measure that is comparable to ACV Billings, so the Company has not reconciled ACV Billings in this presentation to any GAAP measure. We are unable to reconcile 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.

FY'24 Financial Guidance

	FY'24 Guidance
ACV Billings	\$1.075 – \$1.095B
Revenue	\$2.085 – \$2.115B
Non-GAAP Gross Margin	~84%
Non-GAAP Operating Margin	11% to 12%
Free Cash Flow	\$280 – \$300M

Modeling Assumptions:

1. The Company is seeing continued new and expansion opportunities for its solutions despite the uncertain macro environment. However, as mentioned previously, the Company has seen a modest elongation of sales cycles. The Company's FY'24 new and expansion ACV performance outlook assumes some impact from these macro dynamics.
2. The guidance assumes that the Company's renewals business continues to perform well. While the available-to-renew ("ATR"), continues to grow year-over-year, it is growing at a slower pace in FY'24 but is expected to re-accelerate in FY'25.
3. The full-year guidance assumes that contract durations would decrease slightly compared to FY'23.
4. Regarding bottom-line guidance, the Company continues making targeted and prudent investments into its go-to-market and innovation engine to continue to invest in growth, while growing its profitability and free cash flow margins year-over-year.

Note: FY'24 guidance is as of August 31, 2023. See Appendix for definition of ACV Billings. There is no GAAP measure that is comparable to ACV Billings, so the Company has not reconciled ACV Billings in this presentation to any GAAP measure. We are unable to reconcile 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.

Appendix

Nutanix Reporting Model

Product Type	Product Mix	Term	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
Non-Portable Software	Software License Attached to Appliance	Life of the Device (LoD)	Upfront
Professional Services	Professional Services for All Nutanix Offerings	Various	As Performed
Pass-Through Hardware	Pass-Through Hardware Cost	N/A	Upfront

Endnote and Definitions

Endnote

1. Revenue was negatively impacted by a year-over-year decline in the average contract term, including as a result of Nutanix's transition to a subscription-based business model.
2. G2K lifetime ACV repeat purchase multiple is defined as ACV of total lifetime purchase divided by ACV of initial purchase, for G2K customers that have been customers for over 18 months. G2K customers are customers who are listed on the Global 2000 list as reported and updated annually by Forbes.

Definitions

ACV Billings, for any given period, is defined as the sum of the ACV for all contracts billed during the given period. **Annual Contract Value**, or **ACV**, is defined as the total annualized value of a contract, excluding amounts related to professional services and hardware. 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, using, where applicable, an assumed term of five years for contracts that do not have a specified term.

Annual Recurring Revenue, or **ARR**, for any given period, is defined as the sum of ACV for all non life-of-device 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.

Average Contract Term, represents the dollar-weighted term, calculated on a billing's basis, across all subscription and life-of-device contracts, using an assumed term of five years for life-of-device licenses, executed in the period.

Note: ACV and ACV Billings are performance measures that the Company believes provides useful information to its management and investors as they allow the Company to better track the topline growth of its business during its transition to a subscription-based business model because it takes into account variability in term lengths. 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 ACV, ACV Billings, or ARR so the Company has not reconciled the ACV, ACV Billings, or ARR numbers included in this presentation to any GAAP measure.

GAAP to Non-GAAP Reconciliations

	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
Gross Margin (GAAP)	79.3%	81.0%	82.2%	81.6%	83.7%
Stock-Based Compensation Expense	2.4	1.7	2.1	1.9	1.7
Amortization of Intangible Assets	0.9	0.7	0.5	0.5	0.4
Gross Margin (Non-GAAP)	82.6%	83.4%	84.8%	84.0%	85.8%
Operating Expenses (GAAP)	\$(439.4)	\$(431.8)	\$(456.2)	\$(424.8)	\$(425.1)
Stock-Based Compensation Expense	(71.0)	(73.5)	(75.0)	(64.5)	(64.2)
Amortization of Intangible Assets	(0.7)	(0.3)	(0.2)	(0.2)	(0.1)
Early Exit of Leased-Related Assets	(0.6)	(0.9)	(0.8)	–	–
Restructuring Charges	(11.0)	(5.6)	0.5	–	–
Litigation settlement accrual and legal fees	–	–	(38.2)	(0.3)	(0.2)
Operating Expenses (Non-GAAP)	\$(356.1)	\$(351.5)	\$(342.5)	\$(359.8)	\$(360.6)
Loss from Operations (GAAP)	\$(133.8)	\$(80.7)	\$(56.5)	\$(58.6)	\$(11.4)
Stock-Based Compensation Expense	80.1	81.0	85.3	72.9	72.6
Amortization of Intangible Assets	4.1	3.1	2.7	2.6	2.2
Early Exit of Lease-Related Assets	0.6	0.9	0.8	–	–
Restructuring Charges	11.2	5.9	(0.5)	–	–
Litigation settlement accrual and legal fees	–	–	38.2	0.3	0.2
(Loss) Income from Operations (Non-GAAP)	\$(37.8)	\$10.2	\$70.0	\$17.2	\$63.6

Note: All amounts in millions, except percentages.



GAAP to Non-GAAP Reconciliations

	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
Net Loss (GAAP)	\$(151.3)	\$(99.5)	\$(70.8)	\$(71.0)	\$(13.3)
Stock-Based Compensation Expense	80.1	81.0	85.3	72.9	72.6
Amortization of Intangible Assets	4.1	3.1	2.7	2.6	2.2
Early Exit of Leased-Related Assets	0.6	0.9	0.8	–	–
Restructuring Charges	11.2	5.9	(0.5)	–	–
Litigation Settlement Accrual & Legal Fees	–	–	38.2	0.3	0.2
Amortization of Debt Discount & Issuance Costs	15.5	15.7	15.9	16.2	16.3
Gain on Frame Divestiture	–	–	–	–	(11.0)
Income Tax-Related Adjustments	1.0	0.5	0.5	0.7	0.5
Net (Loss) Income (Non-GAAP)	\$(38.8)	\$7.6	\$72.1	\$21.7	\$67.5
Net Cash Provided by (Used in) Operating Activities	\$38.0	\$66.5	\$74.1	\$74.5	\$58.3
Purchase of Property and Equipment	(14.8)	(19.7)	(11.1)	(21.8)	(12.8)
Free Cash Flow (Non-GAAP)	\$23.2	\$45.8	\$63.0	\$52.7	\$45.5

	Q4'22	Q4'23
Weighted Shares Outstanding (Basic)	225M	238M
Weighted Shares Outstanding (Diluted)	225M	286M

Note: All amounts in millions, except percentages.



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Thank You