UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended July 31, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to

Commission File Number: 001-37883

NUTANIX, INC.
(Exact name of registrant as specified in its charter)

Delaware	**27-0989767**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1740 Technology Drive, Suite 150

San Jose, CA 95110

(Address of principal executive offices, including zip code)

(408) 216-8360

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A Common Stock, $0.000025 par value per share	NTNX	Nasdaq Global Select Market

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of January 31, 2022 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately $6.0 billion, based upon the closing sale price of such stock on the Nasdaq Global Select Market. The registrant has no non-voting common equity.

As of August 31, 2022, the registrant had 227,032,085 shares of Class A common stock, $0.000025 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

As noted herein, certain information called for by Parts II and III is incorporated by reference to specified portions of the registrant's definitive proxy statement to be filed in conjunction with the registrant's 2022 annual meeting of stockholders, which is expected to be filed not later than 120 days after the registrant's fiscal year ended July 31, 2022.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains express and implied forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which statements involve substantial risks and uncertainties. Other than statements of historical fact, all statements contained in this Annual Report on Form 10-K including statements regarding our future results of operations and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "potentially," "estimate," "continue," "anticipate," "plan," "intend," "could," "would," "expect," or words or expressions of similar substance or the negative thereof, that convey uncertainty of future events or outcomes are intended to identify forward-looking statements. Forward-looking statements included in this Annual Report on Form 10-K include, but are not limited to, statements regarding:

- our future billings, revenue, cost of revenue and operating expenses, as well as changes in the cost of product revenue, component costs, contract terms, product gross margins and support, entitlements and other services revenue and changes in research and development, sales and marketing and general and administrative expenses;
- our business plans, strategies, initiatives, objectives and outlook, as well as our ability to execute such plans, strategies, initiatives and objectives successfully and in a timely manner, and the benefits and impact of such plans, initiatives and objectives on our business, operations, and financial results, including any impact on our revenue and product mix, average contract term lengths and discounting behavior;
- our plans for, and the timing of, any current and future business model transitions, including our ongoing transition to a subscription-based business model, our ability to manage, complete or realize the benefits of such transitions successfully and in a timely manner, and the short-term and long-term impacts of such transitions on our business, operations and financial results;
- the timing, evolution and potential impact of the COVID-19 pandemic on the global market environment and the IT industry, as well as on our business, operations and financial results, including changes we have made or anticipate making in response to the COVID-19 pandemic, our ability to manage our business during the pandemic, and the position we anticipate being in following the pandemic;
- 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 growth strategy, our ability to effectively achieve and manage our growth, and the amount, timing and impact of any investments to grow our business, including any plans to increase or decrease investments in our global engineering, research and development and sales and/or marketing teams;
- our go-to-market strategy and the impact of any adjustments thereto, including any adjustments to our go-to-market cost structure, in particular, our sales compensation structure, and our plans regarding pricing and packaging of our product portfolio;
- the success and impact of our customer, partner, industry, analyst, investor and employee events on our business, including on future pipeline generation;
- the impact of our decision to use new or different metrics, or to make adjustments to the metrics we use, to supplement our financial reporting;
- our reliance on key personnel;

- anticipated trends, growth rates and challenges in our business and in the markets in which we operate, including the segmentation and productivity of our sales team;
- market acceptance of new technology and recently introduced solutions;
- our ability to increase sales of our solutions, particularly to large enterprise customers;
- our ability to attract new end customers and retain and grow sales from our existing end customers;
- our ability to 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 to develop any new strategic alliances and partnerships, and the impact of any changes to such relationships on our business, operations and financial results;
- the effects of seasonal trends on our results of operations;
- our expectations concerning relationships with third parties, including our ability to compress and stabilize sales cycles;
- our ability to maintain, protect and enhance our intellectual property;
- our exposure to and ability to guard against cyber attacks and other actual or perceived security breaches;
- our ability to continue to grow our business internationally;
- the competitive market, including our ability to compete effectively, the competitive advantages of our products, and the effects of increased competition in our market;
- anticipated capital expenditures;
- future acquisitions or investments in complementary companies, products, services or technologies and the ability to successfully integrate completed acquisitions;
- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in the United States and internationally, including recent changes in global tax laws;
- macroeconomic, geopolitical, and industry trends and environment, projected growth or trend analysis;
- the impact of events that may be outside of our control, such as political and social unrest, terrorist attacks, hostilities, war, malicious human acts, climate change, natural disasters (including extreme weather), pandemics or other major public health concerns, and other similar events;
- our ability to attract and retain qualified employees and key personnel; and
- the sufficiency of cash balances to meet cash needs for at least the next 12 months.

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs in light of the information currently available to us. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in Part I, Item 1A. "Risk Factors" in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment and new risks emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and trends discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or events and circumstances reflected in the forward-looking statements will be achieved or will occur. The forward-looking statements in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation, and expressly disclaim any obligation, to update, alter or otherwise revise or publicly release the results of any revision to these forward-looking statements to reflect new information or the occurrence of unanticipated or subsequent events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements.

PART I

ITEM 1. Business

Overview

Nutanix, Inc. ("we," "us," "our" or "Nutanix") provides a leading enterprise cloud platform, which we call the Nutanix Cloud Platform, that consists of software solutions and cloud services that power our customers' enterprise infrastructure. Our solutions deliver a consistent cloud operating model across edge, private-, hybrid- and multicloud environments for all applications and their data. Our solutions allow organizations to simply move their workloads, including enterprise applications, high-performance databases, end-user computing and virtual desktop infrastructure ("VDI") services, container-based modern applications, and analytics applications, between on-premises and public clouds. Our goal is to provide a single, simple, open software platform for all hybrid and multicloud applications and their data.

Founded in 2009, we pioneered the hyperconverged infrastructure ("HCI") category, initially combining the disparate IT silos of compute, storage and networking into a single on-premises product which offered simplicity, lower total cost of ownership, scalability and customer choice. We continued to innovate and developed Acropolis Hypervisor ("AHV") - our native hypervisor designed to run all virtualized applications. To give our customers even more choice, we engineered our software solutions to run on a variety of server platforms, decoupling our software from our Nutanix-branded hardware appliances and powering a variety of on-premises private cloud deployments; a significant step in our transition from a hardware to a software company. That transition has continued with the adoption of "cloud" as a mainstream IT paradigm, which has motivated IT professionals to move toward hybrid cloud architectures that allow businesses to simultaneously utilize a private cloud powered by Nutanix software, along with third-party public cloud infrastructures for maximum flexibility. We continue to transform our software solutions into a comprehensive enterprise cloud platform, based on web-scale engineering principles and with a focus on automation and operational simplicity, which allows our customers to power nearly any scale IT deployment. Although today our customers primarily use our enterprise cloud platform to power their on-premises private cloud deployments, our solutions also simplify the complexities of multicloud environments with a single management console for automation, cost governance and compliance. The end result will be an enterprise cloud platform that empowers our customers to unify operations, infrastructure and data services from the edge, to private cloud and public clouds, allowing IT to choose the right cloud for each application.

To provide our customers with the freedom to choose the best consumption model based on their specific business needs, we have also continued to reshape our licensing by moving toward a subscription-based business model. A subscription-based business model means one in which our products, including associated support and entitlement arrangements, are sold with a defined term. For more information, see the section titled "Components of Our Results of Operations" included in Part II, Item 7, as well as Note 2 of Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K. Furthermore, as part of our transition to a subscription-based business model, we have transitioned to a sales compensation structure that is based on Annual Contract Value ("ACV"). These transitions have caused, and will continue to cause, our traditional life-of-device licensing models to become increasingly replaced by term-based licenses, portable across hybrid- and multicloud deployments. We believe that these transitions – from hardware to software solutions, and from life-of-device to subscription models – will contribute to our long-term growth. In fiscal 2022, our subscription billings increased to 92% of total billings, up 3 percentage points from fiscal 2021, and our subscription revenue reached $1.4 billion, representing a year-over-year increase of 15%. In fiscal 2022, ACV billings was $756.3 million, representing a year-over-year increase of 27%.

The Nutanix Cloud Platform

Leveraging the foundation of our core HCI technology, the Nutanix Cloud Platform delivers a rich set of products, solutions and services to enable our customers to simply manage their private cloud and, increasingly, their public and hybrid multicloud environments. All of our offerings are supported by a unified control plane, unified Application Programming Interfaces ("APIs"), security, and lifecycle management. The Nutanix Cloud Platform is available in private cloud deployment, and is increasingly available on public cloud, through managed service providers and telcos, and in the future, as-a-Service.

In 2022, we updated our pricing and packaging to simplify our product portfolio and streamline the products and offerings that we have developed over the years. The description of our products and offerings below are based on our new simplified product portfolio, but will also refer, in parentheses, to the product names that we have used in the past.

Nutanix Cloud Infrastructure (NCI) – Our offerings in hybrid cloud infrastructure combine our core HCI software stack (AOS) and our native, enterprise-grade hypervisor (AHV), and also add in support for virtual networking, disaster recovery, network and data security and Kubernetes container runtime.

AOS. AOS converges virtualization, storage, and networking services into a turnkey solution. AOS supports major hypervisors, including our native AHV and VMware ESXi and uses software running across a scale-out cluster of servers to deliver advanced storage capabilities to all workloads running on the compute cluster. Building on a distributed data fabric, AOS enables robust enterprise storage services across multiple storage protocols. Storage capabilities include snapshots and cloning, performance acceleration capabilities, such as data locality and all flash optimizations, storage optimization, such as deduplication, compression and erasure coding, data protection and disaster recovery features, and data security with software based data encryption. Our disaster recovery solutions include long distance data replication between multiple sites, advanced failover orchestration capabilities and support for metro high availability configurations, zero loss synchronous replication and snapshot based disaster recovery over any distance.

AHV. AHV is a native, enterprise-grade virtualization solution that is included with our enterprise cloud platform with no additional software components to license, install or manage. AHV is built upon a widely-used open source hypervisor technology, known as KVM and extends its base functionality to include additional features for storage performance and workload management such as virtual machine high availability and live migration. AHV also includes such features as flexible migrations, automated workload placement, security hardening, network virtualization, data protection and disaster recovery and rich analytics.

Flow Virtual Networking and Flow Network Security. Flow provides services to visualize the network, automate common network operations, build virtual private networks, and integrate with various third-party networking and security products. We supplement the networking capabilities of AOS with application-centric firewall services based on advanced microsegmentation technology (Flow Network Security) that protect applications against internal and external threats.

Nutanix Kubernetes Engine (previously known as Karbon). Our cloud infrastructure stack also provides for automated deployment and management of Kubernetes clusters to simplify the provisioning, operations and lifecycle management of cloud-native environments, containerized applications and microservices.

Nutanix Cloud Clusters (NC2). In addition, we provide full automation to deploy our cloud infrastructure stack in public cloud environments like Amazon Web Services ("AWS") bare-metal (currently generally available) and Microsoft Azure (currently in public preview and expected to become generally available in the future) as NC2. NC2 provides ultimate flexibility for customers as just another deployment model for their NCI licenses, allowing them to take advantage of the elasticity of public cloud resources while maintaining the same operating model they have been accustomed to on premises. Elastic disaster recovery, cloud bursting, site consolidation and cloud migration are typical NC2 use cases.

Nutanix Cloud Management (NCM) – Our offerings in cloud management combine intelligent operations, self-service for infrastructure and applications, multicloud governance and security. Our offerings in cloud management include our control plane providing management and analytics across the Nutanix Cloud Platform, which delivers integrated management, capacity planning, robust operational analytics, automated remediation, self-service capabilities and one-click administration (previously known as Prism Pro/Ultimate). We also provide cloud governance (previously known as Nutanix Beam) as well as automation services that streamline application lifecycle management, provide self-service provisioning for infrastructure and applications, and deliver powerful multicloud orchestration (previously known as Nutanix Calm).

Nutanix Unified Storage (NUS) – Our Unified Storage product offering includes scale-out storage services that consolidate management of structured and unstructured data. Nutanix customers can simplify storage operations, while delivering enterprise-grade NFS and SMB files services (Nutanix Files), as well as S3-compatible object services (Nutanix Objects), at nearly any scale. NUS can be enabled on a Nutanix HCI cluster next to virtualized workloads or can be deployed as a dedicated cluster, as a full replacement for traditional network files and object storage appliances. In addition to the scale and performance of NUS, we further differentiate NUS with the same focus on simplicity and user experience that Nutanix is known for, as well as with complementary data security governance offerings such as Nutanix Data Lens.

Nutanix Database Service (NDB) – We also provide automated database management to simplify database administration and to efficiently manage database copies that proliferate in most IT environments (previously known as Nutanix Era). NDB supports a variety of databases, both proprietary and open source, and can run both in the private datacenter and in public clouds through Nutanix Cloud Clusters.

Desktop-as-a-Service – Our Desktop-as-a-Service product offering provides a rich set of end-user computing ("EUC") services that can reduce the cost of delivering virtualized desktops and applications, while improving performance and scalability. Services include virtualization, file storage, security and networking for traditional VDI environments. We also provide desktop-as-a-service (Nutanix Frame) to deliver virtual apps or desktops to users from multiple public cloud environments and/or an enterprises private cloud data center, which can be easily accessed from any browser.

Delivery of Our Solutions

The Nutanix Cloud Platform can be deployed on-premises at the edge or in data centers, running on a variety of qualified hardware platforms, in popular public cloud environments such as AWS (currently generally available) and Microsoft Azure (currently in public preview and expected to become generally available in the future) through Nutanix Cloud Clusters, or, in the case of our cloud-based software and software-as-a-service ("SaaS") offerings, via hosted service. Non-portable software licenses for our platform are delivered or sold alongside configured-to-order appliances, with a license term equal to the life of the associated appliance. Our subscription term-based licenses are sold separately, or can also be sold alongside configured-to-order appliances. Our subscription term-based licenses typically have terms ranging from one to five years. Our cloud-based SaaS subscriptions have terms extending up to five years. Configured-to-order appliances, including our Nutanix-branded NX hardware line, can be purchased from one of our channel partners, original equipment manufacturers ("OEMs") or, in limited cases, directly from Nutanix.

Our enterprise cloud platform typically includes one or more years of support and entitlements, which provides customers with the right to software upgrades and enhancements as well as technical support. Purchases of term-based licenses and SaaS subscriptions have support and entitlements included within the subscription fees and are not sold separately. Purchases of non-portable software are typically accompanied by the purchase of separate support and entitlements.

Our Partners

We have established relationships with channel, OEM, ecosystem and cloud partners, all of which help to drive the adoption and sale of our solutions with our end customers. Our solutions can be purchased through one of our channel partners or OEMs.

Channel Partners. Our channel partners sell our solutions to end customers, and in certain cases, may also deliver our solutions to end customers through a managed or integrated offering. Our Elevate Partner Program simplifies engagement for our partner ecosystem using a consistent set of tools, resources, and marketing platforms. Our channel partners include distributors, resellers, managed service providers, telcos and global systems integrators. Arrow Electronics, Inc., a distributor to our end customers, represented 29%, 32% and 33% of our total revenue for fiscal 2020, 2021 and 2022, respectively. Tech Data Corporation, another distributor to our end customers, represented 14%, 15% and 15% of our total revenue for fiscal 2020, 2021 and 2022, respectively.

OEM Partners. OEMs typically pre-install our software on hardware appliances and sell to end customers, and our offerings may also be sold through our OEMs and delivered directly to our end customers. Dell Technologies ("Dell"), Lenovo Group Ltd. ("Lenovo"), International Business Machines Corporation ("IBM"), Fujitsu Technology Solutions GmbH ("Fujitsu"), Hewlett Packard Enterprise ("HPE") and Inspur Group ("Inspur") pre-install our software on their hardware to create the Dell XC Series, Lenovo Converged HX Series, IBM CS Series, Fujitsu XF Series, HPE DX Series and Inspur inMerge 1000 Series appliances, respectively. HPE also delivers our software with HPE DX Series Servers as a service through the HPE GreenLake offering. Some of our OEM partners also sell associated support offerings.

Ecosystem Partners. We have developed relationships with a broad range of leading technology companies that help us deliver world-class solutions to our customers. Through the Technology Alliance Partner arm of our Elevate Partner Program, our developer, application, networking and security, data protection, hardware and infrastructure partners receive access to resources that allow them to validate and integrate their products with Nutanix solutions and engage in joint sales training and enablement. Such integrations enable a simpler deployment and consumption experience for our customers in their environments and increases adoption of our enterprise cloud platform. We have also developed and announced strategic technology partnerships that bring together best-in-class solutions across the ecosystem into integrated offerings and demonstrated interoperability and support for our customers, including partnerships with Red Hat, Citrix, and Intel. In addition, we work closely with our technology partners through co-marketing and lead-generation activities in an effort to broaden our marketing reach and help us win new customers while retaining existing ones.

Cloud Partners. Our partnerships with public cloud providers help us to realize our vision of a hybrid multicloud. The deployment of Nutanix Cloud Clusters on AWS extends the availability of our core HCI software, along with all of our solutions, to bare metal Amazon Elastic Compute Cloud instances on AWS (currently generally available). We also have a partnership with Microsoft Corporation ("Microsoft") to offer a hybrid cloud solution on Microsoft Azure by extending Nutanix Cloud Clusters to Azure environments and ultimately enabling hybrid cloud management, on-premises or in Azure, through the Azure Arc control plane (currently in public preview and expected to become generally available in the future).

Our Support Programs

Product Support. We offer varying levels of software support to our customers based on their needs. We also offer hardware support for customers who purchase the Nutanix-branded NX configured-to-order hardware appliances.

Professional Services. We provide consulting and implementation services to customers through our professional services team for assessment, design, deployment and optimizing of their Nutanix environments. We typically provide these services at the time of initial installation to help the customer with configuration and implementation.

Our End Customers

Our solutions serve a broad range of workloads, including enterprise applications, databases, virtual desktop infrastructure, unified communications, and big data analytics, and we support both virtualized and container-based applications. We have end customers across a broad range of industries, such as automotive, consumer goods, education, energy, financial services, healthcare, manufacturing, media, public sector, retail, technology, and telecommunications. We also sell to service providers, who utilize our enterprise cloud platform to provide a variety of cloud-based services to their customers. We had a broad and diverse base of over 22,000 end customers as of July 31, 2022, including approximately 980 Global 2000 enterprises. We define the number of end customers as the number of end customers for which we have received an order by the last day of the period, excluding partners to which we have sold products for their own demonstration purposes. A single organization or customer may represent multiple end customers for separate divisions, segments, or subsidiaries, and the total number of end customers may contract due to mergers, acquisitions, or other consolidation among existing end customers.

Growth Strategy

Key elements of our growth strategy include:

- ***Continually innovate and maintain technology leadership.*** Since inception, we have rapidly innovated from supporting limited applications and a single hypervisor to a full enterprise cloud platform that is designed to support a wide variety of workloads across private, public and hybrid multicloud deployments. We intend to continue to invest in developing our enterprise cloud platform with new features, services and products to expand our market opportunity in both core and adjacent markets.
- ***Invest to acquire new end customers.*** We intend to grow our base of end customers by continuing to invest in sales and marketing, leveraging our network of channel partners and OEMs, grow our business internationally and extending our enterprise cloud platform to address new customer segments. One area of continued focus is increasing our sales to new, and expanding our sales to existing, large enterprise customers.
- ***Continue to drive follow-on sales to existing end customers.*** Our end customers typically deploy our technology initially for a specific project or application deployment. Our sales teams and channel partners then seek to systematically target follow-on sales opportunities to drive additional purchases throughout our broader product portfolio, while also focusing on customer adoption and customer consumption of their original purchases. We believe this land and expand strategy enables us to quickly expand our footprint within our existing end customer base from follow-on orders that in the aggregate are often multiples of the initial order.

- ***Enhanced focus on renewals.*** In addition to our land and expand strategy described above, as part of our transition to a subscription-based model, we have enhanced our focus on renewals, which are typically associated with lower sales costs. While renewals have historically represented a small portion of our overall business, we expect that they will be a significant driver of our top-line growth as we continue our subscription transformation.
- ***Deepen engagement with current channel, OEM, cloud and ecosystem partners and establish additional routes to market to enhance sales leverage.*** We have established channel partnerships globally and have driven engagement and commercial success with several major resellers and distributors. We believe that our OEM relationships can augment our routes to market and that there is a significant opportunity to grow our sales with our channel partners and OEMs. We intend to attract and engage new channel and OEM partners around the globe while also selling our standalone software for deployment on qualified hardware or a hosted service to maximize the availability of our solutions for our customers. We will also continue to establish partnerships with cloud and ecosystem partners to provide our customers with freedom of choice.
- ***Invest in growth while balancing growth against operating expenses.*** We intend to continue investing in our growth, while balancing such growth against our operating expenses. By maintaining this balance, we believe we can drive towards profitable growth. Key drivers of our path towards profitability include growth in renewals (where the cost associated with renewals is generally lower than the cost associated with new subscriptions) and continuing to leverage sales and marketing efficiencies.

Sales and Marketing

***Sales*.** We primarily engage our end customers through our global sales force who directly interact with key IT decision makers while also providing sales development, opportunity qualification and support to our channel partners. We have established relationships with our channel partners, who represent many of the key resellers and distributors of data center infrastructure software and systems in each of the geographic regions where we operate. We also engage our end customers through our OEM partners, which license our software and package it with their hardware and sell through their direct sales forces and channel partners. We expect to continue leveraging our relationships with our channel and OEM partners, and deepening relationships with our cloud and ecosystem partners, to reach our end customers.

***Marketing*.** We supplement our sales efforts with marketing programs that include online advertising, corporate and third-party events, demand generation activities, social media promotions, media and analyst relations and community programs. More recently, in response to the global COVID-19 pandemic, we transformed nearly all of our in-person marketing programs into hybrid digital experiences. We also engage in joint marketing to expand market reach through an ecosystem of technology, channel, OEM service provider, and system integrator partners. Partners participating in our Nutanix Elevate Partner Program can gain eligibility for business development funds; targeted incentives; deal registration based pricing and field support; sales, services and technical training; innovative marketing campaigns; and dedicated account support.

Research and Development

Our research and development efforts are focused primarily on improving current technology, developing new technologies in current and adjacent markets and supporting existing end customer deployments. Our research and development teams primarily consist of distributed systems software and user interface engineers. A large portion of our research and development team is based in San Jose, California. We also maintain research and development centers in India, North Carolina, Washington, Serbia, and Germany. We plan to dedicate significant resources to our continued research and development efforts and intend to continue to grow our global research and development and engineering teams to enhance our solutions, improve integration with new and existing ecosystem partners and broaden the range of IT infrastructure technologies that we converge into our enterprise cloud platform. We believe that these investments will contribute to our long-term growth, although they may adversely affect our profitability in the near term.

Manufacturing

We do not manufacture any hardware. The Nutanix-branded NX series appliances, including those that are delivered by us, are manufactured for us based on our specifications by Super Micro Computer, Inc. ("Supermicro"). Supermicro designs, assembles and tests the Nutanix-branded NX series appliances and it procures the components used in the NX series appliances directly from third-party suppliers. Our agreement with Supermicro was renewed in May 2021 for one year and automatically renews for successive one-year periods thereafter, with the option to terminate upon each annual renewal. Distributors handle fulfillment and shipment for certain end customers, but do not hold inventory.

Competition

We operate in the intensely competitive IT infrastructure market and compete primarily with companies that sell software and hardware to build and operate private clouds, integrated systems and standalone storage and servers, as well as providers of public cloud infrastructure solutions. These markets are characterized by constant change and rapid innovation. Our main competitors fall into the following categories:

- software providers, such as VMware, Inc. ("VMware") (which has agreed to be acquired by Broadcom Inc.), that offer a broad range of virtualization, infrastructure and management products to build and operate enterprise and hybrid clouds;
- traditional IT systems vendors, such as Cisco Systems, Inc. ("Cisco"), Dell, HPE, Hitachi Data Systems ("Hitachi"), IBM and Lenovo, that offer integrated systems that include bundles of servers, storage and networking solutions, as well as a broad range of standalone server and storage products;
- traditional storage array vendors, such as Dell, Hitachi, Pure Storage, and NetApp, which typically sell centralized storage products; and
- providers of public cloud infrastructure and SaaS-based offerings, such as AWS, Google Cloud, and Microsoft Azure.

In addition, we compete against vendors of hyperconverged infrastructure products, such as Cisco, Dell, HPE, VMware and many smaller companies. As our market grows, we expect it will continue to attract new companies as well as existing larger vendors. Some of our competitors may also expand their product offerings, acquire competing businesses, sell at lower prices, bundle with other products, provide closed technology platforms, partner with other companies to develop joint solutions, or otherwise attempt to gain a competitive advantage. Furthermore, as we expand our product offerings, we may expand into new markets and we may encounter additional competitors in such markets. Additionally, as companies increasingly offer competing solutions, they may be less willing to cooperate with us as an OEM or otherwise.

We believe the principal competitive factors in our market include:

- product features and capabilities;
- system scalability, performance and resiliency;
- management and operations, including provisioning, troubleshooting, analytics, automation and upgrades;
- total cost of ownership over the lifetime of the technology;
- customer freedom of choice over, and product interoperability with third-party applications, infrastructure software, infrastructure systems and platforms and public clouds;
- application mobility across disparate silos of enterprise computing, including public and private cloud infrastructure; and
- quality of customer experience, including usability, support and professional services.

We are also venturing into a number of markets that are adjacent to our core HCI market, both through the expansion of HCI in hybrid multicloud environments as well as through our emerging products. These adjacent markets include areas such as disaster-recovery-as-a-service, cloud management, files and object storage, database automation and database-as-a-service, and desktop-as-a-service. Competitors in these markets include large, sophisticated companies that may have more experience or longer operating histories in these markets as well as new entrants.

We believe that we are positioned favorably against our competitors based on these factors. However, many of our competitors have substantially greater financial, technical and other resources, greater brand recognition, larger sales forces and marketing budgets, a larger existing customer base, broader distribution and larger and more mature intellectual property portfolios.

Intellectual Property

Our success depends in part upon our ability to protect and use our core technology and intellectual property. We rely on patents, trademarks, copyrights and trade secret laws, confidentiality procedures and employee nondisclosure and invention assignment agreements to protect our intellectual property rights. As of July 31, 2022, we had 346 United States patents that have been issued and 219 non-provisional patent applications pending in the United States. Our issued U.S. patents expire between 2031 and 2040. We also leverage some open source software in most of our products.

See Item 1A, "Risk Factors," for further discussion of risks related to protecting our intellectual property.

Facilities

Our corporate headquarters are located in San Jose, California where, under lease agreements that expire through May 2030, we currently lease approximately 432,000 square feet of space. Following an evaluation of our longer-term facilities plans due to our transition to a hybrid work environment, we recently entered into amendments to these lease agreements to reduce the leased space to approximately 215,000 square feet beginning in June 2024. We also maintain offices in North America, Europe, Asia Pacific, the Middle East, Latin America, and Africa. We lease all of our facilities and do not own any real property. We believe that our facilities are adequate to meet our needs for the immediate future and that, should it be needed, we would lease suitable additional space to accommodate our operations.

Government Regulation

Our business activities are subject to various federal, state, local and foreign laws, rules and regulations. Compliance with these laws, rules and regulations has not had, and is not expected to have, a material effect on our capital expenditures, results of operations or competitive position as compared to prior periods. Nevertheless, compliance with existing or future governmental regulations, including, but not limited to, those pertaining to global trade, acquisitions, data protection and data privacy, employment and labor, and taxes could have a material impact on our business in subsequent periods. See Item 1A, "Risk Factors," for further discussion of risks related to the potential impact of government regulation on our business.

Employees and Human Capital

We had approximately 6,450 employees worldwide as of July 31, 2022. None of our employees in the United States are represented by a labor organization or is a party to any collective bargaining arrangement. In certain European countries in which we operate, we are subject to, and comply with, local labor law requirements in relation to the establishment of works councils and/or industry-wide collective bargaining agreements. We are often required to consult and seek the consent or advice of these works councils. We have never had a work stoppage and we consider our relationship with our employees to be good.

We understand the importance of human capital and prioritize building our culture, talent development, compensation and benefits, and diversity and inclusion. Our human capital resources objectives include identifying, recruiting, retaining, incentivizing and integrating our existing and new employees, advisors and consultants. The principal purposes of our equity and cash incentive plans are to attract, retain and reward personnel through the granting of stock-based and cash-based compensation awards, in order to increase stockholder value and the success of our company by motivating such individuals to perform to the best of their abilities and achieve our objectives.

Diversity, Equity, Inclusion and Belonging

At Nutanix, we value that our differences make us stronger: our diverse backgrounds, experiences and perspectives when shared, make us a more innovative and resilient team, and we can better delight and serve our customers when our teams reflect the diversity of businesses and communities we serve. Attracting, fostering, developing and retaining a diverse, inclusive culture is essential to the continued success of our business.

Promoting diversity, equity, inclusion and belonging ("DEIB") in our workforce is among our key corporate objectives, and to further support this objective we have implemented a number of initiatives, including expanding our employee resource groups, continuing our company-wide diversity training and overall education efforts, as well as mentorship programs, and forming global, cross-functional DEIB advisory groups. Our President and CEO, Rajiv Ramaswami, signed the CEO Action (an equity focused organization) pledge and by so doing joined a global community of CEOs dedicated to driving measurable collective action and meaningful change.

Total Rewards

We believe a robust, equitable, and competitive Total Rewards portfolio is essential to attracting and retaining diverse talent that moves Nutanix forward. We design reward and recognition programs that resonate wherever our talent sits in the world. Our reward packages are carefully crafted to offer physical, mental/emotional, and financial support to our employees and their families. We regularly review our programs and encourage employee feedback about what they value most. In addition to specifically tailored packages for each country based on local market practice and the competitive landscape, we also provide a range of globally available support programs such as an Employee Assistance Program, online health engagement and child development support.

Health, Wellness, and Safety

Our priority is the health and safety of our employees. Throughout the COVID-19 pandemic, we have continued to implement a number of precautionary measures to ensure the continued safety of our employees. This has included the implementation of a remote work policy. We also continue to support the well-being and continued development of our now primarily remote workforce by instituting during the pandemic quarterly well-being days, during which all employees may enjoy private time away from work requirements, and launching programs like quarterly well-being workshops, flexible work schedules, mindfulness sessions, and internal social media well-being challenges.

Growth and Development

One of our culture principles is to Believe in Striving -- to constantly learn, continuously improve, and eternally evolve -- and to that end we invest resources to foster a learning culture throughout the company and to empower our employees to drive their personal and professional growth by equipping them with onboarding and learning programs. Our learning programs include digital learning; speed coaching; customized learning workshops; management enablement and skills training for current, new and future managers; training on diversity, inclusion, and belonging; language learning programs; and employee wellness programs. We believe that by empowering our employees as they strive to grow personally and professionally, we will be able to build a flexible and resilient workforce and maintain and nurture a robust pipeline of talent to fuel our future growth and strategy.

Information about Segment and Geographic Areas

The segment and geographic information required herein is contained in Note 13 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Corporate Information

We were incorporated in Delaware in September 2009 as Nutanix, Inc. Our principal executive offices are located at 1740 Technology Drive, Suite 150, San Jose, California 95110, and our telephone number is (408) 216-8360. We have operations throughout North America, Europe, Asia Pacific, the Middle East, Latin America, and Africa. Our website address is www.nutanix.com. Information contained on or accessible through our website is neither a part of this Annual Report on Form 10-K nor incorporated by reference herein, and any references to our website and the inclusion of our website address in this Annual Report on Form 10-K are intended to be inactive textual references only.

Available Information

Our website is located at www.nutanix.com and our investors relations website is located at ir.nutanix.com. We file reports with the Securities and Exchange Commission ("SEC"), which maintains an internet site (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers, including us, that file electronically with the SEC. This Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are made available free of charge on the investor relations portion of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We also provide a link to the section of the SEC's website at www.sec.gov that has, or will have, all of our public filings, including this Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, all amendments to those reports, our Proxy Statements and other ownership-related filings. We use our investor relations website as well as social media as channels of distribution for important company information. For example, webcasts of our earnings calls and certain events we participate in or host with members of the investment community are on our investor relations website. Additionally, we announce investor information, including news and commentary about our business and financial performance, SEC filings, notices of investor events and our press and earnings releases, on our investor relations website. It is possible that the information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media and others interested in our company to review the information we post on social media channels listed on our investor relations website. Investors and others can receive notifications of new information posted on our investor relations website in real time by signing up for email alerts and RSS feeds. Further corporate governance information, including our corporate governance guidelines, board committee charters and code of business conduct and ethics, is also available on our investor relations website under the heading "Governance Documents." Information contained on or accessible through our websites are neither a part of nor incorporated by reference into this Annual Report on Form 10-K or any other report or document we file with or furnish to the SEC, and any references to our websites and the inclusion of our website addresses in this Annual Report on Form 10-K are intended to be inactive textual references only.

Item 1A. Risk Factors

You should carefully consider the risks and uncertainties described below, together with all of the other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and related notes, before making a decision to invest in our securities. The risks and uncertainties described below are not the only ones we face; additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect our business. If any of the following risks occur, our business, financial condition, operating results and prospects could be materially harmed. In that event, the price of our securities could decline, and you could lose part or all of your investment. In addition, the impact of the COVID-19 pandemic and any worsening of the economic environment may exacerbate the risks described below, any of which could have a material impact on us. The situation is changing rapidly, and additional impacts may arise that we are not currently aware of.

Summary Risk Factors

Our business and an investment in our securities are subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows, and prospects. These risks are discussed more fully below and include, but are not limited to, risks related to:

Risks Related to Our Business and Industry

- the impact of the COVID-19 pandemic (including any variants) on our business, operations, financial performance, and stock price;
- our ability to achieve our business plans, vision, and objectives, including our growth and go-to-market strategies, successfully and in a timely manner;
- macroeconomic or geopolitical conditions, industry trends, and technological developments, including disruptions and delays in global supply chains;
- the competitive market, including our competitive position and advantages and ability to compete effectively;
- our ability to predict future financial performance from our historical financial performance;
- any current and future business model transitions (including our ongoing transition to a subscription-based business model);
- our ability to address customer needs and expand or maintain our customer base;
- our platform, solutions, products, services and technology, including their interoperability and availability with and on third-party platforms and technologies, and current and future product roadmaps;
- our reliance on key personnel and ability to attract, train, incentivize, retain, and/or ramp to full productivity, qualified employees and key personnel;
- our ability to form new or maintain and strengthen existing, strategic alliances and partnerships, as well as the impact of any changes thereto;
- our reliance on key manufacturers, suppliers or other vendors;
- our ability to obtain, maintain, protect, and enforce our intellectual property rights;
- any changes to, or failure to comply with, laws and regulations, as well as the impact of and any regulatory investigations and enforcement actions and other legal proceedings, including any pending or future class action lawsuits;
- complex and evolving U.S. and foreign privacy, data use and data protection, content, competition, consumer protection, and other laws and regulations; and

- the occurrence of security breaches, improper access to or disclosure of our data or user data, and other cyber incidents or undesirable activity on our platform.

Risks Related to Our Convertible Notes

- our ability to service our outstanding convertible notes, including the sufficiency of our cash, or our ability to raise necessary funds, to settle conversions of the notes, repay the notes at maturity, or repurchase the notes upon a fundamental change; and
- the impact of certain provisions of our outstanding convertible notes on our financial condition and operating results, as well as the value of the notes and the price of our securities.

Risks Related to Ownership of Our Securities

- any volatility and decline in the market price and/or trading volume of our securities, including as a result of financial or industry analyst reports or a lack thereof;
- any dilutive impact of actual or perceived sales of substantial amounts of our securities in the public markets and/or the conversion of our outstanding convertible notes;
- any limitations on the ability of holders of our securities to influence corporate matters due to certain provisions of our organizational documents or under Delaware law; and
- our plans regarding payment of any future dividends.

Risks Related to Our Business and Industry

The effects of a pandemic or major public health concern such as the COVID-19 pandemic (including any variants) and the actions taken in response, including our own, may materially affect how we and our customers and partners are operating our businesses, and the extent to which the effects of any such pandemic or major public health concern and such actions would impact our business, financial performance, results of operations and stock price would be highly uncertain and difficult to predict.

Epidemics, pandemics, other outbreaks of novel diseases or other major public health concerns could cause disruptions in our or our end customers' or channel partners' businesses, our suppliers' and manufacturers' operations or the global economy as a whole. The COVID-19 pandemic (including any variants) has caused, and continues to cause, significant disruptions, volatility and uncertainty to the global economy and unprecedented strains on governments, health care systems, educational institutions, businesses and individuals around the world, including in nearly all of the regions in which we operate. In response to the pandemic, authorities, businesses, and individuals implemented numerous unprecedented measures from time to time, including travel bans and restrictions, quarantines, shelter-in-place, stay-at-home, remote work and social distancing orders, and shutdowns. Such measures have impacted and will continue to impact our workforce and operations, as well as those of our customers, vendors, suppliers, and partners, and may result in a prolonged recession or depression that could further materially and adversely affect the global economy and our business even beyond the duration of the pandemic. Furthermore, different jurisdictions are in varying stages of restrictions and have achieved varying degrees of success at controlling the spread of the pandemic, with many jurisdictions seeing a resurgence in COVID-19 cases and subsequently having to halt or reverse their reopening plans. As such, we cannot predict, with any degree of certainty, the ultimate duration and severity of the adverse effects of the COVID-19 pandemic and the measures taken in response to the pandemic on the global economy and our business, or the likelihood or frequency of future resurgence of the COVID-19 pandemic or other similar major public health concerns.

In response to the COVID-19 pandemic, we took a number of steps to protect and assist our employees, customers, vendors, suppliers, and partners, including by: temporarily closing all of our offices around the world (including our California headquarters); encouraging our employees to work remotely; implementing travel restrictions that prohibit all non-essential business travel; and postponing, cancelling, withdrawing from, or converting to virtual-only experiences (where possible and appropriate) our in-person customer, industry, analyst, investor, and employee events. While we have generally reopened our offices around the world, for so long as the pandemic continues, our employees may continue to be exposed to health and safety risks, and governmental protocols may require us to again close those offices that have since been reopened.

The COVID-19 pandemic and the measures taken in response to the pandemic, including our own measures, have already caused, and may continue to cause, various adverse effects on the global economy and our business. Those effects include, but are not limited to:

- Delays or disruptions in our or our partners' supply chains and data center operations, including delays, difficulties or disruptions in procuring and shipping, or an inability to procure or ship, the hardware appliances (or any components thereof) on which our software solutions run, including our Nutanix-branded NX hardware line, which may negatively affect our ability to close transactions with our customers and partners and/or to recognize the revenue from those transactions;
- Decisions by our customers and potential customers, particularly in industries most impacted by the COVID-19 pandemic, to reduce IT spending or delay or abandon their planned or future purchases, which may reduce the demand for our solutions and/or result in extended sales cycles;

- Decisions by our customers to purchase our software solutions on shorter subscription terms than they have historically, and/or request to only pay for the initial year of a multi-year subscription term upfront, which could negatively impact our financial performance, and our cash flow in particular, when compared to historical periods;
- Our customers and partners experiencing liquidity issues or entering bankruptcy or similar proceedings, which would impact our ability to collect payments in a timely manner, if at all;
- Shifts in industry trends, for example, towards large public cloud providers, which may reduce the demand for our solutions;
- An inability to meet in person or otherwise effectively communicate with our current or potential customers, vendors, suppliers, and partners, which may negatively affect our current and future relationships with such customers, vendors, suppliers, and partners and our ability to generate demand for our solutions;
- Additional delays, cancellations, or changes to user and industry conferences and other marketing events relating to our solutions, including our own customer and partner events, which may negatively impact our ability to obtain new and retain existing customers, and effectively market our solutions;
- An inability to provide 24x7 worldwide support and/or replacement parts to our end customers in a timely manner or at all;
- Delays or disruptions to our product roadmap, and our ability to deliver new products, features, or enhancements in a timely manner or at all;
- Potential for increased cyber attacks and security challenges to the extent that our employees and those of our partners, customers and service providers work remotely from non-corporate managed networks during the ongoing COVID-19 pandemic and potentially beyond;
- Adoption of new laws or regulations, or changes to existing laws or regulations, including any restrictions or health and safety requirements that may be imposed if and when we start re-opening our global offices and any new or additional restrictions against immigration and travel (such as cancellations or restrictions on the availability of visas, delays in the issuance of visas or suspensions of entry), which may create additional regulatory uncertainty and cause us to incur additional expenses in order to comply with, or due to delays or changes caused or mandated by, such laws or regulations and/or materially impair our ability to hire and retain skilled professionals;
- Increased rate of attrition among our employee base, and inability to attract, recruit, retain and, where applicable, ramp to full productivity, qualified employees and key personnel;
- Changes in our work environment and workforce, which may present operational and workplace culture challenges;
- Difficulties or delays in ramping, training, and retaining new sales teams in an effective manner due in part to the inability to provide in-person trainings;
- Negative physical and mental health impacts on, and resulting unavailability or reduced productivity of, our employees as a result of such employees or their family members contracting the virus, being placed in quarantine or self-isolation, being in jurisdictions where travel or other activities remain restricted, or due to prolonged social distancing measures;

- A significant and/or prolonged decline in, or increase in volatility relating to, the global financial and other capital markets, including significant and prolonged volatilities in stock prices, interest rates and exchange rates, and/or or a potential global recession or depression, which would adversely affect, potentially materially, our business and stock price, as well as our ability to access capital markets on terms favorable or acceptable to us, if at all;
- Changes in our internal controls, policies and procedures due to remote work arrangements, which may result in significant deficiencies or material weaknesses in our internal controls in the preparation of our financial reports, and the resulting increased costs of controls and compliance oversight activities;
- An inability to execute our business continuity plans and/or maintain our critical business processes; and
- Increased quarterly fluctuations in, and an inability to forecast or difficulties or delays in forecasting, our financial performance or results of operations, as well as related impacts to any financial guidance we may issue from time to time, including any modification or withdrawal thereof.

The duration, scope and ultimate impact of the COVID-19 pandemic and the actions taken in response on the global economy and our business remain highly fluid, cannot be predicted with any degree of certainty, and will be highly dependent upon numerous factors, many of which are beyond our control, including the actions of governments, businesses and other enterprises in response to the pandemic and the extent and effectiveness of those actions. While governments and central banks in several parts of the world have enacted fiscal and monetary stimulus measures to counteract the negative macroeconomic impacts of COVID-19 pandemic, the effectiveness and adequacy of such stimulus measures, as well as their future availability, remain uncertain. The discontinuation or reduction in scope of such stimulus measures may cause a further decline in the global macroeconomic conditions and financial hardships for our customers and partners, thereby exacerbating the adverse effects of the pandemic on our business, including those described above.

New epidemics, pandemics, other outbreaks of novel diseases or major public health concerns may arise at any time. If such epidemics, pandemics, outbreaks or major public health concern were to occur, or if we are not able to effectively respond to and manage the impact of such epidemic, pandemic, outbreak or other major public health concern, our business, operations and financial performance, and the price of our securities will be negatively affected, potentially materially.

We have a history of losses and we may not be able to achieve or maintain profitability in the future.

We have incurred net losses in all periods since our inception, and we expect that we will continue to incur net losses for the foreseeable future. We experienced net losses of $872.9 million, $1.0 billion and $797.5 million for fiscal 2020, 2021 and 2022, respectively. As of July 31, 2022, we had an accumulated deficit of $4.4 billion. In addition to the investments we expect to continue to make to grow our business, we also incur and expect to continue incurring significant additional legal, accounting and other expenses as a public company. If we fail to increase our revenue and manage our expenses, we may not achieve or sustain profitability in the future.

Adverse or uncertain macroeconomic or geopolitical conditions or reduced IT spending may adversely impact our business, revenues and profitability.

Our business, operations and performance are dependent in part on worldwide market, economic and financial conditions and events that may be outside of our control, such as global, regional, and local economic developments, fiscal, monetary and tax policies, inflation, recession, political and social unrest, terrorist attacks, hostilities or the perception that hostilities may be imminent, military conflict, war, including an escalation of the war in Ukraine and related sanctions as well as measures taken in response to such sanctions, malicious human acts, climate change, natural disasters (including extreme weather), pandemics or other major public health concerns and other similar events, and the impact these conditions and events have on the overall demand for enterprise computing infrastructure solutions and on the economic health and general willingness of our current and prospective end customers to purchase our solutions and to continue spending on IT in general. The global macroeconomic environment has been, and may continue to be, inconsistent, challenging and unpredictable due to the ongoing COVID-19 pandemic, international trade disputes or tensions, tariffs, including those imposed by the U.S. government on Chinese imports to the United States, restrictions on sales and technology transfers, rising interest and inflation rates, uncertainties related to changes in public policies such as domestic and international regulations and fiscal and monetary stimulus measures, taxes, or international trade agreements, actual or potential government shutdowns, elections and any related political instability, geopolitical turmoil and civil unrests, instability in the global credit markets, uncertainties regarding the effects of the United Kingdom's separation from the European Union, commonly known as "Brexit," and other disruptions to global and regional economies and markets.

These macroeconomic challenges and uncertainties, including the COVID-19 pandemic, have, and may continue to, put pressure on global economic conditions and overall IT spending and may cause our end customers to modify spending priorities or delay or abandon purchasing decisions, thereby lengthening sales cycles and potentially lowering prices for our solutions, and may make it difficult for us to forecast our sales and operating results and to make decisions about future investments, any of which could materially harm our business, operating results and financial condition.

The markets in which we compete are rapidly evolving, which make it difficult to forecast end customer adoption rates and demand for our solutions.

The markets in which we compete are rapidly evolving. Accordingly, our future financial performance will depend in large part on the allocation of spending in traditional IT markets and on our ability to adapt to new market demands. Currently, sales of our solutions are dependent in large part upon replacement of spending in traditional markets, including x86 servers, storage systems and virtualization software. In addition, as we continue to develop new solutions designed to address new market demands, sales of our solutions will in part depend on capturing new spending in these markets, including public cloud and hybrid cloud services. If these markets experience a shift in customer demand, or if customers in these markets focus their new spending on, or shift their existing spending to, public cloud solutions or other solutions that do not interoperate with our solutions more quickly or more extensively than expected, our solutions may not compete as effectively, if at all. It is also difficult to predict end customer demand or adoption rates for our solutions or the future growth of our market.

In addition, we have estimated the size of our total addressable market based on internally generated data and assumptions, as well as data published by third parties, which we have not independently verified. While we believe these estimates are reasonable, such information is inherently imprecise and subject to a high degree of uncertainty. If our third-party or internally generated data prove to be inaccurate or we make errors in our assumptions based on that data, our actual market may be more limited than our estimates. In addition, these inaccuracies or errors may cause us to misallocate capital and other critical business resources, which could harm our business. Even if our total addressable market meets our size estimates and experiences growth, we may not continue to grow our share of the market.

If end customers do not adopt our solutions, our ability to grow our business and operating results may be adversely affected.

Traditional IT infrastructure architecture is entrenched in the data centers of many of our end customers because of their historical financial investment in existing IT infrastructure architecture and the existing knowledge base and skill sets of their IT administrators. As a result, our sales and marketing efforts often involve extensive efforts to educate our end customers as to the benefits and capabilities of our solutions, particularly as we introduce new products and continue to pursue large organizations as end customers. If we fail to achieve market acceptance of our solutions, our ability to grow our business and our operating results will be adversely affected.

We have experienced rapid growth in prior periods and we may not be able to sustain or manage any future growth effectively.

We have expanded our overall business and operations significantly in prior periods. Our employee headcount increased significantly since our inception. We anticipate that our operating expenses will increase in the long term as we scale our business, including in developing and improving our new and existing solutions, expanding our sales and marketing capabilities and global coverage, and in providing general and administrative resources to support our growth. However, as discussed in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Investment in Growth," we have proactively taken steps to reduce our expenses and increase our go-to-market productivity, as a result, our operating expenses may fluctuate from quarter to quarter in the near term. In addition, as we continue to grow our business in the long term, we must effectively train, integrate, develop, motivate and retain a large number of new employees, as well as existing employees who are promoted or moved into new roles, while maintaining the effectiveness of our business execution. The failure to manage these changes could significantly delay the achievement of our strategic objectives. In particular, our success depends heavily on our ability to ramp new sales teams in a fast and effective manner and retain those sales teams. We have also recently seen higher than normal attrition among our sales representatives and while we are actively recruiting additional sales representatives, it will take time to replace, train, and ramp them to full productivity, and if we are unable to do so, we may not be able to achieve our growth targets. We must also continue to improve and expand our IT and financial infrastructure, management systems and product management and sales processes. We expect that our future growth will continue to place a significant strain on our management, operational and financial resources, and we may not be able to sustain or manage any future growth effectively. We may make investments or otherwise incur costs associated with future growth that may not translate into billings or revenues or otherwise result in the realization of their anticipated benefits within the expected timeframe or at all, and the return on these investments may be lower, if any, or may develop more slowly than we expect.

If we are unable to sustain or manage our growth effectively, we may not be able to take advantage of market opportunities. We also may fail to satisfy end customers' requirements, maintain product quality, execute on our business plan or respond to competitive pressures, any of which could adversely affect our business, operating results, financial condition and prospects.

Our continued focus on growth may negatively impact our ability to achieve or maintain profitability in the near term.

We intend to continue investing in our growth, while balancing such growth against our operating expenses. By maintaining this balance, we believe we can drive towards profitable growth. However, maintaining this balance may negatively impact our ability to achieve or maintain profitability in the near term. Further, expenditures related to expanding our research and development efforts, sales and marketing efforts, our transition to a subscription-based business model, infrastructure and other such investments may not ultimately grow our business, billings or revenue or result in future profitability. If we are ultimately unable to achieve or maintain profitability at the level anticipated by analysts and our stockholders, the price of our securities may decline, potentially significantly.

The enterprise IT market is rapidly changing and expanding, and we expect competition to continue to intensify in the future from both established competitors and new market entrants.

We operate in the intensely competitive enterprise infrastructure market and compete primarily with companies that sell software and hardware to build and operate enterprise clouds, integrated systems and standalone storage and servers, as well as providers of public cloud infrastructure solutions. These markets are characterized by constant change and rapid innovation. Our main competitors fall into the following categories:

- software providers, such as VMware (which has agreed to be acquired by Broadcom Inc.), that offer a broad range of virtualization, infrastructure and management products to build and operate enterprise and hybrid clouds;
- traditional IT systems vendors, such as Cisco, Dell, HPE, Hitachi, IBM and Lenovo, that offer integrated systems that include bundles of servers, storage and networking solutions, as well as a broad range of standalone server and storage products;
- traditional storage array vendors, such as Dell, Hitachi, Pure Storage, and NetApp, which typically sell centralized storage products; and
- providers of public cloud infrastructure and SaaS-based offerings, such as AWS, Google Cloud, and Microsoft Azure.

In addition, we compete against vendors of hyperconverged infrastructure and software-defined storage products, such as Cisco, Dell, HPE, VMware and many smaller companies. As our market grows, we expect it will continue to attract new companies as well as existing larger vendors. Some of our competitors may also expand their product offerings, acquire competing businesses, sell at lower prices, bundle with other products, provide closed technology platforms, partner with other companies to develop joint solutions, or otherwise attempt to gain a competitive advantage. Furthermore, as we expand our product offerings, we may expand into new markets and we may encounter additional competitors in such markets. Additionally, as companies increasingly offer competing solutions, they may be less willing to cooperate with us as an original equipment manufacturer ("OEM" and, collectively, "OEMs") or otherwise.

Many of our existing competitors have, and some of our potential competitors may have, competitive advantages over us, such as longer operating histories, significantly greater financial, technical, marketing or other resources, stronger brand awareness and name recognition, larger intellectual property portfolios and broader global presence and distribution networks. Moreover, our current or potential competitors may be acquired by third parties with greater available resources and the ability to initiate or withstand substantial price competition. Furthermore, some of our competitors have access to larger customer bases and supply a wide variety of products to, and have well-established relationships with, our current and prospective end customers. Some of these competitors have in the past and may in the future take advantage of their existing relationships with end customers, distributors or resellers to provide incentives to such current or prospective end customers that make their products more economically attractive or to interfere with our ability to offer our solutions to our end customers. Our competitors may also be able to offer products or functionality similar to ours at a more attractive price, such as by integrating or bundling their solutions with their other product offerings or those of technology partners or establishing cooperative relationships with other competitors, technology partners or other third parties. Potential end customers may prefer to purchase from their existing suppliers rather than a new supplier, especially given the significant investments that they have historically made in their legacy infrastructures. Some of our competitors may also have stronger or broader relationships with technology partners than we do, which could make their products more attractive than ours. We are also venturing into a number of markets that are adjacent to our core HCI market, both through the expansion of HCI in hybrid multicloud environments as well as through our emerging products, and some of our competitors in these adjacent markets have more experience with those markets and more resources targeted at penetration of those markets than we do. As a result, we cannot assure you that our solutions will compete favorably, and any failure to do so could adversely affect our business, operating results and prospects.

Developments or improvements in enterprise IT infrastructure technologies may materially and adversely affect the demand for our solutions.

Significant developments in enterprise IT infrastructure technologies, such as advances in storage, virtualization, containers, networking, disaster recovery, edge computing, management software and public cloud and hybrid cloud infrastructure solutions, may materially and adversely affect our business, operating results and prospects in ways we do not currently anticipate. Any failure by us to develop new or enhanced technologies or processes, to react to changes or advances in existing technologies or to correctly anticipate these changes or advances as we create and invest in our product roadmap, could materially delay our development and introduction of new solutions, which could result in the loss of competitiveness of our solutions, decreased revenue and a loss of market share to competitors. In addition, public cloud infrastructure offers alternatives to the on-premises infrastructure deployments that our platform currently primarily supports. Various factors could cause the rate of adoption of public cloud infrastructure to increase, including the ongoing COVID-19 pandemic, continued or accelerated decreases in the price of public cloud offerings, increased interoperability with on-premises infrastructure solutions that compete with our solutions, and improvements in the ability of public cloud providers to deliver reliable performance, enhanced security, better application compatibility and more precise infrastructure control. Any of these factors could make our platform less competitive as compared to the public cloud, and could materially and adversely affect the demand for our solutions.

Our historical financial performance, including revenue growth, may not be indicative of our future performance.

Our historical financial performance, including revenue growth, may not be indicative of our future performance. For example, while we have historically experienced significant revenue growth, our total revenue growth slowed in recent periods, due in large part to our transitions from hardware to software-only sales, and from life-of-device to a subscription license model, and these transitions make it difficult to compare historical results.

In addition, as a result of our transition toward a subscription-based model, our revenue may continue to be impacted in the short term. The revenue associated with certain subscription purchases will be recognized ratably over the term of the subscription, resulting in less upfront revenue as compared to our historical life-of-device and term-based software-only transactions. Also, the revenue we recognize from subscription sales, even if recognized upfront, may in some instances have a lower total dollar value than those associated with licenses for the life of the device because they may be of a shorter term than the life of the device. Furthermore, such downward impact on average term lengths may be further exacerbated by our transition to an ACV-based sales compensation structure during fiscal 2021. This may also make it difficult to rapidly increase our revenue in any period through additional sales.

Following our transition to software-only sales and due to our ongoing transition toward a subscription-based model, our success will also depend heavily on the ability of our sales team to adjust their strategy to focus on software-only and subscription-based sales effectively and in a timely manner. Furthermore, our customers may not understand these changes to our product sales, and investors, industry and financial analysts may have difficulty understanding the changes to our business model, resulting in changes in financial estimates or failure to meet investor expectations. As our business changes, the transitions may make it more difficult to accurately project our operating results or plan for future growth. Accordingly, you should not rely on our revenue growth for any prior periods as an indication of our future revenue or revenue growth.

Our ongoing transition to a subscription-based business model has resulted in, and may continue to result in, a compression to our topline results, and if we fail to successfully manage the transition, our business, operating results and free cash flow may be adversely affected.

Our ongoing transition to a subscription-based business model entails significant known and unknown risks and uncertainties, and we cannot assure you that we will be able to complete the transition to a subscription-based business model, or manage the transition successfully and in a timely manner. If we do not complete the transition, or if we fail to manage the transition successfully and in a timely manner, our revenues, business and operating results may be adversely affected. Moreover, we may not realize all of the anticipated benefits of the subscription transition, even if we successfully complete the transition. The transition to a subscription-based business model also means that our historical results, especially those achieved before we began the transition, may not be indicative of our future results.

Regardless of how we manage the transition, our total billings and revenue have been and will continue to be adversely impacted by the transition, particularly when compared to historical periods, due primarily to two factors. First, subscription-based sales, including sales of term-based licenses where revenue is currently recognized upfront, may in some instances have a lower total dollar value than sales of licenses for the life of the device because they may be of a shorter term than the actual or assumed life of the device. If we are unable to increase the volume of our subscription-based sales in any given period to make up for the lower total dollar value of certain subscription-based sales, our total billings and revenue for such period will be negatively impacted. Second, and of lesser significance, the revenue associated with certain SaaS subscription purchases will be recognized ratably over the term of the subscription, resulting in less upfront revenue as compared to our term-based licenses and historical life-of-device licenses. These factors may also make it difficult to increase our revenue in a given period through additional sales in the same period.

In addition, due to the generally shorter terms of subscription-based licenses as compared to our historical life-of-device licenses, maintaining our historically high customer renewal rates and minimizing customer churn will become increasingly important. Our subscription customers have no obligation to renew their subscriptions for our solutions after the expiration of the subscription term, and may decide not to renew their subscriptions, or to renew only for a portion of our solutions or on pricing terms that are less favorable to us. Our customers' renewal rates may decline or fluctuate as a result of a number of factors, including their level of satisfaction with our solutions, their ability to continue their operations and spending levels, the pricing of our solutions and the availability of competing solutions at the time of renewal or hardware refresh. We anticipate that our subscription-based model will require us to dedicate additional resources toward educating our existing and potential customers as to the benefits of the subscription model and our solutions generally, and to continue to retrain our seasoned sales employees who have historically focused on appliance sales and selling software licenses for the life of the device on selling subscription-based licenses in order to maintain and increase their productivity. As a result, our sales and marketing costs may increase.

In addition, we have adjusted, and may in the future need to further adjust, our go-to-market cost structure, particularly as it relates to how we structure, effect, and compensate our sales teams, including for renewal transactions, to become more efficient as we transition to the subscription-based business model. In particular, to align with the new subscription-based business model, starting in fiscal 2021, we adjusted our sales compensation structure, which was previously based primarily on total contract value, to one that is based primarily on annual contract value ("ACV"), which has caused our average contract term lengths to decline and thereby negatively impact our topline results. Those adjustments may negatively affect the productivity of our sales teams, cause our sales teams to prioritize shorter-term transactions, cause a change in the mix of solutions sold and the mix of revenue among solutions sold, and cause our renewal rates to fluctuate or decline, and there is no assurance that we will be able to successfully implement the adjustments in a timely or cost-effective manner, or that we will be able to realize all or any of the expected benefits from such adjustments. If our customers do not renew their subscriptions for our solutions, demand pricing or other concessions prior to renewal, or if our renewal rates fluctuate or decline, our total billings and revenue will fluctuate or decline, and our business and financial results will be negatively affected. Furthermore, our future financial profitability will depend significantly on renewals driving topline growth at a much lower cost than new customer contracts, and renewal rates failing to meet our expectations could also harm our operating results and delay our profitability.

Additional risks associated with our transition to a subscription-based business model include, but are not limited to:

- if current or prospective end customers prefer our historical life-of-device licenses, adoption of our subscription-based model may not meet our expectations, or may take longer to achieve than anticipated;
- our transition could cause confusion or concerns among current or prospective end customers and partners, including concerns regarding recent changes to our pricing and packaging models;
- we may be unsuccessful in implementing or maintaining subscription-based pricing models, or we may implement a pricing model or strategy that is not optimal and could negatively affect adoption, renewal rates and our business results;
- our end customers may shift purchases to our lower priced subscription offerings, which could negatively affect our overall financial results;

- when purchasing multi-year term-based subscription licenses, or as a result of our recently announced sales compensation model change to one that is based primarily on ACV, we may see an increase in the number of customers who choose to pay for only the first year of the applicable term upfront, instead of the full term as we have seen historically, which would negatively impact our operating and free cash flows, potentially significantly, and as a result we may need to raise additional capital which we may not be able to do on terms favorable or acceptable to us, or at all;
- our relationships with existing channel and OEM partners that are accustomed to selling life-of-device licenses may be damaged, and we may be required to dedicate additional time and resources to educate our channel partners about our transition;
- we may see increased discounting behavior from our sales employees and, if we are unable to monitor, prevent and manage such discounting behavior successfully and in a timely manner, our business and financial results will be negatively affected;
- if we are unsuccessful in adjusting our go-to-market cost structure, or in doing so in a timely or cost-effective manner, we may incur higher than expected sales compensation costs, particularly if the pace of our subscription transition is faster than anticipated;
- we may face additional and/or different financial reporting obligations, which could increase the costs associated with our financial reporting and investor relations activities;
- similarly to our decision to start reporting ACV billings, run-rate ACV and annual recurring revenue, we may choose to supplement our financial reporting with new or different metrics, which could increase the costs associated with our financial reporting and may be difficult for investors to understand; and
- investors, industry and financial analysts may have difficulty understanding the shift in our business model, resulting in changes in analysts' financial estimates or failure to meet investor expectations.

Finally, our transition to a subscription-based business model as an IT infrastructure and platform company has few, if any, precedents, and there are many risks or uncertainties that may remain unknown to us as part of the transition. If we fail to anticipate these unknowns, whether due to a lack of information, precedent, or otherwise, or if we fail to properly manage expected risks and/or execute on our transition to a subscription-based business model, our business and operating results, and our ability to accurately forecast our future operating results, may be adversely affected. In addition, we may undergo additional business model changes in the future to adapt to changing market demands, which may entail known and unknown risks and uncertainties.

If other IT vendors do not cooperate with us to ensure that our solutions interoperate with their products, including by providing us with early access to their new products or information about their new products, our product development efforts may be delayed or impaired, which could adversely affect our business, operating results and prospects.

Our solutions provide a platform on which software applications and hypervisors from different software providers run. As a result, our solutions must interoperate with our end customers' existing hardware and software infrastructure, specifically their networks, servers, software and operating systems, as well as the applications that they run on this infrastructure, which may be manufactured and provided by a wide variety of vendors and OEMs. In addition to ensuring that our solutions interoperate with these hardware and software products initially, we must occasionally update our software to ensure that our solutions continue to interoperate with new or updated versions of these hardware and software products. Current or future providers of hardware, software applications, hypervisors or data management tools could make changes that would diminish the ability of our solutions to interoperate with them, and significant additional time and effort may be necessary to ensure the continued compatibility of our solutions, which might not be possible at all. Even if our solutions are compatible with those of other providers, if they do not certify or support our solutions for their systems or cooperate with us to coordinate troubleshooting and hand off of support cases, end customers may be reluctant to buy our solutions, which could decrease demand for our solutions and harm our ability to achieve a return on the investments and resources that we have dedicated to ensuring compatibility. Developing solutions that interoperate properly requires substantial partnering, capital investment and employee resources, as well as the cooperation of the vendors or developers of the software applications and hypervisors both with respect to product development and product support. Vendors may not provide us with early or any access to their technology and products, assist us in these development efforts, certify our solutions, share with or sell to us any APIs, formats, or protocols we may need, or cooperate with us to support end customers. If they do not provide us with the necessary access, assistance or proprietary technology on a timely basis or at all, we may experience product development delays or be unable to ensure the compatibility of our solutions with such new technology or products. To the extent that vendors develop products that compete with ours, they have in the past, and may again in the future, withhold their cooperation, decline to share access, certify our solutions or sell or make available to us their proprietary APIs, protocols or formats or engage in practices to actively limit the functionality, or compatibility, and certification of our products. If any of the foregoing occurs, our product development efforts may be delayed or impaired, our solutions could become less attractive to end customers resulting in a decline in sales, and our business, operating results and prospects may be adversely affected.

If we fail to successfully execute on our plan to sell more cloud services, which would be sold on a ratable subscription-basis, our results of operations could be adversely affected.

We have sold and anticipate selling more of our products and services as cloud-based offerings - which include offerings hosted on public cloud infrastructure as well as part of our own Nutanix Cloud Platform - on a ratable subscription basis. While cloud-based offerings currently make up a small portion of our business, this shift has required and will continue to require a considerable investment of resources and will continue to divert resources and increase costs, especially in cost of license and other revenues, in any given period. We have also made, and intend to continue to make, investments in the supporting infrastructure for such cloud-based offerings that we host, and may not recoup the costs of such investments. Such investments of resources may also not improve our long-term growth and results of operations. Further, the increase in some costs associated with our cloud-based services may be difficult to predict over time, especially in light of our lack of historical experience with the costs of delivering cloud-based versions of our solutions.

We believe our plan has certain advantages; however, it also presents a number of risks to us including, but not limited to, the following:

- arrangements entered into on a ratable subscription basis may delay when we can recognize revenue, even when compared to similar term-based subscription sales, which we currently recognize upfront, and can require up-front costs, which may be significant;
- since revenue is recognized ratably over the term of the customer agreement, any decrease in customer purchases of our ratable subscription-based products and services will not be fully reflected in our operating results until future periods. This will also make it difficult for us to increase our revenue through additional ratable subscription sales in any given period;
- cloud-based ratable subscription arrangements are generally under short-term agreements. Accordingly, our customers generally have no long-term obligation to us and may cancel their subscription at any time, even if our customers are satisfied with our cloud-based subscription products; and
- there is no assurance that the cloud-based solutions we offer on a ratable subscription basis, including new products that we may introduce, will receive broad marketplace acceptance.

If we fail to properly execute on our plan to sell more of our products and services as cloud-based offerings on a ratable subscription basis, our business and operating results would be adversely affected, and the price of our securities could decline.

If we fail to develop or introduce new or enhanced solutions on a timely or cost-effective basis, our ability to attract and retain end customers could be impaired and our brand, reputation and competitive position could be harmed.

We operate in a dynamic environment characterized by rapidly changing technologies and industry standards and technological obsolescence. We will need to continue to create valuable software solutions and integrate these solutions across hardware platforms. To compete successfully, we must design, develop, market and sell new or enhanced solutions that provide increasingly higher levels of performance, capacity, scalability, security, interoperability, application mobility and reliability and meet the cost expectations of our end customers. The introduction of new products by our competitors, the market acceptance of products based on new or alternative technologies, or the emergence of new industry standards could render our existing or future solutions obsolete or less attractive to end customers. Any failure to anticipate or develop new or enhanced solutions or technologies in a timely or cost-effective manner in response to technological shifts, could result in decreased revenue and harm to our business and prospects. Any new feature or application that we develop or acquire may not be introduced in a timely or cost-effective manner and may not achieve broad market acceptance and investments in research and development or efforts to optimize our engineering cost structure may not be successful. In particular, if we fail to timely release new products, technology or services that we previously announced, our brand and reputation could be harmed. In addition, we recently launched a simplified product portfolio shifting from offerings based on individual products to offerings based on solutions. If we fail to introduce new or enhanced solutions that meet the needs of our end customers or penetrate new markets in a timely fashion, we will lose market share and our business, operating results and prospects will be adversely affected.

If we are not successful in executing our strategy to increase sales of our solutions to new and existing large organizations, service providers and government entities, our operating results may suffer.

Our growth strategy is dependent in large part upon increasing sales of our solutions to new and existing large enterprises, service providers and government entities, particularly when such sales result in large orders for our solutions. Sales to these end customers involve risks that may not be present, or that are present to a lesser extent, with sales to smaller end customers, which can act as a disincentive to our sales team to pursue these larger end customers. These risks include:

- competition from companies that traditionally target larger enterprises, service providers and government entities and that may have pre-existing relationships or purchase commitments from such end customers;
- increased purchasing power and leverage held by large end customers in negotiating contractual arrangements with us;
- more stringent requirements in our support service contracts, including demand for quicker support response times and penalties for any failure to meet support requirements; and
- longer sales cycles and the associated risk that substantial time and resources may be spent on a potential end customer that elects not to purchase our solutions.

Large organizations often undertake a significant evaluation process that results in a lengthy sales cycle. Although we have a channel sales model, our sales representatives typically engage in direct interaction with our prospective end customers as well as our distributors and resellers. We typically provide evaluation products to these end customers and may spend substantial time, effort and money in our sales efforts to these prospective end customers. In addition, product purchases by large organizations are frequently subject to budget constraints, multiple approvals and unanticipated administrative, processing and other delays. Finally, large organizations typically have longer implementation cycles, require greater product functionality and scalability, require a broader range of services, demand that vendors take on a larger share of risks, require acceptance provisions that can lead to a delay in revenue recognition, expect greater payment flexibility and may also have a greater ability to resist any attempts to pass on increases in our operating and procurement costs. Given these variables, it can be difficult for us to estimate when an expected sale from a large organization, service provider or government entity may occur, and our ability to accurately forecast our future operating results may be adversely affected. If we fail to realize an expected sale from a large end customer in a particular quarter or at all, our business and operating results could be adversely affected. All of these factors can add further risk to business conducted with these end customers.

Our growth depends on our existing end customers making additional purchases of software licenses and software upgrades and renewing and upgrading their subscriptions and support and entitlement agreements, and the failure of our end customers to do so could harm our business and operating results.

Our future success depends in part on purchases by our existing end customers of additional software licenses and appliances as well as renewals and upgrades to their subscription and support and entitlement agreements. If our end customers do not purchase additional software licenses or appliances or software upgrades, or renew or upgrade their subscription and support and entitlement agreements, our revenue may decline and our operating results may be harmed. In order for us to maintain or improve our operating results, we depend on our existing end customers renewing their subscription agreements as well as their support and entitlement agreements, or purchasing additional solutions. End customers may choose not to renew their subscription agreements or support and entitlement agreements, or purchase additional solutions, because of several factors, including dissatisfaction with our prices or features relative to competitive offerings, reductions in our end customers' spending levels or other causes outside of our control. If our existing end customers do not purchase new solutions, or renew or upgrade their subscription agreements or support and entitlement agreements, our revenue may grow more slowly than expected or may decline, and our business and operating results may be adversely affected.

Our business and growth depend on our ability to attract and retain qualified personnel, including our management team and other key personnel, and the inability to attract, hire, integrate, train, retain, or motivate qualified personnel could harm our business and growth.

Our success and growth depend to a significant degree on the skills and continued services of our management team and other key personnel. If we lose the services of any member of management or any key personnel, we may not be able to locate a suitable or qualified replacement, and we may incur additional expenses to recruit and train a replacement. We have experienced recent changes in our management team resulting from the hiring or departure of executives and other key personnel. While we seek to manage these transitions carefully, these changes may result in a loss of institutional knowledge and may cause disruptions to our business and growth. If we fail to successfully integrate new key personnel into our organization or if key employees are unable to successfully transition into new roles, our business could be adversely affected. In addition, we do not have life insurance policies that cover any of our executive officers or other key employees. The loss of the services of any of our executive officers or key employees, and any failure to have in place and execute an effective succession plan for key executives, could disrupt our business and have a significant negative impact on our operating results, prospects and future growth.

In addition, our success and growth also depend substantially on our ability to continue to attract, hire, integrate, train, retain, and adequately incentivize qualified and highly skilled personnel, in particular, in sales and engineering. We may need to invest significant amounts of cash and equity to attract and retain employees, and we may never realize returns on these investments. Moreover, ineffective management of any leadership transitions, especially within our sales organization, or the inability of our recently hired sales personnel to effectively ramp to target productivity levels could negatively impact our growth and operating margins. We have recently seen higher-than-normal attrition among our sales representatives and our overall sales headcount being below our targets, which may negatively impact our billings and revenue growth. While we continue to recruit additional sales representatives, it takes time to replace, train, and ramp them to full productivity. Competition for highly skilled personnel, particularly in sales and engineering, is frequently intense, especially in the San Francisco Bay Area, where we are headquartered and have a substantial need for such personnel. Furthermore, the industry in which we operate generally experiences high employee attrition.

Although we have entered into employment offer letters with our key personnel, these agreements have no specific duration and constitute at-will employment. Volatility or lack of performance in the price of our securities may also affect our ability to attract and retain our key employees. We cannot assure you that we will be able to successfully attract or retain qualified personnel. Additionally, potential changes in U.S. immigration and work authorization laws and regulations may make it difficult to renew or obtain visas for any highly skilled personnel that we have hired or are actively recruiting. Our inability to attract and retain the necessary personnel could adversely affect our business, operating results and financial condition.

If we do not effectively expand, train, motivate and retain our sales force, we may be unable to add new end customers or increase sales to our existing end customers and our business will be adversely affected.

Although we have a channel sales model, our sales representatives typically engage in direct interaction with our prospective end customers. Therefore, we continue to be substantially dependent on our sales force to obtain new end customers and sell additional solutions to our existing end customers. There is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of sales personnel to support our growth. New hires require significant training and may take significant time before they achieve full productivity; we estimate based on past experience that our average sales team members typically do not fully ramp and are not fully productive until around the time of the start of their fourth quarter of employment with us. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals, particularly individuals who are focused on sales of our solutions to new and existing large enterprises, service providers and government entities, in the markets where we do business or plan to do business. Hiring sales personnel in new countries also requires additional set up, upfront and ongoing costs that we may not recover if the sales personnel fail to achieve full productivity. In addition, as a result of our rapid growth, a large percentage of our sales force is new to our company and our solutions and therefore less effective than our more seasoned employees. Moreover, as we have substantially completed our transition to focus on software-only transactions and continue our transition to a subscription-based business model, we have also had to retrain our seasoned sales employees who have historically focused on appliance sales and selling software licenses for the life of the device in order to maintain or increase their productivity. We have adjusted and also anticipate needing to further adjust our go-to-market cost structure, particularly as it relates to how we compensate our sales teams for life-of-device and renewal transactions.

If our new sales employees, particularly those focused on sales of our solutions to new and existing large enterprises, service providers and government entities, do not become fully productive on the timelines that we have projected, or if we are unable to successfully retrain our more seasoned sales employees who have historically focused on appliance sales and selling software licenses for the life of the device or appropriately adjust our go-to-market cost structure, our revenue will not increase at anticipated levels and our ability to achieve long-term projections may be negatively impacted. If we are unable to hire, train and maintain sufficient numbers of effective sales personnel, or our new or existing sales personnel are not successful in obtaining new end customers, convincing existing customers to renew their subscription-based purchases, or increasing sales to our existing customer base generally, our business, operating results and prospects will be adversely affected.

If we do not effectively compose, structure and compensate our sales force to focus on the end customers and activities that will primarily drive our growth strategy, our business will be adversely affected.

As indicated above, our growth is dependent in large part on the success of our sales force and in particular our ability to structure our sales force and sales compensation structure in a way that aligns with our growth strategy. As part of our efforts to appropriately structure and compensate our sales force such that their incentives are properly aligned with our growth strategy, we have made changes to our sales processes, sales segmentation, and leadership structures for our global sales teams and may need to make additional changes in the future. Such changes may take longer than anticipated to successfully implement, and we may not be able to realize the full benefits thereof, which may have a material adverse impact on our sales productivity as well as our business and operational results generally. In particular, as indicated above, our growth continues to be substantially dependent on our ability to increase our sales to large enterprises, particularly when those sales result in large orders for our solutions. Competition for sales employees who have the knowledge and experience necessary to effectively penetrate major enterprise accounts is fierce, and we may not be successful in hiring such employees, or hiring them on the timelines we anticipate, which will negatively impact our ability to target and penetrate major enterprise accounts. In addition, we anticipate that the sales cycles associated with major accounts will be longer than our traditional sales cycles, which will increase the time it will take our new global account managers to become fully productive. In addition, as our organization continues to focus on major accounts and large deals, the productivity of our traditional sales teams may be impacted.

Additionally, as we continue with our transition to a subscription-based business model, we have adjusted and may need to further adjust the compensation structure of our sales force, particularly as it relates to how we compensate our sales teams for life-of-device and renewal transactions. In particular, to align with the new subscription-based business model, starting in fiscal 2021 we have adjusted our sales compensation structure, which was previously based on total contract value, to one that is based primarily on ACV, which has caused our average contract term lengths to decline and could negatively impact our revenue and operating and free cash flows, potentially significantly. These business model transitions and compensation structure changes may lead to fluctuations in sales productivity that will make it more difficult to accurately project our operating results or plan for future growth. If we are unable to effectively manage these changes or implement new sales structures in a timely manner, or if our decision to segment our sales force is not successful in obtaining large sales of our solutions, our growth and ability to achieve long-term projections may be negatively impacted, and our business and operating results will be adversely affected.

We rely primarily on indirect sales channels for the distribution of our solutions, and disruption within these channels could adversely affect our business, operating results and cash flows.

We primarily sell our solutions through indirect sales channels, including channel partners, such as distributors, our OEMs, value added resellers, and system integrators. Our OEMs may in turn distribute our solutions through their own networks of channel partners with whom we have no direct relationships.

We rely, to a significant degree, on our channel partners to select, screen and maintain relationships with their distribution networks and to distribute our solutions in a manner that is consistent with applicable law, regulatory requirements and our quality standards. If our channel partners or a partner in their distribution network violates applicable law or regulatory requirements or misrepresents the functionality of our solutions, our reputation and brand could be damaged and we could be subject to potential liability. Additionally, if we are unable to establish relationships with strong channel partners in key growth regions, our ability to sell our solutions in these regions may be adversely affected. Our agreements with our channel partners are non-exclusive, meaning our channel partners may offer end customers the products of several different companies, including products that compete with ours. If our channel partners do not effectively market and sell our solutions, choose to use greater efforts to market and sell their own products or those of our competitors, or fail to meet the needs of our end customers, our business, operating results and prospects may be adversely affected. Our channel partners may cease marketing our solutions with limited or no notice and with little or no penalty. The loss of a substantial number of our channel partners, together with our inability to replace them, or the failure to recruit additional channel partners or establish an alternative distribution network could materially and adversely affect our business and operating results. For example, sales through Arrow Electronics, Inc. and Tech Data Corporation to our end customers represented 33% and 15%, respectively, of our total revenue for fiscal 2022. In addition, if a channel partner offers its own products or services that are competitive to our solutions, is acquired by a competitor or reorganizes or divests its reseller business units, our revenue derived from that partner may be adversely impacted or eliminated altogether.

Recruiting and retaining qualified channel partners and training them in the use of our technologies requires significant time and resources. If we fail to devote sufficient resources to support and expand our network of channel partners, our business may be adversely affected. Maintaining strong indirect sales channels for our products and effectively leveraging our channel partners and OEMs is important to our growth strategy, and the failure to effectively manage these relationships may lead to higher costs and reduced revenue. Also, in certain international markets, we are in the process of transitioning our distribution model from contracting directly with hundreds of individual resellers to contracting with a smaller number of larger global distributors. Although we believe that this transition will make our sales channels more efficient and broader reaching in the long term in these markets, there is no guarantee that this new distribution model will increase our sales in the short term or allow us to sustain our gross margins. Any potential delays or confusion during the transition process to our new partners may negatively affect our relationship with our existing end customers and channel partners and may cause us to lose prospective end customers or additional business from existing end customers or cause a decline in renewal rates with existing end customers. Upon completion of the transition to the new sales model, we will be more reliant on fewer channel partners, which may reduce our contact with our end customers making it more difficult for us to establish brand awareness, ensure proper delivery and installation of our software, support ongoing end customer requirements, estimate end customer demand, respond to evolving end customer needs and obtain subscription renewals from end customers.

All of our sales to government entities have been made indirectly through our channel partners. Government entities may have statutory, contractual or other legal rights to terminate contracts with our channel partners for convenience or due to a default, and, in the future, if the portion of government contracts that are subject to renegotiation or termination at the election of the government are material, any such termination or renegotiation may adversely impact our future operating results. Additionally, we sometimes rely on our channel partners to satisfy certain regulatory obligations that we would otherwise have to satisfy if we sold directly to the government entities, and our channel partners may be unable or unwilling to satisfy these obligations in the future. In the event of such termination or change, it may be difficult for us to arrange for another channel partner to sell our solutions to these government entities in a timely manner, and we could lose sales opportunities during the transition. Governments routinely investigate and audit government contractors' (including subcontractors') administrative processes, and any unfavorable audit could result in the government refusing to continue buying our solutions, our channel partners changing their business models or refusing to continue to sell our solutions under current models, a reduction of revenue or fines, or civil or criminal liability if the audit uncovers improper or illegal activities.

If our indirect distribution channel is disrupted, particularly if we are reliant on a fewer number of channel partners, or if we are required to directly satisfy certain regulatory obligations imposed by government entities as a result of our efforts to expand our sales to government entities, we may be required to devote more time and resources to distribute our solutions directly and support our end customers, which may not be as effective and could lead to higher costs, reduced revenue and growth that is slower than expected.

Our operating results may fluctuate significantly, which could make our future results difficult to predict and could cause our operating results to fall below expectations.

Our operating results may fluctuate due to a variety of factors, many of which are outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful. If our revenue or operating results in any particular period fall below investor expectations, the price of our securities would likely decline. Factors that are difficult to predict and that could cause our operating results to fluctuate include, but are not limited to:

- the timing and magnitude of orders (including the start dates thereof), shipments and acceptance of our solutions in any quarter;
- our ability to attract new and retain existing end customers;
- disruptions in our sales channels or shifts in our relationships with important channel partners and OEMs;
- the timing of revenue recognition for our sales, the impact of which is heightened by our focus on software-only sales and ongoing transition to a subscription-based model;
- reductions in end customers' budgets for information technology purchases;
- delays in end customers' purchasing cycles or deferments of end customers' purchases in anticipation of new products or updates from us or our competitors;
- fluctuations in demand and competitive pricing pressures for our solutions;
- the lengths of our contract terms;
- the mix of solutions sold, including the mix between appliance and software-only sales and the mix between subscription-based and non-subscription-based transactions, and the mix of revenue between products and support, entitlements and other services, which will depend in part on whether we are successful in executing our strategy to transition our business to a subscription-based model;

- our ability to develop, introduce and ship in a timely manner new solutions and product enhancements that meet customer requirements, and market acceptance of such new solutions and product enhancements;
- the timing of product releases or upgrades or announcements by us or our competitors;
- any change in the competitive dynamics of our markets, including consolidation or partnerships among our competitors or partners, new entrants or discounting of prices;
- the amount and timing of expenses to grow our business and the extent to which we are able to take advantage of economies of scale or to leverage our relationships with OEM or channel partners;
- the costs associated with acquiring new businesses and technologies and the follow-on costs of integrating and consolidating the results of acquired businesses;
- the amount and timing of stock-based compensation expenses;
- our ability to control the costs of our solutions and their key components, or to pass along any cost increases to our end customers;
- general economic, industry and market conditions and other events that may be outside of our control, such as political and social unrest, terrorist attacks, hostilities, war, malicious human acts, climate change, natural disasters (including extreme weather), supply chain disruption or shortages, pandemics or other major public health concerns, and other similar events; and
- future accounting pronouncements and changes in accounting policies.

The occurrence of any one of these risks could negatively affect our operating results in any particular quarter, which could cause the price of our securities to decline.

Our gross margins are impacted by a variety of factors and may be subject to variation from period to period.

Our gross margins may be affected by a variety of factors, including fluctuations in the pricing of our products, including as a result of competitive pricing pressures or increases in component pricing, and the degree to which we are successful in selling the value of incremental feature improvements and upgrades, changes in the cost of components of our hardware appliances, changes in the mix between direct versus indirect sales, changes in the mix of products sold and the timing and amount of recognized and deferred revenue, particularly as a result of our continued transition to a subscription-based business model. If we are unable to manage these factors effectively, our gross margins may decline, and fluctuations in gross margin may make it difficult to manage our business and to achieve or maintain profitability, which could adversely affect our business and operating results.

Our sales cycles can be long and unpredictable and our sales efforts require considerable time and expense. As a result, it can be difficult for us to predict when, if ever, a particular customer will choose to purchase our solutions, which may cause our operating results to fluctuate significantly.

Our sales efforts involve educating our end customers about the uses and benefits of our solutions, including their technical capabilities and cost saving potential. End customers often undertake an evaluation and testing process that can result in a lengthy sales cycle. Increasing competition and the emergence of new hyperconverged infrastructure product offerings and consumption models often result in customers evaluating multiple vendors at the same time, which can further lengthen the sales cycle. We spend substantial time and resources on our sales efforts without any assurance that our efforts will produce any sales. Platform purchases are frequently subject to budget constraints, multiple approvals and unanticipated administrative, processing and other delays. The broad nature of the technology shift that our solutions represent and the legacy relationships our end customers have with existing IT vendors sometimes lead to unpredictable sales cycles, which make it difficult for us to predict when end customers may purchase solutions from us. The unpredictable nature of our sales cycles may be increased in future periods as we continue to focus our sales efforts more heavily on major accounts and large deals, and as we educate our customers about our ongoing transition to a subscription-based business model. Our business and operating results will be significantly affected by the degree to which and speed with which organizations adopt our solutions.

Because our business depends on manufacturers of hardware, including our OEM partners, to timely and cost-effectively produce and ship the hardware on which our software runs, we are susceptible to supply chain disruptions, delays, quality events, and pricing fluctuations, which have adversely affected, and could further adversely affect, our business.

Our business depends on manufacturers (including Supermicro and our OEM partners) to produce the hardware appliances on which our software runs (including both our Nutanix-branded NX series appliances and the various third-party appliances that are included on our hardware compatibility list) as well as various products that are beyond our control or the control of such manufacturers, which exposes us to direct and indirect risks beyond our control, including reduced control over quality assurance, product costs, product availability, supply chain disruptions and delays, and potential reputational harm and brand damage. We may not be able to discover, manage, and/or remediate such risks in a timely manner or at all. For example, key components of the servers on which our software runs have been affected by the ongoing chip shortage. Beginning late in the fiscal quarter ended April 30, 2022, we saw an unexpected impact from increased supply chain challenges with increased hardware supply chain delays resulting in an increasing percentage of orders having start dates in future quarters and certain customers delaying their purchase of our software pending availability of the hardware on which our software runs. Furthermore, fulfilling orders for NX series appliances or other hardware appliances on which our software runs may not be a priority for such manufacturers in guiding their business decisions and operational commitments. If we fail to manage our relationships with such manufacturers effectively, or if such manufacturers experience delays, disruptions or increased manufacturing lead times, component lead-time disruptions, capacity constraints or quality control problems in their operations or are unable to address our or our end customers' requirements for or concerns about timely delivery, our ability to sell our solutions to our end customers could be severely impaired due to the lack of availability of certified hardware appliances, and our customers' ability, or willingness, to consume our software may be materially impacted or delayed, which will adversely affect our business and operating results, competitive position, brand and reputation, as well as our relationships with affected customers.

In particular, we rely substantially on Supermicro to manufacture, as well as assemble and test, the Nutanix-branded NX series appliances, including those that are delivered by us. Our agreement with Supermicro was renewed in May 2021 for one year and will automatically renew for successive one-year periods following the expiration of such renewal term, with the option to terminate upon each annual renewal, and does not contain any minimum long-term commitment to manufacture NX-branded appliances. If we are required to change the manufacturer or contract manufacturers for the assembly and testing of our NX-branded appliances, we may lose revenue, incur increased costs and damage our channel partner and end customer relationships. We may also decide to switch or bring on additional contract manufacturers for the assembly and testing of our NX-branded appliances in order to better meet our needs. Switching to or bringing on a new OEM partner or contract manufacturer and commencing production is expensive and time-consuming and may cause delays in order fulfillment at our existing OEM partners and contract manufacturers or cause other disruptions.

Our agreement with Supermicro does not contain any price assurances, and increases in component costs, without a corresponding increase in the price of our NX series solutions, could reduce the amount that an end customer pays for our software, thereby adversely affecting our billings and revenue. Furthermore, we may need to increase our component purchases, manufacturing capacity and internal test and quality functions if we experience increased demand. The inability of Supermicro or other manufacturers to produce adequate supplies of hardware appliances could cause a delay in customers’ ability to consume our software and our order fulfillment, and our business, operating results and prospects would be adversely affected. As of July 31, 2022, we had approximately $82.3 million in the form of guarantees to our contract manufacturers related to certain components.

There are a limited number of suppliers, and in some cases single-source suppliers, for several key components in our NX-branded appliances as well as other hardware appliances that our software is certified to operate on (including hardware appliances from our OEM partners), and any delay or disruption in the availability or quality of these components could delay shipments of the NX-branded appliances and damage our channel partner or end customer relationships, or cause our customers to delay purchasing our software.

We rely on a limited number of suppliers, and in some cases single-source suppliers, for several key hardware components of the Nutanix-branded NX series appliances. These components are generally purchased on a purchase order basis through Supermicro, and we do not have long-term supply contracts with these suppliers. This reliance on key suppliers exposes us to risks, including reduced control over product quality, production and component costs, timely delivery and capacity. It also exposes us to the potential inability to obtain an adequate supply of required components because we do not have long-term supply commitments, and replacing some of these components would require a lengthy product qualification process. Furthermore, we extensively test and qualify the components that are used in NX-branded appliances and other appliances on our hardware compatibility list, including hardware appliances from our OEM partners, to ensure that they meet certain quality and performance specifications. If the supply of certain components is disrupted or delayed, or if there is a need to replace existing suppliers on the qualified hardware configuration, there can be no assurance that additional supplies or components can serve as adequate replacements for the existing components, will be available when required or that supplies will be available on terms that are favorable, and it may require modifying our solutions to interoperate with the replacement components. Any of these developments could extend the lead times, increase the costs of the components or costs of product development, cause us to miss market windows for product launch and adversely affect our business, operating results and financial condition.

We generally maintain minimal inventory for repairs and a number of evaluation and demonstration units, and generally acquire components only as needed. We do not enter into long-term supply contracts for these components. As a result, our ability to respond to channel partner or end customer orders efficiently may be constrained by the then-current availability, terms and pricing of these components. The technology industry has experienced component shortages and delivery delays in the past, and is currently experiencing a global chip shortage, and there may be shortages or delays of critical components in the future as a result of strong demand in the industry, component availability constraints, or other factors. If we or our suppliers inaccurately forecast demand for our solutions or we ineffectively manage our enterprise resource planning processes, our suppliers may have inadequate inventory, which could increase the prices we must pay for substitute components or result in our inability to meet demand for our solutions, as well as damage our channel partner or end customer relationships.

If the suppliers of the components of compatible hardware appliances increase prices of components, experience delays, disruptions, capacity constraints, quality control problems in their manufacturing operations or adverse changes to their financial condition, our ability to ship appliances to our channel partners or end customers in a timely manner and at competitive prices could be impaired, and our customers' ability to acquire hardware on which to run our software could be impaired, and our competitive position, brand, reputation, and operating results could be adversely affected. Qualifying a new component is expensive and time-consuming. If we are required to change key suppliers, we may lose revenue and damage our channel partner or end customer relationships which could adversely impact our revenue and operating results.

We rely upon third parties for the warehousing and delivery of appliances and replacement parts for support, and we therefore have less control over these functions than we otherwise would.

We outsource the warehousing and delivery of appliances and spare parts to a third-party logistics provider for spares and service parts fulfillment. In addition, some of our support offerings commit us to replace defective parts in our appliances as quickly as four hours after the initial customer support call is received, which we satisfy by storing replacement parts inventory in various third-party supply depots in strategic worldwide locations. As a result of relying on third parties, we have reduced control over shipping and logistics transactions and costs, quality control, security and the supply of replacement parts for support. Consequently, we may be subject to shipping disruptions and unanticipated costs as well as failures to provide adequate support for reasons that are outside of our direct control. If we are unable to have appliances or replacement products shipped in a timely manner, end customers may seek to cancel their contracts with us, we may suffer reputational harm, and our business, operating results and prospects may be adversely affected.

Our ability to sell our solutions is dependent in part on ease of use and the quality of our technical support, and any failure to offer high-quality technical support would harm our business, operating results and financial condition.

Once our solutions are deployed, our end customers depend on our support organization to resolve any technical issues relating to our solutions. Furthermore, because of the emerging nature of our solutions, our support organization often provides support for and troubleshoots issues for products of other vendors running on our solutions, even if the issue is unrelated to our solutions. There is no assurance that we can solve issues unrelated to our solutions, or that vendors whose products run on our solutions will not challenge our provision of technical assistance to their products. Our ability to provide effective support is largely dependent on our ability to attract, train and retain personnel who are not only qualified to support our solutions, but also well versed in some of the primary applications and hypervisors that our end customers run on our solutions. Furthermore, as we expand our operations internationally, our support organization will face additional challenges, including those associated with delivering support, training and documentation in languages other than English. In addition, as we continue to evolve our product portfolio, which may include additional solutions, our ability to provide high-quality support will become more difficult and will involve more complexity. Any failure to maintain high-quality installation and technical support, or a market perception that we do not maintain high-quality support, could harm our reputation and brand, adversely affect our ability to sell our solutions to existing and prospective end customers, and could harm our business, operating results and financial condition.

Our solutions are highly technical and may contain undetected defects, which could cause data unavailability, unauthorized access to, loss, or corruption that might, in turn, result in liability to our end customers and harm to our reputation, brand and business.

Our solutions are highly technical and complex and are often used to store information critical to our end customers’ business operations. Our solutions may contain undetected errors, defects or security vulnerabilities that could result in data unavailability, unauthorized access to, loss, corruption or other harm to our end customers’ data, including personal or identifying information regarding their employees, customers, and suppliers, as well as their finance and payroll data, and other sensitive business information. In addition, as we expand our platform and introduce new cloud-based products that may hold more of our customer's data, any undetected or unresolved errors, defects or security vulnerabilities may result in data unavailability, unauthorized access to, loss, corruption or other harm to our end-customers' data. Some errors or defects in our solutions may only be discovered after they have been installed and used by end customers. We previously conducted an in-field replacement of equipment manufactured by our previous outsourced manufacturer, and may be required to do so again in the future. In addition, we may make certain commitments to our OEMs regarding the time frames within which we will correct any security vulnerabilities in our software. If any hardware or software errors, defects or security vulnerabilities are discovered in our solutions after commercial release, a number of negative effects in our business could result, including but not limited to:

- lost revenue or lost OEM or other channel partners or end customers;
- increased costs, including warranty expense and costs associated with end customer support as well as development costs to remedy the errors or defects;
- delays, cancellations, reductions or rescheduling of orders or shipments;
- product returns or discounts; and
- damage to our reputation and brand.

In addition, we could face legal claims for breach of contract, product liability, tort or breach of warranty. While many of our contracts with end customers contain provisions relating to warranty disclaimers and liability limitations, these provisions might not be upheld or might not provide adequate protection if we face such legal claims. Defending a lawsuit, regardless of its merit, could be costly and may divert management's attention and adversely affect the market's perception of us and our solutions. In addition, our business liability insurance coverage could prove inadequate with respect to a claim and future coverage may be unavailable on terms favorable or acceptable to us or at all. These product-related issues could result in claims against us and our business could be adversely impacted.

Our business depends, in part, on sales to government organizations, and significant changes in the contracting or fiscal policies of such government organizations could have an adverse effect on our business and operating results.

We derive a portion of our revenue from contracts with federal, state, local and foreign governments, and we believe that the success and growth of our business will continue to depend on our successful procurement of government contracts. However, demand is often unpredictable from government organizations, and there can be no assurance that we will be able to maintain or grow our revenue from the public sector. Government agencies are subject to budgetary processes and expenditure constraints that could lead to delays or decreased capital expenditures in IT spending, particularly in light of continued uncertainties about government spending levels, such as recent changes to, or failure to appoint new, government leaders. The budget and approval process for government agencies also experiences a longer sales cycle relative to our other end customers, and it may be difficult for us to accurately forecast the impact of these contracts on our future operating results. If government organizations reduce or shift their capital spending patterns, our business, operating results and prospects may be harmed. Factors that could impede our ability to maintain or increase the amount of revenue derived from government contracts, include, but are not limited to:

- public sector budgetary cycles and funding authorizations;
- changes in fiscal or contracting policies;
- decreases in available government funding;
- changes in government programs or applicable requirements;
- the adoption of new laws or regulations or changes to existing laws or regulations;
- potential delays or changes in the government appropriations or other funding authorization processes; and
- higher expenses associated with, or delays caused by, diligence and qualifying or maintaining qualification as a government vendor.

The occurrence of any of the foregoing could cause governments and governmental agencies to delay or refrain from purchasing our solutions in the future or otherwise have an adverse effect on our business, operating results and prospects.

Third-party claims that we are infringing intellectual property, whether successful or not, could subject us to costly and time-consuming litigation or expensive licenses, and our business could be harmed.

A number of companies, both within and outside of the enterprise and cloud computing infrastructure industry, hold a large number of patents covering aspects of storage, servers, networking, desktop, security, virtualization, database management, and cloud services products. In addition to these patents, participants in these technology and market areas typically also protect their technology through copyrights, as trade secrets and by contractual means. As a result, there is frequent litigation based on allegations of infringement, misappropriation or other violations of intellectual property rights. We have received, and in the future may receive, inquiries from other intellectual property holders and may become subject to claims that we infringed or are infringing their intellectual property rights, particularly as we expand our presence in the market and face increasing competition. There can be no assurance that we will be successful in defending against these allegations or reaching a business resolution that is satisfactory to us. In addition, parties may claim that the names and branding of our solutions infringe their trademark rights in certain countries or territories. If such a claim were to prevail, we may have to change the names and branding of our solutions in the affected territories and we could incur other costs.

We currently have a number of agreements in effect pursuant to which we have agreed to defend, indemnify and hold harmless our end customers, suppliers and channel and other partners from damages and costs which may arise from the infringement by our solutions of third-party patents or other intellectual property rights in the United States and in other countries. The scope of these indemnity obligations varies, but may, in some instances, include indemnification for damages and expenses, including attorneys' fees. A claim that our solutions infringe a third party's intellectual property rights, even if untrue, could harm our relationships with our end customers and/or channel partners, may deter future end customers from purchasing our solutions and could expose us to costly litigation and settlement expenses. Even if we are not a party to any litigation between a customer and a third party relating to infringement by our solutions, an adverse outcome in any such litigation could make it more difficult for us to defend our solutions against intellectual property infringement claims in any subsequent litigation in which we are a named party. Any of these results could harm our brand and operating results.

Our defense of intellectual property rights claims brought against us or our end customers, suppliers and channel partners, with or without merit, could be time-consuming, expensive to litigate or settle, divert management resources and attention and force us to acquire intellectual property rights and licenses, which may involve substantial royalty or other payments. Further, a party making such a claim, if successful, could secure a judgment that requires us to pay substantial damages. An adverse determination also could prevent us from offering our solutions to our end customers and may require that we procure or develop substitute solutions that do not infringe, which could require significant effort and expense. We may have to seek a license for the technology, which may not be available on terms favorable or acceptable to us or at all, and as a result may significantly increase our operating expenses or require us to restrict our business activities in one or more respects. Any of these events could adversely affect our business, operating results, financial condition and prospects.

The success of our business depends in part on our ability to protect and enforce our intellectual property rights.

We rely on a combination of patent, copyright, service mark, trademark and trade secret laws, as well as confidentiality procedures and contractual restrictions and covenants, to establish and protect our proprietary rights, all of which provide only limited protection. Effective patent, trademark, service mark, copyright and trade secret protection may not be available in every country in which our solutions are available. We cannot be certain that the steps we have taken will prevent unauthorized use of our technology or the reverse engineering of our technology. Moreover, others may independently develop technologies that are competitive to ours or infringe our intellectual property. An inability to adequately protect and enforce our intellectual property and other proprietary rights could seriously harm our business, operating results, financial condition and prospects.

We cannot assure you that any patents will be issued with respect to our currently pending patent applications in a manner that gives us adequate defensive protection or competitive advantages, if at all, or that any patents issued to us will not be challenged, invalidated or circumvented. We have filed for patents in the United States and in certain international jurisdictions, but such protections may not be available in all countries in which we operate or in which we seek to enforce our intellectual property rights, or may be difficult to enforce in practice. Our currently issued patents and any patents that may be issued in the future with respect to pending or future patent applications may not provide sufficiently broad protection or they may not prove to be enforceable in actions against alleged infringers.

Protecting against the unauthorized use of our intellectual property, solutions and other proprietary rights is expensive and difficult, particularly internationally. Litigation may be necessary in the future to enforce or defend our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could result in substantial costs and diversion of management resources, either of which could harm our business, operating results and financial condition. Further, many of our current and potential competitors have the ability to dedicate substantially greater resources to defending intellectual property infringement claims and to enforcing their intellectual property rights than we have. Attempts to enforce our rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against us, or result in a holding that invalidates or narrows the scope of our rights, in whole or in part.

If we fail to maintain an effective system of internal controls, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act") and the rules and regulations of the Nasdaq Stock Market. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly, and place significant strain on our personnel, systems and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls, internal control over financial reporting and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our internal controls may be discovered in the future. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal controls also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we are required to include in our periodic reports we will file with the SEC under Section 404 of the Sarbanes-Oxley Act. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the market price of our securities.

In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting to comply with the SEC rules that implement Sections 302 and 404 of the Sarbanes-Oxley Act, we have expended and anticipate that we will continue to expend significant resources and undertake various actions, including incurring accounting-related costs and implementing new internal controls and procedures, and providing significant management oversight. In addition, our independent registered public accounting firm is also required to formally attest to the effectiveness of our internal control over financial reporting and may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. Any failure to maintain the adequacy of our internal controls, or consequent inability to produce accurate financial statements on a timely basis, or an adverse report from our independent auditors, could increase our operating costs and could materially impair our ability to operate our business and could have a material and adverse effect on our operating results and could cause a decline in the price of our securities. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq Global Select Market.

Failure to comply with laws and regulations applicable to our business could subject us to fines and penalties and could also cause us to lose end customers in the public sector or negatively impact our ability to contract with the public sector.

Our business is subject to regulation by various federal, state, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing employment and labor laws, antitrust laws, workplace safety, product safety, environmental laws, consumer protection laws, anti-bribery laws, import/export controls, federal securities laws and tax laws and regulations. In certain jurisdictions, these regulatory requirements may be more stringent than in the United States. Noncompliance with applicable regulations or requirements could subject us to investigations, sanctions, mandatory product recalls, enforcement actions, disgorgement of profits, fines, damages and civil and criminal penalties or injunctions. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, reputation, operating results and financial condition could be adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in third-party professional fees. Enforcement actions and sanctions could harm our business, operating results and financial condition.

In addition, we must comply with laws and regulations relating to the formation, administration and performance of contracts with the public sector, including U.S. federal, state and local governmental organizations, which affect how we and our channel partners do business with governmental agencies. Selling our solutions to the U.S. government, whether directly or through channel partners, also subjects us to certain regulatory and contractual requirements. Failure to comply with these requirements by either us or our channel partners could subject us to investigations, fines and other penalties, which could have an adverse effect on our business, operating results, financial condition and prospects. As an example, the U.S. Department of Justice ("DOJ") and the General Services Administration ("GSA") have in the past pursued claims against and financial settlements with IT vendors under the False Claims Act and other statutes related to pricing and discount practices and compliance with certain provisions of GSA contracts for sales to the federal government. The DOJ and GSA continue to actively pursue such claims. Violations of certain regulatory and contractual requirements could also result in us being suspended or debarred from future government contracting. Any of these outcomes could have an adverse effect on our revenue, operating results, financial condition and prospects.

These laws and regulations impose added costs on our business, and failure to comply with these or other applicable regulations and requirements, including noncompliance in the past, could lead to claims for damages from our channel partners, penalties, termination of contracts, loss of exclusive rights in our intellectual property and temporary suspension or permanent debarment from government contracting. Any such damages, penalties, disruptions or limitations in our ability to do business with the public sector could have an adverse effect on our business and operating results.

We are subject to governmental regulation and other legal obligations, particularly related to privacy, data protection and information security, and our actual or perceived failure to comply with such obligations could adversely affect our business and operating results. Compliance with such laws could also impair our efforts to maintain and expand our customer base, and thereby decrease our revenue.

Personal privacy, data protection and information security are significant issues in the United States and the other jurisdictions where we offer our solutions. The regulatory framework for privacy and security issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Our handling of data is subject to a variety of global laws and regulations, including regulation by various government agencies, including the U.S. Federal Trade Commission ("FTC") and various state, local and foreign bodies, data protection authorities, and agencies.

The U.S. federal and various state and foreign governments have adopted or proposed limitations on the collection, use, storage, disclosure and transfer of personal information of individuals, including end customers and employees. In the United States, the FTC and many state attorneys general are applying federal and state consumer protection laws to the online collection, use and dissemination of data. Additionally, many foreign countries and governmental bodies, including in Australia, Brazil, the European Economic Area ("EEA"), UK, Switzerland, India, Japan, China, and numerous other jurisdictions in which we operate or conduct our business, have laws and regulations concerning the collection and use of personal information obtained from their residents or by businesses operating within their jurisdiction. These laws and regulations often are more restrictive than those in the United States. For example, the General Data Protection Regulation ("GDPR"), which became effective in May 2018, superseded prior EU data protection legislation, and the UK General Data Protection regulation (“UK GDPR”), both impose more stringent data protection requirements, provide an enforcement authority which substantially increases compliance costs, and impose large penalties for noncompliance. Such laws and regulations may require companies to implement new privacy and security policies, conduct transfer impact assessments, permit individuals to access, correct and delete personal information stored or maintained by such companies, inform individuals of security breaches that affect their personal information, and, among others, obtain individuals’ consent to use personal information for certain purposes. In addition, some countries have enacted or are currently considering legislation that imposes local storage and processing of data to avoid any form of transfer to a third country, or other restrictions on transfer and disclosure of personal data outside of that country which may impact our compliance obligations, potentially exposing us to liability, and increase the cost and complexity of delivering our products and services.

We also expect that there will continue to be new proposed laws, regulations, industry standards, and case law concerning privacy, data protection and information security in the United States, the European Economic Area and other jurisdictions, and we cannot yet determine the impact these developments may have on our business. This increases uncertainty and may require us to change our data practices and/or change our technology solutions, business model or processes, which may in turn adversely affect demand for our products.

Among the recent developments, data transfers have been under increasing scrutiny by the EEA and UK regulators. Recent rulings (such as Schrems II by the Court of Justice of the European Union) require organizations to ensure that the data is protected to a standard that is “essentially equivalent” to that under GDPR and/or other applicable laws and to document this.

As a result of these and future data transfer developments, we may experience a reluctance from current or prospective EEA, UK, and Swiss customers to use our products and may find it necessary to make changes to our data transfer mechanisms and handling of personal data, including with respect to the provision of our products and services. This may adversely impact our business, financial condition, and operating results.

In the United States, more states are adopting their own data protection legislation, creating a complex privacy landscape from state to state. California enacted the California Consumer Privacy Act ("CCPA"), which went into effect on January 1, 2020 and, among other things, requires covered companies to provide new disclosures to California consumers and afford such consumers new abilities to opt-out of the sale of their personal information. In November 2020, California voters passed the California Privacy Rights Act ("CPRA"), which significantly amended the CCPA and generally expanded consumers' privacy rights and protections with respect to their personal information. Colorado, Virginia, Connecticut, and Utah all recently passed privacy legislation taking effect over the course of 2023. We cannot yet predict the full impact of these laws on our business or operations, but it may continue to require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply.

Moreover, as a result of current and proposed data protection and privacy laws addressing the use of personal data for marketing purposes, including the European Commission's draft ePrivacy Regulation which is intended to replace the ePrivacy Directive in the EEA, as well as the CCPA/CPRA, we face an increased difficulty in marketing to current and potential customers, as these laws impact the ability to use internet-based services and tracking technologies, such as cookies, which impacts our ability to spread awareness of our products and services and, in turn, grow a customer base in some regions. We also expect to incur additional costs to comply with the requirements of these laws.

As we begin to offer more cloud-based services, we will increasingly be positioned as a data processor, which imposes additional obligations under the foregoing and other laws and regulations relating to privacy and data protection, and may increase our liability exposure by operation of law, contract, or penalties for noncompliance. Additionally, we expect that existing laws, regulations and standards may be interpreted in new manners in the future. Current or future laws, regulations, standards and other obligations, as well as changes in the interpretation of existing laws, regulations, standards and other obligations could impair our or our customers' ability to collect, use or disclose information relating to individuals, which could decrease demand for our solutions, require us to restrict our business operations, increase our costs and impair our ability to maintain and grow our customer base and increase our revenue.

Although we are working to comply with those federal, state and foreign laws and regulations, industry standards, contractual obligations and other legal obligations that apply to us, those laws, regulations, standards and obligations are evolving and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another, other requirements or legal obligations, our practices or the features of our solutions. As such, we cannot assure ongoing compliance with all such laws or regulations, industry standards, contractual obligations and other legal obligations. Any failure or perceived failure by us to comply with federal, state or foreign laws or regulations, industry standards, contractual obligations or other legal obligations, or any actual or suspected security incident, whether or not resulting in unauthorized access to, or acquisition, release or transfer of personal information or other data, may result in governmental enforcement actions and prosecutions, private litigation, fines and penalties or adverse publicity and could cause our customers to lose trust in us, which could have an adverse effect on our reputation, brand and business. Any inability to adequately address privacy and security concerns, even if unfounded, or comply with applicable laws, regulations, policies, industry standards, contractual obligations or other legal obligations could result in additional cost and liability to us, damage our reputation and brand, inhibit sales and adversely affect our business and operating results.

Failure to comply with anticorruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended ("FCPA"), and similar laws associated with our activities outside of the United States could subject us to penalties and other adverse consequences.

We are subject to the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the United Kingdom Bribery Act of 2010 ("U.K. Bribery Act") and possibly other anti-bribery and anti-money laundering laws in countries in which we conduct activities. We face significant risks if we fail to comply with the FCPA and other anticorruption laws that prohibit companies and their employees and third-party intermediaries from authorizing, offering or providing, directly or indirectly, improper payments or benefits to foreign government officials, political parties and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person or securing any advantage. In many foreign countries, particularly in countries with developing economies, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other applicable laws and regulations. In addition, we use various third parties to sell our solutions and conduct our business abroad. We or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners and agents, even if we do not explicitly authorize such activities. We continue to update and implement our FCPA/anti-corruption compliance program and no assurance can be given that all of our employees and agents, as well as those companies to which we outsource certain of our business operations, will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Any violation of the FCPA, other applicable anticorruption laws and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U.S. government contracts, which could have a material and adverse effect on our reputation, brand, business, operating results and prospects. In addition, responding to any enforcement action may result in a materially significant diversion of management’s attention and resources and significant defense costs and other third-party professional fees.

We are subject to governmental export and import controls that could impair our ability to compete in international markets or subject us to liability if we violate the controls.

Our solutions are subject to U.S. export controls, including the Export Administration Regulations and economic sanctions administered by the Office of Foreign Assets Control, and we incorporate encryption technology into certain of our solutions. These encryption products and the underlying technology may be exported outside of the United States only with the required export authorizations, including by license, a license exception or other appropriate government authorizations, including the filing of an encryption registration.

Furthermore, our activities are subject to the U.S. economic sanctions laws and regulations that prohibit the shipment of certain products and services without the required export authorizations, including to countries, governments and persons targeted by U.S. embargoes or sanctions. Additionally, the U.S. government has recently been critical of existing trade agreements and may impose more stringent export and import controls. Obtaining the necessary export license or other authorization for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities even if the export license ultimately may be granted. While we take precautions to prevent our solutions from being exported in violation of these laws, including obtaining authorizations for our encryption products, implementing IP address blocking and screenings against U.S. government and international lists of restricted and prohibited persons, we cannot guarantee that the precautions we take will prevent violations of export control and sanctions laws. Violations of U.S. sanctions or export control laws can result in significant fines or penalties and possible incarceration for responsible employees and managers could be imposed for criminal violations of these laws.

We also note that if our channel partners fail to obtain appropriate import, export or re-export licenses or permits, we may also be adversely affected, through reputational harm as well as other negative consequences including government investigations and penalties. We presently incorporate export control compliance requirements into our channel partner agreements; however, no assurance can be given that our channel partners will be able to comply with such requirements.

Also, various countries, in addition to the United States, regulate the import and export of certain encryption and other technology, including import and export licensing requirements, and have enacted laws that could limit our ability to distribute our solutions or could limit our end customers' ability to implement our solutions in those countries. Changes in our solutions or future changes in export and import regulations may create delays in the introduction of our solutions in international markets, prevent our end customers with international operations from deploying our solutions globally or, in some cases, prevent the export or import of our solutions to certain countries, governments, or persons altogether. From time to time, various governmental agencies have proposed additional regulation of encryption technology, including the escrow and government recovery of private encryption keys. Any change in export or import regulations, economic sanctions or related legislation, increased export and import controls stemming from U.S. government policies, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our solutions by, or in our decreased ability to export or sell our solutions to, existing or potential end customers with international operations. Any decreased use of our solutions or limitation on our ability to export or sell our solutions would adversely affect our business, operating results and prospects.

Our international operations expose us to additional risks, and failure to manage those risks could adversely affect our business, operating results and cash flows.

We derive a significant portion of our revenue from end customers and channel partners outside the United States. We derived approximately 46%, 46% and 44% of our total revenue from our international customers based on bill-to-location for fiscal 2020, 2021 and 2022, respectively. We are continuing to adapt to and develop strategies to address international markets but there is no guarantee that such efforts will have the desired effect. As of July 31, 2022, approximately 56% of our full-time employees were located outside of the United States. We expect that our international activities will continue to grow over the foreseeable future as we continue to pursue opportunities in existing and new international markets, which will require significant management attention and financial resources. We are subject to risks associated with having significant worldwide operations, including, but not limited to:

- business practices may differ from those in the United States and may require us in the future to include terms other than our standard terms in customer, channel partner, employee, consultant and other contracts;
- political, economic and social instability or uncertainty around the world, including the results and impact of the United Kingdom's separation from the European Union, commonly known as "Brexit";
- potential changes in trade relations arising from policy initiatives implemented by, or statements made by, the U.S. government, which has been critical of existing and proposed trade agreements;
- the potential impact of tariffs or other trade restrictions imposed by, or threatened to be imposed by, the U.S. government, such as the tariffs imposed on Chinese imports to the United States;
- greater difficulty in enforcing contracts, judgments and arbitration awards in international courts, and in collecting accounts receivable and longer payment and collection periods;
- greater risk of unexpected changes in regulatory practices, tariffs and tax laws and treaties;

- risks associated with trade restrictions and foreign legal requirements, including the importation, certification and localization of our solutions required in foreign countries;
- greater risk of a failure of foreign employees, partners, distributors and resellers to comply with both U.S. and foreign laws, including antitrust regulations, the FCPA, the U.K. Bribery Act, U.S. or foreign sanctions regimes and export or import control laws and any trade regulations ensuring fair trade practices;
- heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of, or irregularities in, financial statements;
- requirements to comply with foreign privacy, data protection and information security laws and regulations and the risks and costs of noncompliance;
- reduced or uncertain protection for intellectual property rights in some countries;
- impediments to the flow of foreign exchange capital payments and receipts due to exchange controls instituted by certain foreign governments;
- increased expenses incurred in establishing and maintaining corporate entities, office space and equipment for our international operations;
- difficulties in managing and staffing international offices and increased travel, infrastructure and legal and regulatory compliance costs associated with multiple international locations, including costs related to additional regulatory reviews or audits, financial accounting and reporting obligations and international cybersecurity requirements;
- greater difficulty in identifying, attracting and retaining local experienced personnel, and the costs and expenses associated with such activities;
- the challenge of managing a development team in geographically disparate locations;
- management communication and integration problems resulting from cultural and geographic dispersion;
- differing employment practices and labor relations issues;
- fluctuations in exchange rates between the U.S. dollar and foreign currencies in markets where we do business; and
- treatment of revenue from international sources for tax purposes and changes in tax laws, regulations or official interpretations, including being subject to foreign tax laws and being liable for paying withholding, income or other taxes in foreign jurisdictions.

As we expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these risks. These factors and other factors could harm our ability to gain future international revenue and, consequently, materially impact our business, operating results and financial condition. The expansion of our existing international operations and entry into additional international markets will require significant management attention and financial resources. Our failure to successfully manage our international operations and the associated risks effectively could limit the future growth of our business.

A number of our solutions incorporate software provided under open source licenses which may restrict or impose certain obligations on how we use or distribute our solutions or subject us to various risks and challenges, which could result in increased development expenses, delays or disruptions to the release or distribution of those solutions, inability to protect our intellectual property rights and increased competition.

Certain significant components of our solutions incorporate or are based upon open source software, and we may incorporate open source software into other solutions in the future. Such open source software is generally licensed under open source licenses, including, for example, the GNU General Public License, the GNU Lesser General Public License, "Apache-style" licenses, "BSD-style" licenses and other open source licenses. The use of open source software subjects us to a number of risks and challenges, including, but not limited to:

- If open source software programmers, most of whom we do not employ, do not continue to develop and enhance open source technologies, our development expenses could increase and our product release and upgrade schedules could be delayed.
- Open source software is open to further development or modification by anyone. As a result, others may develop such software to be competitive with our platform and may make such competitive software available as open source. It is also possible for competitors to develop their own solutions using open source software, potentially reducing the demand for, and putting price pressure on, our solutions.
- The licenses under which we license certain types of open source software may require that, if we modify the open source software we receive, we are required to make such modified software and other related proprietary software of ours publicly available without cost and on the same terms. In addition, some open source licenses appear to be permissive in that internal use of the open source software is allowed, but prohibit commercial uses, or treat provision of cloud services as triggering the requirement to make proprietary software publicly available. Accordingly, we monitor our use of open source software in an effort to avoid subjecting our proprietary software to such conditions and others we do not intend. Although we believe that we have complied with our obligations under the various applicable licenses for open source software that we use, our processes used to monitor how open source software is used could be subject to error. In addition, there is little or no legal precedent governing the interpretation of terms in most of these licenses and licensors sometimes change their license terms. Therefore, any improper usage of open source, including a failure to identify changes in license terms, could result in unanticipated obligations regarding our solutions and technologies, which could have an adverse impact on our intellectual property rights and our ability to derive revenue from solutions incorporating the open source software.
- If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur legal expenses defending against such allegations, or engineering expenses in developing a substitute solution.

If we are unable to successfully address the challenges of integrating offerings based upon open source technology into our business, our business and operating results may be adversely affected and our development costs may increase.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our operating results.

Our sales contracts are denominated in U.S. dollars, and therefore, substantially all of our revenue is not subject to foreign currency risk. However, the recent relative strengthening of the U.S. dollar has increased, and may continue to increase, the real cost of our solutions to our end customers outside of the United States, which could adversely affect our financial condition and operating results. In addition, an increasing portion of our operating expenses is incurred outside the United States, is denominated in foreign currencies such as the Euro, the Pound Sterling, the Indian Rupee, the Canadian Dollar and the Australian Dollar, and is subject to fluctuations due to changes in foreign currency exchange rates. In particular, current geopolitical instability and fiscal and monetary policies have caused, and may continue to cause, significant volatility in the currency exchange rates, and such volatility may continue for the foreseeable future. If we become more exposed to currency fluctuations and are not able to successfully hedge against the risks associated with currency fluctuations, our operating results could be adversely affected. Furthermore, such currency fluctuations may also adversely impact our ability to accurately predict our future financial results. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative instruments.

Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value added or similar taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our operating results.

We do not collect sales and use, value added or similar taxes in all jurisdictions in which we have sales, and we have been advised that such taxes are not applicable to our products and services in certain jurisdictions. Sales and use, value added and similar tax laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect such taxes may assert that such taxes are applicable. The U.S. Supreme Court's decision in *South Dakota v. Wayfair, Inc.,* which increased states' ability to assert taxing jurisdiction on out-of-state retailers, could result in additional jurisdictions asserting that sales and use or other taxes apply to our products and services. The assertion that such taxes are applicable by a jurisdiction in which we do not collect such taxes could result in tax assessments, penalties and interest, to us or our end customers for past amounts, and we may be required to collect such taxes in the future. If we are unsuccessful in collecting such taxes from our end customers, we could be held liable for such costs, which may adversely affect our operating results.

Our international operations may subject us to potential adverse tax consequences.

We have expanded our international operations and staff to better support our growth into the international markets. Our corporate structure and associated transfer pricing policies contemplate the business flows and future growth into the international markets, and consider the functions, risks and assets of the various entities involved in the intercompany transactions. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of the various jurisdictions, including the United States, to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions pursuant to the intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a challenge or disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations. Our financial statements could fail to reflect adequate reserves to cover such a contingency.

Changes in global tax laws could increase our worldwide tax rate and could have a material adverse effect on our business, cash flow, results of operations or financial conditions.

Global tax developments applicable to multinational businesses may have a material impact to our business, cash flow from operating activities, or financial results. The Biden administration has made several corporate income tax proposals, including proposed increases to the U.S. corporate income tax rate, global minimum tax, and increased taxation of international business operations. International organizations such as the Organization for Economic Cooperation and Development, have published Base Erosion and Profit Shifting action plans that, if adopted by countries where we do business, could increase our tax obligations in these countries. In addition, several countries have proposed or enacted Digital Services Taxes ("DST"), many of which would apply to revenues derived from digital services. We will continue to assess the ongoing impact of these current and pending changes to global tax legislation and the impact on the Company's future financial statements upon the finalization of laws, regulations and additional guidance. In addition, as we continue to evaluate our corporate structure, any changes to the taxation of undistributed foreign earnings could also change our plans regarding reinvestment of such earnings. Due to the large scale of our U.S. and international business activities, many of these enacted and proposed changes to the taxation of our activities could increase our worldwide effective tax rate and have an adverse effect on our operating results, cash flow or financial condition.

Certain EU and other jurisdictions have introduced anti-hybrid provisions, which came into force in EU member states on January 1, 2020 (subject to relevant derogations). The scope of these rules is wide-reaching and can apply to disallow certain deductions for corporate tax purposes where hybrid entities exist within a company structure. These provisions may place additional burden on our management to assess the impact of the rules and potentially create additional tax costs. EU countries and other jurisdictions will continue to interpret or issue additional guidance on how provisions of the anti-hybrid will be applied, which, if applicable, may materially impact our financial statements and cash flow. Separately, as a result of the complexity of, and lack of clear precedent or authority with respect to, the application of various income tax laws to our corporate structure, tax authorities may challenge how we report our transactions, which may increase our costs and impact our operations.

We are subject to income taxes as well as non-income-based taxes, in both the U.S. and various foreign jurisdictions. Many judgments are required in determining our worldwide provision for income taxes and other tax liabilities, and we are under audit by various tax authorities, which often do not agree with positions taken by us on our income and non-income-based tax returns. Although we believe that our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our consolidated financial statements and may materially affect our financial results in the period or periods for which such determination is made.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

In general, under Section 382 of the United States Internal Revenue Code of 1986, as amended (the "Code"), a corporation that undergoes an ownership change is subject to limitations on its ability to utilize its pre-change net operating losses ("NOLs"), and other tax attributes to offset future taxable income. An ownership change occurs when a company’s "five-percent shareholders" (as defined in Section 382 of the Code) collectively increase their ownership in the company by more than 50 percentage points (by value) over a rolling three-year period. Similar limitations may apply for state tax purposes. If our existing NOLs are subject to limitations arising from previous ownership changes, our ability to utilize NOLs could be limited by Section 382 of the Code. We may experience ownership changes in the future as a result of subsequent shifts in our stock ownership. In addition, at the state level, there may be periods during which the use of net operating losses is suspended or otherwise limited.

Our business is subject to the risks of natural disasters (including extreme weather), man-made problems and other similar events that may be outside of our control.

Significant natural disasters (such as earthquakes, fires, floods, and extreme weather), man-made problems (such as significant power outages, security breaches, acts of terrorism or war, civil unrests, or geopolitical turmoil), and other similar events that may be outside of our control could have an adverse impact on our business and operating results. For example, despite the implementation of network security measures, our networks also may be vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with our solutions. Further, both our corporate headquarters and our main contract manufacturers are located in the San Francisco Bay Area, a region known for seismic activity. In addition, natural disasters (including extreme weather) and man-made problems could cause disruptions in our or our end customers' or channel partners' businesses, our suppliers' and manufacturers' operations or the global economy as a whole. We also rely on IT systems to communicate among our workforce and with third parties. Any disruption to our communications, whether caused by a natural disaster or by man-made problems, such as power disruptions, could adversely affect our business. We do not have a formal disaster recovery plan or policy in place and do not currently require that our manufacturing partners have such plans or policies in place. To the extent that any such disruptions result in delays or cancellations of orders or impede our suppliers' or our manufacturers' ability to timely deliver our solutions and product components, or the deployment of our solutions, our business, operating results and financial condition would be adversely affected. We do maintain what we believe are commercially reasonable levels of business interruption insurance. However, such insurance may not adequately cover our losses in the event of a significant disruption in our business.

If we are the victim of a cyber attack or other cyber security incident and our networks, computer systems or software solutions are breached or unauthorized access to sensitive or proprietary information, including employee or customer data, otherwise occurs, our business operations may be interrupted, our reputation and brand may be damaged, and we may incur significant liabilities.

Cyber attacks designed to gain access to sensitive or proprietary information by breaching mission critical systems of large organizations are constantly evolving, and high-profile electronic security breaches leading to the unauthorized release of sensitive or proprietary information, including employee and customer information, have occurred at a number of large companies in recent years. Companies in our industry have reported that they have been subject to such cyber attacks, including attacks potentially from nation-state actors, and we could be subject to similar attempted attacks. More generally, computer malware, viruses, social engineering (predominantly spear phishing attacks) and general hacking have become prevalent in our industry, particularly against cloud services, and we and companies like us can suffer security breaches from a variety of causes, whether due to third-party action, software bugs or vulnerabilities or coding errors, physical break-ins, employee error, malfeasance or otherwise. In addition, retaliatory acts by Russia in response to Western sanctions could include cyber attacks that could disrupt the economy or that could also either directly or indirectly impact our operations.

We regularly face a wide variety of attempted attacks of this nature, some of which may be successful, although none to-date have had a significant impact on our business. As we transition to offering more cloud-based solutions, as well as those based on our partnerships with third party public cloud providers, we and our third-party public cloud providers may increasingly be the target of cyber threats.

Because the techniques used and vulnerabilities exploited to obtain unauthorized access or to sabotage systems change frequently, and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or vulnerabilities or implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period.

If any unauthorized access to or security breach of our solutions occurs, such an event could result in the loss of data, loss of intellectual property or trade secrets, loss of business, severe reputational or brand damage adversely affecting end customer or investor confidence, regulatory investigations and orders and other enforcement actions, litigation, indemnity obligations, damages for contract breach and penalties for violation of privacy, data protection and other applicable laws, regulations or contractual obligations. We may also be subject to potentially significant costs for remediation that may include liability for stolen assets or information and repair of system damage that may have been caused or incentives offered to end customers or other business partners in an effort to maintain business relationships after a breach and other liabilities. Additionally, any such event or perceived event could impact our reputation and brand, harm customer confidence, hurt our sales and expansion into existing and new markets or cause us to lose potential or existing end customers. Any actual, potential or anticipated attack may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants.

Furthermore, a high-profile security breach suffered, or perceived to have been suffered, by an industry peer may entail a general loss of trust in our industry and thereby have a similar adverse impact on our business and financial performance as a direct breach suffered by us. We could be required to expend significant capital and other resources to alleviate problems caused by such actual or perceived breaches and to remediate our systems, we could be exposed to a risk of loss, litigation or regulatory action and possible liability, and our ability to operate our business may be impaired.

In addition, if the security measures of our end customers, partners, vendors, or suppliers are compromised, even without any actual compromise of our own systems or of our solutions used by such end customers, partners, vendors, or suppliers, we may face negative publicity, reputational harm or brand damage if our end customers, partners, vendors, or suppliers or anyone else incorrectly attributes the blame for such security breaches to us or our solutions. If end customers believe that our solutions do not provide adequate security for the storage of personal or other sensitive or proprietary information or the transmission of such information over the internet, our business will be harmed. End customers' concerns about security or privacy may deter them from using our solutions for activities that involve personal or other sensitive information, which may significantly affect our business and operating results.

Moreover, we have acquired a number of companies, products, services and technologies over the years. Although we devote significant resources to address any security issues with respect to such acquisitions, we may still inherit additional risks as we integrate these companies, products, services and technologies into our business and solutions.

We have expanded and may further expand through acquisitions of, or investments in, other companies, each of which may divert our management's attention, resulting in additional dilution to our stockholders and consumption of resources that are necessary to sustain and grow our business.

Our business strategy may, from time to time, include acquiring other complementary products, technologies or businesses. We also may enter into relationships with other businesses in order to expand our solutions, which could involve preferred or exclusive licenses, additional channels of distribution or discount pricing or investments in other companies. Negotiating these transactions can be time-consuming, difficult and expensive, and our ability to close these transactions may be subject to third-party approvals, such as government regulatory approvals, which are beyond our control. Consequently, we can make no assurance that these transactions once undertaken and announced, will close.

These kinds of acquisitions or investments may result in unforeseen expenditures and operating and integration difficulties, especially if the acquisitions or investments are more complex in structure and scope, including due to the geographic location of the acquired company. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, products, personnel or operations of companies that we may acquire, particularly if the key personnel of the acquired business choose not to work for us. We may have difficulty retaining the customers of any acquired business or the acquired technologies or research and development expectations may prove unsuccessful. Acquisitions may also disrupt our ongoing business, divert our resources, require significant management attention that would otherwise be available for development of our business and may be viewed negatively by our end customers, investors or securities analysts. We may not successfully evaluate or utilize the acquired technology or personnel, or accurately forecast the financial impact of an acquisition transaction, including accounting charges. Any acquisition or investment could expose us to unknown liabilities and risks, and we may incur additional costs and expenses necessary to address an acquired company's failure to comply with laws and governmental rules and regulations. Moreover, we cannot assure you that the anticipated benefits of any acquisition or investment would be realized in a timely manner, if at all, or that we would not be exposed to unknown liabilities. In connection with these types of transactions, we may issue additional equity securities that would dilute our stockholders, use cash that we may need in the future to operate our business, incur debt on terms unfavorable to us or that we are unable to repay, incur large charges or substantial liabilities, encounter difficulties integrating diverse business cultures and become subject to adverse tax consequences, substantial depreciation or deferred compensation charges. These challenges related to acquisitions or investments could adversely affect our business, operating results, financial condition and prospects.

Risks Related to Our Convertible Notes

As of July 31, 2022, we had outstanding $145.7 million aggregate principal amount of 0% convertible senior notes due 2023 (the "2023 Notes"), $750.0 million aggregate principal amount of 2.50% convertible senior notes due 2026 (the "2026 Notes"), and $575.0 million aggregate principal amount of 0.25% convertible senior notes due 2027 (the “2027 Notes,” together with the 2023 Notes and the 2026 Notes, the “Notes”).

Servicing the Notes may require a significant amount of cash, and we may not have sufficient cash or the ability to raise the funds necessary to settle conversions of the Notes in cash, to repay the Notes at maturity, or to repurchase the Notes upon a fundamental change.

Holders of each series of Notes will have the right to require us to repurchase all or a portion of their Notes upon the occurrence of a fundamental change before the applicable maturity date at a repurchase price equal to 100% of the principal amount of such Notes to be repurchased, plus accrued and unpaid special interest, if any. In addition, upon conversion of the Notes, unless we elect to deliver solely shares of our Class A common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Notes being converted. Moreover, we will be required to repay the Notes of a series in cash at their maturity unless earlier converted or repurchased. For example, the 2023 Notes mature on January 15, 2023, unless earlier converted or repurchased. We may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Notes of a series surrendered therefor or pay cash with respect to Notes of such series being converted or at their maturity.

In addition, our ability to repurchase Notes of a series or to pay cash upon conversions of such Notes or at their maturity may be limited by law, regulatory authority or agreements governing our future indebtedness. Our failure to repurchase Notes of a series at a time when the repurchase is required by the applicable indenture or to pay cash upon conversions of such Notes or at their maturity as required by the applicable indenture would constitute a default under such indenture. A default under the applicable indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. Moreover, the occurrence of a fundamental change under the applicable indenture could constitute an event of default under any such agreement. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness or to pay cash amounts due upon conversion, upon required repurchase or at maturity of the applicable series of Notes.

The 2026 Notes bear interest at a rate of 2.50% per annum, with such interest to be paid in kind on the 2026 Notes held by Bain through an increase in the principal amount of the 2026 Notes, and paid in cash on any 2026 Notes transferred to entities that are not affiliated with Bain Capital, LP ("Bain"), on a semi-annual basis. The 2027 Notes bear interest at a rate of 0.25% per annum, with such interest to be paid semi-annually in arrears on each April 1 and October 1. Our ability to make scheduled payments of interest depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Our business may not be able to generate cash flows from operations in the future that are sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flows, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. Higher prevailing interest rates and/or a tightening supply of credit would adversely affect the terms upon which we would be able to refinance our indebtedness, if at all. As a result, we may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. In addition, any of our future debt agreements may contain restrictive covenants that may prohibit us from adopting any of these alternatives.

The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the applicable series of Notes is triggered, holders of such series of Notes will be entitled to convert their Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation in cash, which could adversely affect our liquidity. In addition, even if holders of a series of Notes do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of such series of Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The accounting method for convertible debt securities that may be settled in cash, such as the Notes, has had, and may continue to have, a material effect on our reported financial results.

On August 1, 2021, we adopted Accounting Standards Update ("ASU") 2020-06. Our adoption of this new standard requires us to use the if-converted method for our diluted earnings per share calculation, the effect of which is that the transaction is accounted for as if all of the outstanding Notes were to be converted into shares of our Class A common stock. As a result, our diluted earnings per share could be adversely affected in the future. For more information on our adoption of ASU 2020-06, refer to Note 1 of Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K.

The convertible note hedge and warrant transactions entered into in connection with the issuance of the 2023 Notes may affect the value of our Class A common stock, and we are subject to counterparty risk with respect to the convertible note hedge transactions.

In connection with the pricing of the 2023 Notes in January 2018, we entered into convertible note hedge transactions with one or more of the initial purchasers of the 2023 Notes and/or their respective affiliates or other financial institutions (the "Option Counterparties"). We also entered into warrant transactions with the Option Counterparties pursuant to which we sold warrants for the purchase of our Class A common stock. In connection with privately negotiated exchange and note repurchase transactions that we entered into in September 2021, we terminated portions of these convertible note hedge transactions and warrant transactions. The convertible note hedge transactions are generally expected to reduce the potential dilution upon any conversion of 2023 Notes and/or offset any cash payments we are required to make in excess of the principal amount upon conversion of any 2023 Notes. The warrant transactions could separately have a dilutive effect to the extent that the market price per share of our Class A common stock exceeds the strike price of the warrants.

In addition, the Option Counterparties and/or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our Class A common stock and/or purchasing or selling our Class A common stock in secondary market transactions prior to the maturity of the 2023 Notes (and are likely to do so during any observation period related to a conversion of 2023 Notes or following any repurchase of 2023 Notes by us on any fundamental change repurchase date or otherwise). This activity could also cause or avoid an increase or a decrease in the market price of our Class A common stock. In addition, if any such convertible note hedge and warrant transactions fail to become effective, the Option Counterparties may unwind their hedge positions with respect to our Class A common stock, which could adversely affect the value of our Class A common stock.

The potential effect, if any, of these transactions and activities on the market price of our Class A common stock will depend in part on market conditions and cannot be ascertained at this time. Any of these activities could adversely affect the value of our Class A common stock.

The Option Counterparties are financial institutions or affiliates of financial institutions, and we are subject to the risk that one or more of such Option Counterparties may default under the convertible note hedge transactions. Our exposure to the credit risk of the Option Counterparties will not be secured by any collateral. If any Option Counterparty becomes subject to bankruptcy or other insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under our transactions with that Option Counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in our Class A common stock market price and in the volatility of the market price of our Class A common stock. In addition, upon a default by an Option Counterparty, we may suffer adverse tax consequences and dilution with respect to our Class A common stock. We can provide no assurance as to the financial stability or viability of any Option Counterparty.

Risks Related to Ownership of Our Securities

The market price of our securities may be volatile and may decline.

The market price of our securities has fluctuated and may continue to fluctuate substantially. The market price of our securities depends on a number of factors, including those described in this "Risk Factors" section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our securities. Factors that could cause fluctuations in the market price of our securities include the following:

- price and volume fluctuations in the overall stock market from time to time;

- volatility in the market prices and trading volumes of high technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- changes in financial estimates by any analysts who follow our company, including as a result of any current and future business model transitions (including our ongoing transition to a subscription-based business model), or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- announcements by us or our competitors of new products and solutions or new or terminated significant contracts, commercial relationships or capital commitments;
- public analyst or investor reaction to our press releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes or fluctuations in our operating results;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- actual or threatened litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or our solutions, or third-party proprietary rights;
- rumored, announced or completed acquisitions of businesses or technologies of or by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any major changes in our management or our Board of Directors;
- general economic conditions and slow or negative growth of our markets; and
- other events or factors which may be outside of our control, such as political and social unrest, terrorist attacks, hostilities, war, malicious human acts, climate change, natural disasters (including extreme weather), pandemics or other major public health concerns (such as the ongoing COVID-19 pandemic), and other similar events, or responses to these events.

In addition, the stock market in general, and the market for technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of our securities, regardless of our actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market prices of a particular company's securities, securities class action litigation has often been instituted against that company. For example, following our earnings release in February 2019, the price of our Class A common stock fell significantly and, as a result, multiple class action securities lawsuits have been filed against us, as well as multiple shareholder derivative claims. These securities litigation matters, as well as any additional securities litigation matters that may be instituted against us, could result in substantial costs, divert our management's attention and resources from our business, and adversely impact our reputation and brand. This could have an adverse effect on our business, operating results and financial condition.

Sales of substantial amounts of our Class A common stock in the public markets, or the perception that they might occur, could reduce the price that our securities might otherwise attain and may dilute your voting power and your ownership interest in us.

Sales of a substantial number of shares of our Class A common stock in the public markets, particularly sales by our directors, executive officers and significant stockholders, or the perception that these sales could occur, could adversely affect the market price of our Class A common stock.

We have reserved a substantial number of shares of our Class A common stock for issuance upon vesting or exercise of our equity compensation plans, upon conversion of the Notes and in relation to warrant transactions we entered into in connection with the pricing of the 2023 Notes.

We have also registered the offer and sale of all shares of our Class A common stock that we may issue under our equity compensation plans.

We may also issue our shares of Class A common stock or additional securities convertible into shares of our Class A common stock from time to time in connection with a financing, acquisition, investments or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the market price of our Class A common stock to decline.

Conversion of our Notes may dilute the ownership interest of existing stockholders, or may otherwise depress the price of our securities.

The conversion of some or all of our Notes, to the extent we deliver shares upon conversion thereof, will dilute the ownership interests of existing stockholders, reduce our earnings per share and potentially have an adverse effect on the price of our securities. Any sales in the public market of our Class A common stock issuable upon such conversion could adversely affect prevailing market prices of our securities. In addition, the existence of the Notes may encourage short selling by market participants because the conversion of the Notes could be used to satisfy short positions, or anticipated conversion of the Notes into shares of our Class A common stock could depress the price of our securities.

If financial or industry analysts do not publish research or reports about our business, if they have difficulty understanding the changes to our business model, or if they issue inaccurate or unfavorable research regarding our securities, our stock price and trading volume could decline.

The trading market for our securities will be influenced by the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts or the content and opinions included in their reports. In addition, we are in a period of transition to a subscription-based business model in the long term, which analysts may not have historically reflected, or may not accurately in the future reflect, in their research. The foregoing factors could affect analysts' ability to accurately forecast our results and make it more likely that we fail to meet their estimates. In the event we obtain industry or financial analyst coverage, if any of the analysts who cover us issue an inaccurate or unfavorable opinion regarding our securities, the price of our securities would likely decline. In addition, the stock prices of many companies in the high technology industry have declined significantly after those companies have failed to meet, or in some cases failed to significantly exceed, the financial guidance publicly announced by the companies or the expectations of analysts. If our financial results fail to meet (or significantly exceed) our announced guidance or the expectations of analysts or public investors, analysts could downgrade our Class A common stock or publish unfavorable research about us. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause the price of our securities or trading volume to decline, potentially significantly.

Certain provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove members of our Board of Directors or current management and may adversely affect the market price of our securities.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors that are not nominated by the current members of our Board of Directors or take other corporate actions, including effecting changes in our management. These provisions include:

- a classified Board of Directors with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our Board of Directors;
- the ability of our Board of Directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the exclusive right of our Board of Directors to elect a director to fill a vacancy created by the expansion of our Board of Directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our Board of Directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;

- the requirement that a special meeting of stockholders may be called only by the chairman of our Board of Directors, our lead independent director, our president, our secretary or a majority vote of our Board of Directors, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement for the affirmative vote of holders of at least 66 2⁄3% of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, to amend the provisions of our amended and restated certificate of incorporation relating to the issuance of preferred stock and management of our business or our amended and restated bylaws, which may inhibit the ability of an acquirer to effect such amendments to facilitate an unsolicited takeover attempt;
- the ability of our Board of Directors, by majority vote, to amend our amended and restated bylaws, which may allow our Board of Directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend our amended and restated bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to our Board of Directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time.

We do not intend to pay dividends in the foreseeable future. As a result, your ability to achieve a return on your investment will depend on appreciation in the price of our Class A common stock.

We have never declared or paid any cash dividends on our Class A common stock. We currently intend to retain all available funds and any future earnings for use in the operation and expansion of our business and do not anticipate paying any dividends on our Class A common stock in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board of Directors. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Item 1B. Unresolved Staff Comments

Not Applicable.

Item 2. Properties

Our corporate headquarters are located in San Jose, California where, under lease agreements that expire through May 2030, we currently lease approximately 432,000 square feet of space. Following an evaluation of our longer-term facilities plans due to our transition to a hybrid work environment, we recently entered into amendments to these lease agreements to reduce the leased space to approximately 215,000 square feet beginning in June 2024. We also maintain offices in North America, Europe, Asia Pacific, the Middle East, Latin America, and Africa. We lease all of our facilities and do not own any real property. We believe that our facilities are adequate to meet our needs for the immediate future and that, should it be needed, we would lease suitable additional space to accommodate our operations.

Item 3. Legal Proceedings

The information set forth under the "Legal Proceedings" subheading in Note 7 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock

Our Class A common stock began trading publicly on the NASDAQ Stock Market under the ticker symbol "NTNX" on September 30, 2016. Prior to that time, there was no public market for our Class A common stock. The following table sets forth, for the periods indicated, the high and low sale prices of our Class A common stock as reported on the Nasdaq Global Select Market.

	Fiscal 2021		Fiscal 2022	
Fiscal Quarter:	**High**	**Low**	**High**	**Low**
First quarter	$ 28.71	$ 20.84	$ 43.95	$ 33.10
Second quarter	$ 33.86	$ 23.36	$ 36.28	$ 24.71
Third quarter	$ 35.07	$ 25.65	$ 28.47	$ 22.14
Fourth quarter	$ 39.95	$ 26.54	$ 26.34	$ 13.75

Holders of Record

As of July 31, 2022, there were 92 holders of record of our Class A common stock. This figure does not include a substantially greater number of "street name" holders or beneficial holders of our common stock whose shares are held of record by banks, brokers and other financial institutions.

Dividend Policy

We have never declared or paid cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our Board of Directors, subject to applicable laws and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our Board of Directors may deem relevant.

Unregistered Sales of Equity Securities and Use of Proceeds

None.

Purchases of Equity Securities by the Issuer

Share Repurchase Program

The following table provides information with respect to the shares of our Class A common stock we repurchased during the fiscal year ended July 31, 2022:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program [(1)]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [(1)]
September 1, 2021 - September 30, 2021	1,368,780	$ 42.77	1,368,780	$ —

(1) In September 2021, we used approximately $58.5 million of the net cash proceeds from the issuance of $97.7 million in aggregate principal amount of our 0.25% convertible senior notes due 2027 to repurchase shares of Class A common stock in open market transactions.

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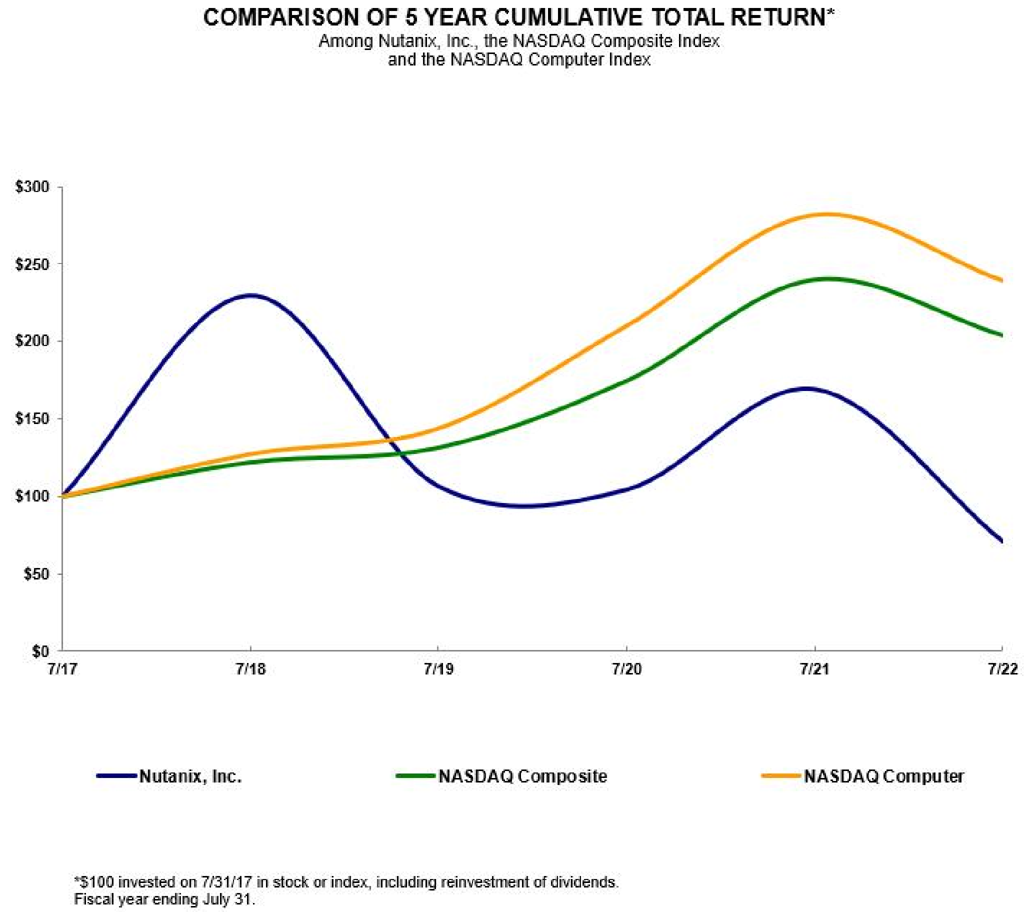
Stock Performance Graph

The following graph shows a comparison from July 31, 2017 through July 31, 2022 of the cumulative total return for our Class A common stock based on the closing price on the last day of each respective period. The graph assumes an initial investment of $100 on July 31, 2017 in the common stock of Nutanix, Inc., the NASDAQ Composite Index and NASDAQ Computer Index and assumes reinvestment of any dividends. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



	Fiscal Year					
	7/31/17	7/31/18	7/31/19	7/31/20	7/31/21	7/31/22
Nutanix, Inc.	$ 100.00	$ 230.12	$ 106.85	$ 104.45	$ 169.55	$ 71.22
Nasdaq Composite Index	$ 100.00	$ 122.13	$ 131.59	$ 174.72	$ 240.30	$ 204.37
Nasdaq Computer Index	$ 100.00	$ 127.40	$ 143.94	$ 210.14	$ 281.92	$ 239.56

The information on the above graph shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act, and shall not be incorporated by reference into any registration statement or other document filed by us with the SEC, whether made before or after the date of this Annual Report on Form 10-K, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this item is incorporated herein by reference to our definitive proxy statement for our 2022 annual meeting of stockholders, which will be filed no later than 120 days after the end of our fiscal year ended July 31, 2022.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition, results of operations and cash flows should be read in conjunction with the consolidated financial statements and the related notes thereto included elsewhere in this Annual Report on Form 10-K. The last day of our fiscal year is July 31. Our fiscal quarters end on October 31, January 31, April 30 and July 31. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" or in other parts of this Annual Report on Form 10-K. See also "Special Note Regarding Forward-Looking Statements" above.

Overview

Nutanix, Inc. ("we," "us," "our" or "Nutanix") provides a leading enterprise cloud platform, which we call the Nutanix Cloud Platform, that consists of software solutions and cloud services that power our customers' enterprise infrastructure. Our solutions deliver a consistent cloud operating model across edge, private-, hybrid- and multicloud environments for all applications and their data. Our solutions allow organizations to simply move their workloads, including enterprise applications, high-performance databases, end-user computing and virtual desktop infrastructure ("VDI") services, container-based modern applications, and analytics applications, between on-premises and public clouds. Our goal is to provide a single, simple, open software platform for all hybrid and multicloud applications and their data.

The Nutanix Cloud Platform can be deployed on-premises at the edge or in data centers, running on a variety of qualified hardware platforms, in popular public cloud environments such as AWS (currently generally available) and Microsoft Azure (currently in public preview and expected to become generally available in the future) through Nutanix Cloud Clusters, or, in the case of our cloud-based software and software-as-a-service ("SaaS") offerings, via hosted service. Non-portable software licenses for our platform are delivered or sold alongside configured-to-order appliances, with a license term equal to the life of the associated appliance. Our subscription term-based licenses are sold separately, or can also be sold alongside configured-to-order appliances. Our subscription term-based licenses typically have terms ranging from one to five years. Our cloud-based SaaS subscriptions have terms extending up to five years. Configured-to-order appliances, including our Nutanix-branded NX hardware line, can be purchased from one of our channel partners, original equipment manufacturers ("OEMs") or, in limited cases, directly from Nutanix.

Our enterprise cloud platform typically includes one or more years of support and entitlements, which provides customers with the right to software upgrades and enhancements as well as technical support. Purchases of term-based licenses and SaaS subscriptions have support and entitlements included within the subscription fees and are not sold separately. Purchases of non-portable software are typically accompanied by the purchase of separate support and entitlements.

Product revenue is generated primarily from the licensing of our solutions. Support, entitlements and other services revenue is primarily derived from the related support and maintenance contracts. Prior to fiscal 2019, we delivered most of our solutions on an appliance, thus our revenue included the revenue associated with the appliance and the included non-portable software, which lasts for the life of the associated appliance. However, starting in fiscal 2018, as a result of our business model transition toward software-only sales, more of our customers began buying appliances directly from our OEMs while separately buying licenses for our software solutions from us or one of our channel partners. In addition, starting in fiscal 2019, as a result of our transition towards a subscription-based business model, more of our customers began purchasing separately sold subscription term-based licenses that could be deployed on a variety of hardware platforms. As we continue our transition to a subscription-based business model, we expect a greater portion of our products to be delivered through subscription term-based licenses or cloud-based SaaS subscriptions.

We had a broad and diverse base of over 22,000 end customers as of July 31, 2022, including approximately 980 Global 2000 enterprises. We define the number of end customers as the number of end customers for which we have received an order by the last day of the period, excluding partners to which we have sold products for their own demonstration purposes. A single organization or customer may represent multiple end customers for separate divisions, segments, or subsidiaries, and the total number of end customers may contract due to mergers, acquisitions, or other consolidation among existing end customers.

Our solutions are primarily sold through channel partners and OEMs and delivered directly to our end customers. Our solutions serve a broad range of workloads, including enterprise applications, databases, virtual desktop infrastructure, unified communications and big data analytics, and we support both virtualized and container-based applications. We have end customers across a broad range of industries, such as automotive, consumer goods, education, energy, financial services, healthcare, manufacturing, media, public sector, retail, technology, and telecommunications. We also sell to service providers, who utilize our enterprise cloud platform to provide a variety of cloud-based services to their customers.

We continue to invest in the growth of our business over the long-run, including the development of our solutions and investing in sales and marketing to capitalize on our market opportunities, while improving our operating cash flow performance by focusing on go-to-market efficiencies. By maintaining this balance, we believe we can drive toward profitable growth. As discussed further in the "Impact of the COVID-19 Pandemic" and "Factors Affecting Our Performance" sections below, both in response to the ongoing and evolving COVID-19 pandemic and as part of our overall efforts to improve our operating cash flow performance, we have proactively taken steps to manage our expenses. As a result, our overall spending on such efforts will fluctuate, and may decline, from quarter to quarter in the near term.

Impact of the COVID-19 Pandemic

The ongoing and evolving pandemic caused by the COVID-19 virus (collectively with any variants or related strains thereof, "COVID-19" and the ongoing pandemic caused thereby, the "COVID-19 pandemic") significantly curtailed the movement of people, goods and services worldwide, imposed unprecedented strains on governments, health care systems, educational institutions, businesses and individuals around the world, including in nearly all of the regions in which we operate, and has resulted in significant volatility and uncertainty in the global economy. In response to the pandemic, authorities, businesses, and individuals implemented numerous unprecedented measures, including travel bans and restrictions, quarantines, shelter-in-place, stay-at-home, remote work and social distancing orders, and shutdowns. Even as efforts to contain the pandemic have made progress and some restrictions have relaxed, new variants of the virus have caused additional outbreaks. The COVID-19 pandemic has impacted and may continue to impact our workforce and operations, as well as those of our customers, vendors, suppliers, partners, and communities, and there is substantial uncertainty in the nature and degree of its continued effects over time.

In response to the COVID-19 pandemic, we took a number of actions to protect and assist our employees, customers, and partners, including: temporarily closing all of our offices (including our California headquarters) around the world; encouraging our employees to work remotely; implementing travel restrictions that allow only the most essential business travel; and postponing, cancelling, withdrawing from, or converting to virtual-only experiences (where possible and appropriate) our in-person customer, industry, analyst, investor, and employee events. While we have generally reopened our offices around the world, for so long as the pandemic continues, our employees may continue to be exposed to health and safety risks, and governmental protocols may require us to again close those offices that have since been reopened. The COVID-19 pandemic and the measures taken in response to the pandemic, including our own measures, have already caused, and may continue to cause, various adverse effects on the global economy and our business, including: curtailed demand for certain of our solutions; reduced IT spending; delays in or abandonment of planned or future purchases; lengthened sales cycles, particularly with new customers and partners who do not have prior experience with our solutions; supply chain disruptions; increased cybersecurity risks or other security challenges; delays or disruptions to our product roadmap and our ability to deliver new products, features, or enhancements; and voluntary and involuntary delays in the ability to ship, and the ability of our end customers to accept delivery of, the hardware platforms on which our software solutions run. Reduced manufacturing capacity caused by the pandemic, together with measures taken in response to the pandemic, have led to increased supply chain challenges with increased hardware supply chain delays resulting in an increasing percentage of orders having start dates in future quarters and certain customers delaying their purchase of our software pending availability of the hardware on which our software runs. Travel bans, shutdowns, social distancing restrictions and remote work policies also make it difficult or impossible to deliver on-site services to our partners and end customers, and to meet with our current and potential end customers in person. We have also seen positive impacts, including increased demand for our virtual desktop, desktop-as-a-service, and end-user computing solutions as a result of our end customers enabling their employees to work remotely.

We have also quickly adapted to the new work environment, leveraging digital, video, and other collaborative tools to enable our teams to stay connected with each other, and our sales, marketing and support teams to continue to engage with and remain responsive to our partners and end customers. Additionally, we have seen a reduction in our operating expenses in recent quarters, including sales and marketing expenses, some of which is due to a number of proactive actions that we took to manage our operating expenses in light of the uncertainty caused by the COVID-19 pandemic, and some of which is a natural result of the continued restrictions on travel and in-person events from the pandemic. Although the full impact of these actions is uncertain, some of these cost savings measures are temporary. While we do expect to see some of our operating expenses increase from the suppressed levels in recent quarters as some of the proactive cost savings measures expire and some level of travel and other related expenses return, we are focused on improving our operating cash flow performance and we do not expect that travel or other related expenses will return to pre-pandemic levels. See the section titled "Risk Factors" for further discussion of the possible impact of these actions on our business and financial performance.

The duration, scope and ultimate impact of the COVID-19 pandemic on the global economy and our business remain highly fluid and cannot be predicted with certainty, and the full effect of the pandemic and the actions we have taken in response may not be fully reflected in our results of operations and financial performance until future periods. Our management team is focused on guiding our company through the challenges presented by COVID-19 and remains committed to driving positive business outcomes. Although we do not currently expect the pandemic to affect our financial reporting systems, internal control over financial reporting or disclosure controls and procedures, the continued impact of the pandemic on our business and financial performance will be highly dependent upon numerous factors, many of which are beyond our control. See the section titled "Risk Factors" for further discussion of the possible impact of the COVID-19 pandemic, as well as the actions we have taken in response, on our business and financial performance.

Key Financial and Performance Metrics

We monitor the following key financial and performance metrics:

	As of and for the Fiscal Year Ended July 31,		
	2020	2021	2022
	(in thousands, except percentages and end customer count)		
Total revenue	$ 1,307,682	$ 1,394,364	$ 1,580,796
Year-over-year percentage increase	5.8 %	6.6 %	13.4 %
Subscription revenue	$ 1,030,180	$ 1,243,621	$ 1,433,773
Total billings	$ 1,580,092	$ 1,521,096	$ 1,708,641
Subscription billings	$ 1,276,413	$ 1,354,155	$ 1,563,560
Annual contract value ("ACV") billings	$ 505,179	$ 594,292	$ 756,326
Annual recurring revenue ("ARR")	$ 481,250	$ 878,733	$ 1,202,438
Run-rate ACV	$ 1,219,965	$ 1,535,360	$ 1,797,423
Gross profit	$ 1,020,993	$ 1,102,458	$ 1,259,640
Non-GAAP gross profit	$ 1,063,655	$ 1,147,730	$ 1,311,662
Gross margin	78.1 %	79.1 %	79.7 %
Non-GAAP gross margin	81.3 %	82.3 %	83.0 %
Operating expenses	$ 1,849,914	$ 1,763,240	$ 1,717,084
Non-GAAP operating expenses	$ 1,518,697	$ 1,428,760	$ 1,397,473
Total deferred revenue	$ 1,183,441	$ 1,312,923	$ 1,445,538
Net cash (used in) provided by operating activities	$ (159,885)	$ (99,810)	$ 67,543
Free cash flow	$ (249,373)	$ (158,457)	$ 18,485
Total end customers [(1)]	17,360	20,130	22,600

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

Disaggregation of Revenue and Billings

The following table depicts the disaggregation of revenue and billings by type, consistent with how we evaluate our financial performance:

	Fiscal Year Ended July 31,		
	2020	2021	2022
		(in thousands)	
Disaggregation of revenue:			
Subscription revenue	$ 1,030,180	$ 1,243,621	$ 1,433,773
Non-portable software revenue	208,158	71,390	49,694
Hardware revenue	23,455	6,259	5,585
Professional services revenue	45,889	73,094	91,744
Total revenue	$ 1,307,682	$ 1,394,364	$ 1,580,796
Disaggregation of billings:			
Subscription billings	$ 1,276,413	$ 1,354,155	$ 1,563,560
Non-portable software billings	208,158	71,390	49,694
Hardware billings	23,455	6,259	5,585
Professional services billings	72,066	89,292	89,802
Total billings	$ 1,580,092	$ 1,521,096	$ 1,708,641

Subscription revenue — Subscription revenue includes any performance obligation which has a defined term and is generated from the sales of software entitlement and support subscriptions, subscription software licenses and cloud-based software as a service offerings.

- Ratable — We recognize revenue from software entitlement and support subscriptions and SaaS offerings ratably over the contractual service period, the substantial majority of which relate to software entitlement and support subscriptions. These offerings represented approximately $508.8 million, $639.3 million and $770.4 million of our subscription revenue for fiscal 2020, 2021 and 2022, respectively.
- Upfront — Revenue from our subscription software licenses is generally recognized upfront upon transfer of control to the customer, which happens when we make the software available to the customer. These subscription software licenses represented approximately $521.3 million, $604.3 million and $663.4 million of our subscription revenue for fiscal 2020, 2021 and 2022, respectively.

Non-portable software revenue — Non-portable software revenue includes sales of our enterprise cloud platform when delivered on a configured-to-order appliance by us or one of our OEM partners. The software licenses associated with these sales are typically non-portable and can be used over the life of the appliance on which the software is delivered. Revenue from our non-portable software products is generally recognized upon transfer of control to the customer.

Hardware revenue — In transactions where the hardware appliance is purchased directly from Nutanix, we consider ourselves to be the principal in the transaction and we record revenue and costs of goods sold on a gross basis. We consider the amount allocated to hardware revenue to be equivalent to the cost of the hardware procured. Hardware revenue is generally recognized upon transfer of control to the customer.

Professional services revenue — We also sell professional services with our products. We recognize revenue related to professional services as they are performed.

Non-GAAP Financial Measures and Key Performance Measures

We regularly monitor total billings, subscription billings, ACV billings, ARR, run-rate ACV, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, free cash flow, and total end customers, which are non-GAAP financial measures and key performance measures, to help us evaluate our growth and operational efficiencies, measure our performance, identify trends in our sales activity and establish our budgets. We evaluate these measures because they:

- are used by management and the Board of Directors to understand and evaluate our performance and trends, as well as to provide a useful measure for period-to-period comparisons of our core business, particularly as we progress through our transition to a subscription-based business model;
- are widely used as a measure of financial performance to understand and evaluate companies in our industry; and
- are used by management to prepare and approve our annual budget and to develop short-term and long-term operational and compensation plans, as well as to assess our actual performance against our goals.

Total billings is a performance measure which we believe provides useful information to our management and investors, as it represents the dollar value under binding purchase orders received and billed during a given period. Subscription billings is a performance measure that we believe provides useful information to our management and investors as it allows us to better track the growth of the subscription-based portion of our business, which is a critical part of our business plan. ACV billings and run-rate ACV are performance measures that we believe provide useful information to our management and investors as they allow us to better track the topline growth of our business during our transition to a subscription-based business model because they take 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 only includes non-life-of-device contracts and takes into account variability in term lengths. Non-GAAP gross profit, non-GAAP gross margin and non-GAAP operating expenses are performance measures which we believe provide useful information to investors, as 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 management and investors about the amount of cash used in or generated by the business after necessary capital expenditures. 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.

Total billings, subscription billings, ACV billings, ARR, run-rate ACV, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, and free cash flow have limitations as analytical tools and they should not be considered in isolation or as substitutes for analysis of our results as reported under generally accepted accounting principles in the United States. Total billings, subscription billings, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, and free cash flow are not substitutes for total revenue, subscription revenue, gross profit, gross margin, operating expenses, or cash provided by (used in) operating activities, respectively. There is no GAAP measure that is comparable to ACV billings, ARR or run-rate ACV, so we have not reconciled either ACV billings, ARR or run-rate ACV numbers included in this Annual Report on Form 10-K 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 and not to rely on any single financial measure to evaluate our business.

We calculate our non-GAAP financial and key performance measures as follows:

Total billings — We calculate total billings by adding the change in deferred revenue between the start and end of the period to total revenue recognized in the same period.

Subscription billings — We calculate subscription billings by adding the change in subscription deferred revenue between the start and end of the period to subscription revenue recognized in the same period.

ACV billings — We calculate ACV billings as the sum of the ACV for all contracts billed during the period. ***ACV*** is defined as the total annualized value of a contract, excluding amounts related to professional services and hardware. We calculate the total annualized value for a contract 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.

ARR — We calculate ARR 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.

Run-rate ACV — We calculate run-rate ACV as the sum of ACV for all contracts that are in effect as of the end of the period. For the purposes of this calculation, we assume that the contract term begins on the date a contract is booked, irrespective of the periods in which we would recognize revenue for such contract.

Non-GAAP gross profit and non-GAAP gross margin — We calculate non-GAAP gross margin as non-GAAP gross profit divided by total revenue. We define non-GAAP gross profit as gross profit adjusted to exclude stock-based compensation expense, amortization of acquired intangible assets, impairment of lease-related assets, and costs associated with other non-recurring transactions. Our presentation of non-GAAP gross profit should not be construed as implying that our future results will not be affected by any recurring expenses or any unusual or non-recurring items that we exclude from our calculation of this non-GAAP financial measure.

Non-GAAP operating expenses — We define non-GAAP operating expenses as total operating expenses adjusted to exclude stock-based compensation expense, impairment of lease-related assets, costs associated with business combinations, such as amortization of acquired intangible assets, revaluation of contingent consideration and other acquisition-related costs and costs associated with other non-recurring transactions. Our presentation of non-GAAP operating expenses should not be construed as implying that our future results will not be affected by any recurring expenses or any unusual or non-recurring items that we exclude from our calculation of this non-GAAP financial measure.

Free cash flow — We calculate free cash flow as net cash provided by (used in) operating activities less purchases of property and equipment, which measures our ability to generate cash from our business operations after our capital expenditures.

Total end customers — We define the number of end customers as the number of end customers for which we have received an order by the last day of the period, excluding partners to which we have sold products for their own demonstration purposes. A single organization or customer may represent multiple end customers for separate divisions, segments, or subsidiaries, and the total number of end customers may contract due to mergers, acquisitions, or other consolidation among existing end customers.

NUTANIX, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

The following table presents a reconciliation of total billings, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses and free cash flow to the most directly comparable GAAP financial measures, for each of the periods indicated:

	Fiscal Year Ended July 31,		
	2020	2021	2022
	(in thousands, except percentages)		
Total revenue	$ 1,307,682	$ 1,394,364	$ 1,580,796
Change in deferred revenue	272,410	126,732	127,845
Total billings (non-GAAP)	$ 1,580,092	$ 1,521,096	$ 1,708,641
Gross profit	$ 1,020,993	$ 1,102,458	$ 1,259,640
Stock-based compensation	27,348	30,483	38,225
Amortization of intangible assets	14,777	14,776	13,579
Restructuring charges	—	—	218
Impairment of lease-related assets	537	13	—
Non-GAAP gross profit	$ 1,063,655	$ 1,147,730	$ 1,311,662
Gross margin	78.1 %	79.1 %	79.7 %
Stock-based compensation	2.1 %	2.2 %	2.4 %
Amortization of intangible assets	1.1 %	1.0 %	0.9 %
Non-GAAP gross margin	81.3 %	82.3 %	83.0 %
Operating expenses	$ 1,849,914	$ 1,763,240	$ 1,717,084
Stock-based compensation	(324,650)	(328,062)	(305,021)
Amortization of intangible assets	(2,603)	(2,604)	(2,604)
Restructuring charges	—	—	(10,957)
Impairment and early exit of lease-related assets	(2,465)	(1,407)	(597)
Other	(1,499)	(2,407)	(432)
Non-GAAP operating expenses	$ 1,518,697	$ 1,428,760	$ 1,397,473
Net cash (used in) provided by operating activities	$ (159,885)	$ (99,810)	$ 67,543
Purchases of property and equipment	(89,488)	(58,647)	(49,058)
Free cash flow (non-GAAP)	$ (249,373)	$ (158,457)	$ 18,485

The following table presents a reconciliation of subscription billings and professional services billings to the most directly comparable GAAP financial measures, for each of the periods indicated:

	Fiscal Year Ended July 31,		
	2020	2021	2022
	(in thousands)		
Subscription revenue	$ 1,030,180	$ 1,243,621	$ 1,433,773
Change in subscription deferred revenue	246,233	110,534	129,787
Subscription billings	$ 1,276,413	$ 1,354,155	$ 1,563,560
Professional services revenue	$ 45,889	$ 73,094	$ 91,744
Change in professional services deferred revenue	26,177	16,198	(1,942)
Professional services billings	$ 72,066	$ 89,292	$ 89,802

Factors Affecting Our Performance

We believe that our future success will depend on many factors, including those described below. While these areas present significant opportunity, they also present risks that we must manage to achieve successful results. See the section titled "Risk Factors" for details. If we are unable to address these challenges, our business and operating results could be materially and adversely affected.

Investment in Profitable Growth

We continue to invest in our growth over the long-run, while improving our operating cash flow performance by focusing on go-to-market efficiencies. By maintaining this balance, we believe we can drive toward profitable growth.

Investment in Sales and Marketing – Our ability to achieve billings and revenue growth depends, in large part, on our ability to capitalize on our market opportunity, including our ability to recruit, train and retain sufficient numbers of ramped sales personnel to support our growth. As part of our investment in our growth over the long-run, we plan to invest in sales and marketing, including investing in our sales and marketing teams and continuing our focus on opportunities with major accounts, large deals, and commercial accounts, as well as other sales and marketing initiatives to increase our pipeline growth. However, we have recently seen higher-than-normal attrition among our sales representatives and our overall sales headcount being below our targets, which may negatively impact our billings and revenue growth. While we are actively recruiting additional sales representatives, it will take time to replace, train, and ramp them to full productivity. As a result, our overall sales and marketing expense may fluctuate, and may decline, in the near term. We estimate, based on past experience, that our average sales team members typically become fully ramped up around the start of their fourth quarter of employment with us, and as our newer employees ramp up, we expect their increased productivity to contribute to our revenue growth. As of July 31, 2022, we considered approximately 73% of our global sales team members to be fully ramped, while the remaining approximately 27% of our global sales team members are in the process of ramping up. As we continue to focus some of our newer and existing sales team members on major accounts and large deals, and as we continue our transition toward a subscription-based business model, it may take longer, potentially significantly, for these sales team members to become fully productive, and there may also be an impact to the overall productivity of our sales team. Furthermore, the effects of the COVID-19 pandemic and the measures we have implemented in response, including postponing, cancelling or making virtual-only certain in-person corporate events , as well as some of the measures implemented as part of our overall efforts to improve our operating cash flow performance and the continued higher-than-normal attrition rates of sales representatives, may impact the productivity of our sales teams in the near term. We are focused on actively managing these realignments and potential effects. As part of our overall efforts to improve our free cash flow performance, we have also proactively taken steps to increase our go-to-market productivity and over time, we intend to reduce our overall sales and marketing spend as a percentage of revenue. These measures include improving the efficiency of our demand generation spend, focusing on lower cost renewals, increasing leverage of our channel partners, and optimizing headcount in geographies based on market opportunities.

Investment in Research and Development and Engineering – We also intend, in the long term, to grow our global research and development and engineering teams to enhance our solutions, including our newer subscription-based products, improve integration with new and existing ecosystem partners and broaden the range of technologies and features available through our platform. However, as discussed above in the section titled "Impact of the COVID-19 Pandemic," in response to the COVID-19 pandemic we had previously effected a global hiring pause outside of a small number of critical roles and, while the hiring pause is no longer in effect, the overall growth in our global research and development and engineering teams may fluctuate from quarter to quarter in the near term.

We believe that these investments will contribute to our long-term growth, although they may adversely affect our profitability in the near term.

Transition to Subscription

Starting in fiscal 2019, as a result of our transition towards a subscription-based business model, more of our customers began purchasing separately sold subscription term-based licenses that could be deployed on a variety of hardware platforms. As we continue our transition to a subscription-based business model, we expect a greater portion of our products to be delivered through subscription term-based licenses or cloud-based SaaS subscriptions. Shifts in the mix of whether our solutions are sold on a subscription basis have and could continue to result in fluctuations in our billings and revenue. Subscription sales consist of subscription term-based licenses and offerings with ongoing performance obligations, including software entitlement and support subscriptions and cloud-based SaaS offerings. Since revenue is recognized as performance obligations are delivered, sales with ongoing performance obligations may reflect lower revenue in a given period. In addition, other factors relating to our shift to selling more subscription term-based licenses may impact our billings, revenue and cash flow. For example, our term-based licenses generally have an average term of less than four years and thus result in lower billings and revenue in a given period when compared to our historical life of device license sales, which have a duration equal to the life of the associated appliance, which we estimate to be approximately five years. In addition, starting in fiscal 2021, we began compensating our sales force based on ACV instead of total contract value, and while we expect that the shift to an ACV-based sales compensation plan will incentivize sales representatives to maximize ACV and minimize discounts, it could also further compress the average term of our subscription term-based licenses. Furthermore, our customers may, including in response to the uncertainty caused by the COVID-19 pandemic, decide to purchase our software solutions on shorter subscription terms than they have historically, and/or request to only pay for the initial year of a multi-year subscription term upfront, which could negatively impact our billings, revenue and cash flow in a given period when compared to historical life-of-device or multiple-year term-based license sales.

Revenue for our solutions, whether or not sold as a subscription term-based license, is generally recognized upon transfer of control to the customer. For additional information on revenue recognition, see Note 2 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K and "Critical Accounting Estimates" later in this "Management’s Discussion and Analysis of Financial Condition and Results of Operations" section.

Market Adoption of Our Products

The public cloud and, more recently, hybrid cloud paradigms, have changed IT buyer expectations about the simplicity, agility, scalability, portability and pay-as-you-grow economics of IT resources, which represent a major architectural shift and business model evolution. A key focus of our sales and marketing efforts is creating market awareness about the benefits of our enterprise cloud platform. This includes our newer products outside of our core hyperconverged infrastructure offering, both as compared to traditional datacenter architectures as well as the public cloud, particularly as we continue to pursue large enterprises and mission critical workloads and transition toward a subscription-based business model. The broad nature of the technology shift that our enterprise cloud platform represents, the relationships our end customers have with existing IT vendors, and our transition toward a subscription-based business model sometimes lead to unpredictable sales cycles. We hope to compress and stabilize these sales cycles as market adoption increases, as we gain leverage with our channel partners, as we continue to educate the market about our subscription-based business model and as our sales and marketing efforts evolve. Our business and operating results will be significantly affected by the degree to and speed with which organizations adopt our enterprise cloud platform.

Leveraging Partners

We plan to continue to leverage our relationships with our channel and OEM partners and expand our network of cloud and ecosystem partners, all of which help to drive the adoption and sale of our solutions with our end customers. We sell our solutions primarily through our partners, and our solutions primarily run on hardware appliances which are purchased from our channel or OEM partners. We believe that increasing channel leverage, particularly as we expand our focus on opportunities in commercial accounts, by investing in sales enablement and co-marketing with our channel and OEM partners in the long term will extend and improve our engagement with a broad set of end customers. Our reliance on manufacturers, including our channel and OEM partners, to produce the hardware appliances on which our software runs exposes us to supply chain delays, which impair our ability to provide services to end customers in a timely manner. Our business and results of operations will be significantly affected by our success in leveraging our relationships with our channel and OEM partners and expanding our network of cloud and ecosystem partners.

Customer Retention and Expansion

Our end customers typically deploy our technology for a specific workload initially. After a new end customer's initial order, which includes the product and associated software entitlement and support subscription and services, we focus on expanding our footprint by serving more workloads. We also generate recurring revenue from our software entitlement and support subscription renewals, and given our transition to a subscription-focused business model, software and support renewals will have an increasing significance for our future revenue streams as existing subscriptions come up for renewal. We view continued purchases and upgrades as critical drivers of our success, as the sales cycles are typically shorter as compared to new end customer deployments, and selling efforts are typically less. As of July 31, 2022, approximately 73% of our end customers who have been with us for 18 months or longer have made a repeat purchase, which is defined as any purchase activity, including renewals of term-based licenses or software entitlement and support subscription renewals, after the initial purchase. Additionally, end customers who have been with us for 18 months or longer have total lifetime orders, including the initial order, in an amount that is more than 6.9x greater, on average, than their initial order. This number increases to approximately 20.9x, on average, for Global 2000 end customers who have been with us for 18 months or longer as of July 31, 2022. These multiples exclude the effect of one end customer who had a very large and irregular purchase pattern that we believe is not representative of the purchase patterns of all of our other end customers.

Our business and operating results will depend on our ability to retain and sell additional solutions to our existing and future base of end customers. Our ability to obtain new and retain existing customers will in turn depend in part on a number of factors. These factors include our ability to effectively maintain existing and future customer relationships, continue to innovate by adding new functionality and improving usability of our solutions in a manner that addresses our end customers' needs and requirements, and optimally price our solutions in light of marketplace conditions, competition, our costs and customer demand. Furthermore, our ongoing transition to a subscription-based business model and ongoing product transitions, such as our updated pricing and packaging to simplify our product portfolio, may cause concerns among our customer base, including concerns regarding changes to pricing over time, and may also result in confusion among new and existing end customers, for example, regarding our pricing models. Such concerns and/or confusion can slow adoption and renewal rates among our current and future customer base.

Components of Our Results of Operations

Revenue

We generate revenue primarily from the sale of our enterprise cloud platform, which can be deployed on a variety of qualified hardware platforms or, in the case of our cloud-based SaaS offerings, via hosted service or delivered pre-installed on an appliance that is configured to order. Non-portable software licenses are delivered or sold alongside configured-to-order appliances and can be used over the life of the associated appliance.

Our subscription term-based licenses are sold separately, or can be sold alongside configured-to-order appliances. Our subscription term-based licenses typically have a term of one to five years. Our cloud-based SaaS subscriptions have terms extending up to five years.

Configured-to-order appliances, including our Nutanix-branded NX hardware line, can be purchased from one of our channel partners, OEMs or, in limited cases, directly from Nutanix. Our enterprise cloud platform typically includes one or more years of support and entitlements, which provides customers with the right to software upgrades and enhancements as well as technical support. Our platform is primarily sold through channel partners and OEMs. Revenue is recognized net of sales tax and withholding tax.

Product revenue — Product revenue consists of software and hardware revenue. A majority of our product revenue is generated from the sale of our enterprise cloud operating system. We also sell renewals of previously purchased software licenses and SaaS offerings. Revenue from our software products is generally recognized upon transfer of control to the customer, which is typically upon shipment for sales including a hardware appliance, upon making the software available to the customer when not sold with an appliance or as services are performed with SaaS offerings. In transactions where the hardware appliance is purchased directly from Nutanix, we consider ourselves to be the principal in the transaction and we record revenue and costs of goods sold on a gross basis. We consider the amount allocated to hardware revenue to be equivalent to the cost of the hardware procured. Hardware revenue is generally recognized upon transfer of control to the customer.

Support, entitlements and other services revenue — We generate our support, entitlements and other services revenue primarily from software entitlement and support subscriptions, which include the right to software upgrades and enhancements as well as technical support. The majority of our product sales are sold in conjunction with software entitlement and support subscriptions, with terms ranging from one to five years. Occasionally, we also sell professional services with our products. We recognize revenue from software entitlement and support contracts ratably over the contractual service period, which typically commences upon transfer of control of the corresponding products to the customer. We recognize revenue related to professional services as they are performed.

Cost of Revenue

Cost of product revenue — Cost of product revenue consists of costs paid to third-party OEM partners, hardware costs, personnel costs associated with our operations function, consisting of salaries, benefits, bonuses and stock-based compensation, cloud-based costs associated with our SaaS offerings, and allocated costs, consisting of certain facilities, depreciation and amortization, recruiting and information technology costs allocated based on headcount.

Cost of support, entitlements and other services revenue — Cost of support, entitlements and other services revenue includes personnel and operating costs associated with our global customer support organization, as well as allocated costs. We expect our cost of support, entitlements and other services revenue to increase in absolute dollars as our support, entitlements and other services revenue increases.

Operating Expenses

Our operating expenses consist of sales and marketing, research and development and general and administrative expenses. The largest component of our operating expenses is personnel costs. Personnel costs consist of wages, benefits, bonuses and, with respect to sales and marketing expenses, sales commissions.

Sales and marketing — Sales and marketing expense consists primarily of personnel costs. Sales and marketing expense also includes sales commissions, costs for promotional activities and other marketing costs, travel costs and costs associated with demonstration units, including depreciation and allocated costs. Commissions are deferred and recognized as we recognize the associated revenue. We expect sales and marketing expense to continue, in the long term, to increase in absolute dollars as part of our long-term plans to invest in our growth. However, as part of our overall efforts to improve our operating cash flow performance, we have also proactively taken steps to increase our go-to-market productivity and over time, we intend to reduce our overall sales and marketing spend as a percentage of revenue. For example, in August 2022, we announced that we will be decreasing our global headcount by approximately 4%, primarily in sales and marketing, as part of our continued effort to drive toward sustainable profitable growth. We have also recently seen higher than normal attrition among our sales representatives, and while we are actively recruiting additional sales representatives, it will take time to replace, train, and ramp them to full productivity. As a result, our sales and marketing expense will fluctuate, and may decline, in the near term.

Research and development — Research and development ("R&D") expense consists primarily of personnel costs, as well as other direct and allocated costs. We have devoted our product development efforts primarily to enhancing the functionality and expanding the capabilities of our solutions. R&D costs are expensed as incurred, unless they meet the criteria for capitalization. We expect R&D expense, in the long term, to increase in absolute dollars as part of our long-term plans to invest in our future products and services, including our newer subscription-based products, although R&D expense may fluctuate as a percentage of total revenue and, on an absolute basis, from quarter to quarter.

General and administrative — General and administrative ("G&A") expense consists primarily of personnel costs, which include our executive, finance, human resources and legal organizations. G&A expense also includes outside professional services, which consists primarily of legal, accounting and other consulting costs, as well as insurance and other costs associated with being a public company and allocated costs. We expect G&A expense, in the long term, to increase in absolute dollars, particularly due to additional legal, accounting, insurance and other costs associated with our growth, although G&A expense may fluctuate as a percentage of total revenue and, on an absolute basis, from quarter to quarter.

Other Income (Expense), Net

Other income (expense), net consists primarily of interest income and expense, which includes the amortization of the debt issuance costs associated with our 0% convertible senior notes due 2023 (the "2023 Notes"), our 2.50% convertible senior notes due 2026 (the "2026 Notes") and our 0.25% convertible senior notes due 2027 (the "2027 Notes"), changes in the fair value of the derivative liability associated with the 2026 Notes, non-cash interest expense on the 2026 Notes, the amortization of the debt discount on the 2026 Notes, interest expense on the 2027 Notes, debt extinguishment costs, interest income related to our short-term investments, and foreign currency exchange gains or losses.

Provision for Income Taxes

Provision for income taxes consists primarily of income taxes for certain foreign jurisdictions in which we conduct business and state income taxes in the United States. We have recorded a full valuation allowance related to our federal and state net operating losses and other net deferred tax assets and a partial valuation allowance related to our foreign net deferred tax assets due to the uncertainty of the ultimate realization of the future benefits of those assets.

Results of Operations

The following tables set forth our consolidated results of operations in dollars and as a percentage of total revenue for the fiscal years presented. The period-to-period comparison of results is not necessarily indicative of results for future periods.

	Fiscal Year Ended July 31,		
	2020	2021	2022
		(in thousands)	
Revenue:			
Product	$ 765,822	$ 705,804	$ 757,623
Support, entitlements and other services	541,860	688,560	823,173
Total revenue	1,307,682	1,394,364	1,580,796
Cost of revenue:			
Product [(1)(2)]	71,312	55,287	55,602
Support, entitlements and other services [(1)]	215,377	236,619	265,554
Total cost of revenue	286,689	291,906	321,156
Gross profit	1,020,993	1,102,458	1,259,640
Operating expenses:			
Sales and marketing [(1)(2)]	1,160,389	1,052,508	978,704
Research and development [(1)]	553,978	556,950	571,962
General and administrative [(1)]	135,547	153,782	166,418
Total operating expenses	1,849,914	1,763,240	1,717,084
Loss from operations	(828,921)	(660,782)	(457,444)
Other expense, net	(26,300)	(354,991)	(320,830)
Loss before provision for income taxes	(855,221)	(1,015,773)	(778,274)
Provision for income taxes	17,662	18,487	19,264
Net loss	$ (872,883)	$ (1,034,260)	$ (797,538)

[(1)] Includes stock-based compensation expense as follows:			
Product cost of revenue	$ 5,334	$ 6,023	$ 7,379
Support, entitlements and other services cost of revenue	22,014	24,460	30,846
Sales and marketing	126,015	122,815	104,592
Research and development	153,252	150,856	143,759
General and administrative	45,383	54,391	56,670
Total stock-based compensation expense	$ 351,998	$ 358,545	$ 343,246

[(2)] Includes amortization of intangible assets as follows:			
Product cost of revenue	$ 14,777	$ 14,776	$ 13,579
Sales and marketing	2,603	2,604	2,604
Total amortization of intangible assets	$ 17,380	$ 17,380	$ 16,183

	Fiscal Year Ended July 31,		
	2020	2021	2022
	(as a percentage of total revenue)		
Revenue:			
Product	58.6 %	50.6 %	47.9 %
Support, entitlements and other services	41.4 %	49.4 %	52.1 %
Total revenue	100.0 %	100.0 %	100.0 %
Cost of revenue:			
Product	5.4 %	3.9 %	3.5 %
Support, entitlements and other services	16.5 %	17.0 %	16.8 %
Total cost of revenue	21.9 %	20.9 %	20.3 %
Gross profit	78.1 %	79.1 %	79.7 %
Operating expenses:			
Sales and marketing	88.7 %	75.5 %	61.9 %
Research and development	42.4 %	39.9 %	36.2 %
General and administrative	10.4 %	11.0 %	10.5 %
Total operating expenses	141.5 %	126.4 %	108.6 %
Loss from operations	(63.4)%	(47.3)%	(28.9)%
Other expense, net	(2.0)%	(25.5)%	(20.3)%
Loss before provision for income taxes	(65.4)%	(72.8)%	(49.2)%
Provision for income taxes	1.4 %	1.3 %	1.2 %
Net loss	(66.8)%	(74.1)%	(50.4)%

Comparison of the Fiscal Years Ended July 31, 2020, 2021 and 2022

Revenue

	Fiscal Year Ended July 31, 2020	Fiscal Year Ended July 31, 2021	Change $	Change %	Fiscal Year Ended July 31, 2021	Fiscal Year Ended July 31, 2022	Change $	Change %
	(in thousands, except percentages)							
Product	$ 765,822	$ 705,804	$ (60,018)	(8)%	$ 705,804	$ 757,623	$ 51,819	7 %
Support, entitlements and other services	541,860	688,560	146,700	27 %	688,560	823,173	134,613	20 %
Total revenue	$ 1,307,682	$ 1,394,364	$ 86,682	7 %	$ 1,394,364	$ 1,580,796	$ 186,432	13 %

	Fiscal Year Ended July 31, 2020	Fiscal Year Ended July 31, 2021	Change $	Change %	Fiscal Year Ended July 31, 2021	Fiscal Year Ended July 31, 2022	Change $	Change %
	(in thousands, except percentages)							
U.S.	$ 706,110	$ 758,128	$ 52,018	7 %	$ 758,128	$ 887,141	$ 129,013	17 %
Europe, the Middle East and Africa	277,489	320,837	43,348	16 %	320,837	374,186	53,349	17 %
Asia Pacific	265,092	260,637	(4,455)	(2)%	260,637	274,373	13,736	5 %
Other Americas	58,991	54,762	(4,229)	(7)%	54,762	45,096	(9,666)	(18)%
Total revenue	$ 1,307,682	$ 1,394,364	$ 86,682	7 %	$ 1,394,364	$ 1,580,796	$ 186,432	13 %

Product revenue decreased year-over-year for fiscal 2021 due primarily to our continued transition to selling subscription term-based licenses, as these licenses generally have a shorter average term than those that can be used over the life of the associated appliance. The decrease in product revenue was also impacted by a decrease in hardware revenue, as more customers are purchasing hardware directly from our OEMs. Product revenue increased year-over-year for fiscal 2022 due primarily to increases in software revenue resulting from an increased adoption of our products, as well as growth in software renewals due to our transition to selling subscription term-based licenses, partially offset by the impact of the shorter average contract terms resulting from this transition. The total average contract term was approximately 3.8 years, 3.4 years and 3.2 years for fiscal 2020, 2021 and 2022, respectively. Total average contract term represents the dollar-weighted term across all subscription and life-of-device contracts billed during the period, using an assumed term of five years for licenses without a specified term, such as life-of-device licenses.

Support, entitlements and other services revenue increased year-over-year for both fiscal 2021 and fiscal 2022 in conjunction with the growth of our end customer base and the related software entitlement and support subscription contracts. Our total end customer count increased from approximately 17,360 as of July 31, 2020 to approximately 20,130 as of July 31, 2021 and to approximately 22,600 as of July 31, 2022.

Cost of Revenue and Gross Margin

	Fiscal Year Ended July 31,		Change		Fiscal Year Ended July 31,		Change	
	2020	2021	$	%	2021	2022	$	%
	(in thousands, except percentages)							
Cost of product revenue	$ 71,312	$ 55,287	$ (16,025)	(22)%	$ 55,287	$ 55,602	$ 315	1 %
Product gross margin	*90.7 %*	*92.2 %*			*92.2 %*	*92.7 %*		
Cost of support, entitlements and other services revenue	$ 215,377	$ 236,619	$ 21,242	10 %	$ 236,619	$ 265,554	$ 28,935	12 %
Support, entitlements and other services gross margin	*60.3 %*	*65.6 %*			*65.6 %*	*67.7 %*		
Total gross margin	*78.1 %*	*79.1 %*			*79.1 %*	*79.7 %*		

Cost of product revenue

Cost of product revenue decreased year-over-year for fiscal 2021 due primarily to the decreases in hardware revenue resulting from our continued focus on more software-only transactions. Cost of product revenue remained relatively flat year-over-year for fiscal 2022 due primarily to the fact that hardware revenue was also relatively flat. Slight fluctuations in hardware revenue and cost of product revenue are anticipated, as we expect to continue selling small amounts of hardware for the foreseeable future.

Product gross margin increased by 1.5 percentage points, from 90.7% in fiscal 2020 to 92.2% in fiscal 2021, and by 0.5 percentage points, to 92.7% in fiscal 2022, due primarily to the higher mix of software revenue, as we continued to focus on more software-only transactions, which have a higher margin as compared to hardware sales.

Cost of support, entitlements and other services revenue

Cost of support, entitlements and other services revenue increased year-over-year for both fiscal 2021 and fiscal 2022 due primarily to higher personnel-related costs, resulting from growth in our global customer support organization.

Support, entitlements and other services gross margin increased by 5.3 percentage points, from 60.3% in fiscal 2020 to 65.6% in fiscal 2021, and by 2.1 percentage points to 67.7% in fiscal 2022, due primarily to support, entitlements and other services revenue growing at a higher rate than personnel-related costs.

Operating Expenses

Sales and marketing

	Fiscal Year Ended July 31,		Change		Fiscal Year Ended July 31,		Change	
	2020	2021	$	%	2021	2022	$	%
	(in thousands, except percentages)							
Sales and marketing	$ 1,160,389	$ 1,052,508	$ (107,881)	(9)%	$ 1,052,508	$ 978,704	$ (73,804)	(7)%
Percent of total revenue	*88.7 %*	*75.5 %*			*75.5 %*	*61.9 %*		

Sales and marketing expense decreased year-over-year for fiscal 2021 due primarily to lower marketing costs, travel and entertainment expenses and personnel-related costs as a result of the COVID-19 pandemic, as discussed in the "Impact of the COVID-19 Pandemic" section above. In addition, the decrease in sales and marketing expense was aided by the changes to our sales compensation plans beginning in fiscal 2021, resulting from our transition to a subscription-based business model, including our continued emphasis on ACV, which resulted in more expense being deferred to later periods.

Sales and marketing expense decreased year-over-year for fiscal 2022 due primarily to lower marketing costs resulting from decreased spending and increased efficiencies, as well as lower headcount-related costs, driven by the 2% decrease in sales and marketing headcount from July 31, 2021 to July 31, 2022. The overall decrease in sales and marketing expense was partially offset by severance and other termination benefit costs accrued in August 2022 related to the reduction in force announced in the first quarter of fiscal 2023, savings in the prior year period due to the company-wide furlough week during the first quarter of fiscal 2021, and an increase in commissions expense as a result of the increase in revenue.

Research and development

	Fiscal Year Ended July 31,		Change		Fiscal Year Ended July 31,		Change	
	2020	2021	$	%	2021	2022	$	%
	(in thousands, except percentages)							
Research and development	$ 553,978	$ 556,950	$ 2,972	1 %	$ 556,950	$ 571,962	$ 15,012	3 %
Percent of total revenue	*42.4 %*	*39.9 %*			*39.9 %*	*36.2 %*		

Research and development expense remained relatively flat for fiscal 2021, as we continued to focus on innovation, while managing the impact of the COVID-19 pandemic, as discussed in the "Impact of the COVID-19 Pandemic" section above.

Research and development expense increased year-over-year for fiscal 2022 due primarily to higher personnel-related costs resulting from growth in our R&D headcount, which grew 13% from July 31, 2021 to July 31, 2022, partially offset by lower stock-based compensation expense resulting from terminations during the period and lower technical costs.

General and administrative

	Fiscal Year Ended July 31,		Change		Fiscal Year Ended July 31,		Change	
	2020	2021	$	%	2021	2022	$	%
	(in thousands, except percentages)							
General and administrative	$ 135,547	$ 153,782	$ 18,235	13 %	$ 153,782	$ 166,418	$ 12,636	8 %
Percent of total revenue	*10.4 %*	*11.0 %*			*11.0 %*	*10.5 %*		

General and administrative expense increased year-over-year for fiscal 2021 due primarily to increases in stock-based compensation expense and other personnel-related costs, partially offset by the impact of our response to the COVID-19 pandemic, as discussed in the "Impact of the COVID-19 Pandemic" section above, as well as lower outside services costs.

General and administrative expense increased year-over-year for fiscal 2022 due primarily to an increase in personnel-related costs resulting from growth in our G&A headcount, which grew 17% from July 31, 2021 to July 31, 2022.

Other Expense, Net

	Fiscal Year Ended July 31,		Change		Fiscal Year Ended July 31,		Change	
	2020	2021	$	%	2021	2022	$	%
	(in thousands, except percentages)							
Interest income, net	$ 13,453	$ 4,067	$ 9,386	70 %	$ 4,067	$ 4,765	$ (698)	(17)%
Change in fair value of derivative liability	—	(269,265)	269,265	100 %	(269,265)	(198,038)	(71,227)	(26)%
Amortization of debt discount and issuance costs and interest expense	(31,312)	(79,932)	48,620	155 %	(79,932)	(60,734)	(19,198)	(24)%
Debt extinguishment costs	—	—	—	0 %	—	(64,911)	64,911	100 %
Other	(8,441)	(9,861)	1,420	17 %	(9,861)	(1,912)	(7,949)	(81)%
Other expense, net	$ (26,300)	$ (354,991)	$ 328,691	1,250 %	$ (354,991)	$ (320,830)	$ (34,161)	(10)%

The increase in other expense, net for fiscal 2021 was due primarily to additional expense resulting from the new 2026 Notes, including the change in the fair value of the derivative liability and interest expense associated with the amortization of the debt discount and issuance costs for the 2026 Notes.

The decrease in other expense, net for fiscal 2022 was due primarily to the change in the fair value of the derivative liability related to the 2026 Notes, which was reclassified to equity during the first quarter of fiscal 2022, partially offset by the debt extinguishment costs resulting from the exchange of $416.5 million in aggregate principal amount of the 2023 Notes for $477.3 million in aggregate principal amount of the 2027 Notes.

Provision for Income Taxes

	Fiscal Year Ended July 31,		Change		Fiscal Year Ended July 31,		Change	
	2020	2021	$	%	2021	2022	$	%
	(in thousands, except percentages)							
Provision for income taxes	$ 17,662	$ 18,487	$ 825	5 %	$ 18,487	$ 19,264	$ 777	4 %

The year-over-year increase in the provision for income taxes in fiscal 2021 and fiscal 2022 was due primarily to higher foreign taxes as a result of higher taxable earnings in foreign jurisdictions, as we continued to grow our business internationally. We continue to maintain a full valuation allowance on our U.S. federal and state deferred tax assets and a partial valuation allowance related to our foreign net deferred tax assets.

Liquidity and Capital Resources

As of July 31, 2022, we had $402.9 million of cash and cash equivalents, $3.0 million of restricted cash and $921.4 million of short-term investments, which were held for general corporate purposes. Our cash, cash equivalents and short-term investments primarily consist of bank deposits, money market accounts and highly rated debt instruments of the U.S. government and its agencies and debt instruments of highly rated corporations.

In January 2018, we issued convertible senior notes with a 0% interest rate for an aggregate principal amount of $575.0 million. In September 2021, we entered into privately negotiated exchange and note repurchase transactions, after which $145.7 million in aggregate principal amount of 2023 Notes remains outstanding. There are no required principal payments on the 2023 Notes prior to their maturity. We intend to settle the principal amount of the 2023 Notes in cash upon maturity in January 2023. For additional information, see Note 5 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

In September 2020, we issued $750.0 million in aggregate principal amount of 2.50% convertible senior notes due 2026 to BCPE Nucleon (DE) SVP, LP, an entity affiliated with Bain Capital, LP. For additional information, see Note 5 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

In September 2021, we issued convertible senior notes with a 0.25% interest rate for an aggregate principal amount of $575.0 million due 2027, of which $477.3 million in principal amount was issued in exchange for approximately $416.5 million principal amount of the 2023 Notes and the remaining $97.7 million in principal amount was issued for cash. There are no required principal payments on the 2027 Notes prior to their maturity. For additional information, see Note 5 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Due to investments in our business as well as the potential cash flow impacts resulting from our continued transition to a subscription-based business model, we expect our operating and free cash flow to continue to fluctuate during the next 12 months. Notwithstanding that fact, we believe that our cash and cash equivalents and short-term investments will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least the next 12 months. Our future capital requirements will depend on many factors, including our growth rate, the timing and extent of spending to support development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced product and service offerings, the continuing market acceptance of our products, the impact of COVID-19 pandemic on our business, our end customers and partners, and the economy, and the timing of and extent to which our customers transition to shorter-term contracts or request to only pay for the initial term of multi-year contracts as a result of our transition to a subscription-based business model.

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Fiscal Year Ended July 31,		
	2020	2021	2022
		(in thousands)	
Net cash (used in) provided by operating activities	$ (159,885)	$ (99,810)	$ 67,543
Net cash provided by (used in) investing activities	24,559	(597,153)	(54,189)
Net cash provided by financing activities	57,797	663,845	103,635
Net (decrease) increase in cash, cash equivalents and restricted cash	$ (77,529)	$ (33,118)	$ 116,989

Cash Flows from Operating Activities

Net cash used in operating activities was $159.9 million and $99.8 million for fiscal 2020 and fiscal 2021, respectively, and net cash provided by operating activities was $67.5 million for fiscal 2022, representing improvements of $60.1 million and $167.4 million, respectively, as compared to the respective prior year periods. The increases in cash generated from operating activities for fiscal 2021 and fiscal 2022 were due primarily to decreases in our net loss from operations.

Cash Flows from Investing Activities

Net cash provided by investing activities of $24.6 million for fiscal 2020 consisted of $645.8 million of maturities of short-term investments and $75.4 million of sales of short-term investments, partially offset by $607.2 million of short-term investment purchases and $89.5 million of purchases of property and equipment.

Net cash used in investing activities of $597.2 million for fiscal 2021 consisted of $1.4 billion of short-term investment purchases and $58.6 million of purchases of property and equipment, partially offset by $784.2 million of maturities of short-term investments and $70.1 million of sales of short-term investments.

Net cash used in investing activities of $54.2 million for fiscal 2022 consisted of $1.1 billion of short-term investment purchases and $49.1 million of purchases of property and equipment, partially offset by $1.1 billion of maturities of short-term investments and $18.0 million of sales of short-term investments.

Cash Flows from Financing Activities

Net cash provided by financing activities of $57.8 million for fiscal 2020 consisted of proceeds from the sale of shares through employee equity incentive plans.

Net cash provided by financing activities of $663.8 million for fiscal 2021 consisted of $723.6 million of proceeds from the is issuance of the 2026 Notes, net of issuance costs, and $65.8 million of proceeds from the sale of shares through employee equity incentive plans, partially offset by $125.1 million of repurchases of our Class A common stock and $0.5 million of payments for finance leases.

Net cash provided by financing activities of $103.6 million for fiscal 2022 consisted of $88.7 million of proceeds from the issuance of the 2027 Notes in the subscription transactions that closed in September 2021, net of issuance costs, $67.8 million of proceeds from the sale of shares through employee equity incentive plans, and $39.9 million of proceeds from the termination of portions of the convertible note hedge transactions previously entered into in connection with the 2023 Notes, partially offset by $58.6 million of repurchases of our Class A common stock, $18.4 million of payments for the termination of portions of the warrant transactions previously entered into in connection with the 2023 Notes, and $14.7 million of debt extinguishment costs.

Material Cash Requirements and Other Obligations

The following table summarizes our material cash requirements and other obligations as of July 31, 2022:

	Payments Due by Period				
	Total	Less than 1 Year	1 Year to 3 Years	3 to 5 Years	More than 5 Years
			(in thousands)		
Principal amount payable on convertible senior notes (1)	$ 1,498,701	$ 145,704	$ —	$ 777,997	$ 575,000
Interest on convertible senior notes (1)	7,823	475	—	7,348	—
Operating leases (undiscounted basis) (2)	160,847	44,089	49,802	28,202	38,754
Other commitments (3)	88,679	80,242	6,050	2,387	—
Guarantees with contract manufacturers	82,275	82,275	—	—	—
Total	$ 1,838,325	$ 352,785	$ 55,852	$ 815,934	$ 613,754

(1) Includes accrued paid-in-kind interest on the 2026 Notes and accrued interest on the 2027 Notes. For additional information regarding our convertible senior notes, refer to Note 5 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

(2) For additional information regarding our operating leases, refer to Note 6 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

(3) Purchase obligations and other commitments pertaining to our daily business operations.

From time to time, in the normal course of business, we make commitments with our contract manufacturers to ensure them a minimum level of financial consideration for their investment in our joint solutions. These commitments are based on revenue targets or on-hand inventory and non-cancelable purchase orders for non-standard components. We record a charge related to these items when we determine that it is probable a loss will be incurred and we are able to estimate the amount of the loss. Our historical charges have not been material.

As of July 31, 2022, we had accrued liabilities related to uncertain tax positions, which are reflected on our consolidated balance sheet. These accrued liabilities are not reflected in the contractual obligations disclosed in the table above, as it is uncertain if or when such amounts will ultimately be settled. Uncertain tax positions are further discussed in Note 12 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the applicable periods. We evaluate our estimates, assumptions and judgments on an ongoing basis. Our estimates, assumptions and judgments are based on historical experience and various other factors that we believe to be reasonable under the circumstances. Different assumptions and judgments would change the estimates used in the preparation of our consolidated financial statements, which, in turn, could change the results from those reported.

The critical accounting estimates, assumptions and judgments that we believe have the most significant impact on our consolidated financial statements are described below.

Revenue Recognition

Some of our contracts with customers contain multiple performance obligations. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. For these contracts, we account for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price ("SSP") basis. For deliverables that we routinely sell separately, such as software entitlement and support subscriptions on our core offerings, we determine SSP by evaluating the standalone sales over the trailing 12 months. For those that are not sold routinely, we determine SSP based on our overall pricing trends and objectives, taking into consideration market conditions and other factors, including the value of our contracts, the products sold and geographic locations.

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative SSP. We determine SSP based on the price at which the performance obligation is sold separately. If the SSP is not observable through past transactions, we estimate the SSP, taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations. Refer to Note 1 and Note 2 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for additional information on revenue recognition.

Income Taxes

The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity’s financial statements or tax returns. We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. We recognize uncertain tax positions only if it is more likely than not to be sustained based solely on its technical merits as of the reporting date. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes. Judgment is required in assessing the future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. Variations in the actual outcome of these future tax consequences could materially impact our consolidated financial statements.

Stock-Based Compensation

We measure and recognize compensation expense for all stock-based awards, including stock options and purchase rights issued to employees under our 2016 Employee Stock Purchase Plan ("2016 ESPP"), based on the estimated fair value of the awards on the grant date. We use the Black-Scholes-Merton ("Black-Scholes") option pricing model to estimate the fair value of stock options and 2016 ESPP purchase rights. The fair value of restricted stock units ("RSUs") is measured using the fair value of our common stock on the date of the grant. The fair value of stock options and RSUs is recognized as expense on a straight-line basis over the requisite service period, which is generally four years. For stock-based awards granted to employees with a performance condition, we recognize stock-based compensation expense using the graded vesting attribution method over the requisite service period when management determines it is probable that the performance condition will be satisfied. The fair value of the 2016 ESPP purchase rights is recognized as expense on a straight-line basis over the offering period. We account for forfeitures of all share-based awards when they occur.

Our use of the Black-Scholes option pricing model requires the input of subjective assumptions, including the fair value of the underlying common stock, expected term of the option, expected volatility of the price of our common stock, risk-free interest rates and the expected dividend yield of our common stock. The assumptions used in our option pricing model represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, our stock-based compensation expense could be materially different in the future.

Derivative Liability

We evaluate convertible notes or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under the relevant sections of Accounting Standards Codification ("ASC") 815-40, Derivatives and Hedging: Contracts in Entity's Own Equity. The result of this accounting guidance could result in the fair value of a financial instrument being classified as a derivative instrument and recorded at fair market value at each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded on our consolidated statements of operations as other income or other expense. Once the criteria for conversion is fixed, the derivative instrument is marked to fair value and reclassified to equity.

We use the binomial model to estimate the fair value of the embedded derivative at each period-end. Our use of the binomial model requires the input of highly subjective assumptions, including expected volatility of our common stock, risk-free interest rates, and estimated conversion price ratios based on forecasted financial metrics. The assumptions used in the binomial model represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, the fair value of the embedded derivative liability could be materially different in the future.

Goodwill, Intangible Assets and Impairment Assessment

Goodwill represents the excess of the purchase price over the fair value of the assets acquired and liabilities assumed, if any, in a business combination, and is allocated to our single reporting unit. We review our goodwill and other intangible assets determined to have an indefinite useful life for impairment at least annually, during the fourth quarter, or more frequently whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Goodwill is tested for impairment by comparing the reporting unit's carrying value, including goodwill, to the fair value of the reporting unit. We operate under one reporting unit and for our annual goodwill impairment test, we determine the fair value of our reporting unit based on our enterprise value. We may elect to utilize a qualitative assessment to determine whether it is more likely than not that the fair value of our reporting unit is less than its carrying value. If, after assessing the qualitative factors, we determine that it is more likely than not that the fair value of our reporting unit is less than its carrying value, an impairment analysis will be performed. We will compare the fair value of our reporting unit with its carrying amount and if the carrying value of the reporting unit exceeds its fair value, an impairment loss will be recognized.

Assessing whether impairment indicators exist or if events or changes in circumstances have occurred, including market conditions, operating fundamentals, competition and general economic conditions, requires significant judgment. Additionally, changes in the technology industry occur frequently and quickly. Therefore, there can be no assurance that a charge to operating expenses will not occur as a result of future goodwill, intangible assets and other long-lived assets impairment tests. To date, we have not recorded any impairment charges related to our goodwill and intangible assets.

Legal and Other Contingencies

The outcomes of legal proceedings and claims brought against us are subject to significant uncertainty. An estimated loss from a loss contingency such as a legal proceeding or claim is accrued by a charge to income if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. In determining whether a loss should be accrued, we evaluate, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Changes in these factors could materially impact our consolidated financial statements.

Recent Accounting Pronouncements

Refer to "Recent Accounting Pronouncements" in Note 1 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We have operations both within the United States and internationally and we are exposed to market risk in the ordinary course of business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates and interest rates.

Foreign Currency Risk

Our consolidated results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. Historically, our revenue contracts have been denominated in U.S. dollars. Our expenses are generally denominated in the currencies in which our operations are located. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative instruments. In the event our foreign sales and expenses increase, our operating results may be more significantly affected by foreign currency exchange rate fluctuations, which can affect our operating income or loss. The effect of a hypothetical 10% change in foreign currency exchange rates on our non-U.S. dollar monetary assets and liabilities would not have had a material impact on our historical consolidated financial statements. Foreign currency transaction gains and losses and exchange rate fluctuations have not been material to our consolidated financial statements.

A hypothetical 10% decrease in the U.S. dollar against other currencies would result in an increase in our operating loss of approximately $46.1 million, $51.3 million and $58.5 million for fiscal 2020, 2021 and 2022, respectively. The increase in this hypothetical change is due to an increase in our expenses denominated in foreign currencies due to the continued growth of our business internationally. This analysis disregards the possibilities that rates can move in opposite directions and that losses from one geographic area may be offset by gains from another geographic area.

Interest Rate Risk

Our investment objective is to conserve capital and maintain liquidity to support our operations; therefore, we generally invest in highly liquid securities, consisting primarily of bank deposits, money market funds, commercial paper, U.S. government securities and corporate bonds. Such fixed and floating interest-earning instruments carry a degree of interest rate risk. The fair market value of fixed income securities may be adversely impacted by a rise in interest rates, while floating rate securities may produce less income than predicted if interest rates fall. Due to the short-term nature of our investment portfolio, we do not believe an immediate 10% increase or decrease in interest rates would have a material effect on the fair market value of our portfolio. Therefore, we do not expect our operating results or cash flows to be materially affected by a sudden change in interest rates.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Nutanix, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Nutanix, Inc. and subsidiaries (the "Company") as of July 31, 2022 and 2021, the related consolidated statements of operations, comprehensive loss, stockholders' deficit, and cash flows, for each of the three years in the period ended July 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of July 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended July 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of July 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated September 21, 2022, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition — Refer to Notes 1 and 2 to the financial statements

Critical Audit Matter Description

The Company recognizes revenue upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company offers customers an enterprise cloud platform, which can be pre-installed on hardware or delivered separately, as well as related support subscriptions and professional services. Product revenue was $757.6 million and support, entitlements, and other services was $823.2 million for the year ended July 31, 2022.

Significant judgment is exercised by the Company in determining revenue recognition for the Company's customer contracts, and includes the following:

- Determination of whether promised goods or services, such as hardware and software licenses, are capable of being distinct and are distinct in the context of the Company's customer contracts which leads to whether they should be accounted for as individual or combined performance obligations.
- Determination of standalone selling prices for each distinct performance obligation and for products and services that are not sold separately.
- Determination of the timing of when revenue is recognized for each distinct performance obligation either over time or at a point in time.

We identified revenue recognition as a critical audit matter because of these significant judgments required by management. This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate whether revenue was recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's revenue recognition for the Company's customer contracts included the following, among others:

- We tested the effectiveness of controls related to the identification of distinct performance obligations, determination of the standalone selling prices, and the determination of the timing of revenue recognition.
- We evaluated management's significant accounting policies related to revenue recognition for reasonableness.
- We selected a sample of recorded revenue transactions and performed the following procedures:
    - Obtaining and reading customer source documents and the contract for each selection, including master agreements and related amendments to evaluate if relevant contractual terms have been appropriately considered by management.
    - Evaluating management's application of their accounting policy and tested revenue recognition for specific performance obligations by comparing management's conclusions to the underlying contract, master agreement and any related amendments, if applicable.
    - Testing the mathematical accuracy of management's calculations of revenue and the associated timing of revenue recognized in the financial statements.

- We evaluated the reasonableness of management's estimate of standalone selling prices for products and services that are not sold separately by performing the following:
  - Assessing the appropriateness of the Company's methodology and mathematical accuracy of the determined standalone selling prices.
  - Testing the completeness and accuracy of the source data utilized in management's calculations.

/s/ *DELOITTE & TOUCHE LLP*
San Jose, California
September 21, 2022

We have served as the Company's auditor since 2013.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Nutanix, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Nutanix, Inc. and subsidiaries (the “Company”) as of July 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended July 31, 2022, of the Company and our report dated September 21, 2022, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ *DELOITTE & TOUCHE LLP*

San Jose, California

September 21, 2022

NUTANIX, INC.

CONSOLIDATED BALANCE SHEETS

	As of July 31, 2021	As of July 31, 2022
	(in thousands, except per share data)	
Assets		
Current assets:		
Cash and cash equivalents	$ 285,723	$ 402,850
Short-term investments	928,006	921,429
Accounts receivable, net of allowances of $892 and $644, respectively	180,781	124,559
Deferred commissions—current	110,935	115,356
Prepaid expenses and other current assets	56,816	93,787
Total current assets	1,562,261	1,657,981
Property and equipment, net	131,621	113,440
Operating lease right-of-use assets	105,903	118,740
Deferred commissions—non-current	232,485	252,234
Intangible assets, net	32,012	15,829
Goodwill	185,260	185,260
Other assets—non-current	27,954	22,265
Total assets	$ 2,277,496	$ 2,365,749
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 47,056	$ 44,931
Accrued compensation and benefits	162,337	149,811
Accrued expenses and other current liabilities	39,404	49,232
Deferred revenue—current	636,421	720,993
Operating lease liabilities—current	42,670	39,801
Convertible senior notes, net—current	—	145,456
Total current liabilities	927,888	1,150,224
Deferred revenue—non-current	676,502	724,545
Operating lease liabilities—non-current	86,599	89,782
Convertible senior notes, net	1,055,694	1,156,205
Derivative liability	500,175	—
Other liabilities—non-current	42,679	35,161
Total liabilities	3,289,537	3,155,917
Commitments and contingencies (Note 7)		
Stockholders' deficit:		
Preferred stock, par value of $0.000025 per share— 200,000 shares authorized as of July 31, 2021 and 2022; no shares issued and outstanding as of July 31, 2021 and 2022	—	—
Common stock, par value of $0.000025 per share—1,200,000 (1,000,000 Class A, 200,000 Class B) and 1,042,004 (1,000,000 Class A, 42,004 Class B) shares authorized as of July 31, 2021 and 2022, respectively; 214,210 (208,579 Class A and 5,631 Class B) and 226,938 (226,938 Class A and zero Class B) shares issued and outstanding as of July 31, 2021 and 2022, respectively [1]	5	6
Additional paid-in capital	2,615,317	3,583,928
Accumulated other comprehensive loss	(8)	(6,076)
Accumulated deficit	(3,627,355)	(4,368,026)
Total stockholders' deficit	(1,012,041)	(790,168)
Total liabilities and stockholders' deficit	$ 2,277,496	$ 2,365,749

(1) Effective January 3, 2022, all of the then outstanding shares of Nutanix, Inc. Class B common stock were automatically converted into the same number of shares of Nutanix, Inc. Class A common stock. See Note 8 for further details.

See the accompanying notes to the consolidated financial statements.

NUTANIX, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended July 31,		
	2020	2021	2022
	(in thousands, except per share data)		
Revenue:			
Product	$ 765,822	$ 705,804	$ 757,623
Support, entitlements and other services	541,860	688,560	823,173
Total revenue	1,307,682	1,394,364	1,580,796
Cost of revenue:			
Product	71,312	55,287	55,602
Support, entitlements and other services	215,377	236,619	265,554
Total cost of revenue	286,689	291,906	321,156
Gross profit	1,020,993	1,102,458	1,259,640
Operating expenses:			
Sales and marketing	1,160,389	1,052,508	978,704
Research and development	553,978	556,950	571,962
General and administrative	135,547	153,782	166,418
Total operating expenses	1,849,914	1,763,240	1,717,084
Loss from operations	(828,921)	(660,782)	(457,444)
Other expense, net	(26,300)	(354,991)	(320,830)
Loss before provision for income taxes	(855,221)	(1,015,773)	(778,274)
Provision for income taxes	17,662	18,487	19,264
Net loss	$ (872,883)	$ (1,034,260)	$ (797,538)
Net loss per share attributable to Class A and Class B common stockholders—basic and diluted (1)	$ (4.48)	$ (5.01)	$ (3.62)
Weighted average shares used in computing net loss per share attributable to Class A and Class B common stockholders—basic and diluted (1)	194,719	206,475	220,529

(1) Effective January 3, 2022, all of the then outstanding shares of Nutanix, Inc. Class B common stock were automatically converted into the same number of shares of Nutanix, Inc. Class A common stock. See Note 8 for further details.

See the accompanying notes to the consolidated financial statements.

NUTANIX, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Fiscal Year Ended July 31,		
	2020	2021	2022
		(in thousands)	
Net loss	$ (872,883)	$ (1,034,260)	$ (797,538)
Other comprehensive loss, net of tax:			
Change in unrealized loss on available-for-sale securities, net of tax	1,361	(2,038)	(6,068)
Comprehensive loss	$ (871,522)	$ (1,036,298)	$ (803,606)

See the accompanying notes to the consolidated financial statements.

NUTANIX, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

	Fiscal Year Ended July 31, 2022					
	Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Income (Loss)	Deficit	Deficit
				(in thousands)		
Balance - July 31, 2019	188,595	$ 5	$ 1,835,528	$ 669	$ (1,649,309)	$ 186,893
Issuance of common stock through employee equity incentive plans	10,034	—	7,024	—	—	7,024
Issuance of common stock from ESPP purchase	3,320	—	50,630	—	—	50,630
Stock-based compensation	—	—	351,998	—	—	351,998
Other comprehensive income	—	—	—	1,361	—	1,361
Net loss	—	—	—	—	(872,883)	(872,883)
Balance - July 31, 2020	201,949	5	2,245,180	2,030	(2,522,192)	(274,977)
Issuance of common stock through employee equity incentive plans	13,457	—	15,601	—	—	15,601
Issuance of common stock from ESPP purchase	3,980	—	50,167	—	—	50,167
Repurchase and retirement of common stock	(5,176)	—	(54,176)	—	(70,903)	(125,079)
Stock-based compensation	—	—	358,545	—	—	358,545
Other comprehensive loss	—	—	—	(2,038)	—	(2,038)
Net loss	—	—	—	—	(1,034,260)	(1,034,260)
Balance - July 31, 2021	214,210	5	2,615,317	(8)	(3,627,355)	(1,012,041)
Adoption of ASU 2020-06	—	—	(148,598)	—	100,585	(48,013)
2026 Notes derivative liability reclassification	—	—	698,213	—	—	698,213
Issuance of common stock through employee equity incentive plans	11,270	1	6,479	—	—	6,480
Issuance of common stock from ESPP purchase	2,827	—	62,633	—	—	62,633
Repurchase and retirement of common stock	(1,369)	—	(14,852)	—	(43,718)	(58,570)
Unwinding of 2023 Notes hedges	—	—	39,880	—	—	39,880
Unwinding of 2023 Notes warrants	—	—	(18,390)	—	—	(18,390)
Stock-based compensation	—	—	343,246	—	—	343,246
Other comprehensive loss	—	—	—	(6,068)	—	(6,068)
Net loss	—	—	—	—	(797,538)	(797,538)
Balance - July 31, 2022	226,938	$ 6	$ 3,583,928	$ (6,076)	$ (4,368,026)	$ (790,168)

See the accompanying notes to the consolidated financial statements.

NUTANIX, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended July 31,		
	2020	2021	2022
		(in thousands)	
Cash flows from operating activities:			
Net loss	$ (872,883)	$ (1,034,260)	$ (797,538)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation and amortization	93,773	94,373	87,952
Stock-based compensation	351,998	358,545	343,246
Change in fair value of derivative liability	—	269,265	198,038
Loss on debt extinguishment	—	—	64,910
Amortization of debt discount and issuance costs	31,313	63,859	40,233
Operating lease cost, net of accretion	30,374	34,757	36,905
Impairment and early exit of lease-related assets	3,002	1,420	597
Non-cash interest expense	—	16,074	19,270
Other	324	6,380	9,282
Changes in operating assets and liabilities:			
Accounts receivable, net	4,334	64,483	60,998
Deferred commissions	(61,816)	(127,891)	(24,170)
Prepaid expenses and other assets	10,089	4,057	(36,166)
Accounts payable	(16,574)	(5,762)	(1,461)
Accrued compensation and benefits	18,765	50,916	(19,674)
Accrued expenses and other liabilities	3,400	14,824	4,049
Operating leases, net	(28,394)	(37,582)	(46,773)
Deferred revenue	272,410	126,732	127,845
Net cash (used in) provided by operating activities	(159,885)	(99,810)	67,543
Cash flows from investing activities:			
Maturities of investments	645,828	784,176	1,058,116
Purchases of investments	(607,194)	(1,392,737)	(1,081,246)
Sales of investments	75,413	70,055	17,999
Purchases of property and equipment	(89,488)	(58,647)	(49,058)
Net cash provided by (used in) investing activities	24,559	(597,153)	(54,189)
Cash flows from financing activities:			
Payments of debt extinguishment costs	—	—	(14,709)
Proceeds from unwinding of convertible note hedges	—	—	39,880
Payments for unwinding of warrants	—	—	(18,390)
Proceeds from sales of shares through employee equity incentive plans	57,797	65,766	67,826
Proceeds from the issuance of convertible notes, net of issuance costs	—	723,617	88,687
Repurchases of common stock	—	(125,079)	(58,570)
Payment of finance lease obligations	—	(459)	(1,089)
Net cash provided by financing activities	57,797	663,845	103,635
Net (decrease) increase in cash, cash equivalents and restricted cash	$ (77,529)	$ (33,118)	$ 116,989
Cash, cash equivalents and restricted cash—beginning of period	399,520	321,991	288,873
Cash, cash equivalents and restricted cash—end of period	$ 321,991	$ 288,873	$ 405,862
Restricted cash [(1)]	3,254	3,150	3,012
Cash and cash equivalents—end of period	$ 318,737	$ 285,723	$ 402,850
Supplemental disclosures of cash flow information:			
Cash paid for income taxes	$ 16,625	$ 16,639	$ 20,353
Supplemental disclosures of non-cash investing and financing information:			
Purchases of property and equipment included in accounts payable and accrued and other liabilities	$ 4,630	$ 12,832	$ 17,139
Finance lease liabilities arising from obtaining right-of-use assets	$ —	$ 8,299	$ 10,491

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

See the accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of Business

Nutanix, Inc. was incorporated in the state of Delaware in September 2009. Nutanix, Inc. is headquartered in San Jose, California, and together with its wholly-owned subsidiaries (collectively, "we," "us," "our" or "Nutanix"), has operations throughout North America, Europe, Asia Pacific, the Middle East, Latin America and Africa.

We provide a leading enterprise cloud platform, which we call the Nutanix Cloud Platform, that consists of software solutions and cloud services that power our customers' enterprise infrastructure. Our solutions deliver a consistent cloud operating model across edge, private-, hybrid- and multicloud environments for all applications and their data. Our solutions allow organizations to simply move their workloads, including enterprise applications, high-performance databases, end-user computing and virtual desktop infrastructure ("VDI") services, container-based modern applications, and analytics applications, between on-premises and public clouds. Our solutions are primarily sold through channel partners and original equipment manufacturers ("OEMs") (collectively, "Partners"), and delivered directly to our end customers.

Principles of Consolidation

The accompanying consolidated financial statements, which include the accounts of Nutanix, Inc. and its wholly-owned subsidiaries, have been prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"). All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. Such management estimates and assumptions include, but are not limited to, the best estimate of selling prices for products and related support; useful lives and recoverability of intangible assets and property and equipment; allowance for credit losses; determination of fair value of stock-based awards; accounting for income taxes, including the valuation allowance on deferred tax assets and uncertain tax positions; warranty liability; purchase commitment liabilities to our contract manufacturers; sales commissions expense and the period of benefit for deferred commissions; whether an arrangement is or contains a lease; the incremental borrowing rate to measure the present value of right-of-use assets and lease liabilities; the inputs used to determine the fair value of the contingent liability associated with the conversion feature of the 2.50% convertible senior notes due 2026 (the "2026 Notes"); and contingencies and litigation. Management evaluates these estimates and assumptions on an ongoing basis using historical experience and other factors and makes adjustments when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could materially differ from those estimates and assumptions.

In response to the ongoing and continuously evolving COVID-19 pandemic, we considered the impact of the economic implications on our critical and significant accounting estimates, including assessment of collectibility of customer contracts, valuation of accounts receivable, provision for purchase commitments to our contract manufacturers and impairment of long-lived assets, right-of-use assets, and deferred commissions.

Concentration of Risk

Credit Risk — Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents and accounts receivable. We invest only in high-quality credit instruments and maintain our cash and cash equivalents and available-for-sale investments in fixed income securities. Management believes that the financial institutions that hold our investments are financially sound and, accordingly, are subject to minimal credit risk. Our deposits are with multiple institutions, however such deposits may exceed federally insured limits. We provide credit, in the normal course of business, to a number of companies and perform credit evaluations of our customers.

Concentration of Revenue and Accounts Receivable — We sell our products primarily through our Partners and occasionally directly to end customers. For the fiscal years ended July 31, 2020, 2021 and 2022, no end customer accounted for more than 10% of total revenue or accounts receivable.

For each significant Partner, revenue as a percentage of total revenue and accounts receivable as a percentage of total accounts receivable, net are as follows:

	Revenue			Accounts Receivable as of	
	Fiscal Year Ended July 31,			July 31, 2021	July 31, 2022
Partners	**2020**	**2021**	**2022**		
Partner A	29 %	32 %	33 %	35 %	26 %
Partner B	14 %	15 %	15 %	23 %	11 %
Partner C	(1)	10 %	11 %	(1)	(1)

(1) Less than 10%

Summary of Significant Accounting Policies

Cash, Cash Equivalents and Short-Term Investments

We classify all highly liquid investments with original maturities of three months or less from the date of purchase as cash equivalents and all highly liquid investments with stated maturities of greater than three months as marketable securities.

We determine the appropriate classification of our marketable securities at the time of purchase and reevaluate such designation as of each balance sheet date. We classify and account for our marketable securities as available-for-sale securities. We classify our marketable securities with stated maturities greater than twelve months as short-term investments due to our intent and ability to use these securities to support our current operations.

Our marketable securities are recorded at their estimated fair value. Unrealized gains or losses on available-for-sale securities are reported in other comprehensive income (loss). We periodically review whether our securities may be other-than-temporarily impaired, including whether or not (i) we have the intent to sell the security or (ii) it is more likely than not that we will be required to sell the security before its anticipated recovery. If one of these factors is met, we will record an impairment loss associated with our impaired investment. The impairment loss will be recorded as a write-down of investments in our consolidated balance sheets and a realized loss within other expense in our consolidated statements of operations.

Fair Value Measurement

We define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, we consider the principal or most advantageous market in which to transact and the market-based risk. We apply fair value accounting for all assets and liabilities that are recognized or disclosed at fair value in our consolidated financial statements on a recurring basis. The carrying amounts reported in our consolidated financial statements for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short-term nature. The fair value of the 0% convertible senior notes due 2023 (the "2023 Notes") is determined based on the closing trading price per $100 of the 2023 Notes as of the last day of trading for the period. The fair value of the 2.50% convertible senior notes due 2026 is determined based on a binomial model. The fair value of the 0.25% convertible senior notes due 2027 (the "2027 Notes") is determined based on the closing trading price per $100 of the 2027 Notes as of the last day of trading for the period.

Convertible Senior Notes

Our convertible senior notes, including any embedded conversion features, are accounted for under the traditional convertible debt accounting model and are treated as a liability, net of unamortized issuance costs. The carrying amount of the liability is classified as a current liability if we have committed to settle with current assets; otherwise, it is classified as a long-term liability, as we retain the option to settle conversion requests in shares of our Class A common stock. The embedded conversion features are not remeasured as long as they do not meet the separation requirement of a derivative; otherwise, they are classified as derivative instruments and accounted for as such. Issuance costs are amortized to interest expense using the effective interest rate method over the term of the notes. In accounting for conversions of the notes, the carrying amount of the converted notes is reduced by the total consideration paid or issued for the respective converted notes and the difference is recorded to additional paid-in capital on our consolidated balance sheets. In accounting for extinguishments of the notes, the reacquisition price of the extinguished notes is compared to the carrying amount of the respective extinguished notes and a gain or loss is recorded in other expense, net on our consolidated statements of operations.

Derivative Liability

We evaluate convertible notes or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under the relevant sections of Accounting Standards Codification ("ASC") 815-40, Derivatives and Hedging: Contracts in Entity’s Own Equity. The result of this accounting guidance could result in the fair value of a financial instrument being classified as a derivative instrument and recorded at fair market value at each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded on our consolidated statements of operations as other income or other expense. Once the criteria for conversion is fixed, the derivative instrument is marked to fair value and reclassified to equity.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded at the invoiced amount, net of an allowance for credit losses. Credit is extended to customers based on an evaluation of their financial condition and other factors. We generally do not require collateral or other security to support accounts receivable. We perform ongoing credit evaluations of our customers and maintain an allowance for credit losses.

The allowance for credit losses is based on the best estimate of the amount of probable credit losses in existing accounts receivable. We assess credit losses on accounts receivable by taking into consideration past collection experience, the credit quality of the customer, the age of the receivable balance, current and future economic conditions, and forecasts that may affect the collectibility of the reported amount. In circumstances where we are aware of a specific customer's inability to meet its financial obligations (e.g., bankruptcy filings or substantial downgrading of credit ratings), we record an allowance for credit losses in order to reduce the net recognized receivable to the amount we reasonably believe will be collected. For all other customers, we record an allowance for credit losses based on the length of time the receivable is past due and our historical experience of collections and write-offs.

The changes in the allowance for credit losses are as follows:

	Fiscal Year Ended July 31,		
	2020	2021	2022
		(in thousands)	
Allowance for credit losses—beginning balance	$ 379	$ 804	$ 892
Charged to allowance for credit losses	822	655	200
Recoveries	(22)	(286)	(80)
Write-offs	(375)	(281)	(368)
Allowance for credit losses—ending balance	$ 804	$ 892	$ 644

Property and Equipment

Property and equipment, including leasehold improvements, are stated at cost, less accumulated depreciation and amortization. We include the cost to acquire demonstration units and the related accumulated depreciation in property and equipment as such units are generally not available for sale. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets.

Leases

We determine if an arrangement is or contains a lease at inception by evaluating various factors, including whether a vendor's right to substitute an identified asset is substantive. Lease classification is determined at the lease commencement date when the leased assets are made available for our use. Operating leases are included in operating lease right-of-use assets, operating lease liabilities—current and operating lease liabilities—non-current in our consolidated balance sheet as of July 31, 2022. Finance leases are included in property and equipment, net, accrued expenses and other current liabilities and other liabilities—non-current in our consolidated balance sheet as of July 31, 2022.

Right-of-use assets ("ROU assets") represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease payments consist primarily of fixed payments under the arrangement, less any lease incentives, such as rent holidays. Variable lease payments not dependent on an index or a rate are expensed as incurred and are not included within the ROU asset and lease liability calculation. Variable lease payments primarily include reimbursements of costs incurred by lessors for common area maintenance, property taxes and utilities. We use an estimate of our incremental borrowing rate ("IBR") based on the information available at the lease commencement date in determining the present value of lease payments, unless the implicit rate is readily determinable. In determining the appropriate IBR, we consider information including, but not limited to, our credit rating, the lease term and the currency in which the arrangement is denominated. For leases which commenced prior to our adoption of Accounting Standards Update ("ASU") 2016-02, Leases ("ASC 842"), we used the IBR as of August 1, 2019. Our lease terms may include renewal options, which are not included in the lease terms for calculating our lease liability, as we are not reasonably certain that we will exercise these renewal options at the time of the lease commencement. Lease costs are recognized on a straight-line basis as operating expenses within our consolidated statements of operations. We present lease payments within cash flows from operations within our consolidated statements of cash flows.

For our operating leases, we account for lease and non-lease components as a single lease component. Additionally, we do not record leases on our consolidated balance sheet that have a lease term of 12 months or less at the lease commencement date.

Goodwill, Intangible Assets and Other Long-Lived Assets

Goodwill represents the future economic benefits arising from other assets acquired in a business combination or an acquisition that are not individually identified and separately recorded. The excess of the purchase price over the estimated fair value of net assets of businesses acquired in a business combination is recognized as goodwill.

Intangible assets consist of identifiable intangible assets, including developed technology, customer relationships and trade names, resulting from business combinations. Finite-lived intangible assets are recorded at fair value, net of accumulated amortization. Finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives. Amortization expense is included as a component of cost of product revenue and sales and marketing expense in the accompanying consolidated statements of operations. Amounts included in sales and marketing expense relate to customer relationships.

Goodwill and other intangible assets acquired in a business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually, as of May 1 of each year. Such goodwill and other intangible assets may also be tested for impairment between annual tests in the presence of impairment indicators such as, but not limited to: (i) a significant adverse change in legal factors or in the business climate; (ii) a substantial decline in our market capitalization; (iii) an adverse action or assessment by a regulator; (iv) unanticipated competition; (v) loss of key personnel; (vi) a more likely-than-not expectation of the sale or disposal of a reporting unit or a significant portion thereof; (vii) a realignment of our resources or restructuring of our existing businesses in response to changes to industry and market conditions; (viii) testing for recoverability of a significant asset group within a reporting unit; or (ix) a higher discount rate used in the impairment analysis as impacted by an increase in interest rates.

Goodwill is tested for impairment by comparing the reporting unit's carrying value, including goodwill, to the fair value of the reporting unit. We operate under one reporting unit and for our annual goodwill impairment test, we determine the fair value of our reporting unit based on our enterprise value. We may elect to utilize a qualitative assessment to determine whether it is more likely than not that the fair value of our reporting unit is less than its carrying value. If, after assessing the qualitative factors, we determine that it is more likely than not that the fair value of our reporting unit is less than its carrying value, an impairment analysis will be performed. We compare the fair value of our reporting unit with its carrying amount and if the carrying value of the reporting unit exceeds its fair value, an impairment loss will be recognized.

Long-lived assets, such as property and equipment and finite-lived intangible assets subject to depreciation and amortization, are evaluated for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Among the factors and circumstances we consider in determining recoverability are: (i) a significant decrease in the market price of a long-lived asset; (ii) a significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition; (iii) a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset, including an adverse action or assessment by a regulator; (iv) an accumulation of costs significantly in excess of the amount originally expected for the acquisition; and (v) current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

There have been no indicators of impairment of goodwill, intangible assets or other long-lived assets and we did not record any material impairment losses during fiscal 2020, 2021 or 2022.

Revenue Recognition

The core principle of ASC 606 is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. This principle is achieved by applying the following five-step approach:

- *Identification of the contract, or contracts, with a customer* — A contract with a customer exists when (i) we enter into an enforceable contract with a customer that defines each party’s rights regarding the goods or services to be transferred and identifies the payment terms related to these goods or services, (ii) the contract has commercial substance and (iii) we determine that collection of substantially all consideration for goods or services that are transferred is probable based on the customer’s intent and ability to pay the promised consideration. We apply judgment in determining the customer’s ability and intention to pay, which is based on a variety of factors, including the customer’s historical payment experience or, in the case of a new customer, published credit and financial information pertaining to the customer.

- *Identification of the performance obligations in the contract* — Performance obligations promised in a contract are identified based on the goods or services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the goods or services either on their own or together with other resources that are readily available from third parties or from us, and are distinct in the context of the contract, whereby the transfer of the goods or services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised goods or services, we apply judgment to determine whether promised goods or services are capable of being distinct and distinct in the context of the contract. If these criteria are not met, the promised goods or services are accounted for as a combined performance obligation.
- *Determination of the transaction price* — The transaction price is determined based on the consideration to which we will be entitled in exchange for transferring goods or services to the customer.
- *Allocation of the transaction price to the performance obligations in the contract* — If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price ("SSP"). We determine SSP based on the price at which the performance obligation is sold separately. If the SSP is not observable through past transactions, we estimate the SSP, taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.
- *Recognition of revenue when, or as, performance obligations are satisfied* — We satisfy performance obligations either over time or at a point in time. Revenue is recognized at the time the related performance obligation is satisfied with the transfer of a promised good or service to a customer. For additional details on revenue recognition, refer to Note 2 of Notes to Consolidated Financial Statements.

Contracts with multiple performance obligations — The majority of our contracts with customers contain multiple performance obligations. For these contracts, we account for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price ("SSP") basis. For deliverables that we routinely sell separately, such as software entitlement and support subscriptions on our core offerings, we determine SSP by evaluating the standalone sales over the trailing 12 months. For those that are not sold routinely, we determine SSP based on our overall pricing trends and objectives, taking into consideration market conditions and other factors, including the value of our contracts, the products sold and geographic locations.

Contract balances — The timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable are recorded at the invoiced amount, net of an allowance for credit losses. A receivable is recognized in the period we deliver goods or provide services, or when our right to consideration is unconditional. In situations where revenue recognition occurs before invoicing, an unbilled receivable is created, which represents a contract asset. Unbilled accounts receivable, included in accounts receivable, net on our consolidated balance sheets, was not material for any of the periods presented.

Payment terms on invoiced amounts are typically 30-45 days. We assess credit losses on accounts receivable by taking into consideration past collection experience, the credit quality of the customer, the age of the receivable balance, current and future economic conditions, and forecasts that may affect the collectibility of the reported amount. The balance of accounts receivable, net of allowance for credit losses, as of July 31, 2021 and 2022 is presented in the accompanying consolidated balance sheets.

Costs to obtain and fulfill a contract — We capitalize commissions paid to sales personnel and the related payroll taxes when customer contracts are signed. These costs are recorded as deferred commissions in our consolidated balance sheets, current and non-current. We determine whether costs should be deferred based on our sales compensation plans if the commissions are incremental and would not have been incurred absent the execution of the customer contract. Commissions paid upon the initial acquisition of a contract are recognized over the estimated period of benefit, which may exceed the term of the initial contract if the commissions expected to be paid upon renewal are not commensurate with that of the initial contract. Accordingly, deferred costs are recognized on a systematic basis that is consistent with the pattern of revenue recognition allocated to each performance obligation over the entire period of benefit and included in sales and marketing expense in our consolidated statements of operations. We determine the estimated period of benefit by evaluating the expected renewals of customer contracts, the duration of relationships with our customers, customer retention data, our technology development lifecycle and other factors. Deferred costs are periodically reviewed for impairment.

Taxes assessed by a government authority that are both imposed on and concurrent with specific revenue transactions between us and our customers are presented on a net basis in our consolidated statements of operations.

Deferred revenue — Deferred revenue primarily consists of amounts that have been invoiced but not yet recognized as revenue and primarily pertain to software entitlement and support subscriptions and professional services. The current portion of deferred revenue represents the amounts that are expected to be recognized as revenue within one year of the consolidated balance sheet date.

Cost of Revenue

Cost of revenue consists of cost of product revenue and cost of support, entitlements and other services revenue. Personnel costs associated with our operations and global customer support organizations consist of salaries, benefits and stock-based compensation. Allocated costs consist of certain facilities, depreciation and amortization, recruiting and information technology costs allocated based on headcount.

Warranties

We generally provide a one-year warranty on hardware sold by us and a 90-day warranty on software licenses. The hardware warranty provides for parts replacement for defective components and the software warranty provides for bug fixes. With respect to the hardware warranty obligation, we have a warranty agreement with our contract manufacturers under which the OEMs are generally required to replace defective hardware within three years of shipment. Furthermore, our post-contract customer support ("PCS") agreements provide for the same parts replacement that customers are entitled to under the warranty program, except that replacement parts are delivered according to targeted response times to minimize disruption to the customers' critical business applications. Substantially all customers purchase PCS agreements.

Given the warranty agreement with our OEMs and considering that substantially all products are sold together with PCS agreements, we generally have very limited exposure related to warranty costs and therefore no warranty reserve has been recognized.

Research and Development

Our research and development expense consists primarily of product development personnel costs, including salaries and benefits, stock-based compensation and allocated facilities costs. Research and development costs are expensed as incurred. Currently, we expense the software development costs incurred in the research and development of new products and enhancements to existing products as incurred, as from the inception of the product development, our software products are primarily intended to be marketed and sold to customers on-premises, either standalone and/or with other product offerings.

Stock-Based Compensation

Stock-based compensation expense is measured based on the grant date fair value of share-based awards. The fair value of the purchase rights under our 2016 Employee Stock Purchase Plan ("2016 ESPP") is estimated using the Black-Scholes-Merton ("Black-Scholes") option pricing model, which is impacted by the fair value of our common stock, as well as changes in assumptions regarding a number of subjective variables. These variables include the expected common stock price volatility over the term of the awards, the expected term of the awards, risk-free interest rates and expected dividend yield. The fair value of restricted stock units ("RSUs") is determined using the fair value of our common stock on the date of grant.

We grant stock awards with service conditions only and with both service and performance or market-based conditions. We recognize stock-based compensation expense for employee stock awards with a service condition only using the straight-line method over the requisite service period of the awards, which is generally the vesting period. We use the graded vesting attribution method to recognize stock-based compensation expense related to employee stock awards that contain both service and performance or market-based conditions. The fair value of the 2016 ESPP purchase rights is recognized as expense on a straight-line basis over the offering period. We account for forfeitures of all share-based awards when they occur.

Foreign Currency

The functional currency of our foreign subsidiaries is the U.S. dollar. Transactions denominated in currencies other than the functional currency are remeasured at the average exchange rate in effect during the reporting period. At the end of each reporting period all monetary assets and liabilities of our subsidiaries are remeasured at the current U.S. dollar exchange rate at the end of the reporting period. Remeasurement gains and losses are included within other expense, net in the accompanying consolidated statements of operations. During the fiscal years ended July 31, 2020, 2021 and 2022, we recognized foreign currency losses of $9.4 million, $8.9 million and $3.2 million, respectively. To date, we have not undertaken any hedging transactions related to foreign currency exposure.

Segments

Our chief operating decision maker is a group which is comprised of our Chief Executive Officer and Chief Financial Officer. This group allocates resources and assesses financial performance based upon discrete financial information at the consolidated level. Accordingly, we have determined that we operate as a single operating and reportable segment.

Income Taxes

We account for income taxes using the asset and liability method. Deferred income taxes are recognized by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance on amounts that are more likely than not to be realized.

We record a liability for uncertain tax positions if it is not more likely than not to be sustained based solely on its technical merits as of the reporting date. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and may not accurately anticipate actual outcomes.

Advertising Costs

Advertising costs are charged to sales and marketing expenses as incurred in our consolidated statements of operations. During the fiscal years ended July 31, 2020, 2021 and 2022, advertising expense was $38.7 million, $22.1 million and $13.7 million, respectively.

Recently Adopted Accounting Pronouncements

In August 2020, the FASB issued ASU 2020-06, Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity. Under ASU 2020-06, the embedded conversion features are no longer separated from the host contract for convertible instruments with conversion features that are not required to be accounted for as derivatives under Topic 815, Derivatives and Hedging, or that do not result in substantial premiums accounted for as paid-in capital. Consequently, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost and convertible preferred stock will be accounted for as a single equity instrument measured at its historical cost, as long as no other features require bifurcation and recognition as derivatives. By removing those separation models, the interest rate of convertible debt instruments typically will be closer to the coupon interest rate. ASU 2020-06 also provides for certain disclosures with regard to convertible instruments and associated fair values. We early adopted the new standard using the modified retrospective method effective August 1, 2021 and have not changed any previously disclosed amounts or provided additional disclosures for the comparative periods.

The adoption of this new guidance resulted in an increase in the carrying value of the 2023 Notes by approximately $48.0 million to reflect the full principal amount of the convertible notes outstanding, net of issuance costs, a decrease in additional paid-in capital of approximately $148.6 million to remove the equity component separately recorded for the conversion feature associated with the 2023 Notes, and a cumulative-effect adjustment of approximately $100.6 million to the accumulated deficit beginning balance as of August 1, 2021. The remaining debt issuance costs will continue to be amortized over the term of the 2023 Notes. The new standard had no impact on the 2026 Notes, as the embedded conversion feature on the 2026 Notes was initially accounted for as a derivative liability.

In May 2021, the FASB issued ASU 2021-04, Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options, which provides guidance on modifications or exchanges of a freestanding equity-classified written call option (such as warrants). An entity should treat a modification of the terms or conditions or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange as an exchange of the original instrument for a new instrument, and provides further guidance on measuring the effect of a modification or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange. ASU 2021-04 also provides guidance on the recognition of the effect of a modification or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange on the basis of the substance of the transaction, in the same manner as if cash had been paid as consideration. The new standard is effective for all entities for fiscal years beginning after December 15, 2021, with early adoption permitted, including interim periods within those fiscal years. We early adopted the new standard effective August 1, 2021 and the adoption did not have a material impact on our consolidated financial statements.

NOTE 2. REVENUE, DEFERRED REVENUE AND DEFERRED COMMISSIONS

Disaggregation of Revenue and Revenue Recognition

We generate revenue primarily from the sale of our enterprise cloud platform, which can be delivered pre-installed on an appliance that is configured to order or delivered separately to be utilized on a variety of certified hardware platforms. When the software license is not portable to other appliances, it can be used over the life of the associated appliance, while subscription term-based licenses typically have a term of one to five years. Configured-to-order appliances, including our Nutanix-branded NX hardware line, can be purchased from one of our OEMs or, in limited cases, directly from Nutanix. Our enterprise cloud platform typically includes one or more years of support and entitlements, which provides customers with the right to software upgrades and enhancements as well as technical support. A substantial portion of sales are made through channel partners and OEM relationships.

The following table depicts the disaggregation of revenue by revenue type, consistent with how we evaluate our financial performance:

	Fiscal Year Ended July 31,		
	2020	2021	2022
		(in thousands)	
Subscription	$ 1,030,180	$ 1,243,621	$ 1,433,773
Non-portable software	208,158	71,390	49,694
Hardware	23,455	6,259	5,585
Professional services	45,889	73,094	91,744
Total revenue	$ 1,307,682	$ 1,394,364	$ 1,580,796

Subscription revenue — Subscription revenue includes any performance obligation which has a defined term and is generated from the sales of software entitlement and support subscriptions, subscription software licenses and cloud-based software as a service ("SaaS") offerings.

- Ratable — We recognize revenue from software entitlement and support subscriptions and SaaS offerings ratably over the contractual service period, the substantial majority of which relate to software entitlement and support subscriptions. These offerings represented approximately $508.8 million, $639.3 million and $770.4 million of our subscription revenue for fiscal 2020, 2021 and 2022, respectively.

- Upfront — Revenue from our subscription software licenses is generally recognized upfront upon transfer of control to the customer, which happens when we make the software available to the customer. These subscription software licenses represented approximately $521.3 million, $604.3 million and $663.4 million of our subscription revenue for fiscal 2020, 2021 and 2022, respectively.

Non-portable software revenue — Non-portable software revenue includes sales of our enterprise cloud platform when delivered on a configured-to-order appliance by us or one of our OEM partners. The software licenses associated with these sales are typically non-portable and can be used over the life of the appliance on which the software is delivered. Revenue from our non-portable software products is generally recognized upon transfer of control to the customer.

Hardware revenue — In transactions where the hardware appliance is purchased directly from Nutanix, we consider ourselves to be the principal in the transaction and we record revenue and costs of goods sold on a gross basis. We consider the amount allocated to hardware revenue to be equivalent to the cost of the hardware procured. Hardware revenue is generally recognized upon transfer of control to the customer.

Professional services revenue — We also sell professional services with our products. We recognize revenue related to professional services as they are performed.

Significant changes in the balance of deferred revenue (contract liability) and deferred commissions (contract asset) for the periods presented are as follows:

	Deferred Revenue	Deferred Commissions
	(in thousands)	
Balance as of July 31, 2020	$ 1,183,441	$ 215,528
Additions [(1)]	1,523,846	310,966
Revenue/commissions recognized	(1,394,364)	(183,074)
Balance as of July 31, 2021	1,312,923	343,420
Additions [(1)]	1,713,411	229,524
Revenue/commissions recognized	(1,580,796)	(205,354)
Balance as of July 31, 2022	$ 1,445,538	$ 367,590

(1) Includes both billed and unbilled amounts.

During the fiscal year ended July 31, 2021, we recognized revenue of approximately $488.2 million pertaining to amounts deferred as of July 31, 2020. During the fiscal year ended July 31, 2022, we recognized revenue of approximately $592.6 million pertaining to amounts deferred as of July 31, 2021.

Many of our contracted but not invoiced performance obligations are subject to cancellation terms. Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized ("contracted not recognized"), which includes deferred revenue and non-cancelable amounts that will be invoiced and recognized as revenue in future periods and excludes performance obligations that are subject to cancellation terms. Contracted not recognized revenue was approximately $1.6 billion as of July 31, 2022, of which we expect to recognize approximately 54% over the next 12 months, and the remainder thereafter.

NOTE 3. FAIR VALUE MEASUREMENTS

The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy based on the observability of the inputs available in the market used to measure fair value as follows:

- *Level I* — Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;
- *Level II* — Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and
- *Level III* — Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

Assets Measured at Fair Value on a Recurring Basis

Cash equivalents and short-term investments

Our money market funds are classified within Level I due to the highly liquid nature of these assets and have unadjusted inputs, quoted prices in active markets for these assets at the measurement date from the financial institution that carries these investment securities. Our investments in available-for-sale debt securities such as commercial paper, corporate bonds and U.S. government securities are classified within Level II. The fair value of these securities is priced by using inputs based on non-binding market consensus prices that are corroborated by observable market data, quoted market prices for similar instruments, or pricing models such as discounted cash flow techniques.

The fair value of our financial assets measured on a recurring basis is as follows:

	As of July 31, 2021			
	Level I	Level II	Level III	Total
	(in thousands)			
Financial Assets:				
Cash equivalents:				
Money market funds	$ 72,583	$ —	$ —	$ 72,583
Commercial paper	—	29,997	—	29,997
Corporate bonds	—	2,002	—	2,002
Short-term investments:				
Corporate bonds	—	513,688	—	513,688
Commercial paper	—	347,088	—	347,088
U.S. Government securities	—	67,230	—	67,230
Total measured at fair value	$ 72,583	$ 960,005	$ —	$ 1,032,588
Cash				181,141
Total cash, cash equivalents and short-term investments				$ 1,213,729

	As of July 31, 2022			
	Level I	Level II	Level III	Total
	(in thousands)			
Financial Assets:				
Cash equivalents:				
Money market funds	$ 227,796	$ —	$ —	$ 227,796
Commercial paper	—	27,927	—	27,927
Short-term investments:				
Corporate bonds	—	409,024	—	409,024
Commercial paper	—	317,738	—	317,738
U.S. Government securities	—	194,667	—	194,667
Total measured at fair value	$ 227,796	$ 949,356	$ —	$ 1,177,152
Cash				147,127
Total cash, cash equivalents and short-term investments				$ 1,324,279

Financial Instruments Not Recorded at Fair Value on a Recurring Basis

We report our financial instruments at fair value, with the exception of the 2023 Notes, the 2026 Notes and the 2027 Notes (collectively, the "Notes"). Financial instruments that are not recorded at fair value on a recurring basis are measured at fair value on a quarterly basis for disclosure purposes. The carrying values and estimated fair values of financial instruments not recorded at fair value are as follows:

	As of July 31, 2021 (1)		As of July 31, 2022	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
	(in thousands)			
2023 Notes	$ 523,671	$ 602,272	$ 145,456	$ 143,154
2026 Notes	532,023	1,128,953	589,200	759,086
2027 Notes (2)	—	—	567,005	400,252
Total	$ 1,055,694	$ 1,731,225	$ 1,301,661	$ 1,302,492

(1) Prior period amounts have not been adjusted due to our adoption of ASU 2020-06 under the modified retrospective method. For additional information on our adoption of ASU 2020-06, refer to Note 1 and Note 5.

(2) The 2027 Notes were issued in September 2021.

The carrying value of the 2023 Notes as of July 31, 2021 was net of an unamortized debt discount of $48.6 million and unamortized debt issuance costs of $2.7 million, respectively. The carrying value of the 2023 Notes as of July 31, 2022 was net of unamortized debt issuance costs of $0.2 million.

The carrying value of the 2026 Notes as of July 31, 2021 and 2022 included $8.9 million and $28.0 million, respectively, of non-cash interest expense that was converted to the principal balance, net of unamortized debt discounts of $203.6 million and $169.4 million, respectively, and unamortized debt issuance costs of $23.3 million and $19.4 million, respectively.

The carrying value of the 2027 Notes as of July 31, 2022 was net of unamortized debt issuance costs of $8.0 million.

The total estimated fair value of the 2023 Notes was determined based on the closing trading price per $100 of the 2023 Notes as of the last day of trading for the period. We consider the fair value of the 2023 Notes to be a Level 2 valuation due to the limited trading activity.

The total estimated fair value of the 2026 Notes is based on a binomial model. We consider the fair value of the 2026 Notes to be a Level 3 valuation, as the 2026 Notes are not publicly traded. The Level 3 inputs used are the same as those used to determine the estimated fair value of the associated derivative liability, as detailed below.

The total estimated fair value of the 2027 Notes was determined based on the closing trading price per $100 of the 2027 Notes as of the last day of trading for the period. We consider the fair value of the 2027 Notes to be a Level 2 valuation due to the limited trading activity.

Derivative Liability

The conversion feature of the 2026 Notes represented an embedded derivative at inception. The 2026 Notes are not considered to be conventional debt and we determined that the embedded conversion feature was required to be bifurcated from the host debt and accounted for as a derivative liability, as the 2026 Notes were convertible into a variable number of shares until the conversion price became fixed in September 2021, based on the level of achievement of the associated financial performance metric. As such, the initial fair value of the derivative instrument was recorded as a liability in our consolidated balance sheet with the corresponding amount recorded as a discount to the 2026 Notes upon issuance. The derivative liability is considered a Level 3 valuation and was recorded at its estimated fair value at the end of each reporting period and as of September 15, 2021, when the conversion price became fixed, with the change in fair value recognized within other expense, net in our consolidated statements of operations.

On September 15, 2021, the conversion price of the 2026 Notes became fixed and the bifurcated liability was no longer accounted for as a separate derivative because the conversion features are now considered indexed to our own equity and meet the equity classification conditions. We estimated the fair value of the derivative liability as of September 15, 2021 to be $698.2 million, which was reclassified to equity on that date.

The following table shows the change in the estimated fair value of the derivative liability through October 31, 2021. There was no change to the estimated fair value of the derivative liability subsequent to October 31, 2021, as it was reclassified to equity.

	Three Months Ended October 31, 2021
	(in thousands)
Derivative liability at July 31, 2021	$ 500,175
Change in fair value	198,038
Derivative liability at September 15, 2021	698,213
Reclass to equity upon conversion price becoming fixed	(698,213)
Derivative liability at October 31, 2021	$ —

We estimated the fair value of the derivative liability using a binomial model, with the following valuation inputs:

	As of	
	July 31, 2021	September 15, 2021
Conversion ratio (1)	Conversion price of $27.75 with a 36.036 conversion rate per $1,000	Conversion price of $27.75 with a 36.036 conversion rate per $1,000
Risk-free rate	0.7%	0.8%
Discount rate (2)	6.5%	6.5%
Volatility	40.0%	45.0%
Stock price	$36.02	$42.77

(1) The conversion ratio was calculated based on the achievement of the associated financial performance metric.
(2) The discount rate was estimated based on the implied rate for the 2023 Notes as well as a credit analysis.

NOTE 4. BALANCE SHEET COMPONENTS

Short-Term Investments

The amortized cost of our short-term investments approximates their fair value. Unrealized losses related to our short-term investments are generally due to interest rate fluctuations, as opposed to credit quality. However, we review individual securities that are in an unrealized loss position in order to evaluate whether or not they have experienced or are expected to experience credit losses that would result in a decline in fair value. As of July 31, 2021 and 2022, unrealized gains and losses from our short-term investments were not material and were not the result of a decline in credit quality. As a result, at July 31, 2021 and 2022, we did not record any credit losses for these investments.

The following table summarizes the estimated fair value of our investments in marketable debt securities by their contractual maturity dates:

	As of July 31, 2022
	(in thousands)
Due within one year	$ 770,454
Due in one to two years	150,975
Total	$ 921,429

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consists of the following:

	As of July 31,	
	2021	2022
	(in thousands)	
Prepaid operating expenses	$ 36,455	$ 48,842
VAT receivables	8,290	7,514
Other current assets	12,071	37,431
Total prepaid expenses and other current assets	$ 56,816	$ 93,787

The increase in other current assets from July 31, 2021 to July 31, 2022 was due primarily to the addition of a receivable for the estimated recovery of our settlement offer and certain legal fees and professional expenses payable under our applicable insurance policies related to certain litigation matters, as well as the addition of tenant improvement allowances receivable within the next 12 months.

Property and Equipment, Net

Property and equipment, net consists of the following:

	Estimated Useful Life	As of July 31,	
		2021	2022
	(in months)	(in thousands)	
Computer, production, engineering and other equipment	36	$ 300,583	$ 341,536
Demonstration units	12	68,992	61,914
Leasehold improvements	(1)	62,676	61,443
Furniture and fixtures	60	16,518	16,508
Total property and equipment, gross		448,769	481,401
Less: accumulated depreciation (2)		(317,148)	(367,961)
Total property and equipment, net		$ 131,621	$ 113,440

(1) Leasehold improvements are amortized over the shorter of the estimated useful lives of the improvements or the remaining lease term.
(2) Includes a $0.9 million write-off related to the impairment of certain leasehold improvements during the fiscal year ended July 31, 2021. For additional information on this lease-related impairment, refer to Note 6.

Depreciation expense related to our property and equipment was $76.4 million, $76.5 million and $69.3 million for the fiscal years ended July 31, 2020, 2021 and 2022, respectively.

Intangible Assets, Net

Intangible assets, net consists of the following:

	As of July 31,	
	2021	2022
	(in thousands)	
Developed technology	$ 79,300	$ 79,300
Customer relationships	8,860	8,860
Trade name	4,170	4,170
Total intangible assets, gross	92,330	92,330
Less:		
Accumulated amortization of developed technology	(50,764)	(64,344)
Accumulated amortization of customer relationships	(6,513)	(8,074)
Accumulated amortization of trade name	(3,041)	(4,083)
Total accumulated amortization	(60,318)	(76,501)
Total intangible assets, net	$ 32,012	$ 15,829

Amortization expense related to our intangible assets is being recognized in our consolidated statements of operations within product cost of revenue for developed technology and sales and marketing expense for customer relationships and trade name.

The changes in the net book value of intangible assets, net are as follows:

	As of July 31,	
	2021	2022
	(in thousands)	
Intangible assets, net—beginning balance	$ 49,392	$ 32,012
Amortization of intangible assets [(1)]	(17,380)	(16,183)
Intangible assets, net—ending balance	$ 32,012	$ 15,829

(1) Represents amortization expense related to intangible assets recognized during the year in our consolidated statements of operations, within product cost of revenue and sales and marketing expense.

The estimated future amortization expense of our intangible assets is as follows:

Fiscal Year Ending July 31:	Amount
	(in thousands)
2023	$ 10,856
2024	3,210
2025	1,763
Total	$ 15,829

Goodwill

There was no change in the carrying amount of goodwill during the fiscal years ended July 31, 2021 or 2022.

Accrued Compensation and Benefits

Accrued compensation and benefits consists of the following:

	As of July 31,	
	2021	2022
	(in thousands)	
Accrued commissions	$ 48,321	$ 32,886
Accrued vacation	26,961	23,140
Payroll taxes payable	21,603	21,060
Accrued wages and taxes	1,675	20,807
Contributions to ESPP withheld	26,735	19,174
Accrued benefits	10,243	11,774
Accrued bonus	14,878	9,782
Other	11,921	11,188
Total accrued compensation and benefits	$ 162,337	$ 149,811

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consists of the following:

	As of July 31,	
	2021	2022
	(in thousands)	
Income taxes payable	$ 13,309	$ 13,206
Accrued professional services	3,541	5,499
Other	22,554	30,527
Total accrued expenses and other current liabilities	$ 39,404	$ 49,232

NOTE 5. CONVERTIBLE SENIOR NOTES

2023 Notes

In January 2018, we issued the 2023 Notes with a 0% interest rate for an aggregate principal amount of $575.0 million, due in 2023, in a private placement to qualified institutional buyers pursuant to Rule144A under the Securities Act. This included $75.0 million in aggregate principal amount of the 2023 Notes that we issued resulting from initial purchasers fully exercising their option to purchase additional notes. There are no required principal payments on the 2023 Notes prior to their maturity. The total net proceeds from the issuance of the 2023 Notes were as follows:

	Amount (in thousands)
Principal amount	$ 575,000
Less: initial purchasers' discount	(10,781)
Less: cost of the bond hedges	(143,175)
Add: proceeds from the sale of warrants	87,975
Less: other issuance costs	(707)
Net proceeds	$ 508,312

The 2023 Notes do not bear any interest and will mature on January 15, 2023, unless earlier converted or repurchased in accordance with their terms. The 2023 Notes are unsecured and do not contain any financial covenants or any restrictions on the payment of dividends, or the issuance or repurchase of securities by us.

Each $1,000 of principal of the 2023 Notes is initially convertible into 20.4705 shares of our Class A common stock, which is equivalent to an initial conversion price of approximately $48.85 per share, subject to adjustment upon the occurrence of specified events. Holders of these 2023 Notes may convert their 2023 Notes at their option at any time prior to the close of the business day immediately preceding October 15, 2022, only under the following circumstances:

1) during any fiscal quarter commencing after the fiscal quarter ending on April 30, 2018 (and only during such fiscal quarter), if the last reported sale price of our Class A common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding fiscal quarter, is greater than or equal to 130% of the conversion price on each applicable trading day;

2) during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price per $1,000 principal amount of 2023 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our Class A common stock and the conversion rate for the 2023 Notes on each such trading day; or

3) upon the occurrence of certain specified corporate events.

Based on the closing price of our Class A common stock of $15.13 on July 31, 2022, the if-converted value of the 2023 Notes was lower than the principal amount. The price of our Class A common stock was not greater than or equal to 130% of the conversion price for 20 or more trading days during the 30 consecutive trading days ending on the last trading day of the quarter ended July 31, 2022. As such, the 2023 Notes are not convertible for the fiscal quarter commencing after July 31, 2022.

On or after October 15, 2022, holders may convert all or any portion of their 2023 Notes at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date, regardless of the foregoing conditions.

Upon conversion of the 2023 Notes, we will pay or deliver, as the case may be, cash, shares of our Class A common stock or a combination of cash and shares of Class A common stock, at our election. We intend to settle the principal of the 2023 Notes in cash.

The conversion rate will be subject to adjustment in some events, but will not be adjusted for any accrued or unpaid interest. A holder who converts their 2023 Notes in connection with certain corporate events that constitute a "make-whole fundamental change" per the indenture governing the 2023 Notes are, under certain circumstances, entitled to an increase in the conversion rate. In addition, if we undergo a fundamental change prior to the maturity date, holders may require us to repurchase for cash all or a portion of their 2023 Notes at a repurchase price equal to 100% of the principal amount of the repurchased 2023 Notes, plus accrued and unpaid interest.

We may not redeem the 2023 Notes prior to the maturity date, and no sinking fund is provided for the 2023 Notes.

On September 22, 2021, we consummated privately negotiated exchanges with certain holders of the outstanding 2023 Notes, pursuant to which such holders exchanged approximately $416.5 million in aggregate principal amount of 2023 Notes for $477.3 million in aggregate principal amount of 2027 Notes. We also entered into privately negotiated transactions with certain holders of the 2023 Notes pursuant to which we repurchased approximately $12.8 million in aggregate principal amount of 2023 Notes for cash. Following the closing of these exchanges and repurchases, approximately $145.7 million in aggregate principal amount of 2023 Notes remains outstanding with terms unchanged.

The 2023 Notes consisted of the following:

	As of July 31,	
	2021	2022
	(in thousands)	
Principal amounts:		
Principal	$ 575,000	$ 145,704
Unamortized debt discount [(1)]	(48,616)	—
Unamortized debt issuance costs [(1)]	(2,713)	(248)
Net carrying amount	$ 523,671	$ 145,456
Carrying amount of equity component [(2)]	$ 148,598	$ —

(1) Included in our consolidated balance sheets within convertible senior notes, net and amortized over the remaining life of the 2023 Notes using the effective interest rate method. As of July 31, 2021, the effective interest rate was 6.62%. As of July 31, 2022, the effective interest rate was 0.41%.
(2) Included in our consolidated balance sheets as of July 31, 2021 within additional paid-in capital, net of $3.0 million in equity issuance costs.

As of July 31, 2022, the remaining life of the 2023 Notes was approximately 5 months.

The following table sets forth the total interest expense recognized related to the 2023 Notes:

	Fiscal Year Ended July 31,		
	2020	2021	2022
		(in thousands)	
Interest expense related to amortization of debt discount	$ 29,658	$ 31,682	$ —
Interest expense related to amortization of debt issuance costs	1,654	1,767	844
Total interest expense	$ 31,312	$ 33,449	$ 844

Note Hedges and Warrants

Concurrently with the offering of the 2023 Notes in January 2018, we entered into convertible note hedge transactions with certain bank counterparties, whereby we have the initial option to purchase a total of approximately 11.8 million shares of our Class A common stock at a conversion price of approximately $48.85 per share, subject to adjustment for certain specified events. The total cost of the convertible note hedge transactions was approximately $143.2 million. In addition, we sold warrants to certain bank counterparties, whereby the holders of the warrants have the initial option to purchase a total of approximately 11.8 million shares of our Class A common stock at a price of $73.46 per share, subject to adjustment for certain specified events. We received approximately $88.0 million in cash proceeds from the sale of these warrants.

Taken together, the purchase of the convertible note hedges and the sale of warrants are intended to offset any actual dilution from the conversion of the 2023 Notes and to effectively increase the overall conversion price from $48.85 to $73.46 per share. As these transactions meet certain accounting criteria, the convertible note hedges and warrants are recorded within stockholders’ equity and are not accounted for as derivatives. The net cost incurred in connection with the convertible note hedge and warrant transactions of approximately $55.2 million was recorded as a reduction to additional paid-in capital in our consolidated balance sheets as of July 31, 2021 and 2022. The fair value of the note hedges and warrants are not remeasured each reporting period. The amounts paid for the note hedges were tax deductible expenses, while the proceeds received from the warrants were not taxable.

In September 2021, in connection with the exchange and repurchase transactions described above, we terminated portions of the convertible note hedge transactions and warrant transactions previously entered into with certain financial institutions in connection with the issuance of the 2023 Notes. The net effect of these unwind transactions was a $21.5 million cash payment received, consisting of an $18.4 million payment for the warrant unwind and the receipt of $39.9 million from the hedge unwind. The amounts paid and received as part of the unwind transactions were recorded to additional paid-in capital within our consolidated balance sheet.

The note hedges are required to be excluded from the calculation of diluted earnings per share ("EPS"), as they would be antidilutive. In periods when we report a net loss, basic net loss per share and diluted net loss per share are the same, as the effect of potential common shares is antidilutive, and the potential impact of the 2023 Notes is therefore excluded.

The warrants will have a dilutive effect when the average share price exceeds the warrant strike price of $73.46 per share. As the price of our Class A common stock continues to increase above the warrant strike price, additional dilution would occur at a declining rate so that a $10 increase from the warrant strike price would yield a cumulative dilution of approximately 0.4 million diluted shares for EPS purposes. However, upon conversion, the note hedges would neutralize the dilution from the 2023 Notes so that there would only be dilution from the warrants, which would result in an actual dilution of approximately 2.1 million shares at a common stock price of $83.46.

2026 Notes

In September 2020, we issued $750.0 million in aggregate principal amount of the 2026 Notes to BCPE Nucleon (DE) SVP, LP, an entity affiliated with Bain Capital, LP ("Bain"). The total net proceeds from this offering were approximately $723.72 million, after deducting $26.3 million of debt issuance costs.

The 2026 Notes bear interest at a rate of 2.5% per annum, with such interest to be paid in kind ("PIK") on the 2026 Notes held by Bain through an increase in the principal amount of the 2026 Notes, and paid in cash on any 2026 Notes transferred to entities that are not affiliated with Bain. Interest on the 2026 Notes has accrued from the date of issuance (September 24, 2020) and is added to the principal amount on a semi-annual basis (on March 15 and September 15 of each year, beginning on March 15, 2021). The 2026 Notes mature on September 15, 2026, subject to earlier conversion, redemption or repurchase.

The 2026 Notes are convertible into our shares of Class A common stock based on an initial conversion rate of 36.036 shares of common stock per $1,000 principal amount of the 2026 Notes, which is equal to an initial conversion price of $27.75 per share, subject to customary anti-dilution and other adjustments, including in connection with any make-whole adjustments as a result of certain extraordinary transactions. In September 2021, the one-year anniversary of the issuance of the 2026 Notes, the conversion price was subject to a one-time adjustment, based on the level of achievement of certain financial milestones and as a result, the conversion price became fixed at $27.75 per share.

On or after September 15, 2025, the 2026 Notes will be redeemable by us in the event that the closing sale price of our Class A common stock has been at least 150% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide the redemption notice, for cash, at a redemption price of 100% of the principal amount of such 2026 Notes, plus any accrued and unpaid interest to, but excluding, the redemption date.

With certain exceptions, upon a change of control or a fundamental change, the holders of the 2026 Notes may require us to repurchase all or part of the principal amount of the 2026 Notes at a repurchase price equal to 100% of the principal amount of the 2026 Notes, plus any accrued and unpaid interest to, but excluding, the repurchase date. In addition, we will, in certain circumstances, increase the conversion rate for any 2026 Notes converted in connection with a change of control or a fundamental change.

In accordance with accounting guidance on embedded conversion features, we valued and bifurcated the conversion option associated with the 2026 Notes from the respective host debt instrument, which is treated as a debt discount, and initially recorded the conversion option of $230.9 million as a derivative liability in our consolidated balance sheet, with the corresponding amount recorded as a discount to the 2026 Notes to be amortized over the term of the 2026 Notes using the effective interest method.

The 2026 Notes consisted of the following:

	As of July 31,	
	2021	2022
	(in thousands)	
Principal amounts:		
Principal	$ 750,000	$ 750,000
Non-cash interest expense converted to principal	8,906	27,997
Unamortized debt discount (conversion feature) [1]	(203,619)	(169,438)
Unamortized debt issuance costs [1]	(23,264)	(19,359)
Net carrying amount	$ 532,023	$ 589,200

(1) Included in our consolidated balance sheets within convertible senior notes, net and amortized over the remaining life of the 2026 Notes using the effective interest rate method. The effective interest rate is 7.05%.

As of July 31, 2022, the remaining life of the 2026 Notes was approximately 4.1 years.

The following table sets forth the total interest expense recognized related to the 2026 Notes:

	Fiscal Year Ended July 31,	
	2021	2022
	(in thousands)	
Interest expense related to amortization of debt discount	$ 27,291	$ 34,180
Interest expense related to amortization of debt issuance costs	3,119	3,906
Non-cash interest expense	16,074	19,270
Total interest expense	$ 46,484	$ 57,356

Non-cash interest expense is related to the 2.5% PIK interest that we accrued from the issuance of the 2026 Notes through July 31, 2022 and was recognized within other expense, net in our consolidated statement of operations and other liabilities–non-current in our consolidated balance sheet. The accrued PIK interest will be converted to the principal balance of the 2026 Notes at each payment date and will be convertible to shares at maturity or when converted.

Upon the conversion price of the 2026 Notes becoming fixed in September 2021, the embedded conversion option for the 2026 Notes no longer required bifurcation because the conversion features are now considered indexed to our own equity and meet the equity classification conditions. The carrying amount of the derivative liability of $698.2 million as of that date was reclassified to additional paid-in capital within our consolidated balance sheet. The remaining debt discount that arose from the original bifurcation continues to be amortized over the term of the 2026 Notes.

2027 Notes

In September 2021, we issued $575 million principal amount of 0.25% convertible senior notes due 2027 consisting of (i) approximately $477.3 million principal amount of 2027 Notes in exchange for approximately $416.5 million principal amount of the 2023 Notes (the "Exchange Transactions") and (ii) approximately $97.7 million principal amount of 2027 Notes for cash (the "Subscription Transactions"). We did not receive any cash proceeds from the Exchange Transactions. The net cash proceeds from the Subscription Transactions was approximately $88.4 million after deducting the offering expenses for both the Exchange Transactions and the Subscription Transactions. We used (i) approximately $14.7 million of the net cash proceeds from the Subscription Transactions to repurchase approximately $12.8 million principal amount of the 2023 Notes and (ii) approximately $58.5 million of the net cash proceeds from the Subscription Transactions to repurchase approximately 1.4 million shares of our Class A common stock.

The 2027 Notes bear interest at a rate of 0.25% per annum, and pay interest semi-annually in arrears on each April 1 and October 1, commencing on April 1, 2022. The 2027 Notes will mature on October 1, 2027, unless earlier converted, redeemed or repurchased.

The 2027 Notes are convertible into cash, shares of our Class A common stock, or a combination of cash and shares of Class A common stock, at our election. Each $1,000 of principal of the 2027 Notes is initially convertible into 17.3192 shares of our Class A common stock, which is equivalent to an initial conversion price of approximately $57.74 per share, subject to customary anti-dilution adjustments. Holders of these 2027 Notes may convert their 2027 Notes at their option at any time prior to the close of the business day immediately preceding July 1, 2027, only under the following circumstances:

(1) during any fiscal quarter after January 31, 2022, and only during such fiscal quarter, if the closing price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on, and including, the last trading day of the preceding fiscal quarter is greater than or equal to 130% of the then applicable conversion price for the Notes per share of common stock;

(2) during the five business day period after any five consecutive trading day period in which, for each trading day of that period, the trading price per $1,000 principal amount of 2027 Notes for such trading day was less than 98% of the product of the closing price of our common stock and the then applicable conversion rate on each such trading day; or

(3) upon the occurrence of certain specified corporate events.

Upon conversion of the 2027 Notes, we will pay or deliver, as the case may be, cash, shares of our Class A common stock or a combination of cash and shares of Class A common stock, at our election. We intend to settle the principal of the 2027 Notes in cash.

The conversion rate will be subject to adjustment in some events, but will not be adjusted for any accrued or unpaid interest. A holder who converts their 2027 Notes in connection with certain corporate events that constitute a "make-whole fundamental change" per the indenture governing the 2027 Notes are, under certain circumstances, entitled to an increase in the conversion rate. In addition, if we undergo a fundamental change prior to the maturity date, holders may require us to repurchase for cash all or a portion of their 2027 Notes at a repurchase price equal to 100% of the principal amount of the repurchased 2027 Notes, plus accrued and unpaid interest.

In accounting for the exchange of convertible notes, we evaluated whether the transaction should be treated as a modification or extinguishment transaction. The partial exchange of the 2023 Notes and issuance of the 2027 Notes were deemed to have substantially different terms due to the significant difference between the value of the conversion option immediately prior to and after the exchange, and consequently, the 2023 Notes partial exchange was accounted for as a debt extinguishment. The $64.9 million difference between the total reacquisition price paid and the net carrying amount of the 2023 Notes is recognized as a debt extinguishment loss within other expense, net in our consolidated statement of operations.

The 2027 Notes consisted of the following:

		As of July 31, 2022
		(in thousands)
Principal amounts:		
Principal	$	575,000
Unamortized debt issuance costs [1]		(7,995)
Net carrying amount	$	567,005

(1) Included in our consolidated balance sheets within convertible senior notes, net and amortized over the remaining life of the 2027 Notes using the effective interest rate method. The effective interest rate is 0.52%.

As of July 31, 2022, the remaining life of the 2027 Notes was approximately 5.2 years.

The following table sets forth the total interest expense recognized related to the 2027 Notes:

		Fiscal Year Ended July 31, 2022
		(in thousands)
Contractual interest expense	$	1,229
Interest expense related to amortization of debt issuance costs		1,302
Total interest expense	$	2,531

NOTE 6. LEASES

We have operating leases for offices, research and development facilities and datacenters and finance leases for certain datacenter equipment. Our leases have remaining lease terms of one year to approximately eight years, some of which include options to renew or terminate. We do not include renewal options in the lease terms for calculating our lease liability, as we are not reasonably certain that we will exercise these renewal options at the time of the lease commencement. Our lease agreements do not contain any residual value guarantees or restrictive covenants.

Total operating lease cost was $39.1 million, $42.6 million and $43.3 million for the fiscal years ended July 31, 2020, 2021 and 2022, respectively, excluding short-term lease costs, variable lease costs and sublease income, each of which were not material. Variable lease costs primarily include common area maintenance charges. Total finance lease cost was $0.7 million and $2.4 million for the fiscal years ended July 31, 2021 and 2022, respectively. We had no finance leases during the fiscal year ended July 31, 2020.

During fiscal 2020, we ceased using certain office spaces internationally. As the carrying value of the related right-of-use assets exceeded fair value, we recorded a $3.0 million impairment in our consolidated statements of operations for the fiscal year ended July 31, 2020. Of the $3.0 million impairment, approximately $1.8 million relates to the impairment of our operating lease right-of-use assets and approximately $1.2 million relates to the impairment of leasehold improvements.

During fiscal 2021, we recorded additional impairment charges related to certain international office spaces, as well as an impairment charge related to an office space in the United States. We recorded a $1.4 million net impairment in our consolidated statement of operations for the fiscal year ended July 31, 2021. Of the $1.4 million impairment, approximately $0.5 million relates to the impairment of our operating lease right-of-use assets and approximately $0.9 million relates to the impairment of leasehold improvements. Additional charges related to asset impairments may be recorded in the future.

During fiscal 2022, we signed agreements to early exit certain office spaces in the United States. The reduction in the lease term resulted in a decrease to the carrying amount of the operating lease liability and the operating lease right-of-use asset on our consolidated balance sheet as of July 31, 2022. In addition, we recorded $0.6 million of expense in our consolidated statement of operations for the fiscal year ended July 31, 2022.

Supplemental balance sheet information related to leases is as follows:

	As of July 31,	
	2021	2022
	(in thousands)	
Operating leases:		
Operating lease right-of-use assets, gross	$ 170,277	$ 188,060
Accumulated amortization	(64,374)	(69,320)
Operating lease right-of-use assets, net	$ 105,903	$ 118,740
Operating lease liabilities—current	$ 42,670	$ 39,801
Operating lease liabilities—non-current	86,599	89,782
Total operating lease liabilities	$ 129,269	$ 129,583
Weighted average remaining lease term (in years):	3.1	5.1
Weighted average discount rate:	5.5 %	5.7 %

	As of July 31,	
	2021	2022
	(in thousands)	
Finance leases:		
Finance lease right-of-use assets, gross [(1)]	$ 8,972	$ 13,501
Accumulated amortization [(1)]	(687)	(3,053)
Finance lease right-of-use assets, net [(1)]	$ 8,285	$ 10,448
Finance lease liabilities—current [(2)]	$ 1,772	$ 2,685
Finance lease liabilities—non-current [(3)]	6,527	7,806
Total finance lease liabilities	$ 8,299	$ 10,491
Weighted average remaining lease term (in years):	4.7	3.9
Weighted average discount rate:	6.7 %	5.9 %

(1) Included in our consolidated balance sheets within property and equipment, net.
(2) Included in our consolidated balance sheets within accrued expenses and other current liabilities.
(3) Included in our consolidated balance sheets within other liabilities—non-current.

Supplemental cash flow and other information related to leases is as follows:

	Fiscal Year Ended July 31,	
	2021	2022
	(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 46,216	$ 48,509
Financing cash flows from finance leases	$ 459	$ 1,089
Lease liabilities arising from obtaining right-of-use assets:		
Operating leases	$ 16,174	$ 55,797
Finance leases	$ 9,622	$ 4,529

The undiscounted cash flows for our lease liabilities as of July 31, 2022 were as follows:

Fiscal Year Ending July 31:	Operating Leases	Finance Leases	Total
		(in thousands)	
2023	$ 43,199	$ 2,750	$ 45,949
2024	30,393	2,750	33,143
2025	17,100	2,750	19,850
2026	13,805	2,048	15,853
2027	12,699	337	13,036
Thereafter	36,396	—	36,396
Total lease payments	153,592	10,635	164,227
Less: imputed interest	(24,009)	(144)	(24,153)
Total lease obligation	129,583	10,491	140,074
Less: current lease obligations	(39,801)	(2,685)	(42,486)
Long-term lease obligations	$ 89,782	$ 7,806	$ 97,588

As of July 31, 2022, we had additional operating lease commitments of approximately $7.3 million on an undiscounted basis for certain office leases that have not yet commenced. These operating leases will commence during fiscal 2023, with lease terms of approximately three to eight years.

NOTE 7. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

In the normal course of business, we make commitments with our contract manufacturers to ensure them a minimum level of financial consideration for their investment in our joint solutions. These commitments are based on performance targets or on-hand inventory and non-cancelable purchase orders for non-standard components. We record a charge related to these items when we determine that it is probable a loss will be incurred and we are able to estimate the amount of the loss. Our historical charges have not been material. As of July 31, 2022, we had up to approximately $88.7 million of non-cancelable purchase obligations and other commitments pertaining to our daily business operations, and up to approximately $82.3 million in the form of guarantees to certain of our contract manufacturers.

Guarantees and Indemnifications

We have entered into agreements with some of our Partners and customers that contain indemnification provisions in the event of claims alleging that our products infringe the intellectual property rights of a third party. The scope of such indemnification varies, and may include, in certain cases, the ability to cure the indemnification by modifying or replacing the product at our own expense, requiring the return and refund of the infringing product, procuring the right for the partner and/or customer to continue to use or distribute the product, as applicable, and/or defending the partner or customer against and paying any damages from third-party actions based upon claims of infringement. Other guarantees or indemnification arrangements include guarantees of product and service performance.

We have also agreed to indemnify our directors, executive officers and certain other officers for costs associated with any fees, expenses, judgments, fines and settlement amounts incurred by any of these persons in any action or proceeding to which any of those persons is, or is threatened to be, made a party by reason of the person’s service as a director or officer, including any action by us, arising out of that person’s services as a director or officer of our company or that person’s services provided to any other company or enterprise at our request. We maintain director and officer insurance coverage that may enable us to recover a portion of any future amounts paid.

The fair value of liabilities related to indemnifications and guarantee provisions are not material and have not had any material impact on our consolidated financial statements to date.

Legal Proceedings

Securities Class Actions. Beginning on March 29, 2019, several purported securities class actions were filed in the United States District Court for the Northern District of California against us and two of our officers. The initial complaints generally alleged that the defendants made false and misleading statements in violation of Sections 10(b) and 20(a) of the Exchange Act and SEC Rule 10b-5. In July 2019, the court consolidated the actions into a single action, and appointed a lead plaintiff, who then filed a consolidated amended complaint (the "Original Complaint"). The action was brought on behalf of those who purchased or otherwise acquired our stock between November 30, 2017 and May 30, 2019, inclusive. The defendants subsequently filed a motion to dismiss the Original Complaint, which the court granted on March 9, 2020, while providing the lead plaintiff leave to amend. On April 17, 2020, the lead plaintiff filed a second amended complaint (the "Amended Complaint"), again naming us and two of our officers as defendants. The Amended Complaint alleges the same class period, includes many of the same factual allegations as the Original Complaint, and again alleges that the defendants violated Sections 10(b) and 20(a) of the Exchange Act, as well as SEC Rule 10b-5. The Amended Complaint sought monetary damages in an unspecified amount. On September 11, 2020, the court denied the defendants' motion to dismiss the Amended Complaint and held that the lead plaintiff adequately stated a claim with respect to certain statements regarding our new customer growth and sales productivity. On January 27, 2021, lead plaintiff, Shimon Hedvat, filed a motion to (i) withdraw as lead plaintiff and (ii) substitute proposed new lead plaintiffs and approve their appointment of a new co-lead counsel. On March 1, 2021, the court granted the lead plaintiff’s motion to withdraw as lead plaintiff but denied without prejudice his motion to substitute proposed new lead plaintiffs. The court also reopened the lead plaintiff selection process, allowing any putative class member interested in serving as the new lead plaintiff to file a lead plaintiff application. Following the lead plaintiff selection hearing on April 28, 2021, on June 10, 2021 the court appointed California Ironworkers Field Pension Trust as lead plaintiff and approved its appointment of counsel. On May 28, 2021, one of the movants for lead plaintiff, John P. Norton on behalf of the Norton Family Living Trust UAD 11/15/2002, filed a separate class action complaint (the "Options Class Action Complaint") in the Northern District of California on behalf of a class of persons or entities who transacted in publicly traded call options and/or put options on Nutanix stock during the period from November 30, 2017 and May 30, 2019, containing allegations substantively the same as those alleged in the Amended Complaint (the "Options Class Action") and naming the same defendants. On September 8, 2021, the court appointed the John P. Norton on behalf of the Norton Family Living Trust UAD 11/15/2002 as the lead plaintiff in the Options Class Action. On April 26, 2022, the parties met for mediation, which did not result in a settlement. On September 1, 2022, California Ironworkers Field Pension Trust filed a third amended complaint (which amends the Amended Complaint) and John P. Norton on behalf of the Norton Family Living Trust UAD 11/15/2002 filed an amended complaint (which amends the Options Class Action Complaint). We plan to continue to vigorously defend against these actions. We recorded an accrual for estimated loss contingencies associated with this matter in an amount equal to a settlement offer we made at the mediation. The accrual does not reflect our views of the merits of claims in these actions. In addition, we recorded a corresponding receivable for the estimated recovery in respect of our settlement offer and certain legal fees and professional expenses payable under our applicable insurance policies. The accrual and estimated recovery may change in the future due to new developments, and the actual liability and recovery may vary significantly from current estimates.

We are not currently a party to any other legal proceedings that we believe to be material to our business or financial condition. From time to time, we may become party to various litigation matters and subject to claims that arise in the ordinary course of business.

NOTE 8. STOCKHOLDERS' EQUITY

Effective January 3, 2022, all of our then outstanding shares of Class B common stock, par value $0.000025 per share, were automatically converted into the same number of shares of the Company's Class A common stock, par value $0.000025 per share, pursuant to the terms of our Amended and Restated Certificate of Incorporation. No additional shares of Class B common stock will be issued following such conversion. As a result, as of July 31, 2022, we had one class of outstanding common stock consisting of Class A common stock.

As of July 31, 2022, we had 1.0 billion shares of Class A common stock authorized, with a par value of $0.000025 per share, and 42.0 million shares of Class B common stock authorized, with a par value of $0.000025 per share. As of July 31, 2022, we had 226.9 million shares of Class A common stock issued and outstanding and no shares of Class B common stock issued and outstanding.

Holders of Class A common stock are entitled to one vote for each share of Class A common stock held on all matters submitted to a vote of stockholders.

Share Repurchase

In August 2020, our Board of Directors authorized the repurchase of up to $125.0 million of our Class A common stock. Repurchases were made through open market purchases or privately negotiated transactions subject to market conditions, applicable legal requirements and other relevant factors. The repurchase program did not obligate us to acquire any particular amount of our common stock and could have been suspended at any time at our discretion.

During the fiscal year ended July 31, 2021, we repurchased 5.2 million shares of Class A common stock in open market transactions at an average price of $24.15 per share, for an aggregate purchase price of $125.0 million. As of July 31, 2021, there was no remaining authorization and the program had expired.

In September 2021, we used approximately $58.5 million of the net cash proceeds from the issuance of $97.7 million in aggregate principal amount of 2027 Notes to repurchase 1.4 million shares of Class A common stock in open market transactions at an average price of $42.77 per share. For additional details on these transactions, refer to Note 5.

Common Stock Reserved for Issuance

As of July 31, 2022, we had reserved shares of common stock for future issuance as follows:

	As of July 31, 2022
	(in thousands)
Shares reserved for future equity grants	15,159
Shares underlying outstanding stock options	1,689
Shares underlying outstanding restricted stock units	22,136
Shares reserved for future employee stock purchase plan awards	2,362
Total	41,346

NOTE 9. EQUITY INCENTIVE PLANS

Stock Plans

We have three equity incentive plans, the 2010 Stock Plan ("2010 Plan"), 2011 Stock Plan ("2011 Plan") and 2016 Equity Incentive Plan ("2016 Plan"). Our stockholders approved the 2016 Plan in March 2016 and it became effective in connection with our initial public offering ("IPO"). As a result, at the time of the IPO, we ceased granting additional stock awards under the 2010 Plan and 2011 Plan and both plans were terminated. Any outstanding stock awards under the 2010 Plan and 2011 Plan remain outstanding, subject to the terms of the applicable plan and award agreements, until such shares are issued under those stock awards, by exercise of stock options or settlement of RSUs, or until those stock awards become vested or expired by their terms.

Under the 2016 Plan, we may grant incentive stock options, non-statutory stock options, restricted stock, RSUs and stock appreciation rights to employees, directors and consultants. We initially reserved 22.4 million shares of our Class A common stock for issuance under the 2016 Plan. The number of shares of Class A common stock available for issuance under the 2016 Plan will also include an annual increase on the first day of each fiscal year, beginning in fiscal 2018, equal to the lesser of: 18.0 million shares, 5% of the outstanding shares of all classes of common stock as of the last day of our immediately preceding fiscal year, or such other amount as may be determined by the Board. Accordingly, on August 1, 2020 and 2021, the number of shares of Class A common stock available for issuance under the 2016 Plan increased by 10.1 million and 10.7 million shares, respectively, pursuant to these provisions. As of July 31, 2022, we had reserved a total of 39.0 million shares for the issuance of equity awards under the Stock Plans, of which 15.2 million shares were still available for grant. On August 1, 2022, the number of shares of Class A common stock available for issuance under the 2016 Plan increased by 11.3 million shares pursuant to the automatic increase provisions.

Restricted Stock Units

Performance RSUs — We have granted RSUs that have both service and performance conditions to our executives and employees ("Performance RSUs"). Vesting of Performance RSUs is subject to continuous service and the satisfaction of certain performance targets. While we recognize cumulative stock-based compensation expense for the portion of the awards for which both the service condition has been satisfied and it is probable that the performance conditions will be met, the actual vesting and settlement of Performance RSUs are subject to the performance conditions actually being met.

Market Stock Units

In connection with his hiring, in December 2020, the Compensation Committee of our Board of Directors approved the grant of 703,117 RSUs subject to certain market conditions ("MSUs") to our President and CEO. These MSUs have a weighted average grant date fair value per unit of $35.69 and will vest up to 133% based upon the achievement of certain stock price targets over a performance period of approximately 4.0 years, subject to his continuous service on each vesting date.

In order to align with the MSUs granted to our President and CEO, in December 2020, the Compensation Committee of our Board of Directors modified the vesting conditions for the 75,000 MSUs previously granted to another individual who was then serving as one of our executives. These modified MSUs had a weighted average grant date fair value per unit of $27.54 and vested based upon the achievement of a modified stock price target over the original performance period of approximately 3.9 years, subject to continuous service on each vesting date. The incremental compensation cost resulting from this modification was not material. Following the individual's resignation during the second quarter of fiscal 2022, his remaining unvested MSUs were cancelled.

In October 2021, the Compensation Committee of our Board of Directors approved the grant of approximately 0.4 million MSUs to certain of our executives. These MSUs have a weighted average grant date fair value per unit of $46.20 and will vest up to 200% of the target number of MSUs based upon our total shareholder return relative to the total shareholder return of companies in the Nasdaq Composite Index over a performance period of approximately 2.8 years, subject to continuous service on each vesting date. Additional MSUs have been granted with similar terms, but were not material.

We used Monte Carlo simulations to calculate the fair value of these awards on the grant date, or modification date, as applicable. A Monte Carlo simulation requires the use of various assumptions, including the stock price volatility and risk-free interest rate as of the valuation date corresponding to the length of time remaining in the performance period and expected dividend yield. We recognize stock-based compensation expense related to these MSUs using the graded vesting attribution method over the respective performance periods. As of July 31, 2022, approximately 1.1 million MSUs remained outstanding.

Below is a summary of RSU activity, including MSUs, under the Stock Plans:

	Fiscal Year Ended July 31,			
	2021		2022	
	Number of Shares	Weighted Average Grant Date Fair Value per Share	Number of Shares	Weighted Average Grant Date Fair Value per Share
	(in thousands)			
Outstanding at beginning of period	22,632	$ 32.70	21,708	$ 30.98
Granted	13,732	$ 29.60	15,575	$ 30.92
Released	(9,744)	$ 32.58	(9,626)	$ 32.68
Forfeited	(4,912)	$ 31.87	(5,521)	$ 32.55
Outstanding at end of period	21,708	$ 30.98	22,136	$ 29.81

The aggregate grant date fair value of RSUs, including MSUs, vested was $298.2 million, $317.4 million and $314.6 million for the fiscal years ended July 31, 2020, 2021 and 2022, respectively.

Stock Options

The Board determines the period over which stock options become exercisable and stock options generally vest over a four-year period. Stock options generally expire 10 years from the date of grant. The term of an ISO grant to a 10% stockholder will not exceed five years from the date of the grant. The exercise price of an ISO will not be less than 100% of the estimated fair value of the shares of common stock underlying the stock option (or 110% of the estimated fair value in the case of an ISO granted to a 10% stockholder) on the date of grant. The exercise price of an NSO is determined by the Board at the time of grant and is generally not less than 100% of the estimated fair value of the shares of common stock underlying the stock option on the date of grant.

Below is a summary of stock option activity under the Stock Plans:

	Fiscal Year Ended July 31,							
	2021				2022			
	Number of Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)	Number of Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at beginning of period	7,546	$ 5.10	3.6	$ 129,010	3,334	$ 5.20	2.8	$ 102,740
Options granted	—	$ —			—	$ —		
Options exercised	(3,712)	$ 4.07			(1,643)	$ 3.94		
Options canceled/forfeited	(500)	$ 12.00			(2)	$ 13.04		
Outstanding at end of period	3,334	$ 5.20	2.8	$ 102,740	1,689	$ 6.43	1.9	$ 14,707
Exercisable at end of period	3,334	$ 5.20	2.8	$ 102,739	1,689	$ 6.43	1.9	$ 14,707

The aggregate intrinsic value of stock options exercised during the fiscal years ended July 31, 2020, 2021 and 2022 was $23.4 million, $90.5 million and $35.0 million, respectively. Aggregate intrinsic value represents the difference between the exercise price of the options and the estimated fair value of our common stock. Cash received from option exercises was $6.9 million, $15.1 million and $6.5 million for the fiscal years ended July 31, 2020, 2021 and 2022, respectively. The total grant date fair value of stock options vested was $1.0 million and $0.2 million for the fiscal years ended July 31, 2020 and 2021, respectively. The total grant date fair value of stock options vested was not material for the fiscal year ended July 31, 2022. We did not grant any stock options during the fiscal years ended July 31, 2020, 2021 or 2022.

Employee Stock Purchase Plan

In December 2015, the Board adopted the 2016 Employee Stock Purchase Plan, which was subsequently amended in January 2016 and September 2016 and approved by our stockholders in March 2016 (the "Original 2016 ESPP"). The Original 2016 ESPP became effective in connection with our IPO. On December 13, 2019, our stockholders approved certain amendments to the Original 2016 ESPP. Under the amended and restated Original 2016 ESPP (the "2016 ESPP"), the maximum number of shares of Class A common stock available for sale is 11.5 million shares, representing an increase of 9.2 million shares.

The 2016 ESPP allows eligible employees to purchase shares of our Class A common stock at a discount through payroll deductions of up to 15% of eligible compensation, subject to caps of $25,000 in any calendar year and 1,000 shares on any purchase date. The 2016 ESPP provides for 12-month offering periods, generally beginning in March and September of each year, and each offering period consists of two six-month purchase periods.

On each purchase date, participating employees will purchase Class A common stock at a price per share equal to 85% of the lesser of the fair market value of our Class A common stock on (i) the first trading day of the applicable offering period or (ii) the last trading day of each purchase period in the applicable offering period. If the stock price of our Class A common stock on any purchase date in an offering period is lower than the stock price on the enrollment date of that offering period, the offering period will immediately reset after the purchase of shares on such purchase date and automatically roll into a new offering period.

During the fiscal year ended July 31, 2022, 2.8 million shares of common stock were purchased under the 2016 ESPP for an aggregate amount of $62.6 million. As of July 31, 2022, 2.4 million shares were available for future issuance under the 2016 ESPP.

We use the Black-Scholes option pricing model to determine the fair value of shares purchased under the 2016 ESPP with the following weighted average assumptions on the date of grant:

	Fiscal Year Ended July 31,		
	2020	2021	2022
Expected term (in years)	0.92	0.77	0.81
Risk-free interest rate	0.1 %	0.1 %	1.0 %
Volatility	73.4 %	56.9 %	43.3 %
Dividend yield	— %	— %	— %

Stock-Based Compensation

Total stock-based compensation expense recognized in our consolidated statements of operations is as follows:

	Fiscal Year Ended July 31,		
	2020	2021	2022
		(in thousands)	
Cost of revenue:			
Product	$ 5,334	$ 6,023	$ 7,379
Support, entitlements and other services	22,014	24,460	30,846
Sales and marketing	126,015	122,815	104,592
Research and development	153,252	150,856	143,759
General and administrative	45,383	54,391	56,670
Total stock-based compensation expense	$ 351,998	$ 358,545	$ 343,246

As of July 31, 2022, unrecognized stock-based compensation expense related to outstanding stock awards was approximately $583.4 million and is expected to be recognized over a weighted average period of approximately 2.5 years.

NOTE 10. RESTRUCTURING CHARGES

In August 2022, we announced a plan to reduce our global headcount by approximately 270 employees, which represents approximately 4% of our total employees, following a review of our business structure and after taking other cost-cutting measures to reduce expenses. The headcount reduction is part of our ongoing efforts to drive towards profitable growth. We estimate that we will recognize pre-tax restructuring charges in the range of approximately $20.0 million to $25.0 million, consisting primarily of one-time severance and other termination benefit costs.

During fiscal 2022, we recognized restructuring charges of $11.2 million, which consisted primarily of severance and other termination benefit costs directly related to this reduction in force. Of the $11.2 million recognized, $0.2 million is included within support, entitlements and other services cost of revenue, $10.3 million is included within sales and marketing expense, $0.6 million is included within research and development expense, and $0.1 million is included within general and administrative expense on our consolidated statement of operations. We expect that the majority of the remaining charges will be recognized during the first quarter of fiscal 2023.

As of July 31, 2022, we had not made any cash payments related to this restructuring and the $11.2 million of restructuring charges accrued is included within accrued compensation and benefits in our consolidated balance sheet.

NOTE 11. NET LOSS PER SHARE

We adopted ASU 2020-06 on August 1, 2021 using the modified retrospective method, applicable to our convertible senior notes outstanding as of adoption. We have not changed any previously disclosed amounts or provided additional disclosures for comparative periods. ASU 2020-06 requires the if-converted method to be applied for all convertible instruments when calculating diluted earnings per share. Under the if-converted method, shares related to our convertible senior notes, to the extent dilutive, are assumed to be converted into common stock at the beginning of the period.

Basic and diluted net loss per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities. Our Convertible Preferred Stock is considered a participating security. Participating securities do not have a contractual obligation to share in our losses. As such, for the periods we incur net losses, there is no impact on the calculated net loss per share attributable to common stockholders in applying the two-class method.

Basic net income (loss) per share is computed using the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by giving effect to potentially dilutive common stock equivalents outstanding during the period, as their effect would be dilutive. Potentially dilutive common shares include participating securities and shares issuable upon the exercise of stock options, the exercise of common stock warrants, the exercise of convertible preferred stock warrants, the vesting of RSUs and each purchase under the 2016 ESPP, under the if-converted method.

In loss periods, basic net loss per share and diluted net loss per share are the same, as the effect of potential common shares is antidilutive and therefore excluded.

Effective January 3, 2022, all of our then outstanding shares of Class B common stock, par value $0.000025 per share, were automatically converted into the same number of shares of the Company's Class A common stock, par value $0.000025 per share, pursuant to the terms of our Amended and Restated Certificate of Incorporation. Prior to this conversion, the rights, including the liquidation and dividend rights, of the holders of our Class A and Class B common stock were identical, except with respect to voting. As the liquidation and dividend rights were identical, our undistributed earnings or losses were allocated on a proportionate basis among the holders of both Class A and Class B common stock. As a result, the net income (loss) per share attributed to common stockholders was the same for both Class A and Class B common stock on an individual or combined basis.

The computation of basic and diluted net loss per share attributable to common stockholders is as follows:

	Fiscal Year Ended July 31,		
	2020	2021	2022
	(in thousands, except per share data)		
Numerator:			
Net loss	$ (872,883)	$ (1,034,260)	$ (797,538)
Denominator:			
Weighted average shares—basic and diluted	194,719	206,475	220,529
Net loss per share attributable to common stockholders—basic and diluted	$ (4.48)	$ (5.01)	$ (3.62)

The potential shares of common stock that were excluded from the computation of diluted net loss per share attributable to common stockholders for the fiscal years presented because including them would have been antidilutive are as follows:

	Fiscal Year Ended July 31,		
	2020	2021	2022
		(in thousands)	
Outstanding stock options and RSUs	30,178	25,042	23,825
Employee stock purchase plan	4,368	2,838	2,511
Common stock issuable upon the conversion of the Notes	—	1,529	39,968
Contingently issuable shares pursuant to acquisitions	506	253	—
Total	35,052	29,662	66,304

Shares that will be issued in connection with our stock awards and shares that will be purchased under the employee stock purchase plan are generally automatically converted into shares of our Class A common stock. Effective as of the January 3, 2022 conversion described above, outstanding options previously denominated in shares of Class B common stock represent the right to acquire the same number of shares of Class A common stock upon exercise. Common stock issuable upon the conversion of convertible debt represents the antidilutive impact of the 2023 Notes, 2026 Notes and 2027 Notes under the if-converted method.

NOTE 12. INCOME TAXES

Income Taxes

Loss before provision for income taxes by fiscal year consisted of the following:

	Fiscal Year Ended July 31,		
	2020	2021	2022
		(in thousands)	
Domestic	$ (905,840)	$ (1,066,307)	$ (833,507)
Foreign	50,619	50,534	55,233
Loss before provision for income taxes	$ (855,221)	$ (1,015,773)	$ (778,274)

Provision for income taxes by fiscal year consisted of the following:

	Fiscal Year Ended July 31,		
	2020	2021	2022
		(in thousands)	
Current:			
U.S. federal	$ 175	$ 9	$ 13
State and local	79	99	77
Foreign	18,033	21,801	21,578
Total current taxes	18,287	21,909	21,668
Deferred:			
U.S. federal	80	24	23
State and local	—	—	—
Foreign	(705)	(3,446)	(2,427)
Total deferred taxes	(625)	(3,422)	(2,404)
Provision for income taxes	$ 17,662	$ 18,487	$ 19,264

The income tax provision differs from the amount of income tax determined by applying the applicable U.S. federal statutory income tax rate of 21% to pre-tax loss. The reconciliation of the statutory federal income tax and our effective income tax is as follows:

	Fiscal Year Ended July 31,		
	2020	2021	2022
		(in thousands)	
U.S. federal income tax at statutory rate	$ (179,514)	$ (213,391)	$ (163,438)
Change in valuation allowance	164,453	171,270	117,292
Non-deductible item on fair value remeasurement of derivative liability	—	56,546	41,589
Stock-based compensation	30,913	4,663	14,462
Effect of foreign operations	12,676	9,851	11,210
Research and development tax credits	(19,210)	(14,694)	(9,455)
Non-deductible expenses	5,393	1,739	6,646
Change in unrecognized tax benefit	1,863	2,631	655
State income taxes	79	99	77
Transfer pricing adjustments	7	—	—
Other	1,002	(227)	226
Total	$ 17,662	$ 18,487	$ 19,264

During the fiscal years ended July 31, 2020, 2021 and 2022, our provision for income taxes was primarily attributable to foreign tax provisions in certain foreign jurisdictions in which we conduct business.

The temporary differences that give rise to significant portions of deferred tax assets and liabilities are as follows:

	As of July 31,	
	2021	2022
	(in thousands)	
Deferred tax assets:		
Net operating loss carryforward	$ 573,944	$ 665,757
Tax credit carryforward	164,984	184,376
Deferred revenue	168,417	170,243
Leases	40,011	38,843
Interest expense carryforward	15,492	32,692
Intangible assets	28,557	25,403
Accruals and reserves	21,727	23,045
Stock-based compensation	18,957	17,631
Property and equipment	3,385	4,115
Other assets	26,394	23,412
Total deferred tax assets	1,061,868	1,185,517
Deferred tax liabilities:		
Deferred commission expense	(83,054)	(86,253)
Leases	(38,368)	(39,886)
Convertible notes	(246)	(38,925)
Prepaid expenses	(2,013)	(2,290)
Property and equipment	(3,681)	(1,271)
Acquisition-related	(4,633)	(1,224)
Other	(2,764)	(3,142)
Total deferred tax liabilities	(134,759)	(172,991)
Valuation allowance	(918,689)	(1,002,546)
Net deferred tax assets	$ 8,420	$ 9,980

Management believes that based on available evidence, both positive and negative, it is more likely than not that the U.S. deferred tax assets will not be utilized and as such, a full valuation allowance has been recorded.

The valuation allowance for deferred tax assets was $1.0 billion as of July 31, 2022. The net increase in the total valuation allowance for the fiscal years ended July 31, 2021 and 2022 was $206.6 million and $83.9 million, respectively.

As of July 31, 2022, we had approximately $3.0 billion of federal net operating loss carryforwards and $1.8 billion of state net operating loss carryforwards available to reduce future taxable income, which will begin to expire in fiscal 2023. In addition, we had approximately $124.0 million of federal research credit carryforwards, $96.4 million of state research credit carryforwards and $12.1 million of foreign tax credit carryforwards. The federal credits will begin to expire in fiscal 2030 and the state credits can be carried forward indefinitely. The foreign credits will begin to expire in fiscal 2027.

Utilization of the net operating loss and tax credit carryforwards may be subject to an annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. Any annual limitation may result in the expiration of net operating losses and credits before utilization. If an ownership change occurred, utilization of the net operating loss and tax credit carryforwards could be significantly reduced.

As of July 31, 2022, we held an aggregate of $165.9 million in cash and cash equivalents in our foreign subsidiaries, of which $73.1 million was denominated in U.S. dollars. We attribute net revenue, costs and expenses to domestic and foreign components based on the terms of our agreements with our subsidiaries. We do not provide for federal income taxes on the undistributed earnings of our foreign subsidiaries, as such earnings are to be reinvested offshore indefinitely. The income tax liability would be insignificant if these earnings were to be repatriated.

The income tax benefit and provision for the fiscal year ended July 31, 2022 are based on the assumption that foreign undistributed earnings are indefinitely reinvested. We will continue to evaluate whether or not to continue to assert indefinite reinvestment on part or all of our foreign undistributed earnings. In the event we determine not to continue to assert the permanent reinvestment of part or all of our foreign undistributed earnings, such a determination could result in the accrual and payment of additional foreign, state and local taxes.

The 2017 Tax Cuts and Jobs Act requires research and development expenditures incurred for the tax year beginning after December 31, 2021 to be capitalized and amortized ratably over five years for domestic research and 15 years for international research. The mandatory capitalization requirement should have no material impact on our income tax provision for the fiscal year ended July 31, 2023 due to our tax attributes carryover and full valuation allowance position. On August 16, 2022, President Biden signed the Inflation Reduction Act, which includes a new minimum tax on certain large corporations and an excise tax on stock buybacks. We do not anticipate this legislation to have a material impact on our consolidated financial statements.

We recognize uncertain tax positions in our financial statements if that position will more likely than not be sustained on audit, based on the technical merits of the position. A reconciliation of our unrecognized tax benefits, excluding accrued interest and penalties, is as follows:

	Fiscal Year Ended July 31,	
	2021	2022
	(in thousands)	
Balance at the beginning of the year	$ 85,257	$ 89,775
Increases related to current year tax positions	4,335	3,499
Increases related to prior year tax positions	328	604
Decreases related to prior year tax positions	—	(2,263)
Lapse of statute of limitations/Settlements	(145)	(942)
Balance at the end of the year	$ 89,775	$ 90,673

During the fiscal year ended July 31, 2022, the net increase in unrecognized tax positions was primarily attributable to federal and state research and development credits and intercompany charges.

As of July 31, 2022, if uncertain tax positions are fully recognized in the future, it would result in a $14.4 million impact to our effective tax rate, primarily relating to positions in foreign jurisdictions, and the remaining amount would result in adjustments to deferred tax assets and corresponding adjustments to the valuation allowance.

We recognize interest and/or penalties related to income tax matters as a component of income tax expense. As of July 31, 2022, we had recognized $5.3 million of accrued interest and penalties related to uncertain tax positions.

We file income tax returns in the U.S. federal jurisdiction as well as various U.S. states and foreign jurisdictions. The tax years 2009 and forward remain open to examination by the major jurisdictions in which we are subject to tax. These fiscal years outside the normal statute of limitation remain open to audit by tax authorities due to tax attributes generated in those early years, which have been carried forward and may be audited in subsequent years when utilized. We are subject to the continuous examination of income tax returns by various tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of the provision for income taxes. We believe that adequate amounts have been reserved for any adjustments that may ultimately result from these examinations. We do not anticipate a significant impact to the gross unrecognized tax benefits within the next 12 months related to these years.

NOTE 13. SEGMENT INFORMATION

Our chief operating decision maker is a group which is comprised of our Chief Executive Officer and Chief Financial Officer. This group reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. Accordingly, we have a single reportable segment.

The following table sets forth revenue by geographic location based on bill-to location:

	Fiscal Year Ended July 31,		
	2020	2021	2022
		(in thousands)	
U.S.	$ 706,110	$ 758,128	$ 887,141
Europe, the Middle East and Africa	277,489	320,837	374,186
Asia Pacific	265,092	260,637	274,373
Other Americas	58,991	54,762	45,096
Total revenue	$ 1,307,682	$ 1,394,364	$ 1,580,796

The following table sets forth long-lived assets, which primarily include property and equipment, net, by geographic location:

	As of July 31,	
	2021	2022
	(in thousands)	
United States	$ 86,468	$ 74,472
International	45,153	38,968
Total long-lived assets	$ 131,621	$ 113,440

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")) prior to the filing of this Annual Report on Form 10-K. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures were, in design and operation, effective at the reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and Rule 15d-15(f) of the Exchange Act. Internal control over financial reporting consists of policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) are designed and operated to provide reasonable assurance regarding the reliability of our financial reporting and our process for the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements. Our management evaluated the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013). Based on the results of our evaluation, our management has concluded that our internal control over financial reporting was effective as of July 31, 2022.

The effectiveness of our internal control over financial reporting as of July 31, 2022 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which appears in Part II, Item 8 of this Annual Report on Form 10-K.

Limitations on the Effectiveness of Controls

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements and projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated herein by reference to our definitive proxy statement for our 2022 annual meeting of stockholders ("2022 Proxy Statement"), which will be filed not later than 120 days after the end of our fiscal year ended July 31, 2022.

Item 11. Executive Compensation

The information required by this item is incorporated herein by reference to our 2022 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated herein by reference to our 2022 Proxy Statement.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required by this item is incorporated herein by reference to our 2022 Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated herein by reference to our 2022 Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) Consolidated Financial Statements

We have filed the consolidated financial statements listed in the Index to Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

(a)(2) Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable, not material, or the required information is shown in the consolidated financial statements or the notes thereto.

(a)(3) Exhibits

See the Exhibit Index below in this Annual Report on Form 10-K.

Item 16. Form 10-K Summary

None.

EXHIBIT INDEX

		Incorporated by Reference				
Number	**Exhibit Title**	**Form**	**File No.**	**Exhibit**	**Filing Date**	**Filed Herewith**
3.1	Amended and Restated Certificate of Incorporation.	10-Q	001-37883	3.1	12/8/2016	
3.2	Amended and Restated Bylaws.	S-1/A	333-208711	3.4	5/27/2016	
3.3	Certificate of Retirement of Class B Common Stock.	8-K	001-37883	3.1	1/4/2022	
4.1	Amended and Restated Investors' Rights Agreement, dated as of August 26, 2014, as amended, by and among the Registrant and certain of its stockholders.	S-1	333-208711	4.1	12/22/2015	
4.2	Specimen Class A Common Stock Certificate of the Registrant.	S-1/A	333-208711	4.2	4/4/2016	
4.3	Form of Warrant to Purchase Shares of Capital Stock by and between the Registrant and certain of its investors.	S-1	333-208711	4.3	12/22/2015	
4.4	Indenture, dated as of January 22, 2018, by and between the Registrant and U.S. Bank National Association and Form of 0% Convertible Senior Notes due 2023.	8-K	001-37883	4.1	1/23/2018	
4.5	Description of Class A Common Stock.					X
4.6	Indenture, dated as of September 24, 2020, by and between the Registrant and U.S. Bank National Association, as Trustee.	8-K	001-37883	4.1	9/24/2020	
4.7	Form of 2.5% Convertible Senior Notes due 2026 (included in Exhibit 4.6)	8-K	001-37883	4.2	9/24/2020	
4.8	Indenture, dated as of September 22, 2021, by and between the Registrant and U.S. Bank National Association, as Trustee.	8-K	001-37883	4.1	9/23/2021	
4.9	Form of 0.25% Convertible Senior Notes due 2027 (included in Exhibit 4.8)	8-K	001-37883	4.2	9/23/2021	
10.1	Form of Indemnification Agreement by and between the Registrant and each of its directors and executive officers.	10-Q	001-37883	10.1	6/3/2021	
10.2+	Second Amended and Restated Outside Director Compensation Policy	10-K	001-37883	10.2	9/21/2021	
10.3+	First Amendment to Second Amended and Restated Outside Director Compensation	10-Q	001-37883	10.1	6/2/2022	
10.4+	2010 Stock Plan and forms of equity agreements thereunder.	S-1/A	333-208711	10.2	8/16/2016	
10.5+	2011 Stock Plan and forms of equity agreements thereunder.	S-1	333-208711	10.3	12/22/2015	
10.6+	2016 Equity Incentive Plan and forms of equity agreements thereunder.	S-1/A	333-208711	10.4	9/19/2016	
10.7+	Form of Global Restricted Stock Unit Agreement for Performance-Based Restricted Stock Units (Fiscal Year 2022) under the 2016 Equity Incentive Plan.	10-Q	001-37883	10.2	12/2/2021	
10.8+	Form of Global Restricted Stock Unit Agreement for Performance-Based Restricted Stock Units (Fiscal Year 2023) under the 2016 Equity Incentive Plan.					X

10.9+	Amended and Restated 2016 Employee Stock Purchase Plan and forms of equity agreements thereunder.	10-Q	001-37883	10.1	3/5/2020	
10.10+	Executive Incentive Compensation Plan.	S-1	333-208711	10.14	12/22/2015	
10.11+	Offer Letter, dated as of December 7, 2020, by and between Nutanix, Inc. and Rajiv Ramaswami.	8-K	001-37883	10.1	12/9/2020	
10.12+	Offer Letter, dated as of April 10, 2022, by and between the Registrant and Rukmini Sivaraman.	8-K	001-37883	10.1	4/12/2022	
10.13+	Offer Letter, dated as of October 17, 2011, by and between the Registrant and David Sangster.	S-1	333-208711	10.11	12/22/2015	
10.14+	Offer Letter, dated as of November 20, 2017, by and between the Registrant and Tyler Wall.	10-Q	001-37883	10.1	3/15/2018	
10.15+	Offer Letter, dated as of April 26, 2014, by and between the Registrant and Duston Williams.	S-1	333-208711	10.7	12/22/2015	
10.16+	Change of Control and Severance Policy.					X
10.17+	Executive Severance Policy.	10-K	001-37883	10.17	9/21/2021	
10.18†	Original Equipment Manufacturer (OEM) Purchase Agreement, dated as of May 16, 2014, by and among the Registrant, Nutanix Netherlands B.V. and Super Micro Computer Inc., as amended by Amendment One to Original Equipment Manufacturer (OEM) Purchase Agreement, dated as of November 13, 2017 and Amendment Two to Original Equipment Manufacturer (OEM) Purchase Agreement dated as of October 31, 2018.	10-Q	001-37883	10.2	6/5/2019	
10.19†	Amendment Two to Original Equipment Manufacturer (OEM) Purchase Agreement, dated as of October 31, 2018, by and between the Registrant and Super Micro Computer, Inc.	10-Q	001-37883	10.3	12/10/2018	
10.20	Participation Agreement to the Original Equipment Manufacturer Purchase Agreement, entered into as of September 26, 2019, by and between the Registrant, Nutanix Netherlands B.V. and Super Micro Computer, Inc.	10-Q	001-37883	10.5	12/5/2019	
10.21†	Amendment Three to Original Equipment Manufacturer (OEM) Purchase Agreement, dated as of December 20, 2020, by and between the Registrant and Super Micro Computer Inc.	10-Q	001-37883	10.1	3/4/2021	
10.22†	Amendment Four to Original Equipment Manufacturer (OEM) Purchase Agreement, dated as of November 5, 2021, by and between the Registrant and Super Micro Computer Inc.	10-Q	001-37883	10.1	3/10/2022	
10.23†	Memorandum of Understanding by and between the Registrant and Flextronics Telecom Systems Limited, executed on March 13, 2017.	10-Q	001-37883	10.1	6/5/2019	
10.24†	Manufacturing Services Agreement, by and among the Registrant, Nutanix Netherlands B.V. and Flextronics Telecom Systems Limited, entered into on November 1, 2017, as amended by Amendment #1 to Manufacturing Services Agreement entered into on December 19, 2017.	10-Q	001-37883	10.3	6/5/2019	
10.25††	Amendment Four to the Manufacturing Services Agreement, entered into as of September 4, 2019, by and between the Registrant, Nutanix Netherlands B.V. and Flextronics Telecom Systems Limited.	10-Q	001-37883	10.4	12/5/2019	

10.26	Amendment Five to Manufacturing Services Agreement, dated October 5, 2020, by and between the Registrant, Nutanix Netherlands B.V. and Flextronics Telecom Systems, Ltd and its affiliates.	10-Q	001-37883	10.6	12/3/2020	
10.27	Office Lease, dated as of August 5, 2013, as amended to date, by and between the Registrant and CA-1740 Technology Drive Limited Partnership.	S-1/A	333-208711	10.15	8/16/2016	
10.28	Office Lease, dated as of April 23, 2014, as amended to date, by and between the Registrant and CA-Metro Plaza Limited Partnership.	S-1/A	333-208711	10.16	8/16/2016	
10.29	Sixth Amendment to the Office Lease dated as of January 29, 2018, by and between the Registrant and Hudson 1740 Technology, LLC.	10-Q	001-37883	10.1	6/12/2018	
10.30	Seventh Amendment to the Office Lease dated as of April 4, 2018, by and between the Registrant and Hudson 1740 Technology, LLC.	10-Q	001-37883	10.2	6/12/2018	
10.31	Eighth Amendment to the Office Lease, dated as of November 23, 2020, by and between the Registrant and Hudson 1740 Technology, LLC.	10-Q	001-37883	10.3	12/3/2020	
10.32	Ninth Amendment to the Office Lease dated as of August 23, 2021, by and between the Registrant and Hudson 1740 Technology, LLC.	10-Q	001-37883	10.1	12/2/2021	
10.33	Tenth Amendment to the Office Lease dated as of May 18, 2022, by and between the Registrant and Hudson 1740 Technology, LLC.	10-Q	001-37883	10.3	6/2/2022	
10.34	Eleventh Amendment to the Office Lease dated as of June 28, 2022, by and between the Registrant and Hudson 1740 Technology, LLC.					X
10.35	Twelfth Amendment to the Office Lease dated as of August 31, 2022, by and between the Registrant and Hudson 1740 Technology, LLC.					X
10.36	Fourth Amendment to the Office Lease dated as of April 4, 2018, by and between the Registrant and Hudson Metro Plaza, LLC.	10-Q	001-37883	10.3	6/12/2018	
10.37	Fifth Amendment to the Office Lease dated as of October 1, 2018, by and between the Registrant and Hudson Metro Plaza, LLC.	10-Q	001-37883	10.1	12/10/2018	
10.38	Sixth Amendment to the Office Lease dated as of April 5, 2019, by and between the Registrant and Hudson Metro Plaza, LLC.	10-K	001-37883	10.28	9/24/2019	
10.39	Seventh Amendment to the Office Lease dated as of April 25, 2019, by and between the Registrant and Hudson Metro Plaza, LLC.	10-K	001-37883	10.29	9/24/2019	
10.40††	Eighth Amendment to the Office Lease, dated as of September 17, 2019, by and between the Registrant and Hudson Metro Plaza, LLC.	10-Q	001-37883	10.1	12/5/2019	
10.41	Ninth Amendment to the Office Lease, dated as of November 23, 2020, by and between the Registrant and Hudson Metro Plaza, LLC.	10-Q	001-37883	10.5	12/3/2020	
10.42	Tenth Amendment to the Office Lease, dated as of June 28, 2022, by and between the Registrant and Hudson Metro Plaza, LLC.					X
10.43	Eleventh Amendment to the Office Lease, dated as of August 31, 2022, by and between the Registrant and Hudson Metro Plaza, LLC.					X

10.44	Office Lease, dated as of April 4, 2018, by and between the Registrant and Hudson Concourse, LLC.	10-Q	001-37883	10.4	6/12/2018	
10.45††	First Amendment to the Office Lease dated as of September 5, 2018, by and between the Registrant and the Hudson Concourse, LLC.	10-K	001-37883	10.31	9/24/2019	
10.46	Office Lease for 1741 Technology Dr., dated as of September 5, 2018, by and between the Registrant and Hudson Concourse, LLC.	10-Q	001-37883	10.2	12/10/2018	
10.47	First Amendment to the Office Lease, dated as of October 22, 2019, by and between the Registrant and Hudson Concourse, LLC.	10-Q	001-37883	10.2	12/5/2019	
10.48††	Confirmation Letter, dated as of November 12, 2019, relating to the Office Lease by and between the Registrant and Hudson Concourse, LLC.	10-Q	001-37883	10.3	12/5/2019	
10.49	Second Amendment to the Office Lease, dated as of November 23, 2020, by and between the Registrant and Hudson Concourse, LLC.	10-Q	001-37883	10.4	12/3/2020	
10.50	Third Amendment to the Office Lease, dated as of April 30, 2022, by and between the Registrant and Hudson Concourse, LLC.					X
10.51	Fourth Amendment to the Office Lease, dated as of June 15, 2022, by and between the Registrant and Hudson Concourse, LLC.					X
10.52	Fifth Amendment to the Office Lease, dated as of July 28, 2022, by and between the Registrant and Hudson Concourse, LLC.					X
10.53	Purchase Agreement, dated January 17, 2018, by and among the Registrant and Morgan Stanley & Co. LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Goldman Sachs & Co. LLC, as representatives of the initial purchasers named therein, Form of Convertible Note Hedge Confirmation and Form of Warrant Confirmation.	8-K	001-37883	10.1	1/23/2018	
10.54	Investment Agreement, dated as of August 26, 2020, by and among Nutanix, Inc. and BCPE Nucleon (DE) SPV, LP.	8-K	001-37883	10.1	8/27/2020	
10.55	Amendment to Investment Agreement, dated as of September 24, 2020, by and between the Registrant and BCPE Nucleon (DE) SPV, LP.	8-K	001-37883	10.1	9/24/2020	
21.1	List of significant subsidiaries of the Registrant.					X
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.					X
24.1	Power of Attorney (included on the Signatures page of this Annual Report on Form 10-K).					X
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14a and 15d-14a, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14a and 15d-14a, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X

32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*	X
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*	X
101.INS	Inline XBRL Instance Document.	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	X
101.	Inline XBRL Taxonomy Extension Definition.	X
101.	Inline XBRL Taxonomy Extension Label Linkbase	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)	X

† Confidential treatment has been requested for portions of this exhibit. These portions have been omitted and have been filed separately with the Securities and Exchange Commission.

†† Certain confidential information contained in this Exhibit was omitted by means of marking such portions with brackets because the identified confidential information is both (i) not material and (ii) the type of information that the registrant treats as private or confidential.

* These exhibits are furnished with this Annual Report on Form 10-K and are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any filing of Nutanix, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filings.

+Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NUTANIX, INC.

Date: September 21, 2022	By:	/s/ Rajiv Ramaswami
		Rajiv Ramaswami President and Chief Executive Officer (Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Rajiv Ramaswami and Rukmini Sivaraman, jointly and severally, his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendments to this report, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Rajiv Ramaswami Rajiv Ramaswami	President and Chief Executive Officer *(Principal Executive Officer)*	September 21, 2022
/s/ Rukmini Sivaraman Rukmini Sivaraman	Chief Financial Officer *(Principal Financial and Accounting Officer)*	September 21, 2022
/s/ Craig Conway Craig Conway	Director	September 21, 2022
/s/ Max de Groen Max de Groen	Director	September 21, 2022
/s/ Virginia Gambale Virginia Gambale	Director	September 21, 2022
/s/ Steven J. Gomo Steven J. Gomo	Director	September 21, 2022
/s/ David Humphrey David Humphrey	Director	September 21, 2022
/s/ Gayle Sheppard Gayle Sheppard	Director	September 21, 2022
/s/ Brian M. Stevens Brian M. Stevens	Director	September 21, 2022

Exhibit 4.5

DESCRIPTION OF CLASS A COMMON STOCK

The following description of the capital stock of Nutanix, Inc. (“us”, “our”, “we” or the “Company”) is a summary. This summary is not complete and is subject to and qualified in its entirety by reference to the complete text of our amended and restated certificate of incorporation and our amended and restated bylaws, each previously filed with the Securities and Exchange Commission and incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.5 is a part, as well as to the relevant provisions of the general corporation law of the state of Delaware (the “DGCL”). We encourage you to read our amended and restated certificate of incorporation, our amended and restated bylaws and the applicable provisions of the DGCL carefully.

General

Our authorized capital stock consists of 1,242,003,885 shares, with a par value of $0.000025 per share, of which:

- 1,000,000,000 shares are authorized as Class A common stock;
- 42,003,885 shares are authorized as Class B common stock; and
- 200,000,000 shares are authorized as preferred stock.

Our board of directors is authorized, without stockholder approval, except as required by the listing standards of The Nasdaq Stock Market LLC, to issue additional shares of our capital stock.

On January 3, 2022, all of the then outstanding shares of our Class B common stock automatically converted into the same number of shares of our Class A common stock pursuant to the terms of our amended and restated certificate of incorporation.

Voting Rights

Subject to the rights of the holders of preferred stock, at any annual or special meeting of the stockholders, the holders of our Class A common stock are entitled to one vote per share on any matter that is submitted to a vote of our stockholders.

We have not provided for cumulative voting for the election of directors in our certificate of incorporation. Our amended and restated certificate of incorporation and amended and restated bylaws provide for a classified board of directors consisting of three classes of approximately equal size, each class serving staggered three-year terms. Only one class is elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective three-year terms.

No Preemptive or Similar Rights

Our Class A common stock is not entitled to preemptive rights and is not subject to conversion, redemption or sinking fund provisions. All outstanding shares of Class A common stock are fully paid and nonassessable.

Dividends and Distributions

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of Class A common stock are entitled to receive such dividends and other distributions (payable in cash, property or shares of our capital stock) when, as and if declared thereon by our board of directors.

Liquidation Rights

Upon our liquidation, dissolution or winding-up, the holders of Class A common stock are entitled to share in all assets remaining after the payment of any liabilities and the liquidation preferences and any accrued or declared but unpaid dividends, if any, with respect to any outstanding preferred stock.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions and certain provisions of Delaware law, which are summarized below, could discourage takeovers, coercive or otherwise. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us.

Issuance of Undesignated Preferred Stock. Our board of directors has the ability to designate and issue preferred stock with voting or other rights or preferences that could deter hostile takeovers or delay changes in our control or management.

Limits on Ability of Stockholders to Act by Written Consent or Call a Special Meeting. Our amended and restated certificate of incorporation provides that our stockholders may not act by written consent. This limit on the ability of stockholders to act by written consent may lengthen the amount of time required to take stockholder actions. As a result, the holders of a majority of our capital stock would not be able to amend the amended and restated bylaws or remove directors without holding a meeting of stockholders called in accordance with the amended and restated bylaws.

In addition, our amended and restated bylaws provide that special meetings of the stockholders may be called only by the chief executive officer, the president (in the absence of a chief executive officer), the lead independent director or a majority of our board of directors. A stockholder may not call a special meeting, which may delay the ability of our stockholders to force consideration of a proposal or for holders controlling a majority of our capital stock to take any action, including the removal of directors.

Advance Requirements for Advance Notification of Stockholder Nominations and Proposals. Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee of the board of directors. These advance notice procedures may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed and may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempt to obtain control of our company.

Board Classification. Our amended and restated certificate of incorporation provides that our board of directors is divided into three classes, one class of which is elected each year by our stockholders. The directors in each class serve for a three-year term. Our classified board of directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us because it generally makes it more difficult for stockholders to replace a majority of the directors.

Election and Removal of Directors. Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that establish specific procedures for appointing and removing members of our board of directors. Under our amended and restated certificate of incorporation and amended and restated bylaws, vacancies and newly created directorships on our board of directors may be filled only by a majority of the directors then serving on our board of directors. Under our amended and restated certificate of incorporation and amended and restated bylaws, directors may be removed only for cause and, in addition to any other vote required by law, upon the affirmative vote of the holders of at least two-thirds of the shares then entitled to vote at an election of directors.

No Cumulative Voting. The Delaware General Corporation Law provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our amended and restated certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation and amended and restated bylaws do not expressly provide for cumulative voting. Without cumulative voting, a minority stockholder may not be able to gain as many seats on our board of directors as the stockholder would be able to gain if cumulative voting were permitted. The absence of cumulative voting makes it more difficult for a minority stockholder to gain a seat on our board of directors to influence our board of directors' decision regarding a takeover.

Amendment of Charter Provision. Any amendment to the above provisions in our amended and restated certificate of incorporation would require approval by holders of at least two-thirds of our then outstanding Class A common stock.

Delaware Anti-Takeover Statute. We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. In general, Section 203 prohibits a publicly held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder unless:

- prior to the date of the transaction, our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, (1) shares owned by persons who are directors and also officers and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- at or subsequent to the date of the transaction, the business combination is approved by our board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that Section 203 may discourage attempts that might result in a premium over the market price for the shares of Class A common stock held by stockholders.

Exhibit 10.8

NUTANIX, INC.

2016 EQUITY INCENTIVE PLAN

GLOBAL RESTRICTED STOCK UNIT AGREEMENT
(FOR FISCAL YEAR 2023 PERFORMANCE-BASED RESTRICTED STOCK UNITS)

Unless otherwise defined herein, the terms defined in the Nutanix, Inc. 2016 Equity Incentive Plan (the "Plan") will have the same defined meanings in this Global Restricted Stock Unit Agreement, including the Notice of Restricted Stock Unit Grant (the "Notice of Grant"), the Terms and Conditions of Restricted Stock Unit Grant, attached hereto as Exhibit A, and the Country-Specific Terms and Conditions, attached hereto as Exhibit B (collectively this "Award Agreement").

NOTICE OF RESTRICTED STOCK UNIT GRANT

Participant: ____________________

Participant has been granted the right to receive an Award of Restricted Stock Units, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number ____________________

Date of Grant ____________________

Target Restricted Stock Units ____________________

Vesting Schedule:

The Restricted Stock Units will vest in accordance with the Performance Condition Appendix attached hereto.

In the event Participant ceases to be a Service Provider for any or no reason before Participant vests in the Restricted Stock Units, the Restricted Stock Units and Participant's right to acquire any shares of Class A common stock ("Shares") hereunder will immediately terminate.

For purposes of this Award, Participant's status as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to Nutanix, Inc. (the "Company") or any Parent or Subsidiary of the Company (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment or service agreement, if any). Unless explicitly required by applicable legislation, such date will not be extended by any notice period (*e.g.*, Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment or service agreement, if any). Unless otherwise expressly provided in the Plan or the Award Agreement or determined by the Company, Participant's right to vest in the Restricted Stock Units under the Plan, if any, will terminate as of such date and Participant will not earn, or be entitled to earn, any pro-rated vesting for that portion of time before the date on which the Participant 's right to vest terminates, nor will Participant be entitled to any compensation for lost vesting.

Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and this Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and this Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated above.

PARTICIPANT IS REQUIRED TO ACCEPT THIS AWARD ELECTRONICALLY BY ACCESSING THE E*TRADE FINANCIAL SERVICES, INC. ("E*TRADE") WEBSITE AT WWW.ETRADE.COM. BY CLICKING ON THE "ACCEPT" BUTTON ON THE E*TRADE WEBSITE, PARTICIPANT ACCEPTS THIS AWARD AND AGREES TO BE BOUND BY THE TERMS OF THIS AWARD AGREEMENT (INCLUDING EXHIBITS A AND B HERETO) AND THE PLAN. PARTICIPANT FURTHER ACKNOWLEDGES THAT SUCH ELECTRONIC ACCEPTANCE OF THIS AWARD AGREEMENT SHALL HAVE THE SAME BINDING EFFECT AS A WRITTEN OR HARD COPY SIGNATURE.

PERFORMANCE CONDITION APPENDIX

1. Eligibility

The number of Restricted Stock Units ("RSUs") set forth in the Notice of Grant that will be eligible to vest and to be released to Participant (1) may be more or less than the Target Restricted Stock Units set forth in the Notice of Grant but (2) may not exceed 200% of the Target Restricted Stock Units set forth in the Notice of Grant.

2. TSR Terms and Conditions

The RSUs will be eligible to vest and to be released to Participant in up to 3 installments based on the Total Shareholder Return ("TSR") of the Company during the following performance periods (each, a "Performance Period"):

(i) August 1, 2022 to July 31, 2023 ("Performance Period One");

(ii) August 1, 2022 to July 31, 2024 ("Performance Period Two"); and

(iii) August 1, 2022 to July 31, 2025 ("Performance Period Three").

Up to 1/3 of the RSUs will be eligible to vest as a result of performance for each of Performance Period One and Performance Period Two. Achievement shall be capped at 100% Achievement Percentage (as defined below) for Performance Period One and Performance Period Two.

100% of the RSUs (as may be increased as a result of any Achievement Percentage in excess of target) will be eligible to vest with respect to Performance Period Three, *less* any RSUs that already vested in Performance Period One and Performance Period Two.

3. Process for Determining Achievement in Each Performance Period. The following process will be implemented to determine the Achievement Percentage during each Performance Period.

Relative TSR. Except as provided under "*Change in Control*" below, the number of RSUs (if any) that will be eligible to vest will be determined based on the TSR of the Company (the "Company TSR") during each Performance Period relative to the TSRs of the Indexed Companies (each, an "Indexed Company TSR") during the applicable Performance Period, determined as follows:

Step 1: Calculate the beginning price with respect to the Company and each Indexed Company by determining the average of the closing market prices of such company's common stock on the principal exchange on which such stock is traded for the trading days falling during the two (2) calendar months ending with the last calendar day before the beginning of the applicable Performance Period (each, a "Beginning Price"). For illustrative purposes, the Beginning Price for Performance Period One will be the average of the closing market prices for the trading days on and between June 1, 2022 and July 31, 2022. For the purpose of determining a Beginning Price, the value of dividends and other distributions (the ex-dividend date for which occurs during the 2 calendar month measurement period) will be determined by treating them as reinvested in additional shares of stock at the closing market price on the ex-dividend date.

Step 2: Calculate the ending price with respect to the Company and each Indexed Company by determining the average of the closing market prices of such company's common stock on the principal exchange on which such stock is traded for the trading days falling during the two (2) calendar months ending with the last calendar day of the Performance Period (each, an "Ending Price"). For illustrative purposes, the Ending Price for Performance Period One will be the average of the closing market prices for the trading days on and between June 1, 2023 and July 31, 2023. For the purpose of determining an Ending Price, the value of dividends and other distributions (the ex-dividend date for which occurs during the Performance Period) will be determined by treating them as reinvested in additional shares of stock at the closing market price on the ex-dividend date.

Step 3: Calculate the Company TSR and each Indexed Company TSR by applying the following formula: (Ending Price/Beginning Price)-1. The Company TSR and each Indexed Company TSR will each be expressed as a percent of increase (i.e., a positive percent) or decrease (i.e., a negative percent) without rounding.

Step 4: Rank the Company TSR and the Indexed Company TSRs from highest (highest positive percentage) to lowest (highest negative percentage).

Step 5: Based on the percentile ranking of the Company TSR relative to the Indexed Company TSRs under Step 4, the number of RSUs that will become Eligible RSUs for the Performance Period (if any) will be the product of (x) the Achievement Percentage (as defined below) *multiplied by* (y) the applicable RSUs eligible to vest during the applicable Performance Period, with the number of resulting Shares rounded up to the nearest whole Share. Achievement shall be capped at 100% Achievement Percentage for Performance Period One and Performance Period Two.

With respect to the calculations under either Performance Period Three and/or the Change in Control Performance Period (as defined below), the number of RSUs that will become Eligible RSUs (if any), as provided above, will be reduced by RSUs that already vested in Performance Period One and Performance Period Two. Further, no RSUs that had already vested and settled in either a fully completed Performance Period One or Performance Period Two would be impacted or subject to forfeiture as a result of achievement in Performance Period Three and/or the Change in Control Performance Period.

The "Achievement Percentage" for a Performance Period is the percentage achievement of the targeted Company TSR performance relative to the TSRs of the Indexed Companies for such Performance Period, and is determined based on the percentile rank of Company TSR relative to the TSRs of the Indexed Companies as follows, subject to Section 4 below:

Percentile Rank	**Achievement Percentage**
Threshold: 25th Percentile	50%
Target: 50th Percentile	100%
Maximum: 75th Percentile	200%

If the Company TSR ranks among the Indexed Company TSRs at a percentile that falls between the percentile thresholds set forth above, the Achievement Percentage will be (i) determined based on a linear interpolation between the corresponding Achievement Percentages for such thresholds and (ii) expressed as a percentage (with the percentage rounded to 4 decimals). For the avoidance of doubt, there shall be 0% Achievement Percentage for a Percentile Rank below the 25th Percentile (without rounding).

For purposes of performing the calculations in Steps 1 through 5, the Administrator will be permitted to rely on a tracker established by Infinite Equity, or another 3rd party firm specialized in tracking the Company TSR and each Indexed Company TSR (the "Tracker") and any result calculated by the Tracker and used by the Administrator for purposes of this Award will be deemed to be correct and final for all purposes. The Administrator's determination as to the number of the RSUs that become Eligible RSUs will be deemed to be final and binding on Participant and will be given the maximum deference permitted by Applicable Laws.

Change in Control. Notwithstanding the foregoing paragraph, if Participant remains a Service Provider through immediately prior to a Change in Control occurring before the last day of Performance Period Three, the number of RSUs that will become Eligible RSUs (if any) will be calculated applying Steps 1 through 5, except as follows:

(a) Rather than being determined based on the Company TSR relative to the Indexed Company TSRs during the Performance Period, the number of Eligible RSUs (if any) will instead be determined based on the Company TSR during the period beginning on August 1, 2022 and ending on the date the Change in Control occurs (the "Change in Control Performance Period") relative to the Indexed Company TSRs during the Change in Control Performance Period, and any references to the "Performance Period" under the "Relative TSR" section will refer to the "Change in Control Performance Period."

(b) The Ending Price for purposes of calculating Company TSR during the Change in Control Performance Period will equal the price payable for a Share in connection with the Change in Control, with the final determination of the amount so payable determined by the Administrator. If all (or a portion) of the price payable for a Share in connection with the Change in Control is stock of the acquiror, such stock will be valued in the same manner as the Ending Price was determined, except using the a acquiror closing market prices rather than the Company closing market prices.

(c) The Ending Prices for each share of an Indexed Company will be the average of the closing market prices of such company's common stock on the principal exchange on which such stock is traded for two (2) calendar months ending on the last day of the Change in Control Performance Period.

(d) Immediately prior to the Change in Control, the Administrator will certify in writing the Company TSR percentile rank relative to the Indexed Company TSRs and the number of Eligible RSUs.

(e) Notwithstanding Section 5 below, the number of Eligible RSUs that will vest and be settled upon the Change in Control equals the total Eligible RSUs for the Change in Control Performance Period pro-rated for the portion of Performance Period Three that has been completed through the effective date of the Change in Control, less any RSUs that vested (if at all) during Performance Period One and Performance Period Two. For example, if a Change of Control were to take effect on August 1, 2024, the number of Eligible RSUs that will vest and be settled upon the Change in Control equals 67% of the total Eligible RSUs for the Change in Control Performance Period, less any RSUs that vested (if at all) during Performance Period One and Performance Period Two.

(f) Any remaining unvested Eligible RSUs will be subject to time-based vesting and will vest and be released to Participant on the Vesting Date, subject to Participant continuing to be a Service Provider through such Vesting Date.

(g) For the avoidance of doubt, any existing double-trigger vesting acceleration provisions that apply to time-vested equity, whether under the Company's Change of Control and Severance Policy or another separate agreement, for Participant will apply to those Eligible RSUs subject to time-based vesting following a Change in Control.

4. Maximum Value Cap with Respect to Performance Period Three or the Change in Control Performance Period

The following limitation shall apply with respect to Performance Period Three or the Change in Control Performance Period (in the applicable case, the "Designated Performance Period") if the product of (x) the Achievement Percentage for the Designated Performance Period *multiplied by* (y) the Ending Price for the Designated Performance Period exceeds $89.70. In this situation, the Achievement Percentage for the Designated Performance Period will be reduced so that the product of (x) the Achievement Percentage for the Designated Performance Period *multiplied by* (y) the Ending Price for the Designated Performance Period equals $89.70. For the avoidance of doubt, the RSUs that would otherwise become Eligible RSUs under this paragraph will be reduced by RSUs that already vested (if any) during Performance Period One and Performance Period Two.

5. Vesting and Release

Once the Administrator has determined the Achievement Percentage for a Performance Period, 100% of Participant's Eligible RSUs with respect to such Company TSRs for the Performance Period will vest and be released to Participant on the Vesting Date for that Performance Period, subject to Participant continuing to be a Service Provider through such Vesting Date.

6. Authority of the Administrator

The determination of the Achievement Percentage for any Performance Period, in each case, will be made solely by the Administrator. In making its determination, the Administrator may take into account any factors that it deems applicable. The determination, decision or action of the Administrator with respect to this Award will be final, conclusive, and binding upon Participant, and will be given the maximum possible deference permitted by law.

7. Definitions

For purposes of the above, the following terms shall have the following meanings:

"Eligible RSUs" shall mean, with respect to a Performance Period, the number, if any, of RSUs that will be eligible to vest and to be released to Participant for such Performance Period, calculated in accordance with the applicable table above, rounded downward to the nearest whole number.

"Index" means the NASDAQ Composite Index (which, as of the date of this Award Agreement, is represented by the symbol ("^IXIC")) or any successor index thereto.

"Indexed Companies" means the companies in the Index as of the beginning of the Performance Period, excluding the Company and any companies that cease trading during the Performance Period as a result of being acquired. For the avoidance of doubt, if a company that is in the Index as of the beginning of a Performance Period makes an acquisition, is removed from the index, or goes in to bankruptcy, such company shall not be excluded as an Indexed Company for that Performance Period due to such changes.

"Vesting Date" shall mean: (x) September 15, 2023, with respect to Performance Period One; (y) September 15, 2024, with respect to Performance Period Two; and (z) September 15, 2025, with respect to Performance Period Three or the Change in Control Performance Period.

EXHIBIT A

TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT

1. Grant. The Company hereby grants to the individual named in the Notice of Grant (the "Participant") under the Plan an Award of Restricted Stock Units, subject to all of the terms and conditions in this Award Agreement and the Plan, which are incorporated herein by reference. Subject to Section 19(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. Company's Obligation to Pay. Each Restricted Stock Unit represents the right to receive a Share on the date it vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Sections 3 or 4 of this Award Agreement, Participant will have no right to payment of any such Restricted Stock Units. Prior to the actual payment of any vested Restricted Stock Units, such Restricted Stock Units will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Any Restricted Stock Units that vest in accordance with Sections 3 or 4 of this Award Agreement will be paid to Participant (or in the event of Participant's death, to his or her estate) in whole Shares, subject to Participant satisfying any Tax-Related Items as set forth in Section 7 of this Award Agreement. Subject to the provisions of Section 4 of this Award Agreement, such vested Restricted Stock Units shall be paid in whole Shares as soon as practicable after vesting, but in each such case within the period of sixty (60) days following the vesting date. In no event will Participant be permitted, directly or indirectly, to specify the taxable year of the payment of any Restricted Stock Units payable under this Award Agreement.

3. Vesting Schedule. Except as provided in Section 4 of this Award Agreement, and subject to Section 5 of this Award Agreement, the Restricted Stock Units awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Restricted Stock Units scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in accordance with any of the provisions of this Award Agreement unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.

4. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Administrator. For U.S. taxpayers, the payment of Shares vesting pursuant to this Section 4 shall in all cases be paid at a time or in a manner that is exempt from, or complies with, Section 409A.

Notwithstanding anything in the Plan or this Award Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) Participant is a "specified employee" within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's termination as a Service Provider, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless Participant dies following his or her termination as a Service Provider, in which case, the Restricted Stock Units will be paid in Shares to Participant's estate as soon as practicable following his or her death. It is the intent of this Award Agreement that it and all payments and benefits hereunder be exempt from, or comply with, the requirements of Section 409A so that none of the Restricted Stock Units provided under this Award Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. Each payment payable under this Award Agreement is intended to constitute a separate payment for purposes of U.S. Treasury Regulation Section 1.409A-2(b)(2). For purposes of this Award Agreement, "Section 409A" means Section 409A of the Code, and any final U.S. Treasury Regulations and U.S. Internal Revenue Service guidance thereunder, as each may be amended from time to time.

5. Forfeiture upon Termination of Status as a Service Provider. Notwithstanding any contrary provision of this Award Agreement, the balance of the Restricted Stock Units that have not vested as of the time of Participant's termination as a Service Provider for any or no reason and Participant's right to acquire any Shares hereunder will immediately terminate.

6. Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, if so allowed by the Administrator in its sole discretion, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer. Notwithstanding the foregoing, if Participant is employed outside the United States, Participant is not permitted to designate a beneficiary under this Award Agreement.

7. Tax Obligations.

(a) General. Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer (the "Employer") the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items"), is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, Participant will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy all Tax-Related Items by withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer or withholding from proceeds of the sale of Shares acquired upon vesting of the Restricted Stock Units, either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization) without further consent from Participant.

(b) Default Method of Tax Withholding. If permissible under applicable local law, the minimum federal, state, and local and foreign income, social insurance, payroll, employment and any other applicable taxes which the Employer determines must be withheld with respect to this Award ("Tax Withholding Obligation") will be satisfied by Shares being sold on Participant's behalf at the prevailing market price pursuant to such procedures as the Company may specify from time to time, including through a broker-assisted arrangement (it being understood that the Shares to be sold must have vested pursuant to the terms of this Award Agreement and the Plan). In addition to Shares sold to satisfy the Tax Withholding Obligation, additional Shares will be sold to satisfy any associated broker or other fees. The proceeds from the sale will be used to satisfy Participant's Tax Withholding Obligation arising with respect to this Award and any associated broker or other fees. Only whole Shares will be sold. Any proceeds from the sale of Shares in excess of the Tax Withholding Obligation and any associated broker or other fees will be paid to Participant in accordance with procedures the Company may specify from time to time. **By accepting this Award, Participant expressly consents to the sale of Shares to cover the Tax Withholding Obligation and any associated broker or other fees and agrees that Participant may not satisfy them by any means other than such sale of Shares, unless required to do so by the Administrator or pursuant to the Administrator's express written consent.**

(c) Administrator Discretion. If the Administrator determines that Participant cannot satisfy Participant's Tax Withholding Obligation through the default procedure described in Section 7(b), it may permit Participant to satisfy Participant's Tax Withholding Obligation by (i) delivering to the Company Shares that Participant owns and that have vested with a fair market value equal to the amount required to be withheld, (ii) having the Company withhold otherwise deliverable Shares having a value equal to the minimum amount statutorily required to be withheld, (iii) payment by Participant in cash, or (iv) such other means as the Administrator deems appropriate.

(d) Executive Officers and Directors. Notwithstanding anything herein to the contrary, if Participant is an "executive officer" within the meaning of Rule 16(a)(1)(f) under the Exchange Act or a Director, then the Tax Withholding Obligation will be satisfied by the Company by having the Company withhold otherwise deliverable Shares having a value equal to the minimum amount statutorily required to be withheld.

(e) Company's Obligation to Deliver Shares. For clarification purposes, in no event will the Company issue Participant any Shares unless and until arrangements satisfactory to the Administrator have been made for the payment of Participant's Tax Withholding Obligation. If Participant fails to do so by the time they become due, Participant will permanently forfeit Participant's Restricted Stock Units to which Participant's Tax Withholding Obligation relates, as well as any right to receive Shares otherwise issuable pursuant to those Restricted Stock Units.

8. Nature of Grant. In accepting the award, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the Award of Restricted Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future awards of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been awarded in the past;

(c) all decisions with respect to future Restricted Stock Units or other awards, if any, will be at the sole discretion of the Company;

(d) Participant is voluntarily participating in the Plan;

(e) the Award of Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not intended to replace any pension rights or compensation provided by the Employer or required under applicable law;

(f) the Award of Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;

(g) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(h) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Award Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Common Stock;

(i) unless otherwise agreed with the Company, in writing, the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a director of a Subsidiary of the Company;

(j) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan or Participant's acquisition or sale of Shares. Participant should consult with his or her personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan;

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of Participant as a Service Provider (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment or service agreement, if any); and

(l) neither the Company, the Employer nor any Parent or Subsidiary of the Company shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to Participant pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any Shares acquired upon settlement.

9. Data Privacy.

(a) *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement and any other grant materials ("Data") by and among, as applicable, the Employer, the Company and any Parent or Subsidiary of the Company, for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.*

(b) *Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan.*

(c) *Participant understands that Data will be transferred to E*Trade Financial Services, Inc. or such other stock plan service provider as may be selected by the Company from time to time (the "Designated Broker"), which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of Data by contacting his or her local human resources representative.*

(d) *Participant authorizes the Company, the Designated Broker and any possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in* *electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative.*

(e) *Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Participant Restricted Stock Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.*

10. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and the receipt of dividends and distributions on such Shares.

11. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY OR THE EMPLOYER, AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY OR THE EMPLOYER TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

12. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company at Nutanix, Inc., 1740 Technology Drive, Suite 150, San Jose, CA 95110, USA or at such other address as the Company may hereafter designate in writing.

13. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby may not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and may not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

14. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

15. Additional Conditions to Issuance of Shares. If at any time the Company will determine, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange or under any state, federal or foreign law, the tax code and related regulations or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate) hereunder, such issuance will not occur unless and until such listing, registration, qualification, rule compliance, consent or approval will have been completed, effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate any state, federal or foreign securities or exchange laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company has sole discretion in its efforts to meet the requirements of any such local, state, federal or foreign law or securities exchange and to obtain any such consent or approval of any such governmental authority or securities exchange.

16. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

17. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

18. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

19. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

20. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant understands and agrees that Participant should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

21. Modifications to the Award Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable for any legal or administrative reasons, in its sole discretion and without the consent of Participant, including but not limited to the compliance with Section 409A.

22. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

23. Governing Law and Venue. This Award Agreement will be governed by the laws of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock Units or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where the Award of Restricted Stock Units is made and/or to be performed.

24. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

25. Language. By accepting this Award, Participant acknowledges that he or she is sufficiently proficient in the English language, or has consulted with an advisor who is sufficiently proficient in English, so as to allow Participant to understand the terms and conditions of this Award Agreement. Further, if Participant has received this Award Agreement, or any other document related to this Award of Restricted Stock Units and/or the Plan translated into a language

other than English and if the meaning of the translated version is different than the English version, the English version will control.

26. Insider Trading Restrictions and Market Abuse Laws. Depending on Participant's country, the country of the broker or the country in which Shares are listed, Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States, Participant's country or the designated broker's country, which may affect his or her ability to accept, acquire, sell or attempt to sell or otherwise dispose of Shares, rights to Shares (*e.g.*, Restricted Stock Units) or rights linked to the value of the Shares under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws or regulations in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing insider information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions, and that Participant should speak to his or her personal advisor on this matter.

27. Exchange Control, Foreign Asset/Account and/or Tax Reporting. Participant's country may have certain exchange control and/or foreign asset/account reporting requirements which may affect Participant's ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any sale proceeds resulting from the sale of Shares) in a brokerage or bank account outside of Participant's country. Participant may be required to report such accounts, assets or transactions to the tax or other authorities in Participant's country. Participant also may be required to repatriate cash received from participating in the Plan to Participant's country through a designated bank or broker and/or within a certain period of time after receipt. Participant acknowledges that it is Participant's responsibility to comply with any applicable regulations, and that Participant should speak to a personal legal or tax advisor on this matter.

28. Country-Specific Terms and Conditions. Notwithstanding any provisions in this Award Agreement, this Award of Restricted Stock Units shall be subject to the Country-Specific Terms and Conditions for Participant's country attached to this Award Agreement as Exhibit B. Moreover, if Participant relocates to one of the countries included therein, the terms and conditions for such country will apply to Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Country-Specific Terms and Conditions constitute part of this Award Agreement.

29. Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by Participant or any other participant.

<u>EXHIBIT B</u>

COUNTRY-SPECIFIC

TERMS AND CONDITIONS

[separately attached]

Nutanix, Inc.

Change of Control and Severance Policy

(Updated as of June 15, 2022)

This Change of Control and Severance Policy (the "**Policy**") is designed to provide certain protections to a select group of key employees of Nutanix, Inc. ("**Nutanix**" or the "**Company**") or any of its subsidiaries in connection with a change of control of Nutanix or in connection with the involuntary termination of their employment under the circumstances described in this Policy. The Policy is designed to be an "employee welfare benefit plan" (as defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")), and this document is both the formal plan document and the required summary plan description for the Policy.

Eligible Employee: An individual is only eligible for protection under this Policy if he or she is an Eligible Employee and complies with its terms (including any terms in the employee's Participation Agreement (as defined below)). To be an "**Eligible Employee**," an employee must (a) have been designated by the Compensation Committee of the Board (the "**Compensation Committee**") as eligible to participate in the Policy and (b) have executed a participation agreement in the form attached hereto as Exhibit A (a "**Participation Agreement**").

Policy Benefits: An Eligible Employee will be eligible to receive the payments and benefits set forth in this Policy and his or her Participation Agreement if his or her employment with Nutanix or any of its subsidiaries terminates as a result of a Qualified Termination. All benefits under this Policy payable on a Qualified Termination will be subject to the Eligible Employee's compliance with the Release Requirement and any timing modifications required to avoid adverse taxation under Section 409A.

Equity Vesting: On a Qualified Termination, the applicable percentage (set forth in an Eligible Employee's Participation Agreement) of the then-unvested time-based shares subject to each of the Eligible Employee's then-outstanding equity awards will immediately vest and, in the case of options and stock appreciation rights, will become exercisable (for avoidance of doubt, no more than 100% of the shares subject to the outstanding portion of an equity award may vest and become exercisable under this provision). Treatment of performance-based equity awards shall be specified in the Participation Agreement. Any restricted stock units, restricted stock and/or similar full value awards that vest under this paragraph will be settled on the 61st day following the Eligible Employee's Qualified Termination.

Salary Severance: On a Qualified Termination, an Eligible Employee will be eligible to receive salary severance payment(s) equal to the applicable percentage (set forth in his or her Participation Agreement) of his or her Base Salary. The Eligible Employee's salary severance payment(s) will be paid in cash at the time(s) specified in his or her Participation Agreement.

Bonus Severance: On a Qualified Termination, an Eligible Employee will be eligible to receive Bonus severance payment(s) with respect to his or her annual Bonus in the amount set forth in his or her Participation Agreement. The Eligible Employee's Bonus severance payment(s) will be paid in cash at the time(s) specified in his or her Participation Agreement.

COBRA Payment: Upon a Qualified Termination, if an Eligible Employee makes a valid election under COBRA to continue his or her health coverage, the Company will pay or reimburse the Eligible Employee for the cost of such continuation coverage for the Eligible Employee and any eligible dependents that were covered under the Company's health care plans immediately prior to the date of his or her eligible termination until the earliest of (a) the end of the applicable period set forth in the Eligible Employee's Participation Agreement, (b) the date upon which the Eligible Employee and/or the Eligible Employee's eligible dependents become covered under similar plans or (c) the date upon which the Eligible Employee ceases to be eligible for coverage under COBRA (the "**COBRA Coverage**").

Death of Eligible Employee: If the Eligible Employee dies before all payments or benefits he or she is entitled to receive under this Policy have been paid, such unpaid amounts will be paid to his or her designated beneficiary, if living, or otherwise to his or her personal representative in a lump-sum payment as soon as possible following his or her death.

Recoupment: If the Company discovers after the Eligible Employee's receipt of payments or benefits under this Policy that grounds for the termination of the Eligible Employee's employment for Cause existed, then the Eligible Employee will not receive any further payments or benefits under this Policy and, to the extent permitted under applicable laws, will be required to repay to the Company any payments or benefits he or she received under the Policy (or any financial gain derived from such payments or benefits).

Release: The Eligible Employee's receipt of any payments or benefits upon his or her Qualified Termination under this Policy is subject to the Eligible Employee signing and not revoking the Company's then-standard separation agreement and release of claims (which may include an agreement not to disparage the Company, non-solicit provisions, and other standard terms and conditions) (the "**Release**" and such requirement, the "**Release Requirement**"), which must become effective and irrevocable no later than the 60th day following the Eligible Employee's Qualified Termination (the "**Release Deadline**"). If the Release does not become effective and irrevocable by the Release Deadline, the Eligible Employee will forfeit any right to payments or benefits under this Policy. In no event will payments or benefits under the Policy be paid or provided until the Release actually becomes effective and irrevocable. Notwithstanding any other payment schedule set forth in this Policy or the Eligible Employee's Participation Agreement, none of the payments and benefits payable upon such Eligible Employee's Qualified Termination under this Policy will be paid or otherwise provided prior to the 60th day following the Eligible Employee's Qualified Termination. Except as otherwise set forth in an Eligible Employee's Participation Agreement or to the extent that payments are delayed under the paragraph below entitled "Section 409A," on the first regular payroll pay day following the 60th day following the Eligible Employee's Qualified Termination, the Company will pay or provide the Eligible Employee the payments and benefits that the Eligible Employee would otherwise have received under this Policy on or prior to such date, with the balance of such payments and benefits being paid or provided as originally scheduled.

Section 409A: The Company intends that all payments and benefits provided under this Policy or otherwise are exempt from, or comply with, the requirements of Section 409A of the Code and any guidance promulgated thereunder (collectively, "**Section 409A**") so that none of the payments or benefits will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted in accordance with this intent. No payment or benefits to be paid to an Eligible Employee, if any, under this Policy or otherwise, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A (together, the "**Deferred Payments**") will be paid or otherwise provided until such Eligible Employee has a "separation from service" within the meaning of Section 409A. If, at the time of the Eligible Employee's termination of employment, the Eligible Employee is a "specified employee" within the meaning of Section 409A, then the payment of the Deferred Payments will be delayed to the extent necessary to avoid the imposition of the additional tax imposed under Section 409A, which generally means that the Eligible Employee will receive payment on the first payroll date that occurs on or after the date that is 6 months and 1 day following his or her termination of employment. The Company reserves the right to amend the Policy as it deems necessary or advisable, in its sole discretion and without the consent of any Eligible Employee or any other individual, to comply with any provision required to avoid the imposition of the additional tax imposed under Section 409A or to otherwise avoid income recognition under Section 409A prior to the actual payment of any benefits or imposition of any additional tax. Each payment, installment, and benefit payable under this Policy is intended to constitute a separate payment for purposes of U.S. Treasury Regulation Section 1.409AU2(b)(2). In no event will the Company reimburse any Eligible Employee for any taxes that may be imposed on him or her as a result of Section 409A.

Parachute Payments:

Reduction of Severance Benefits. Notwithstanding anything set forth herein to the contrary, if any payment or benefit that an Eligible Employee would receive from the Company or any other party whether in connection with the provisions herein or otherwise (the "**Payment**") would (a) constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "**Code**"), and (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then such Payment will be equal to the Best Results Amount. The "**Best Results Amount**" will be either (x) the full amount of such Payment or (y) such lesser amount as would result in no portion of the Payment being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local employment taxes, income taxes and the Excise Tax, results in the Eligible Employee's receipt, on an after-tax basis, of the greater amount notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting parachute payments is necessary so that the Payment equals the Best Results Amount, reduction will occur in the following order: reduction of cash payments; cancellation of accelerated vesting of stock awards; reduction of employee benefits. In the event that acceleration of vesting of stock award compensation is to be reduced, such acceleration of vesting will be cancelled in the reverse order of the date of grant of the Eligible Employee's equity awards unless the Eligible Employee elects in writing a different order for cancellation. The Eligible Employee will be solely responsible for the payment of all personal tax liability that is incurred as a result of the payments and benefits received under this Policy, and the Eligible Employee will not be reimbursed by the Company for any such payments.

Determination of Excise Tax Liability. The Company will select a professional services firm to make all of the determinations required to be made under these paragraphs relating to parachute payments. The Company will request that firm provide detailed supporting calculations both to the Company and the Eligible Employee prior to the date on which the event that triggers the Payment occurs if administratively feasible, or subsequent to such date if events occur that result in parachute payments to the Eligible Employee at that time. For purposes of making the calculations required under these paragraphs relating to parachute payments, the firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith determinations concerning the application of the Code. The Company and the Eligible Employee will furnish to the firm such information and documents as the firm may reasonably request in order to make a determination under these paragraphs relating to parachute payments. The Company will bear all costs the firm may reasonably incur in connection with any calculations contemplated by these paragraphs relating to parachute payments. Any such determination by the firm will be binding upon the Company and the Eligible Employee, and the Company will have no liability to the Eligible Employee for the determinations of the firm.

Administration: The Policy will be administered by the Compensation Committee or its delegate (in each case, an "**Administrator**"). The Administrator will have full discretion to administer and interpret the Policy. Any decision made or other action taken by the Administrator with respect to the Policy and any interpretation by the Administrator of any term or condition of the Policy, or any related document, will be conclusive and binding on all persons and be given the maximum possible deference allowed by law. The Administrator is the "plan administrator" of the Policy for purposes of ERISA and will be subject to the fiduciary standards of ERISA when acting in such capacity.

Attorneys' Fees: The Company and each Eligible Employee will bear their own attorneys' fees incurred in connection with any disputes between them.

Exclusive Benefits: Except as may be set forth in an Eligible Employee's Participation Agreement, this Policy is intended to be the only agreement between the Eligible Employee and the Company regarding any change of control payments or benefits to be paid to the Eligible Employee on account of a termination of employment related to a Change of Control. Accordingly, by executing a Participation Agreement, an Eligible Employee hereby forfeits and waives any rights to any change of control and/or any other double-trigger change of control benefits set forth in any employment agreement, offer letter, and/or equity award agreement, except as set forth in this Policy and in the Eligible Employee's Participation Agreement.

Tax Withholding: All payments and benefits under this Policy will be paid less applicable withholding taxes. The Company is authorized to withhold from any payments or benefits all federal, state, local and/or foreign taxes required to be withheld therefrom and any other required payroll deductions. The Company will not pay any Eligible Employee's taxes arising from or relating to any payments or benefits under this Policy.

Amendment or Termination: The Board or the Compensation Committee may amend or terminate the Policy at any time, without advance notice to any Eligible Employee or other individual and without regard to the effect of the amendment or termination on any Eligible Employee or on any other individual. Notwithstanding the preceding, no amendment or termination of the Policy will be made if such amendment or reduction would reduce the benefits provided hereunder or impair an Eligible Employee's eligibility under the Policy (unless the affected Eligible Employee consents to such amendment or termination), except that any amendment or termination that impacts the Equity Vesting with respect to future equity awards requires notice in writing 3 months prior to the effective date of the amendment or termination and does not require an Eligible Employee's consent. Any action to amend or terminate the Policy will be taken in a non-fiduciary capacity.

Claims Procedure: Any Eligible Employee who believes he or she is entitled to any payment under the Policy may submit a claim in writing to the Administrator. If the claim is denied (in full or in part), the claimant will be provided a written notice explaining the specific reasons for the denial and referring to the provisions of the Policy on which the denial is based. The notice will also describe any additional information needed to support the claim and the Policy's procedures for appealing the denial. The denial notice will be provided within 90 days after the claim is received. If special circumstances require an extension of time (up to 90 days), written notice of the extension will be given within the initial 90-day period. This notice of extension will indicate the special circumstances requiring the extension of time and the date by which the Administrator expects to render its decision on the claim.

Appeal Procedure: If the claimant's claim is denied, the claimant (or his or her authorized representative) may apply in writing to the Administrator for a review of the decision denying the claim. Review must be requested within 60 days following the date the claimant received the written notice of their claim denial or else the claimant loses the right to review. The claimant (or representative) then has the right to review and obtain copies of all documents and other information relevant to the claim, upon request and at no charge, and to submit issues and comments in writing. The Administrator will provide written notice of the decision on review within 60 days after it receives a review request. If additional time (up to 60 days) is needed to review the request, the claimant (or representative) will be given written notice of the reason for the delay. This notice of extension will indicate the special circumstances requiring the extension of time and the date by which the Administrator expects to render its decision. If the claim is denied (in full or in part), the claimant will be provided a written notice explaining the specific reasons for the denial and referring to the provisions of the Policy on which the denial is based. The notice will also include a statement that the claimant will be provided, upon request and free of charge, reasonable access to, and copies of, all documents and other information relevant to the claim and a statement regarding the claimant's right to bring an action under Section 502(a) of ERISA.

Successors: Any successor to the Company of all or substantially all of the Company's business and/or assets (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or other transaction) will assume the obligations under the Policy and agree expressly to perform the obligations under the Policy in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under the Policy, the term "**Company**" will include any successor to the Company's business and/or assets which becomes bound by the terms of the Policy by operation of law, or otherwise.

Applicable Law: The provisions of the Policy will be construed, administered, and enforced in accordance with ERISA and, to the extent applicable, the internal substantive laws of the state of California (but not its conflict of laws provisions).

Definitions: Unless otherwise defined in an Eligible Employee's Participation Agreement, the following terms will have the following meanings for purposes of this Policy and the Eligible Employee's Participation Agreement:

"**Base Salary**" means the Eligible Employee's annual base salary as in effect immediately prior to his or her Qualified Termination (or if the termination is due to a resignation for Good Reason based on a material reduction in base salary, then the Eligible Employee's annual base salary in effect immediately prior to such reduction) or, if greater, at the level in effect immediately prior to the Change of Control.

"**Board**" means the Board of Directors of the Company.

"Bonus" means any target incentive pay under a defined and ongoing incentive compensation plan of the Company, including any Sales Incentive Plan commission targets, Executive Incentive Compensation Plan targets, and Employee Corporate Incentive Plan targets. For the avoidance of doubt, the term "Bonus" shall not include target incentive pay under temporary bonus incentive programs such as Sales Performance Incentive Funds (or "SPIFFs").

"**Cause**" means:

(i) Eligible Employee's repeated willful failure to perform his or her duties and responsibilities to the Company or Eligible Employee's material violation of any material written Company policy;

(ii) Eligible Employee's commission of any act of fraud, embezzlement or any other willful misconduct that has caused or is reasonably expected to result in injury to the Company;

(iii) Eligible Employee's unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom the Participant owes an obligation of nondisclosure as a result of his or her relationship with the Company; or

(iv) Eligible Employee's material breach of any of his or her obligations under any written agreement or covenant with the Company.

With respect to each of the foregoing (i) through (iv), where the facts giving rise to Cause are capable of being remedied, the Company will provide written notice to Eligible Employee of the facts giving rise to Cause and provide Eligible Employee with 30 calendar days with which to reasonably remedy such facts. The determination as to whether Eligible Employee's employment has been terminated for Cause shall be made in good faith by the Company and shall be final and binding on the Eligible Employee. The foregoing definition does not in any way limit the Company's ability to terminate an Eligible Employee's employment relationship at any time, and the term "Company" will be interpreted to include any subsidiary, parent, affiliate, or any successor thereto, if appropriate.

"**Change of Control**" means the occurrence of any of the following events:

(i) change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("**Person**"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change of Control. Further, if the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately prior to the change in ownership, direct or indirect beneficial ownership of fifty percent (50%) or more of the total voting power of the stock of the Company or of the ultimate parent entity of the Company, such event shall not be considered a Change of Control under this subsection (i). For this purpose, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change of Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be a Change of Control unless the transaction qualifies as a change in control event within the meaning of Section 409A (as defined below).

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

"**Change of Control Period**" will mean the period beginning 3 months prior to a Change of Control and ending 12 months following a Change of Control.

"**COBRA**" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Disability**" means the total and permanent disability as defined in Section 22(e)(3) of the Code unless the Company maintains a long-term disability plan at the time of the Eligible Employee's termination, in which case, the determination of disability under such plan also will be considered "Disability" for purposes of this Policy.

"**Exchange Act**" means the Securities and Exchange Act of 1934, as amended.

"**Good Reason**" means the Eligible Employee's termination of his or her employment in accordance with the next sentence after the occurrence of one or more of the following events without the Eligible Employee's express written consent:

(i) a material reduction of the Eligible Employee's duties, authorities, or responsibilities relative to the Eligible Employee's duties, authorities, or responsibilities in effect immediately prior to such reduction;

(ii) a material reduction by the Company in the Eligible Employee's rate of annual base salary; provided, however, that, a reduction of annual base salary that also applies to substantially all other similarly situated employees of the Company will not constitute "Good Reason";

(iii) a material change in the geographic location of the Eligible Employee's primary work facility or location; provided, that a relocation of less than 35 miles from the Eligible Employee's then present location will not be considered a material change in geographic location; or

(iv) the failure of the Company to obtain from any successor or transferee of the Company an express written and unconditional assumption of the Company's obligations to the Eligible Employee under this Policy.

In order for the Eligible Employee's termination of his or her employment to be for Good Reason, the Eligible Employee must not terminate employment with the Company without first providing the Company with written notice of the acts or omissions constituting the grounds for "Good Reason" within 90 days of the initial existence of the grounds for "Good Reason" and a cure period of 30 days following the date of written notice (the "**Cure Period**"), such grounds must not have been cured during such time, and the Eligible Employee must terminate his or her employment within 30 days following the Cure Period.

"**Qualified Termination**" means a termination of the Eligible Employee's employment either (A) by the Company other than for Cause, death, or Disability or (B) by the Eligible Employee for Good Reason, in either case, during the Change of Control Period.

Additional Information:

Plan Name:	Nutanix, Inc. Change of Control and Severance Policy
Plan Sponsor:	Nutanix, Inc. 1740 Technology Drive, Suite 150 San Jose, CA 95110
Plan Year:	Company's Fiscal Year
Plan Administrator:	Nutanix, Inc. Attention: *Plan Administrator of the Nutanix, Inc. Change of Control and Severance Policy* 1740 Technology Drive, Suite 150 San Jose, CA 95110
Agent for Service of Legal Process:	Nutanix, Inc. Attention: *Chief Legal Officer* 1740 Technology Drive, Suite 150 San Jose, CA 95110 Service of process may also be made upon the Plan Administrator.
Type of Plan:	Severance Plan/Employee Welfare Benefit Plan
Plan Costs:	The cost of the Policy is paid by the Company.

Statement of ERISA Rights:

Eligible Employees have certain rights and protections under ERISA:

They may examine (without charge) all Policy documents, including any amendments and copies of all documents filed with the U.S. Department of Labor, such as the Policy's annual report (Internal Revenue Service Form 5500). These documents are available for review in the Company's Human Resources Department.

They may obtain copies of all Policy documents and other Policy information upon written request to the Plan Administrator. A reasonable charge may be made for such copies.

In addition to creating rights for Eligible Employees, ERISA imposes duties upon the people who are responsible for the operation of the Policy. The people who operate the Policy (called "**fiduciaries**") have a duty to do so prudently and in the interests of Eligible Employees. No one, including the Company or any other person, may fire or otherwise discriminate against an Eligible Employee in any way to prevent them from obtaining a benefit under the Policy or exercising rights under ERISA. If an Eligible Employee's claim for a severance benefit is denied, in whole or in part, they must receive a written explanation of the reason for the denial. An Eligible Employee has the right to have the denial of their claim reviewed. (The claim review procedure is explained above.)

Under ERISA, there are steps Eligible Employees can take to enforce the above rights. For instance, if an Eligible Employee requests materials and does not receive them within 30 days, they may file suit in a federal court. In such a case, the court may require the Administrator to provide the materials and to pay the Eligible Employee up to $110 a day until they receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If an Eligible Employee has a claim which is denied or ignored, in whole or in part, he or she may file suit in a state or federal court. If it should happen that an Eligible Employee is discriminated against for asserting their rights, he or she may seek assistance from the U.S. Department of Labor, or may file suit in a federal court.

In any case, the court will decide who will pay court costs and legal fees. If the Eligible Employee is successful, the court may order the person sued to pay these costs and fees. If the Eligible Employee loses, the court may order the Eligible Employee to pay these costs and fees, for example, if it finds that the claim is frivolous.

If an Eligible Employee has any questions regarding the Policy, please contact the Plan Administrator. If an Eligible Employee has any questions about this statement or about their rights under ERISA, they may contact the nearest area office of the Employee Benefits Security Administration (formerly the Pension and Welfare Benefits Administration), U.S. Department of Labor, listed in the telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W. Washington, D.C. 20210. An Eligible Employee may also obtain certain publications about their rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

EXHIBIT A

Change of Control and Severance Policy
Participation Agreement

This Participation Agreement ("**Agreement**") is made and entered into by and between **[NAME]** on the one hand, and Nutanix, Inc. (the "**Company**") on the other.

You have been designated as eligible to participate in the Policy, a copy of which is attached hereto, under which you are eligible to receive the following payments and benefits upon a Qualified Termination, subject to the terms and conditions of the Policy.

Qualified Termination

If you incur a Qualified Termination, you will be entitled to the following benefits, subject to your compliance with the Policy:

- **Equity Vesting**: Your equity vesting benefit will be 100% with respect to time-based equity. For performance-based equity, the equity vesting benefit will be the amount that would have vested (i) based on actual performance, if performance has been measured or is measurable at the Change of Control; otherwise (ii) at target level of performance. [Notwithstanding the foregoing, any restricted stock units granted on or after April 27, 2016 where the vesting is tied to the achievement of "Annualized Xi Bookings" will not be eligible for any accelerated vesting.]
- **Salary Severance**: Your percentage of Base Salary will be 100%, payable in a lump-sum on the first regular payroll pay day following the Release Deadline (subject to any delay required by Section 409A).
- **Bonus Severance**: You will receive a lump-sum payment equal to 100% of your target annual Bonus as in effect for the fiscal year in which your Qualified Termination occurs. Amount will be payable on the first regular payroll pay day following the Release Deadline (subject to any delay required by Section 409A).
- **COBRA Payment**: The Company shall pay or reimburse you for your COBRA continuation coverage for up to 12 months.

[For CEO Only: For the purposes hereof, it is understood that you ceasing to act as the Chief Executive Officer of the combined entity following the Change in Control shall constitute a material reduction of your duties, authorities, or responsibilities pursuant to Section (i) of the definition of Good Reason.]

Other Provisions

You agree that the Policy and the Agreement constitute the entire agreement of the parties hereto and supersede in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties, and will specifically supersede any change of control provisions (including termination of employment related to a change of control) of any offer letter, employment agreement, or equity award agreement entered into between you and the Company.

For the avoidance of doubt, the Policy and this Agreement do not affect any previously granted equity awards that provide for acceleration in the event the equity award is not assumed, substituted or otherwise continued or replaced with similar equity awards upon a change of control transaction (whether such acceleration is set forth in an offer letter agreement or an equity award agreement).

This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

By its signature below, each of the parties signifies its acceptance of the terms of this Agreement, in the case of the Company by its duly authorized officer effective as of the last date set forth below.

NUTANIX, INC.	**ELIGIBLE EMPLOYEE**
By:	Signature:
Date:	Date:

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EXHIBIT A

Change of Control and Severance Policy
Participation Agreement

This Participation Agreement ("**Agreement**") is made and entered into by and between **[NAME]** on the one hand, and Nutanix, Inc. (the "**Company**") on the other.

You have been designated as eligible to participate in the Policy, a copy of which is attached hereto, under which you are eligible to receive the following payments and benefits upon a Qualified Termination, subject to the terms and conditions of the Policy.

Qualified Termination

If incur a Qualified Termination, you will be entitled to the following benefits, subject to your compliance with the Policy:

- **Equity Vesting**: Your equity vesting benefit will be 100% with respect to time-based equity. For performance-based equity, the equity vesting benefit will be the amount that would have vested (i) based on actual performance, if performance has been measured or is measurable at the Change of Control; otherwise (ii) at target level of performance. [Notwithstanding the foregoing, any restricted stock units granted on or after April 27, 2016 where the vesting is tied to the achievement of "Annualized Xi Bookings" will not be eligible for any accelerated vesting.]
- **Salary Severance**: Your percentage of Base Salary will be 100%, payable in a lump-sum on the first regular payroll pay day following the Release Deadline (subject to any delay required by Section 409A).
- **Bonus Severance**: You will receive a lump-sum payment equal to 100% of your target annual Bonus as in effect for the fiscal year in which your Qualified Termination occurs. Amount will be payable on the first regular payroll pay day following the Release Deadline subject to any delay required by Section 409A).
- **COBRA Coverage**: The Company shall pay or reimburse you for your COBRA continuation coverage for up to 12 months.

Other Provisions

You agree that the Policy and the Agreement constitute the entire agreement of the parties hereto and supersede in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties, and will specifically supersede any change of control provisions (including termination of employment related to a change of control) of any offer letter, employment agreement, or equity award agreement entered into between you and the Company.

For the avoidance of doubt, the Policy and this Agreement do not affect any previously granted equity awards that provide for acceleration in the event the equity award is not assumed, substituted or otherwise continued or replaced with similar equity awards upon a change of control transaction (whether such acceleration is set forth in an offer letter agreement or an equity award agreement).

This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

By its signature below, each of the parties signifies its acceptance of the terms of this Agreement, in the case of the Company by its duly authorized officer effective as of the last date set forth below.

NUTANIX, INC.	**ELIGIBLE EMPLOYEE**
By:	Signature:
Date:	Date:

EXHIBIT A

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This Participation Agreement ("**Agreement**") is made and entered into by and between **[NAME]** on the one hand, and Nutanix, Inc. (the "**Company**") on the other.

You have been designated as eligible to participate in the Policy, a copy of which is attached hereto, under which you are eligible to receive the following payments and benefits upon a Qualified Termination, subject to the terms and conditions of the Policy.

Qualified Termination

If incur a Qualified Termination, you will be entitled to the following benefits, subject to your compliance with the Policy:

- **Equity Vesting**: Your equity vesting benefit will be 50% of the then-unvested shares with respect to time-based equity. For performance-based equity, the equity vesting benefit will be 50% of the amount that would have vested (i) based on actual performance, if performance has been measured or is measurable at the Change of Control; otherwise (ii) at target level of performance. [Notwithstanding the foregoing, any restricted stock units granted on or after April 27, 2016 where the vesting is tied to the achievement of "Annualized Xi Bookings" will not be eligible for any accelerated vesting.]
- **Salary Severance**: Your percentage of Base Salary will be 75%, payable in a lump-sum on the first regular payroll pay day following the Release Deadline (subject to any delay required by Section 409A).
- **Bonus Severance**: You will receive a lump-sum payment equal to 75% of your target annual Bonus as in effect for the fiscal year in which your Qualified Termination occurs. Amount will be payable on the first regular payroll pay day following the Release Deadline subject to any delay required by Section 409A).
- **COBRA Coverage**: The Company shall pay or reimburse you for your COBRA continuation coverage for up to 9 months.

Other Provisions

You agree that the Policy and the Agreement constitute the entire agreement of the parties hereto and supersede in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties, and will specifically supersede any change of control provisions (including termination of employment related to a change of control) of any offer letter, employment agreement, or equity award agreement entered into between you and the Company.

For the avoidance of doubt, the Policy and this Agreement do not affect any previously granted equity awards that provide for acceleration in the event the equity award is not assumed, substituted or otherwise continued or replaced with similar equity awards upon a change of control transaction (whether such acceleration is set forth in an offer letter agreement or an equity award agreement).

This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

By its signature below, each of the parties signifies its acceptance of the terms of this Agreement, in the case of the Company by its duly authorized officer effective as of the last date set forth below.

NUTANIX, INC.	**ELIGIBLE EMPLOYEE**
By:	Signature:
Date:	Date:

EXHIBIT A

Change of Control and Severance Policy Participation Agreement

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You have been designated as eligible to participate in the Policy, a copy of which is attached hereto, under which you are eligible to receive the following payments and benefits upon a Qualified Termination, subject to the terms and conditions of the Policy.

Qualified Termination

If incur a Qualified Termination, you will be entitled to the following benefits, subject to your compliance with the Policy:

- **Equity Vesting**: Your equity vesting benefit will be 50% of the then-unvested shares with respect to time-based equity. For performance-based equity, the equity vesting benefit will be 50% of the amount that would have vested (i) based on actual performance, if performance has been measured or is measurable at the Change of Control; otherwise (ii) at target level of performance. [Notwithstanding the foregoing, any restricted stock units granted on or after April 27, 2016 where the vesting is tied to the achievement of "Annualized Xi Bookings" will not be eligible for any accelerated vesting.]

Other Provisions

You agree that the Policy and the Agreement constitute the entire agreement of the parties hereto and supersede in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties, and will specifically supersede any change of control provisions (including termination of employment related to a change of control) of any offer letter, employment agreement, or equity award agreement entered into between you and the Company.

For the avoidance of doubt, the Policy and this Agreement do not affect any previously granted equity awards that provide for acceleration in the event the equity award is not assumed, substituted or otherwise continued or replaced with similar equity awards upon a change of control transaction (whether such acceleration is set forth in an offer letter agreement or an equity award agreement).

This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

By its signature below, each of the parties signifies its acceptance of the terms of this Agreement, in the case of the Company by its duly authorized officer effective as of the last date set forth below.

NUTANIX, INC.	**ELIGIBLE EMPLOYEE**
By:	Signature:
Date:	Date:

ELEVENTH AMENDMENT
(1740 TECHNOLOGY)

THIS ELEVENTH AMENDMENT (this "**Amendment**") is made and entered into as of June 28, 2022 (the "**Effective Date**"), by and between **HUDSON 1740 TECHNOLOGY, LLC**, a Delaware limited liability company ("**Landlord**"), and **NUTANIX, INC**., a Delaware corporation ("**Tenant**").

RECITALS

A. Landlord (as successor in interest to CA-1740 Technology Drive Limited Partnership, a Delaware limited partnership) and Tenant are parties to that certain Office Lease dated August 5, 2013 (the "**Original Lease**"), as previously amended by that certain First Amendment dated October 9, 2013, by that certain Second Amendment dated April 17, 2014, by that certain Third Amendment dated October 13, 2014, by that certain Fourth Amendment dated March 23, 2015 (the "**Fourth Amendment**"), by that certain Fifth Amendment dated July 28, 2016, by that certain Confirmation Letter dated April 11, 2017, by that certain Sixth Amendment dated January 29, 2018, by that certain Seventh Amendment dated April 4, 2018 (the "**Seventh Amendment**"), by that certain Eighth Amendment dated November 23, 2020, by that certain Ninth Amendment dated August 23, 2021, and by that certain Tenth Amendment dated May 18, 2022 (the "**Tenth Amendment**") (as amended, the "**Lease**"). Pursuant to the Lease, Landlord has leased to Tenant space currently containing a total of approximately **196,011** rentable square feet of office space and approximately **236** rentable square feet storage space (collectively, the "**Existing Premises**") in the building commonly known as 1740 Technology Drive located at 1740 Technology Drive, San Jose, California 95110 (the "**Building**").

B. The Lease will expire by its terms on May 31, 2024 (the "**Existing Expiration Date**"), and the parties wish to extend the term of the Lease on the following terms and conditions.

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **The Premises**. Tenant hereby acknowledges, that from and after the later of the Suite 460 Expansion Effective Date (as defined in Section 8.2 of the Seventh Amendment), which is anticipated to occur on or about September 1, 2022, and the Suite 100 Expansion Effective Date (as defined in Section 9.2 of the Seventh Amendment), which is anticipated to occur on or about July 1, 2022, Tenant will lease all **215,857** rentable square feet in the Building. Accordingly, from and after the later of the (i) Suite 460 Expansion Effective Date, and (ii) Suite 100 Expansion Effective Date, and continuing during the Eleventh Amendment Extended Term, Tenant will have the exclusive use of the Existing Premises, Suite 460, Suite 100, and all Common Areas of the Building including the parking structure, garden and sport court, and all outside areas associated with the Building and parking structure (all of which shall be referred to herein and for all purposes under the Lease, as amended, as the "**Premises**").

2. **Extension**. The term of the Lease is hereby extended through May 31, 2030 (the "**Eleventh Amendment Extended Expiration Date**"). The portion of the term of the Lease beginning on June 1, 2024, and ending on the Eleventh Amendment Extended Expiration Date, shall be referred to herein as the "**Eleventh Amendment Extended Term**".

3. **Base Rent**. During the Eleventh Amendment Extended Term, and provided that the Suite 460 Expansion Effective Date and Suite 100 Expansion Effective Date have both occurred, the schedule of Base Rent for the Premises (calculated based upon 215,857 rentable square feet in the Building) shall be as follows:

Period of the Eleventh Amendment Extended Term	Annual Rate Per Square Foot (rounded to the nearest 100th of a dollar)	Monthly Base Rent
June 1, 2024 – May 31, 2025	$54.11	$973,399.36
June 1, 2025 – May 31, 2026	$55.74	$1,002,601.34
June 1, 2026 – May 31, 2027	$57.41	$1,032,679.38
June 1, 2027 – May 31, 2028	$59.13	$1,063,659.77
June 1, 2028 – May 31, 2029	$60.91	$1,095,569.56
June 1, 2029 – May 31, 2030	$62.73	$1,128,436.64

All such Base Rent shall be payable by Tenant in accordance with the terms of the Lease and shall be subject to all existing rental abatements and concessions set forth therein, including as set forth in Section 1.1 of the Tenth Amendment. The Base Rent set forth in the table above shall be reduced in the event that the Suite 460 Expansion Effective Date and/or the Suite 100 Expansion Effective Date have not yet occurred as of June 1, 2024, such that Base Rent shall be calculated based upon 209,444 rentable square feet if the Suite 460 Expansion Effective Date has not occurred, 213,087 rentable square feet if the Suite 100 Expansion Effective Date has not occurred, and 206,674 rentable square feet if neither the Suite 460 Expansion Effective Date nor the Suite 100 Expansion Effective Date have occurred.

4. **Security Deposit**. No additional Security Deposit shall be required in connection with this Amendment. Landlord hereby acknowledges that Landlord currently holds $468,419.04, as a Security Deposit under Section 21 of the Original Lease.

5. **Expenses and Taxes**. During the Eleventh Amendment Extended Term, Tenant shall pay Tenant's Share of Expenses and Taxes in accordance with the terms of the Lease; provided, however, that during the Eleventh Amendment Extended Term, (a) provided that the Suite 460 Expansion Effective Date and Suite 100 Expansion Effective Date have both occurred, Tenant's Share shall be 100%, and (b) the Base Year shall be 2024. Notwithstanding the foregoing, Tenant's Share shall be 95.7458% prior to the earlier of the Suite 460 Expansion Effective Date and the Suite 100 Expansion Effective Date, 97.0291% prior to the Suite 460 Expansion Effective Date but after the Suite 100 Expansion Effective Date (in the event that the Suite 100 Expansion Effective Date precedes the Suite 460 Expansion Effective Date), and 98.7167% prior to the Suite 100 Expansion Effective Date but after the Suite 460 Expansion Effective Date (in the event that the Suite 460 Expansion Effective Date precedes the Suite 100 Expansion Effective Date). Tenant's Share shall be 100% after the later of the Suite 460 Expansion Effective Date and Suite 100 Expansion Effective Date.

6. **Improvements to the Premises.**

6.1. **Configuration and Condition of Premises**. Tenant acknowledges that it is currently in possession of the Existing Premises (and will be in possession of Suite 460 as of the Suite 460 Expansion Effective Date and Suite 100 as of the Suite 100 Expansion Effective Date). Landlord and Tenant acknowledge and agree that certain balconies located within the Premises are not compliant with applicable Laws. Landlord shall, at its expense, cause all balconies located within the Premises to comply with all Laws. Except as otherwise provided herein, Tenant agrees to accept the Existing Premises "as is" without any representation by Landlord regarding their configuration or condition and without any obligation on the part of Landlord to perform or pay for any alteration or improvement.

6.2. **Responsibility for Improvements to Premises**. Commencing as of the date of this Eleventh Amendment, Tenant shall be entitled to perform improvements to the Premises, and to receive an allowance from Landlord for such improvements, in accordance with the Work Letter attached hereto as **Exhibit A**. Landlord and Tenant hereby acknowledge that the allowance under the Work Letter attached hereto as **Exhibit A** will be in addition to any remaining allowance referenced in Sections 1.4 and Section 2 of the Tenth Amendment.

7. **Adjustment of Base Rent for the Period Prior to June 1, 2024.** Section 1.2 of the Tenth Amendment is hereby deleted in its entirety. During the period from the Effective Date hereof through May 31, 2024, the schedule of Base Rent for the entire Premises (based upon

215,857 rentable square feet and subject to adjustment as provided hereinbelow) shall be as follows:

Period	Annual Rate Per Square Foot (rounded to the nearest 100th of a dollar)	Monthly Base Rent*
Effective Date – 3/31/2023	$44.30	$796,872.09
4/1/2023 – 7/31/2023	$45.63	$820,896.24
8/1/2023 – 5/31/2024	$50.90	$915,577.93

Notwithstanding anything contained in this Section 7 to the contrary, Base Rent for the Premises shall be partially abated, by the amount of $576,089.00, for the full calendar month of January 2023; provided, however, that if a Default exists when such abatement would otherwise apply, such abatement shall be deferred until the date, if any, on which such Default is cured.

All such Base Rent shall be payable by Tenant in accordance with the terms of the Lease and shall be subject to all existing rental abatements and concessions set forth therein, including as set forth in Section 1.1 of the Tenth Amendment. The Base Rent set forth in the table above shall be reduced in the event that the Suite 460 Expansion Effective Date and/or the Suite 100 Expansion Effective Date have not yet occurred, such that Base Rent shall be calculated based upon 209,444 rentable square feet if the Suite 460 Expansion Effective Date has not occurred, 213,087 rentable square feet if the Suite 100 Expansion Effective Date has not occurred, and 206,674 rentable square feet if neither the Suite 460 Expansion Effective Date nor the Suite 100 Expansion Effective Date have occurred.

8. **Extension Option**. Tenant shall retain the right to further extend the term of the Lease for the entire Premises for one (1) additional period of three (3) years under the terms and conditions of Section 7 of the Fourth Amendment, provided (a) all references in such Section 7 to the "Second Extended Expiration Date" shall mean and refer to the Eleventh Amendment Extended Expiration Date" referenced in Section 1 above, and (b) the reference to "2018" in the last clause of Section 7.2.(B) of the Fourth Amendment shall be modified to "2030."

9. **Energy Usage**. If Tenant (or any party claiming by, through or under Tenant) pays directly to the provider for any energy consumed at the Building, Tenant, promptly upon request, shall deliver to Landlord (or, at Landlord's option, execute and deliver to Landlord an instrument enabling Landlord to obtain from such provider) any data about such consumption that Landlord, in its reasonable judgment, is required for benchmarking purposes or to disclose to a prospective buyer, tenant or mortgage lender under any applicable law.

10. **California Civil Code Section 1938**. Pursuant to California Civil Code § 1938, Landlord hereby states that the Premises have not undergone inspection by a Certified Access Specialist (CASp) (defined in California Civil Code § 55.52).

> Accordingly, pursuant to California Civil Code § 1938(e), Landlord hereby further states as follows: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises".

In accordance with the foregoing, Landlord and Tenant agree that if Tenant requests a CASp inspection of the Premises, then Tenant shall pay (i) the fee for such inspection, and (ii) except as may be otherwise expressly provided in this Amendment, the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the Premises.

11. **Miscellaneous**.

11.1. This Amendment and the attached exhibits, which are hereby incorporated into and made a part of this Amendment, set forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Tenant shall not be entitled, in connection with entering into this Amendment, to any free rent, allowance, alteration, improvement or similar economic incentive to which Tenant may have been entitled in connection with entering into the Lease, except as may be otherwise expressly provided in this Amendment.

11.2. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

11.3. In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

11.4. Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered it to Tenant.

11.5. Each party hereto, and their respective successors and assigns shall be authorized to rely upon the signatures of all of the parties hereto which are delivered by facsimile, PDF or DocuSign (or the like) as constituting a duly authorized, irrevocable, actual, current delivery hereof with original ink signatures of each person and entity. This Amendment may be executed in counterparts, each of which shall be deemed an original part and all of which together shall constitute a single agreement.

11.6. Capitalized terms used but not defined in this Amendment shall have the meanings given in the Lease.

11.7. Tenant shall indemnify and hold Landlord, its trustees, members, principals, beneficiaries, partners, officers, directors, employees, mortgagee(s) and agents, and the respective principals and members of any such agents harmless from all claims of any brokers (other than Savills) claiming to have represented Tenant in connection with this Amendment. Landlord shall indemnify and hold Tenant, its trustees, members, principals, beneficiaries, partners, officers, directors, employees, and agents, and the respective principals and members of any such agents harmless from all claims of any brokers claiming to have represented Landlord in connection with this Amendment. Tenant acknowledges that any assistance rendered by any agent or employee of any affiliate of Landlord in connection with this Amendment has been made as an accommodation to Tenant solely in furtherance of consummating the transaction on behalf of Landlord, and not as agent for Tenant.

[Signature Page Follows]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as of the day and year first above written.

LANDLORD:

HUDSON 1740 TECHNOLOGY, LLC,
a Delaware limited liability company

By: Hudson Pacific Properties, L.P.,
a Maryland limited partnership,
its sole member

By: Hudson Pacific Properties, Inc.,
a Maryland corporation,
its general partner

By: /s/ Mark T. Lammas

Name: Mark T. Lammas

Title: President

TENANT:

NUTANIX, INC.,
a Delaware corporation

By: /s/ Aaron Boynton

Name: Aaron Boynton

Title: Chief Accounting Officer

EXHIBIT A

WORK LETTER

As used in this **Exhibit A** (this "**Work Letter**"), the following terms shall have the following meanings:

(i) "**Tenant Improvements**" means all improvements to be constructed in the Premises or Common Areas, as applicable, pursuant to this Work Letter. Construction of the Tenant Improvements may commence in the Building as of the Effective Date; provided, however, that such construction shall be subject to Landlord's review and approval under Section 2.2 of this Work Letter, below. Any proposed improvements to the Common Areas shall be in conformance with the Building standard specifications and finishes for the Common Areas.

(ii) "**Tenant Improvement Work**" means the construction of the Tenant Improvements, together with any related work (including demolition) that is necessary to construct the Tenant Improvements; and

(iii) "**Agreement**" means the amendment of which this Work Letter is a part.

1 ALLOWANCE.

1.1 Allowance. Tenant shall be entitled to a one-time tenant improvement allowance (the "**Allowance**") in the amount of $8,000,000.00 to be applied toward the Allowance Items (defined in Section 1.2 below). Tenant shall be entitled to utilize the Allowance from and after the date of full execution and delivery of the Agreement. Tenant shall be responsible for all costs associated with the Tenant Improvement Work, including the costs of the Allowance Items, to the extent such costs exceed the lesser of (a) the Allowance, or (b) the aggregate amount that Landlord is required to disburse for such purpose pursuant to this Work Letter. Notwithstanding any contrary provision of this Agreement, in the event that Tenant fails to use the entire Allowance by May 31, 2028 (the "**Allowance Deadline**"), as such date may be extended due to any Landlord Delays or Force Majeure Delays, the unused amount shall revert to Landlord and Tenant shall have no further rights with respect thereto. As used herein, the term "**Landlord Delays**" means (i) the failure of Landlord to timely approve or disapprove any matter requiring Landlord's approval relating to this Work Letter; or (ii) unreasonable (when judged in accordance with industry custom and practice) interference by Landlord with the substantial completion of the Tenant Improvement Work and which objectively precludes or delays the construction of the Tenant Improvement Work beyond the Allowance Deadline. As used herein, the term "**Force Majeure Delays**" means strikes, lock-outs, labor troubles, inability to procure materials, failure of power, governmental moratorium or other governmental action or inaction (including failure, refusal or delay in issuing permits, approvals or authorizations), injunction or court order, riots, insurrection, war, fire, earthquake, flood or other natural disaster or other reason of a like nature not the fault of Tenant in performing the Tenant Improvement Work. In the event of a Landlord Delay or Force Majeure Delay, then the Allowance Deadline shall be extended for a period equivalent to the period of such delay so long as Tenant delivers written notice to Landlord describing the Landlord Delay or Force Majeure Delay, as applicable, within ten (10) business days after the occurrence of the event.

1.2 Disbursement of Allowance.

1.2.1 **Allowance Items**. Except as otherwise provided in this Work Letter, the Allowance shall be disbursed by Landlord only for the following items (the "**Allowance Items**"): (a) the fees of Tenant's architect and engineers, if any, and any Review Fees (defined in Section 2.3 below); (b) plan- check, permit and license fees relating to performance of the Tenant Improvement Work; (c) the cost of performing the Tenant Improvement Work, including after-hours charges, testing and inspection costs, freight elevator usage, hoisting and trash removal costs, and contractors' fees and general conditions; (d) the cost of any change to the base, shell or core of the Premises or Building required by Tenant's plans and specifications (the "**Plans**") (including if such change is due to the fact that such work is prepared on an unoccupied basis), including all direct architectural and/or engineering fees and expenses incurred in connection therewith; (e) the cost of any change to the Plans or the Tenant Improvement Work required by law; (f) the Coordination Fee (defined in Section 2.3 below); (g) sales and use taxes; and (h) all other costs expended by Landlord in connection with the performance of the Tenant Improvement Work.

1.2.2 **Disbursement**. Subject to the terms hereof, Landlord shall make monthly disbursements of the Allowance for Allowance Items as follows:

1.2.2.1 Monthly Disbursements. Not more frequently than once per calendar month, Tenant may deliver to Landlord: (i) a request for payment of Tenant's contractor, approved by Tenant, in AIA G-702/G-703 format or another format reasonably requested by Landlord, showing the schedule of values, by trade, of percentage of completion of the Tenant Improvement Work, detailing the portion of the work completed and the portion not completed (which approved request shall be deemed Tenant's approval and acceptance of the work and materials described therein); (ii) copies of all third-party contracts (including change orders) pursuant to which Allowance Items have been incurred (collectively, the "**Tenant Improvement Contracts**"); (iii) copies of invoices for all labor and materials provided to the Premises and covered by such request for payment; (iv) executed conditional mechanic's lien releases from all parties who have provided such labor or materials to the Premises (along with executed unconditional mechanic's lien releases for any prior payments made pursuant to this paragraph) satisfying California Civil Code §§ 8132 and/or 8134, as applicable; and (v) all other information reasonably requested by Landlord. Subject to the terms hereof, within 30 days after receiving such materials, Landlord shall deliver a check to Tenant, payable to Tenant in the amount requested by Tenant pursuant to the preceding sentence, less a 10% retention with respect to all hard costs (as distinguished from architectural, engineering and permitting costs) except to the extent that such 10% retention has already been reflected in such request for payment (the aggregate amount of such retentions. Whether withheld by Landlord or reflected in such requests for payment) shall be referred to in this Work Letter as the "**Final Retention**"), or (b) the amount of any remaining portion of the Allowance (not including the Final Retention). Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work or materials described in Tenant's payment request.

1.2.2.2 Final Retention. Subject to the terms hereof, Landlord shall deliver to Tenant a check for the Final Retention, together with any other undisbursed portion of the Allowance required to pay for the Allowance Items, within 30 days after the latest of (a) the completion of the Tenant Improvement Work in accordance with the approved plans and specifications; (b) Landlord's receipt of (i) copies of all Tenant Improvement Contracts; (ii) copies of invoices for all labor and materials provided to the Premises; (iii) executed unconditional mechanic's lien releases satisfying California Civil Code § 8134 for all prior payments made pursuant to Section 1.2.2.1 above (to the extent not previously provided to Landlord), together with executed unconditional final mechanic's lien releases satisfying California Civil Code § 8138 for all labor and materials provided to the Premises subject to the Final Retention; (iv) a certificate from Tenant's architect, in a form reasonably acceptable to Landlord, certifying that the Tenant Improvement Work has been substantially completed; (v) evidence that all governmental approvals required for Tenant to legally occupy the Premises have been obtained; and (vi) any other information reasonably requested by Landlord; (c) Tenant's delivery to Landlord of "as built" drawings (in CAD format, if requested by Landlord); or (d) Tenant's compliance with Landlord's standard "close-out" requirements regarding city approvals, closeout tasks, Tenant's contractor, financial close-out matters, and Tenant's vendors. Landlord's payment of the Final Retention shall not be deemed Landlord's approval or acceptance of the work or materials described in Tenant's payment requests.

2 MISCELLANEOUS.

2.1 **Applicable Lease Provisions**. Without limitation, the Tenant Improvement Work shall be subject to Sections 7.2, 7.3 and 8 of the Original Lease, provided, however, the amount of "coordination fee" to be charged in connection with the Tenant Improvement Work shall be as specified in Section 2.3 below.

2.2 **Plans and Specifications**. Landlord shall provide Tenant with notice approving or disapproving any proposed plans and specifications for the Tenant Improvement Work within the Required Period (defined below) after the later of Landlord's receipt thereof from Tenant or the mutual execution and delivery of this Agreement. As used herein, "**Required Period**" means (a) 15 business days in the case of construction drawings, and (b) 10 business days in the case of any other plans and specifications (including a space plan). Any such notice of disapproval shall describe with reasonable specificity the basis for Landlord's disapproval and the changes that would be necessary to resolve Landlord's objections. If Landlord fails to timely respond, then Tenant may deliver to Landlord a written notice, which written notice must state in bold and all caps, "**FAILURE TO RESPOND TO THIS WRITTEN NOTICE WITHIN FIVE (5) BUSINESS DAYS AFTER RECEIPT HEREOF SHALL CONSTITUTE APPROVAL OF THE PROPOSED PLANS AND SPECIFICATIONS FOR THE TENANT IMPROVEMENT WORK**." If Landlord fails to respond within such 5-business day period, then Landlord will be deemed to have approved the applicable plans and specifications. If, when Tenant requests Landlord's approval of the plans and specifications for the Tenant Improvement Work, Tenant has specifically requested that Landlord identify any such Tenant Improvements that Landlord will require to be removed pursuant to Section 8 of the Original Lease, and Landlord's approval for such plans and specifications are deemed approve as provided herein, Landlord shall be deemed to not require the Tenant Improvement Work to be removed upon the expiration or earlier termination of the Lease.

2.3 **Review Fees; Coordination Fee**. Tenant shall reimburse Landlord, upon demand, for any fees reasonably incurred by Landlord for review of the Plans by Landlord's third-party consultants ("**Review Fees**"). In consideration of Landlord's coordination of the Tenant Improvement Work, Tenant shall pay

Landlord a fee (the "**Coordination Fee**") in an amount equal to 1.5% of the cost of the Tenant Improvement Work. Notwithstanding the foregoing provisions of this Section 2.3, in no event shall the Coordination Fee under this Work Letter exceed $25,000.00 in the aggregate.

2.4 **Tenant Default**. Notwithstanding any contrary provision of this Agreement, if Tenant defaults under this Agreement before the Tenant Improvement Work is completed, beyond any applicable notice and cure period, then (a) Landlord's obligations under this Work Letter shall be excused, and Landlord may cause Tenant's contractor to cease performance of the Tenant Improvement Work, until such default is cured, and (b) Tenant shall be responsible for any resulting delay in the completion of the Tenant Improvement Work.

2.5 **Other**. This Work Letter shall not apply to any space other than the Premises.

TWELFTH AMENDMENT
(1740 TECHNOLOGY)

THIS TWELFTH AMENDMENT (this "**Amendment**") is made and entered into as of August 31, 2022 (the "**Effective Date**"), by and between **HUDSON 1740 TECHNOLOGY, LLC**, a Delaware limited liability company ("**Landlord**"), and **NUTANIX, INC**., a Delaware corporation ("**Tenant**").

RECITALS

A. Landlord (as successor in interest to CA-1740 Technology Drive Limited Partnership, a Delaware limited partnership) and Tenant are parties to that certain Office Lease dated August 5, 2013, as previously amended by that certain First Amendment dated October 9, 2013, by that certain Second Amendment dated April 17, 2014, by that certain Third Amendment dated October 13, 2014, by that certain Fourth Amendment dated March 23, 2015, by that certain Fifth Amendment dated July 28, 2016, by that certain Confirmation Letter dated April 11, 2017, by that certain Sixth Amendment dated January 29, 2018, by that certain Seventh Amendment dated April 4, 2018, by that certain Eighth Amendment dated November 23, 2020, by that certain Ninth Amendment dated August 23, 2021, by that certain Tenth Amendment dated May 18, 2022 (the "**Tenth Amendment**"), and by that certain Eleventh Amendment dated June 28, 2022 (as amended, the "**Lease**"). Pursuant to the Lease, Landlord has leased to Tenant space currently containing a total of approximately **196,011** rentable square feet of office space and approximately **236** rentable square feet storage space (collectively, the "**Existing Premises**") in the building commonly known as 1740 Technology Drive located at 1740 Technology Drive, San Jose, California 95110 (the "**Building**").

B. Tenant and Landlord mutually desire that the Lease be amended on and subject to the following terms and conditions.

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **The Suite 460 Target Delivery Date**. Subsection 1.1 of the Tenth Amendment is hereby deleted in its entirety and the following is substituted in lieu thereof:

    1.1 **Suite 460 Target Delivery Date**. Effective as of the date hereof, the Suite 460 Target Delivery Date, as defined in Section 8.2 of the Seventh Amendment, shall be November 1, 2022. However, if the Suite 460 Expansion Effective Date, as defined in Section 8.2 of the Seventh Amendment, has not occurred by November 1 , 2022 (*i.e*., if Landlord has not delivered Suite 460 to Tenant free from occupancy by any party (including, without limitation, free of any such parties' personal property)), as such November 1, 2022 date may be extended by the number of days of Force Majeure Delays (as defined below), then, as Tenant's sole remedy, Tenant shall be entitled to a rent abatement following November 1, 2022 (as such date may be extended pursuant to this Section 1.1) of $789.15 for every day in the period beginning on November 1, 2022 (as such date may be extended pursuant to this Section 1.1) and ending on the date immediately preceding the Suite 460 Expansion Effective Date. For purposes of this Section 1.1, "**Force Majeure Delays**" shall mean and refer to a period of delay or delays encountered by Landlord affecting Landlord's delivery of Suite 460 to Tenant due to fire; earthquake or other acts of God; pandemic; acts of the public enemy; riot; public unrest; insurrection; evacuation; strikes or boycotts; or any other cause beyond the reasonable control of Landlord.

2. **Miscellaneous**.

    2.1. This Amendment and the attached exhibits, which are hereby incorporated into and made a part of this Amendment, set forth the entire agreement between the parties with respect to the matters set forth herein.

    2.2. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

    2.3. In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

    2.4. Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered it to Tenant.

2.5. Each party hereto, and their respective successors and assigns shall be authorized to rely upon the signatures of all of the parties hereto which are delivered by facsimile, PDF or DocuSign (or the like) as constituting a duly authorized, irrevocable, actual, current delivery hereof with original ink signatures of each person and entity. This Amendment may be executed in counterparts, each of which shall be deemed an original part and all of which together shall constitute a single agreement.

2.6. Capitalized terms used but not defined in this Amendment shall have the meanings given in the Lease.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as of the day and year first above written.

LANDLORD:

HUDSON 1740 TECHNOLOGY, LLC,
a Delaware limited liability company

By: Hudson Pacific Properties, L.P.,
a Maryland limited partnership,
its sole member

By: Hudson Pacific Properties, Inc.,
a Maryland corporation,
its general partner

By: /s/ Kenneth Young

Name: Kenneth Young

Title: Senior Vice President, Leasing

TENANT:

NUTANIX, INC.,
a Delaware corporation

By: /s/ Prairie Padilla

Name: Prairie Padilla

Title: VP, Corporate Controller

Exhibit 10.42

TENTH AMENDMENT
(25 METRO & 181 METRO)

THIS TENTH AMENDMENT (this "**Amendment**") is made and entered into as of June 28, 2022, by and between **HUDSON METRO PLAZA, LLC**, a Delaware limited liability company ("**Landlord**"), and **NUTANIX, INC.**, a Delaware corporation ("**Tenant**").

RECITALS

A. Landlord (as successor in interest to CA-Metro Plaza Limited Partnership, a Delaware limited partnership) and Tenant are parties to that certain lease dated April 23, 2014, as previously amended by that certain First Amendment dated March 23, 2015, by that certain Second Amendment dated January 28, 2016, by that certain Third Amendment dated July 28, 2016, by that certain Fourth Amendment dated April 4, 2018, by that certain Fifth Amendment dated October 1, 2018, by that certain Sixth Amendment dated April 5, 2019, by that certain Seventh Amendment dated April 25, 2019, by that certain Eighth Amendment dated September 17, 2019, and by that certain Ninth Amendment dated November 23, 2020 (as amended, the "**Lease**").

B. Pursuant to the Lease, Landlord has leased to Tenant the "**Premises**" comprised of: (i) approximately **28,121** rentable square feet in the building located at 181 Metro Drive, San Jose, California 95110 ("**181 Metro**") comprised of (a) 9,716 rentable square feet located on the second (2^{nd}) floor and described as "**Suite 280"**, and (b) approximately 18,405 rentable square feet located on the third (3^{rd}) floor and described as "**Suite 300**"; and (ii) a total of approximately **80,489** rentable square feet in the building located at 25 Metro Drive, San Jose, California 95110 ("**25 Metro**") comprised of (a) approximately 7,396 rentable square feet described as "**Suite 220**", (b) approximately 25,621 rentable square feet described as "**Suite 400**", (c) approximately 24,337 rentable square feet described as "**Suite 500**", and (d) approximately 23,135 rentable square feet described "**Suite 600**".

C. The Lease will expire by its terms on May 31, 2024 (the "**Existing Expiration Date**"). The parties wish to accelerate the expiration date of the Lease on the following terms and conditions.

D. Unless otherwise defined herein, capitalized terms as used herein shall have the same meanings as given thereto in the Lease.

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Acceleration of Expiration Date.**

1.1. **The First Acceleration**.

1.1.1. Subject to the provisions hereof, the term of the Lease for Suite 220, Suite 400 and Suite 500 at 25 Metro and for Suite 280 at 181 Metro (collectively, the "**First Acceleration Space**"), shall expire (the "**First Acceleration**") on December 31, 2022, with the same force and effect as if such term were, by the provisions of the Lease, fixed to expire on December 31, 2022.

1.1.2. Without limiting the foregoing:

A. Tenant shall surrender the First Acceleration Space to Landlord on or before December 31, 2022.

B. Tenant shall remain liable for all Rent and other amounts payable under the Lease for the First Acceleration Space for the period up to and including December 31, 2022, even though billings for such amounts may occur after December 31, 2022.

C. Notwithstanding anything in the Lease to the contrary, Tenant's sole obligation with respect to the surrender condition and restoration of the First Acceleration Space shall be to: (i) repair all damage to the First Acceleration Space caused by Tenant's removal of its personal property; (ii) patch and refinish all penetrations made by Tenant to the floor, interior or exterior walls or ceiling of the First Acceleration Space; and (iii) deliver the First Acceleration Space broom clean and otherwise in its present "as-is" condition. Landlord acknowledges and agrees that Tenant shall be under no obligation to otherwise remove or restore any improvements made during the Lease term to the First Acceleration Space, or any portion thereof.

D. If Tenant fails to surrender any portion of the First Acceleration Space on or before December 31, 2022, Tenant's tenancy of the First Acceleration Space shall be subject to Article 16 of the Original Lease.

E. Any other rights or obligations of Landlord or Tenant under the Lease that, in the absence of the First Acceleration, would have survived the Existing Expiration Date shall survive the December 31, 2022 accelerated expiration date with regard to the First Acceleration Space.

1.2. **The Second Acceleration**.

1.2.1. Subject to the provisions hereof, the term of the Lease for Suite 300 at 181 Metro and Suite 600 at 25 Metro (collectively, the "**Second Acceleration Space**") shall expire (the "**Second Acceleration**") on May 31, 2023, with the same force and effect as if such term were, by the provisions of the Lease, fixed to expire on the May 31, 2023.

1.2.2. Without limiting the foregoing:

A. Tenant shall surrender the Second Acceleration Space to Landlord on or before May 31, 2023.

B. Tenant shall remain liable for all Rent and other amounts payable under the Lease for the Second Acceleration Space for the period up to and including May 31, 2023, even though billings for such amounts may occur after May 31, 2023.

C. Notwithstanding anything in the Lease to the contrary, Tenant's sole obligation with respect to the surrender condition and restoration of the Second Acceleration Space shall be to: (i) repair all damage to the Second Acceleration Space caused by Tenant's removal of its personal property; (ii) patch and refinish all penetrations made by Tenant to the floor, interior or exterior walls or ceiling of the Second Acceleration Space; and (iii) deliver the Second Acceleration Space broom clean and otherwise in its present "as-is" condition. Landlord acknowledges and agrees that Tenant shall be under no obligation to otherwise remove or restore any improvements made during the Lease term to the Second Acceleration Space, or any portion thereof.

D. If Tenant fails to surrender any portion of the Second Acceleration Space on or before May 31, 2023, Tenant's tenancy shall be subject to Article 16 of the Original Lease.

E. Any other rights or obligations of Landlord or Tenant under the Lease that, in the absence of the Second Acceleration, would have survived the Existing Expiration Date shall survive the May 31, 2023 accelerated expiration date.

2. **Limitations on Tenant's Rights.** Notwithstanding any contrary provision of the Lease, any unexercised right or option of Tenant to renew or extend the term of the Lease or to expand the Premises (whether in the form of an expansion option, right of first offer or refusal, or any other similar right), and any outstanding tenant improvement allowance or other allowance not claimed and properly used by Tenant in accordance with the Lease as of the date hereof (including, without limitation, the allowances referenced in Section 6 below), shall be deemed terminated and no longer available or of any further force or effect.

3. **Representations.** Tenant represents and warrants that, as of the date hereof and the applicable accelerated expiration date: (a) Tenant is the rightful owner of all of the Tenant's interest in the Lease; (b) Tenant has not made any disposition, assignment, sublease, or conveyance of the Lease or Tenant's interest therein; (c) Tenant has no actual knowledge of any fact or circumstance which would give rise to any claim, demand, obligation, liability, action or cause of action arising out of or in connection with Tenant's occupancy of the Premises; (d) no other person or entity has an interest in the Lease, collateral or otherwise; and (e) there are no outstanding contracts for the

supply of labor or material and no work has been done or is being done in, to or about the Premises which has not been fully paid for and for which appropriate waivers of mechanic's liens have not been obtained.

4. **Landlord's Right to Terminate.** Notwithstanding any contrary provision hereof, if Tenant breaches any of its representations, warranties or covenants hereunder, Landlord, by written notice to Tenant, may terminate Sections 1 and 2 above, in which event such Sections of this Amendment shall be of no force or effect.

5. **Confidentiality.** Neither Tenant nor Landlord, nor their respective agents or any other parties acting on their behalf, shall disclose any matters set forth in this Amendment or disseminate or distribute any information concerning the terms, details or conditions hereof to any person, firm or entity without obtaining the express written consent of the other party other than (i) to Landlord's (or, with respect to disclosure by Tenant, Tenant's) financial, legal, accounting and space planning consultants, and (ii) to any proposed Transferees, (iii) to any of Landlord's (or with respect to disclosure by Tenant, Tenant's) current or prospective purchasers, investors, shareholders or lenders, (iv) to a court of competent jurisdiction, arbitrator or mediator in connection with a dispute between Landlord and Tenant, or (v) as otherwise required by law.

6. **Allowances**. Landlord has provided Tenant with certain Allowances for construction of Tenant Improvement Work (as defined in the Work Letter attached to the First Amendment as **Exhibit B**) in various portions of the Premises. As of the date hereof, the following are the remaining Allowance funds:

   (a) $158,156.69 (remaining from the Allowance granted in Section 4.2(i) of the Fourth Amendment) for construction of Tenant Improvement Work at 181 Metro; and

   (b) $399,597.00 for construction of Tenant Improvement Work in 25 Metro Suite 220 and Suite 600; $1,338,535.00 for construction of Tenant Improvement Work in 25 Metro Suite 500; and $1,409,155.00 for construction of Tenant Improvement Work in 25 Metro Suite 400.

   From and after the date of this Tenth Amendment, Tenant shall have no further right to the Allowances set forth in this Section 6, and such shall be deemed terminated and no longer available or of any further force or effect.

7. **Base Rent Abatement for December 2022**. Notwithstanding the anything to the contrary contained in the Lease, Base Rent for Suites 220 and 400 at 25 Metro (a total of 33,017 rentable square feet) shall be abated, in the amount of $124,501.60 for the full calendar month of December 2022 (the "**Abated Rent**"); provided, however, that if a Default exists when any such abatement would otherwise apply, such abatement shall be deferred until the date, if any, on which such Default is cured, in which case such Abated Rent shall be credited against Base Rent due and owing for the Second Acceleration Space.

8. **Security Deposit**. Landlord hereby acknowledges that Landlord currently holds $411,476.40, as a Security Deposit under Section 21 of the Original Lease. Notwithstanding anything to the contrary contained in the Lease, in the event that Tenant, as of December 31, 2022, is not in default of any of its obligations under the Lease, Landlord shall reduce the amount of the Security Deposit to $157,389.40 (the "**New Security Deposit Amount**") and Landlord shall refund to Tenant on or before January 31, 2023 the amount by which the Security Deposit held by Landlord exceeds the New Security Deposit Amount, totaling $254,087.00.

9. **Miscellaneous.**

   9.1 This Amendment the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Tenant shall not be entitled, in connection with entering into this Amendment, to any free rent, allowance, alteration, improvement or similar economic incentive to which Tenant may have been entitled in connection with entering into the Lease, except as may be otherwise expressly provided in this Amendment.

   9.2 Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

   9.3 In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

9.4 Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered it to Tenant.

9.5. Each party hereto, and their respective successors and assigns shall be authorized to rely upon the signatures of all of the parties hereto which are delivered by facsimile, PDF or DocuSign (or the like) as constituting a duly authorized, irrevocable, actual, current delivery hereof with original ink signatures of each person and entity. This Amendment may be executed in counterparts, each of which shall be deemed an original part and all of which together shall constitute a single agreement.

9.6. Capitalized terms used but not defined in this Amendment shall have the meanings given in the Lease.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as of the day and year first above written.

LANDLORD:

HUDSON METRO PLAZA, LLC,
a Delaware limited liability company

By: Hudson Pacific Properties, L.P.,
a Maryland limited partnership,
its sole member

By: Hudson Pacific Properties, Inc.,
a Maryland corporation,
its general partner

By: /s/ Mark T. Lammas

Name: Mark T. Lammas

Title: President

TENANT:

NUTANIX, INC., a Delaware corporation

By: /s/ Aaron Boynton

Name: Aaron Boynton

Title: Chief Accounting Officer

ELEVENTH AMENDMENT
(25 METRO & 181 METRO)

THIS ELEVENTH AMENDMENT (this "**Amendment**") is made and entered into as of August 31, 2022, by and between **HUDSON METRO PLAZA, LLC**, a Delaware limited liability company ("**Landlord**"), and **NUTANIX, INC.**, a Delaware corporation ("**Tenant**").

RECITALS

A. Landlord (as successor in interest to CA-Metro Plaza Limited Partnership, a Delaware limited partnership) and Tenant are parties to that certain lease dated April 23, 2014 (the "**Original Lease**"), as previously amended by that certain First Amendment dated March 23, 2015, by that certain Second Amendment dated January 28, 2016, by that certain Third Amendment dated July 28, 2016, by that certain Fourth Amendment dated April 4, 2018, by that certain Fifth Amendment dated October 1, 2018, by that certain Sixth Amendment dated April 5, 2019, by that certain Seventh Amendment dated April 25, 2019, by that certain Eighth Amendment dated September 17, 2019, by that certain Ninth Amendment dated November 23, 2020, and by that certain Tenth Amendment dated June 28, 2022 (as amended, the "**Lease**").

B. Pursuant to the Lease, Landlord has leased to Tenant the "**Premises**" comprised of: (i) approximately 28,121 rentable square feet in the building located at 181 Metro Drive, San Jose, California 95110 comprised of (a) 9,716 rentable square feet located on the second (2nd) floor and described as Suite 280 (hereinafter "**Suite 280**"), and (b) approximately 18,405 rentable square feet located on the third (3rd) floor and described as Suite 300; and (ii) a total of approximately 80,489 rentable square feet in the building located at 25 Metro Drive, San Jose, California 95110 comprised of (a) approximately 7,396 rentable square feet described as Suite 220, (b) approximately 25,621 rentable square feet described as Suite 400, (c) approximately 24,337 rentable square feet described as Suite 500, and (d) approximately 23,135 rentable square feet described Suite 600.

C. Pursuant to the Tenth Amendment, the parties accelerated the expiration date of the Lease. By this Eleventh Amendment, the parties wish to modify the expiration date of the Lease for Suite 280 only, upon the following terms and conditions.

D. Unless otherwise defined herein, capitalized terms as used herein shall have the same meanings as given thereto in the Lease.

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **<u>The Suite 280 Expiration Date</u>.** Notwithstanding anything contained in the Lease to the contrary, and subject to the provisions hereof, the term of the Lease for Suite 280 shall expire on May 31, 2023 with the same force and effect as if such term were, by the provisions of the Lease, fixed to expire on the May 31, 2023. Without limiting the foregoing:

1.1. Tenant shall surrender Suite 280 to Landlord on or before May 31, 2023.

1.2. Tenant shall remain liable for all Rent and other amounts payable under the Lease for Suite 280 for the period up to and including December 31, 2022, even though billings for such amounts may occur after December 31, 2022. From and after December 31, 2022, all Rent for Suite 280 shall be abated; provided, however, that if a Default exists when any such abatement would otherwise apply, such abatement shall be deferred until the date, if any, on which such Default is cured, in which case such abated Rent shall be credited against Rent due and owing for Suite 280.

1.3. Notwithstanding anything in the Lease to the contrary, Tenant's sole obligation with respect to the surrender condition and restoration of Suite 280 shall be to: (i) repair all damage to Suite 280 caused by Tenant's removal of its personal property; (ii) patch and refinish all penetrations made by Tenant to the floor, interior or exterior walls or ceiling of Suite 280; and (iii) deliver Suite 280 broom clean and otherwise in its present "as-is" condition. Landlord acknowledges and agrees that Tenant shall be under no obligation to otherwise remove or restore any improvements made during the Lease term to Suite 280, or any portion thereof.

1.4. If Tenant fails to surrender any portion of Suite 280 on or before May 31, 2023, Tenant's tenancy shall be subject to Article 16 of the Original Lease, and the Rent (for purposes of calculating holdover rent) for Suite 280 shall be deemed to be the Rent in effect for the month of December 2022.

1.5. Any other rights or obligations of Landlord or Tenant under the Lease with regard to Suite 280 that would have survived the Existing Expiration Date shall survive the May 31, 2023 accelerated expiration date.

2. **Representations**. Tenant represents and warrants that, as of the date hereof and the applicable accelerated expiration date: (a) Tenant is the rightful owner of all of the Tenant's interest in the Lease; (b) Tenant has not made any disposition, assignment, sublease, or conveyance of the Lease or Tenant's interest therein; (c) Tenant has no actual knowledge of any fact or circumstance which would give rise to any claim, demand, obligation, liability, action or cause of action arising out of or in connection with Tenant's occupancy of the Premises; (d) no other person or entity has an interest in the Lease, collateral or otherwise; and (e) there are no outstanding contracts for the supply of labor or material and no work has been done or is being done in, to or about the Premises which has not been fully paid for and for which appropriate waivers of mechanic's liens have not been obtained.

3. **Landlord's Right to Terminate**. Notwithstanding any contrary provision hereof, if Tenant breaches any of its representations, warranties or covenants hereunder, Landlord, by written notice to Tenant, may terminate Section 1 above, in which event such Section of this Amendment shall be of no force or effect.

4. **Confidentiality**. Neither Tenant nor Landlord, nor their respective agents or any other parties acting on their behalf, shall disclose any matters set forth in this Amendment or disseminate or distribute any information concerning the terms, details or conditions hereof to any person, firm or entity without obtaining the express written consent of the other party other than (i) to Landlord's (or, with respect to disclosure by Tenant, Tenant's) financial, legal, accounting and space planning consultants, and (ii) to any proposed Transferees, (iii) to any of Landlord's (or with respect to disclosure by Tenant, Tenant's) current or prospective purchasers, investors, shareholders or lenders, (iv) to a court of competent jurisdiction, arbitrator or mediator in connection with a dispute between Landlord and Tenant, or (v) as otherwise required by law.

5. **Miscellaneous**.

5.1 This Amendment the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Tenant shall not be entitled, in connection with entering into this Amendment, to any free rent, allowance, alteration, improvement or similar economic incentive to which Tenant may have been entitled in connection with entering into the Lease, except as may be otherwise expressly provided in this Amendment.

5.2 Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

5.3 In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

5.4 Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered it to Tenant.

5.5. Each party hereto, and their respective successors and assigns shall be authorized to rely upon the signatures of all of the parties hereto which are delivered by facsimile, PDF or DocuSign (or the like) as constituting a duly authorized, irrevocable, actual, current delivery hereof with original ink signatures of each person and entity. This Amendment may be executed in counterparts, each of which shall be deemed an original part and all of which together shall constitute a single agreement.

5.6. Capitalized terms used but not defined in this Amendment shall have the meanings given in the Lease.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as of the day and year first above written.

LANDLORD:

HUDSON METRO PLAZA, LLC,
a Delaware limited liability company

By: Hudson Pacific Properties, L.P.,
a Maryland limited partnership,
its sole member

By: Hudson Pacific Properties, Inc.,
a Maryland corporation,
its general partner

By: /s/ Kenneth Young

Name: Kenneth Young

Title: Senior Vice President, Leasing

TENANT:

NUTANIX, INC.,
a Delaware corporation

By: /s/ Prairie Padilla

Name: Prairie Padilla

Title: VP, Corporate Controller

Exhibit 10.50

THIRD AMENDMENT
(1741 TECHNOLOGY – CONCOURSE V)

THIS THIRD AMENDMENT (this "**Amendment**") is made and entered into as of April 30, 2022, by and between **HUDSON CONCOURSE, LLC**, a Delaware limited liability company ("**Landlord**") and **NUTANIX, INC.**, a Delaware corporation ("**Tenant**").

RECITALS

A. Landlord and Tenant are parties to that certain Office Lease dated September 5, 2018 (the "**Original Lease**") whereby Landlord has leased to Tenant certain office space in the building located at 1741 Technology Drive, San Jose, California (the "**Building**"). The Original Lease was subsequently amended by that certain First Amendment dated October 22, 2019 (the "**First Amendment**") and by that certain Second Amendment dated November 23, 2020 (the "**Second Amendment**"). The Original Lease, as amended by the First Amendment and the Second Amendment, is referred to herein as the "**Lease**."

B. The Lease will expire by its terms on May 31, 2024 (the "**Existing Expiration Date**"). The parties wish to accelerate the expiration date of the Lease with respect to that portion of the Existing Premises comprised of: (i) Suite No. 100 containing approximately 7,934 rentable square feet located on the first (1st) floor of the Building, and (ii) Suite No. 130 containing approximately 6,416 rentable square feet located on the first (1st) floor of the Building, each as shown on Exhibit A attached hereto (collectively, the "**Reduction Space**") only, on the following terms and conditions.

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Reduction.**

1.1. **Reduction Space Expiration Date.** Subject to the provisions hereof, the term of the Lease shall expire, with respect to the Reduction Space only, on May 1, 2022 (the "**Reduction Space Expiration Date**") with the same force and effect as if such term were, by the provisions of the Lease, fixed to expire with respect to the Reduction Space on the Reduction Space Expiration Date (the "**Reduction**"). Without limiting the foregoing:

A. From and after the date immediately following the Reduction Space Expiration Date (the "**Reduction Effective Date**"), the Premises shall consist solely of Suite 500 (the "**Remaining Premises**") and shall be deemed to contain 28,930 rentable square feet. Tenant shall retain the right to extend the Term for one (1) additional three (3)-year period with regard to the Remaining Premises only in accordance with the terms and conditions of Section 2 of Exhibit F to the Original Lease.

B. Notwithstanding anything in the Lease to the contrary, Tenant shall surrender the Reduction Space to Landlord in its current "as-is" condition on or before the Reduction Space Expiration Date.

C. Tenant shall not be obligated to pay reconciliation payments of Expenses and Taxes with regard to the Reduction Space for calendar year 2022. Accordingly, Section 4.4.1 of the Original Lease shall not apply to the Reduction Space for the calendar year 2022 and Section 4.6 of the Original Lease shall not apply with regard to Expenses and Taxes for the Reduction Space for calendar year 2022.

D. If Tenant fails to vacate any portion of the Reduction Space on or before the Reduction Space Expiration Date, Tenant's tenancy with respect to the Reduction Space shall be subject to Section 16 of the Original Lease.

E. Subject to the terms of this Amendment, any other rights or obligations of Landlord or Tenant under the Lease relating to the Reduction Space that, in the absence of the Reduction, would have survived the Existing Expiration Date shall survive the Reduction Space Expiration Date.

F. Tenant hereby acknowledges that notwithstanding anything in the Lease and in Section 1(a) and Section 1(b) of the Second Amendment in particular, all remaining Allowance funds with regard to the Reduction Space shall be forfeited effective as of the Reduction Effective Date and such amounts shall automatically revert to Landlord and Tenant shall have no further rights with respect thereto.

Tenant shall retain the right to any and all Allowance funds currently remaining with regard to the Remaining Premises and acknowledges that the sunset date for use of such Allowance funds with regard to the Remaining Premises is August 31, 2022.

1.2. **Reduction Fee.** Within thirty (30) days after the contingency set forth in Section 1.3 below is satisfied or waived, Tenant shall pay to Landlord, by cashier's or certified check or by wire transfer of immediately available funds to an account designated by Landlord, as consideration for the acceleration of the expiration date of the Lease with respect to the Reduction Space and not as a penalty, the amount of $600,000.00 (the "**Reduction Fee**").

1.3. **Contingency.** This Amendment is contingent upon Landlord's execution of a new lease for the Reduction Space with a third party upon terms and conditions acceptable to Landlord in its sole discretion. In the event Landlord has not executed a new lease for the Reduction Space within thirty (30) days after the date of full execution and delivery of this Amendment, this Amendment shall be void and of no further force and effect.

2. **Rent Following Reduction.**

2.1. **Base Rent.** With respect to the Remaining Premises from and after the Reduction Effective Date, the schedule of Base Rent shall be as follows:

Period During Term	**Annual Base Rent Per Rentable Square Foot (rounded to the nearest 100th of a dollar)**	**Monthly Base Rent Per Rentable Square Foot (rounded to the nearest 100th of a dollar)**	**Monthly Installment of Base Rent**
5/1/2022 – 3/31/2023	$40.52	$3.38	$97,783.40
4/1/2023 – 3/31/2024	$41.73	$3.48	$100,676.40
4/1/2024 – 5/31/2024	N/A	$3.58	$103,569.40
All such Base Rent shall be payable by Tenant in accordance with the terms of the Lease.			

2.2. **Tenant's Share.** With respect to the Remaining Premises from and after the Reduction Effective Date, Tenant's Share shall be 20.4839%.

2.3. **Expenses and Taxes.** With respect to the Remaining Premises from and after the Reduction Effective Date, Tenant shall pay for Tenant's Share of Expenses and Taxes in accordance with the terms of the Lease.

3. **Representations.** Tenant represents and warrants that, as of the date hereof and the Reduction Space Expiration Date: (a) Tenant is the rightful owner of all of the Tenant's interest in the Lease; (b) Tenant has not subleased the Reduction Space or made any disposition, assignment or conveyance of the Lease or Tenant's interest therein; (c) Tenant has no knowledge of any fact or circumstance which would give rise to any claim, demand, obligation, liability, action or cause of action arising out of or in connection with Tenant's occupancy of the Reduction Space; (d) no other person or entity has an interest in the Lease, collateral or otherwise; and (e) there are no outstanding contracts for the supply of labor or material and no work has been done or is being done in, to or about the Reduction Space which has not been fully paid for and for which appropriate waivers of mechanic's liens have not been obtained.

4. **Landlord's Right to Terminate.** Notwithstanding any contrary provision hereof, if Tenant breaches any of its representations, warranties or covenants hereunder, Landlord, by written notice to Tenant, may terminate Sections 1, 2 and 3 above, in which event such Sections of this Amendment shall be of no force or effect and, if Landlord has received the Reduction Fee, Landlord shall promptly return it to Tenant, but only after applying it against any past due Rent.

5. **Security Deposit Reduction**. Tenant has previously deposited with Landlord $132,443.70 as a Security Deposit under the Lease. Notwithstanding anything to the contrary contained in the Lease, in the event that Tenant, as of the Reduction Effective Date, is not in default of any of its obligations under the Lease, Landlord shall reduce the amount of the Security Deposit to $88,737.28, and Landlord shall apply the remaining $43,706.42 as a credit against Tenant's monthly Base Rent obligations next coming due until such credit is exhausted.

6. **Parking**. Effective as of the Reduction Effective Date, Tenant shall be entitled to rent a total of sixty-three (63) unreserved parking passes in the Parking Facility. Except as set forth in this Section 6, all other terms and conditions of Article 24 of the Original Lease shall apply to Tenant's lease of such unreserved parking passes.

7. **Confidentiality.** Tenant agrees that neither Tenant nor its agents or any other parties acting on behalf of Tenant shall disclose any matters set forth in this Amendment or disseminate or distribute any information concerning the terms, details or conditions hereof to any person, firm or entity without obtaining the express written consent of Landlord.

8. **Energy Usage.** If Tenant (or any party claiming by, through or under Tenant) pays directly to the provider for any energy consumed at the Building, Tenant, promptly upon request, shall deliver to Landlord (or, at Landlord's option, execute and deliver to Landlord an instrument enabling Landlord to obtain from such provider) any data about such consumption that Landlord, in its reasonable judgment, is required for benchmarking purposes or to disclose to a prospective buyer, tenant or mortgage lender under any applicable law.

9. **Intentionally Omitted**.

10. **Miscellaneous.**

10.1. This Amendment, and the exhibits attached hereto and incorporated herein, set forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Tenant shall not be entitled, in connection with entering into this Amendment, to any free rent, allowance, alteration, improvement or similar economic incentive to which Tenant may have been entitled in connection with entering into the Lease, except as may be otherwise expressly provided in this Amendment.

10.2. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

10.3. In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

10.4. Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered it to Tenant.

10.5 This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. The signature of a party transmitted electronically (e.g., e-signature) or by facsimile, email of a pdf copy, DocuSign or other similar technology application shall constitute and have the same force and effect as the original signature of the party. Following execution, a pdf (or similar image file format) of this entire agreement (whether signed electronically or in ink) shall be deemed the equivalent of the delivery of the original, and any party delivering such a counterpart shall in all events deliver to the other party an original signature promptly upon request

10.6. Capitalized terms used but not defined in this Amendment shall have the meanings given in the Lease.

[SIGNATURES ARE ON FOLLOWING PAGE]

1.

IN WITNESS WHEREOF, this Amendment has been executed as of the day and year first above written.

LANDLORD:	**HUDSON CONCOURSE, LLC**, a Delaware limited liability company By: Hudson Pacific Properties, L.P., a Maryland limited partnership, its sole member By: Hudson Pacific Properties, Inc., a Maryland corporation, its general partner By: /s/ Kenneth Young Name: Kenneth Young Title: Senior Vice President, Leasing
TENANT:	**NUTANIX, INC**., a Delaware corporation By: /s/ Aaron Boynton Name: Aaron Boynton Title: Chief Accounting Officer

Exhibit 10.51

FOURTH AMENDMENT
(1741 TECHNOLOGY – CONCOURSE V)

THIS FOURTH AMENDMENT (this "**Amendment**") is made and entered into as of June 15, 2022 by and between **HUDSON CONCOURSE, LLC**, a Delaware limited liability company ("**Landlord**") and **NUTANIX, INC.**, a Delaware corporation ("**Tenant**").

RECITALS

A. Landlord and Tenant are parties to that certain Office Lease dated September 5, 2018 (the "**Original Lease**") whereby Landlord has leased to Tenant certain office space in the building located at 1741 Technology Drive, San Jose, California (the "**Building**"). The Original Lease was subsequently amended by that certain First Amendment dated October 22, 2019 (the "**First Amendment**"), by that certain Second Amendment dated November 23, 2020 (the "**Second Amendment**") and by that certain Third Amendment dated April 30, 2022 (the "**Third Amendment**"). The Original Lease, as amended by the First Amendment, the Second Amendment, and the Third Amendment is referred to herein as the "**Lease**."

B. Landlord and Tenant desire to modify Section 1.3 of the Third Amendment as provided herein.

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **<u>Section 1.3</u>**. Section 1.3 of the Third Amendment is hereby deleted in its entirety and the following is substituted in lieu thereof.

1.3 **Contingency.** This Amendment is contingent upon Landlord's execution of a new lease for the Reduction Space with a third party upon terms and conditions acceptable to Landlord in its sole discretion. In the event Landlord has not executed a new lease for the Reduction Space within sixty (60) days after the date of full execution and delivery of this Amendment, this Amendment shall be void and of no further force and effect.

2. **<u>Miscellaneous</u>.**

10.1. This Amendment sets forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements.

10.2. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

10.3. In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

10.4. Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered it to Tenant.

10.5 This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. The signature of a party transmitted electronically (e.g., e-signature) or by facsimile, email of a pdf copy, DocuSign or other similar technology application shall constitute and have the same force and effect as the original signature of the party. Following execution, a pdf (or similar image file format) of this entire agreement (whether signed electronically or in ink) shall be deemed the equivalent of the delivery of the original, and any party delivering such a counterpart shall in all events deliver to the other party an original signature promptly upon request

10.6. Capitalized terms used but not defined in this Amendment shall have the meanings given in the Lease.

[SIGNATURES ARE ON FOLLOWING PAGE]

1.

IN WITNESS WHEREOF, this Amendment has been executed as of the day and year first above written.

LANDLORD:	**HUDSON CONCOURSE, LLC**, a Delaware limited liability company By: Hudson Pacific Properties, L.P., a Maryland limited partnership, its sole member By: Hudson Pacific Properties, Inc., a Maryland corporation, its general partner By: /s/ Kenneth Young Name: Kenneth Young Title: Senior Vice President, Leasing
TENANT:	**NUTANIX, INC**., a Delaware corporation By: /s/ Aaron Boynton Name: Aaron Boynton Title: Chief Accounting Officer

Exhibit 10.52

FIFTH AMENDMENT
(1741 TECHNOLOGY – CONCOURSE V)

THIS FIFTH AMENDMENT (this "**Amendment**") is made and entered into as of July 28, 2022 by and between **HUDSON CONCOURSE, LLC**, a Delaware limited liability company ("**Landlord**") and **NUTANIX, INC.**, a Delaware corporation ("**Tenant**").

RECITALS

A. Landlord and Tenant are parties to that certain Office Lease dated September 5, 2018 (the "**Original Lease**") whereby Landlord has leased to Tenant certain office space in the building located at 1741 Technology Drive, San Jose, California (the "**Building**"). The Original Lease was subsequently amended by that certain First Amendment dated October 22, 2019 (the "**First Amendment**"), by that certain Second Amendment dated November 23, 2020 (the "**Second Amendment**"), by that certain Third Amendment dated April 30, 2022 (the "**Third Amendment**") and by that certain Fourth Amendment dated June 15, 2022 (the "**Fourth Amendment**"). The Original Lease, as amended by the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment is referred to herein as the "**Lease**."

B. Landlord and Tenant desire to modify Section 1.3 of the Third Amendment as provided herein.

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Section 1.3**. Section 1.3 of the Third Amendment (as previously modified by Section 1 of the Fourth Amendment) is hereby deleted in its entirety and the following is substituted in lieu thereof.

   1.3 **Contingency.** This Amendment is contingent upon Landlord's execution of a new lease for the Reduction Space with a third party upon terms and conditions acceptable to Landlord in its sole discretion. In the event Landlord has not executed a new lease for the Reduction Space within ninety (90) days after the date of full execution and delivery of this Amendment, this Amendment shall be void and of no further force and effect.

2. **Miscellaneous.**

   2.1. This Amendment sets forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements.

   2.2. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

   2.3. In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

   2.4. Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered it to Tenant.

   2.5 This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. The signature of a party transmitted electronically (e.g., e-signature) or by facsimile, email of a pdf copy, DocuSign or other similar technology application shall constitute and have the same force and effect as the original signature of the party. Following execution, a pdf (or similar image file format) of this entire agreement (whether signed electronically or in ink) shall be deemed the equivalent of the delivery of the original, and any party delivering such a counterpart shall in all events deliver to the other party an original signature promptly upon request

   2.6. Capitalized terms used but not defined in this Amendment shall have the meanings given in the Lease.

[SIGNATURES ARE ON FOLLOWING PAGE]

1.

IN WITNESS WHEREOF, this Amendment has been executed as of the day and year first above written.

LANDLORD:

HUDSON CONCOURSE, LLC,
a Delaware limited liability company

By: Hudson Pacific Properties, L.P.,
a Maryland limited partnership,
its sole member

By: Hudson Pacific Properties, Inc.,
a Maryland corporation,
its general partner

By: /s/ Kenneth Young

Name: Kenneth Young

Title: Senior Vice President, Leasing

TENANT:

NUTANIX, INC., a Delaware corporation

By: /s/ Aaron Boynton

Name: Aaron Boynton

Title: Chief Accounting Officer

Exhibit 21.1

SIGNIFICANT SUBSIDIARIES OF NUTANIX, INC.

Name	Jurisdiction
Nutanix Netherlands B.V.	Netherlands

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-227491, 333-227513, and 333-249022on Form S-3 and Registration Statement Nos. 333-213888, 333-220517, 333-227490, 333-233499, 333-236925, 333-248992, and 333-259700 on Form S-8 of our reports dated September 21, 2022, relating to the financial statements of Nutanix, Inc. and the effectiveness of Nutanix, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended July 31, 2022.

/s/ DELOITTE & TOUCHE LLP

San Jose, California
September 21, 2022

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rajiv Ramaswami, certify that:

1. I have reviewed this Annual Report on Form 10-K of Nutanix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 21, 2022

/s/ Rajiv Ramaswami

Rajiv Ramaswami
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rukmini Sivaraman, certify that:

1. I have reviewed this Annual Report on Form 10-K of Nutanix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 21, 2022	/s/ Rukmini Sivaraman
	Rukmini Sivaraman
	Chief Financial Officer
	(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Rajiv Ramaswami, certify pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Nutanix, Inc. for the fiscal year ended July 31, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that the information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Nutanix, Inc.

Date: September 21, 2022

/s/ Rajiv Ramaswami

Rajiv Ramaswami
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Rukmini Sivaraman, certify pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Nutanix, Inc. for the fiscal year ended July 31, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that the information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Nutanix, Inc.

Date: September 21, 2022	/s/ Rukmini Sivaraman
	Rukmini Sivaraman
	Chief Financial Officer
	(Principal Financial Officer)