Investor Day 2023
Financial Review

NUTANIX

Non-GAAP Financial Measures and Other Key Performance Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, the following presentations and the accompanying oral commentaries include the following non-GAAP financial and other key performance measures: non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP operating margin, free cash flow, Annual Contract Value (or ACV) Billings, Annual Recurring Revenue (or ARR), Contract Duration. In computing non-GAAP financial measures and key performance measures, we exclude certain items such as stock-based compensation expense and the related income tax impact, costs associated with our acquisitions (such as amortization of acquired intangible assets, income tax-related impact, and other acquisition-related costs), costs related to the impairment and early exit of lease-related assets, restructuring charges, litigation settlement accruals and legal fees related to certain litigation matters, change in fair value of contingent consideration, change in fair value of derivative liability, amortization of debt discount and issuance costs, loss on debt extinguishment, gains on divestitures, purchases of property and equipment and other non-recurring transactions and the related tax impact. Non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), and non-GAAP operating margin are financial measures which we believe provide useful information to investors because they provide meaningful supplemental information regarding our performance and liquidity by excluding certain expenses and expenditures such as stock-based compensation expense that may not be indicative of our ongoing core business operating results. Free cash flow is a performance measure that we believe provides useful information to our management and investors about the amount of cash generated by the business after necessary capital expenditures, and we define free cash flow as net cash provided by (used in) operating activities less purchases of property and equipment. ACV Billings is a performance measure that we believe provides useful information to our management and investors as they allow us to better track the topline growth of our business during our transition to a subscription-based business model because it takes into account variability in term lengths. ARR is a performance measure that we believe provides useful information to our management and investors as it allows us to better track the topline growth of our subscription business because it only includes non-life-of-device contracts and takes into account variability in term lengths. We use these non-GAAP financial and key performance measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. However, these non-GAAP financial and key performance measures have limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP operating margin, and free cash flow are not substitutes for gross margin, operating expenses, operating income or loss, operating margin, or net cash provided by (used in) operating activities, respectively. There is no GAAP measure that is comparable to ACV Billings, ARR, Contract Duration, so we have not reconciled the ACV Billings, ARR, Contract Duration data included in this presentation to any GAAP measure. In addition, other companies, including companies in our industry, may calculate non-GAAP financial measures and key performance measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures and key performance measures as tools for comparison. We urge you to review the reconciliation of our non-GAAP financial measures and key performance measures to the most directly comparable GAAP financial measures set forth in the table captioned "GAAP to Non-GAAP Reconciliations" included in the appendix to the financial review presentation given by Rukmini Sivaraman, Chief Financial Officer, and not to rely on any single financial measure to evaluate our business. This presentation also includes the following forward-looking non-GAAP financial measures: ACV Billings, ARR, Total Billings, non-GAAP operating margin, and free cash flow. We are unable to reconcile these forward-looking non-GAAP financial measures to their most directly comparable GAAP financial measures without unreasonable efforts, as we are currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact the GAAP financial measures for these periods but would not impact the non-GAAP financial measures.

Forward Looking Statements

The following presentations and the accompanying oral commentaries contain express and implied forward-looking statements. In some cases you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “would,” “expect” or “expected,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “intend,” “potential,” “continue,” “ongoing,” or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to: our business plans, goals, strategies, vision, initiatives, mission, objectives, and outlook, including statements regarding: our strategy and priorities and their anticipated benefits; our TAM and market opportunity; our future vision and expectations of a new market opportunity; our plans for our GTM engine, capturing workloads, and drive adoption of our solutions; future technology, services, and products and the expected benefits and availability of such technologies, services, and products; financial projections and expectations and the expected drivers thereof (including our projections for continued ARR growth for FY2023 through FY2027, our projections for free cash flow by FY2027, our goal of achieving Rule-of-40+ by FY2027, our projections for stock-based compensation by FY2027, our projections for rep productivity through FY2027, our projections for total reps, our projections for net retention rate through FY2027, our projections for ACV billings and ARR through FY2027, our projections for average contract duration through FY2027, our projections for total billings and revenue through FY2027, our projections for non-GAAP operating income, non-GAAP operating margin, free cash flow and free cash flow margin through FY2027, our projections for sales and marketing cost as a percentage of revenue through FY2027 and the expected renewal mix and cost of renewals, our projections for expenses, our projections for the scaling phase of our subscription journey); and our capital allocation plans (including share repurchases).

These forward-looking statements are not historical facts and instead are based on our current expectations, estimates, opinions, and beliefs. Consequently, you should not rely on these forward-looking statements. The accuracy of these forward-looking statements depends upon future events and involves risks, uncertainties, and other factors, including factors that may be beyond our control, that may cause these statements to be inaccurate and cause our actual results, performance or achievements to differ materially and adversely from those anticipated or implied by such statements, including, among others: the inherent uncertainty of assumptions and estimates underlying our projections and guidance, which are necessarily speculative in nature; any failure to successfully implement or realize the full benefits of, or unexpected difficulties or delays in successfully implementing or realizing the full benefits of, our business plans, goals, strategies, initiatives, vision, mission, and objectives; our ability to achieve, sustain and/or manage future growth effectively; macroeconomic or geopolitical uncertainty, including supply chain issues; the competitive market and our ability to compete effectively; our ability to attract, recruit, train, retain, and, where applicable, ramp to full productivity, qualified employees and key personnel; failure to timely and successfully meet our customer needs; delays in or lack of customer or market acceptance of our products, services, product features or technology; the rapid evolution of the markets in which we compete; our ability to attract new and retain existing end-customers; fluctuations in demand and competitive pricing pressures for our solutions; the introduction, or acceleration of adoption of, competing solutions, including public cloud infrastructure; our ability to form new or maintain and strengthen existing, strategic alliances and partnerships, as well as our ability to manage any changes thereto; the impact of a pandemic or major public health concern; and our ability to make share repurchases; and other risks detailed in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023 filed with the SEC on September 21, 2023, which should be read in conjunction with these presentations and the accompanying oral commentaries. Nutanix's SEC filings are available on the Investor Relations section of our website at ir.nutanix.com and on the SEC's website at www.sec.gov. These forward-looking statements speak only as of the date of Nutanix's 2023 Investor Day and, except as required by law, we assume no obligation, and expressly disclaims any obligation, to update, alter or otherwise revise any of the forward-looking statements included in these presentations and the accompanying oral commentaries to reflect actual results or subsequent events or circumstances.

Market Opportunity Data

The following presentations and the accompanying oral commentaries include estimates of the size of our total addressable market based on studies, publications, surveys and other data obtained from third-party sources and our own internal estimates and research. While we believe these third-party studies, publications, surveys and other data are reliable as of the date hereof, they have not been independently verified, and we make no representation as to the adequacy, fairness, accuracy, or completeness of any information obtained from third-party sources. 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.

Product or Roadmap Information

Any future product or roadmap information included in the following presentations and the accompanying oral commentaries is intended to outline general product directions, and is not a commitment, promise or legal obligation for Nutanix to deliver any material, code, or functionality. This information should not be used when making a purchasing decision. Further, note that Nutanix has made no determination as to whether separate fees will be charged for any future products, product enhancements and/or functionality which may ultimately be made available. Nutanix may, in our own discretion, choose to charge separate fees for the delivery of any future products, product enhancements and/or functionality which are ultimately made available.

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Agenda

- Financial Highlights
- Where We Are (A Brief Look Back)
- Where We Are Headed (Growth)
- Where We Are Headed (Profitability)
- Cash Allocation Philosophy

NUTANIX

Financial Highlights

Driving to $3B ARR by 2027

- Continued Strong ARR Growth of **~20% CAGR**[1] projected for FY23–FY27
- Free Cash Flow generation of **~$800M**[1] projected by FY2027
- Driving towards **Rule–of–40+** company by FY2027
- Stock-Based Compensation projected to be **<10% of Revenue** by FY2027
- Prudent Capital Allocation: **$350M** Share Repurchase Authorization

Durable Growth + Increasing Profitability

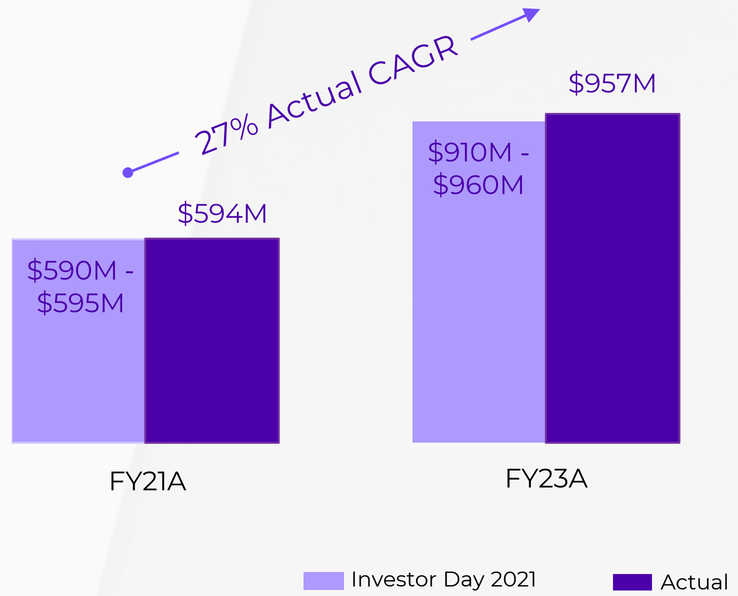
[1]*Represents mid-point of projected ranges.*

Where We Are

A Brief Look Back

Where We Are: A Brief Look Back

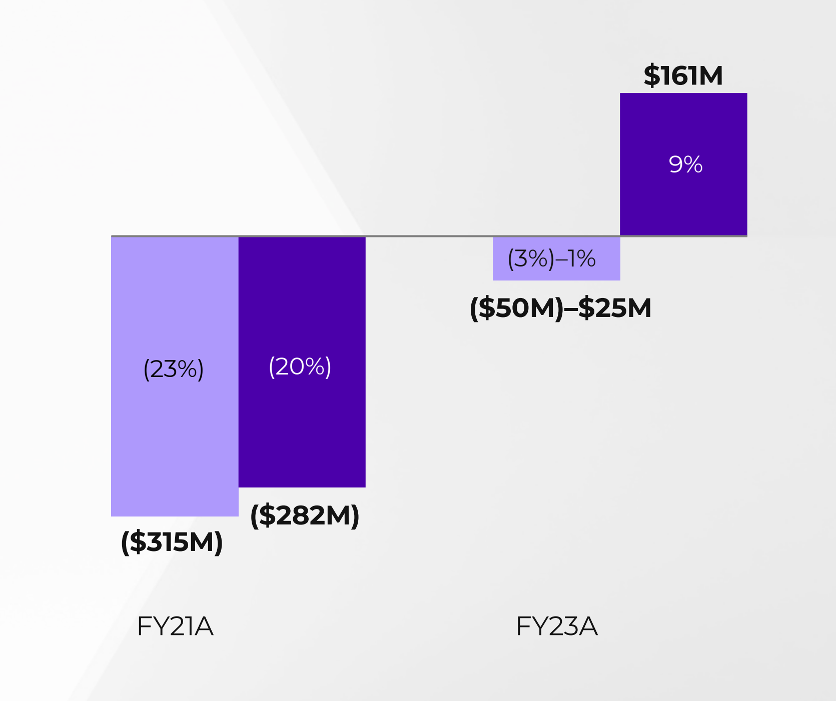
ACV Billings



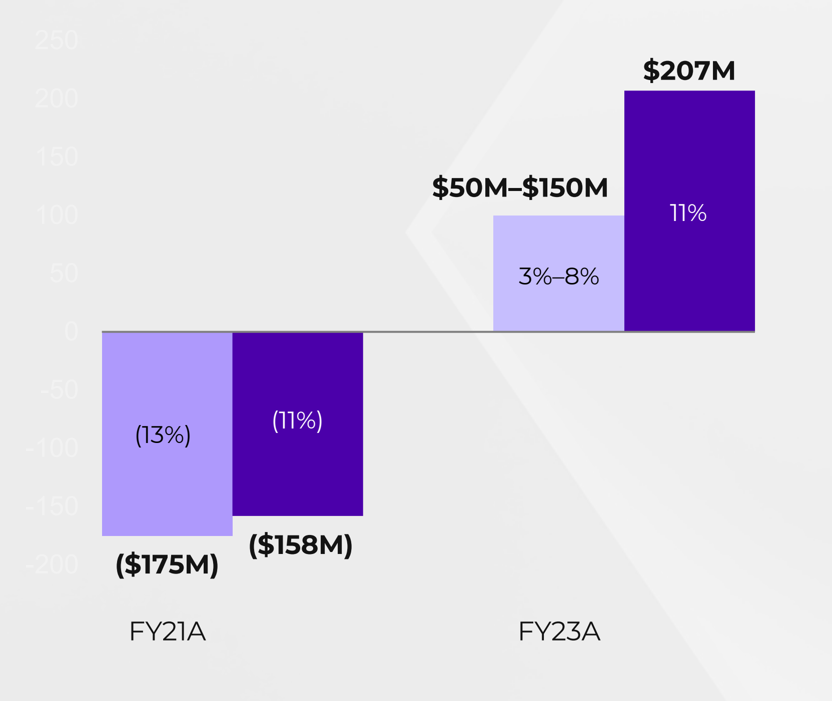
Strong Topline Growth Despite Uncertain Macro Environment

Profitability Ahead of Prior Targets

Non-GAAP Operating Income & Non-GAAP Operating Margin



Free Cash Flow & Free Cash Flow Margin

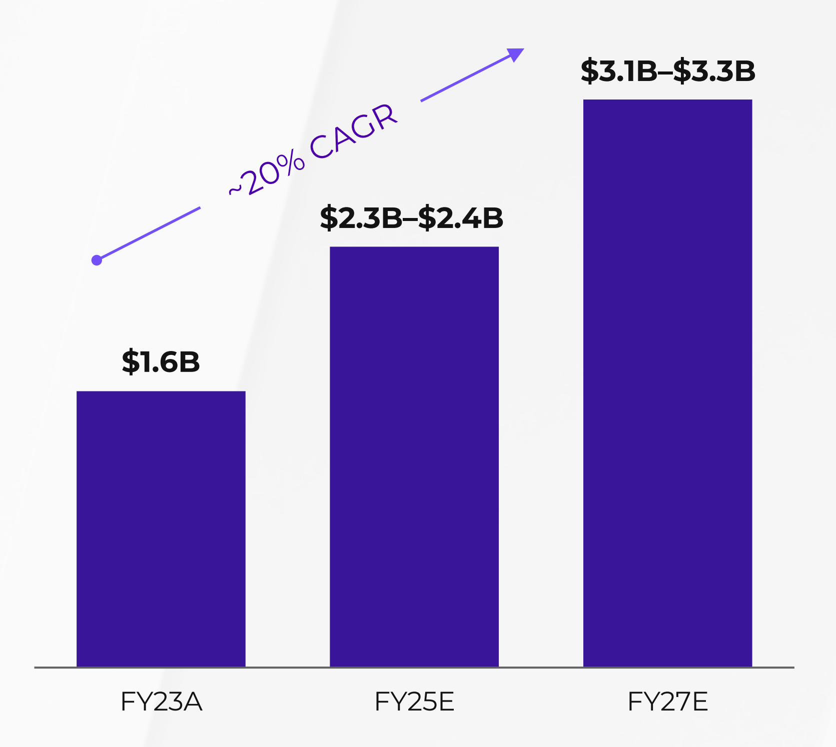


Investor Day 2021
Actual

Where We Are Headed

Growth Drivers

ARR CAGR of ~20%



Key Components of Growth

- Built on a foundation of strong renewals performance
- Driving expansion within growing customer base
- Improving sales rep productivity
- Modest increases in rep headcount

20% Growth Number represents Midpoint of the Ranges

Vectors of Organic Growth

New Customers

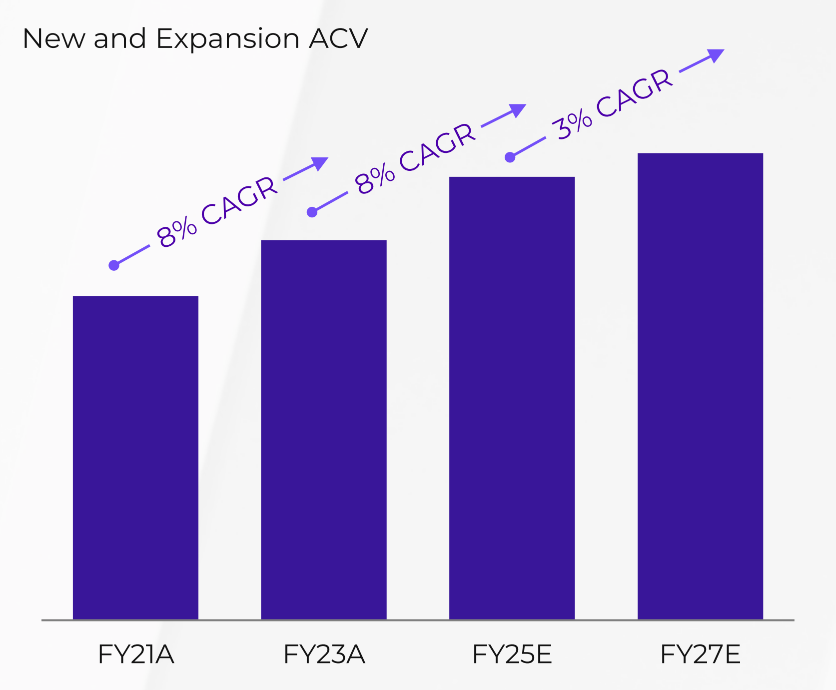
Usage-based Expansion

Workload Expansion

Portfolio Expansion

Rep Productivity

New and Expansion ACV Productivity per Quota-Carrying Rep

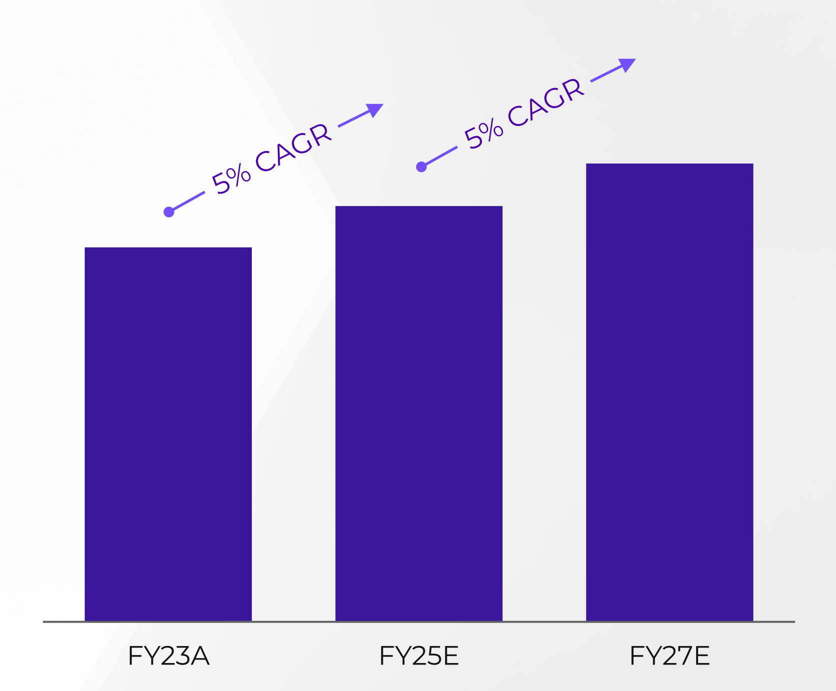


Productivity Gains To Be Driven By:

- Solution-selling of portfolio
- Better channel leverage
- Increased leverage from partnerships
- Larger deals
- Growing proportion of tenured reps

Total Reps

Number of Quota-Carrying Reps

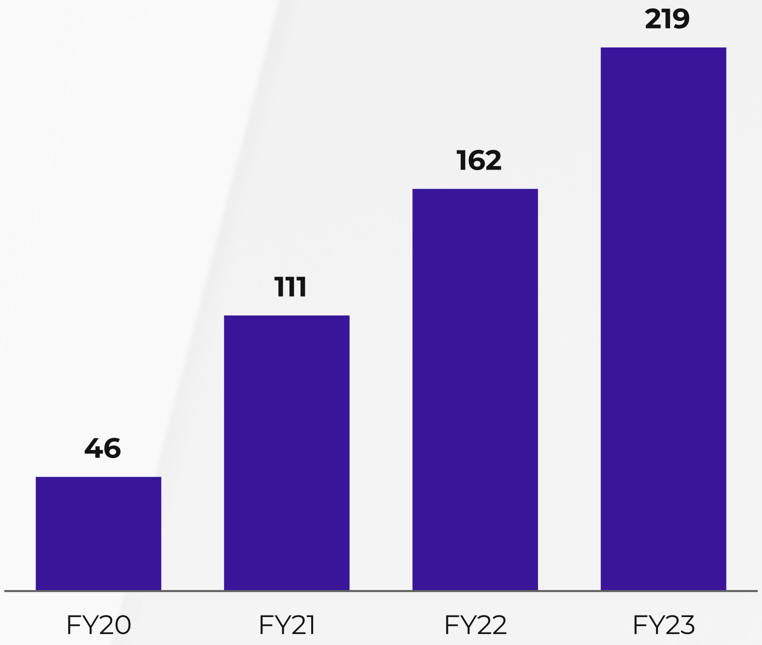


- Disciplined investment in quota-carrying rep headcount
- Focus will be on productivity gains with existing reps, with modest (success-based) incremental growth in rep headcount

FY25 & FY27 Show 2-Year CAGR

Number of Large Customers Growing

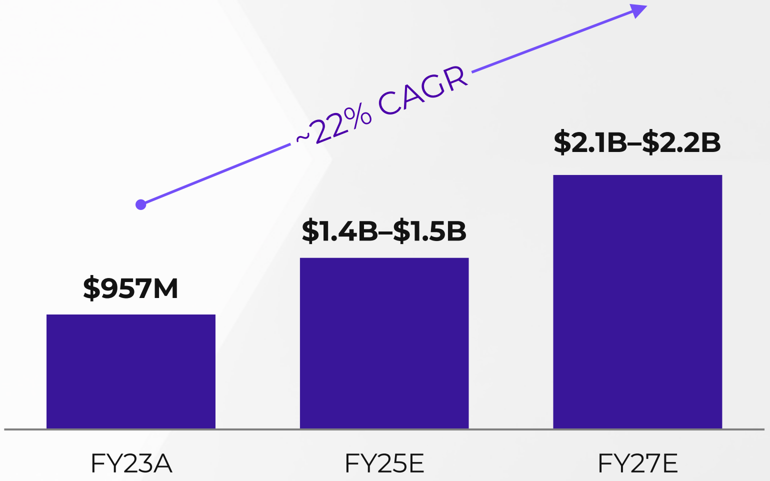
Customer Count with $1M+ ARR



- Continued momentum with largest customers
- 15+ customers with $5M+ ARR; up 120%+ Y/Y

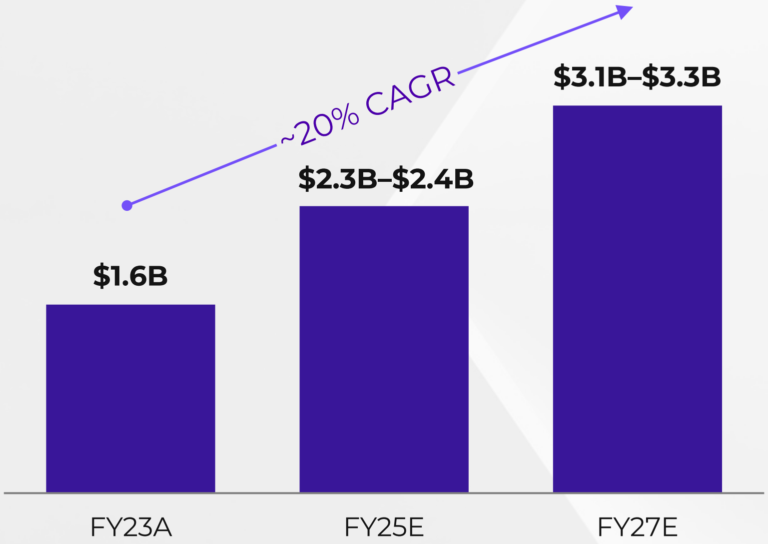
ACV Billings and ARR

ACV Billings



Growth will be driven by a growing renewals waterfall and improvements in New and Expansion performance

ARR

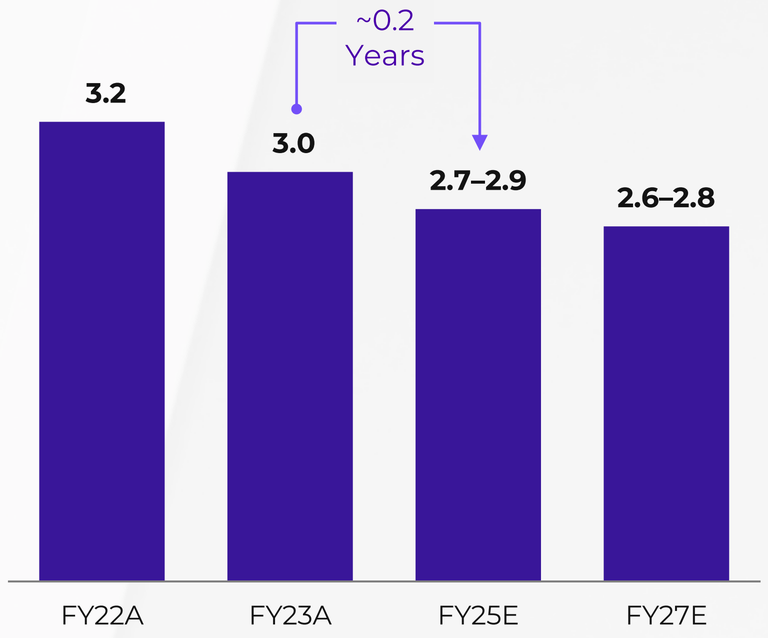


ARR growth driven by GRR of 90%+ and expansion within growing customer base

FY25 & FY27 Assumes Contract Duration of 2.6–2.8 Years
CAGR Growth Numbers represents Approximate Midpoint of the range

Contract Duration

Average Contract Duration

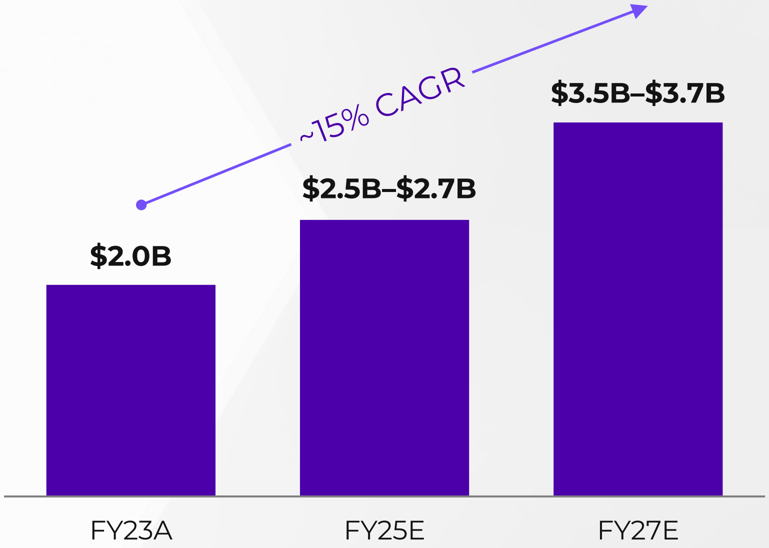


Gradual reduction of contract duration expected to continue, although at a slower rate, as Renewals becomes larger mix of Total Billings

Contract Duration represents the dollar-weighted average duration across all subscription contracts booked in the period.

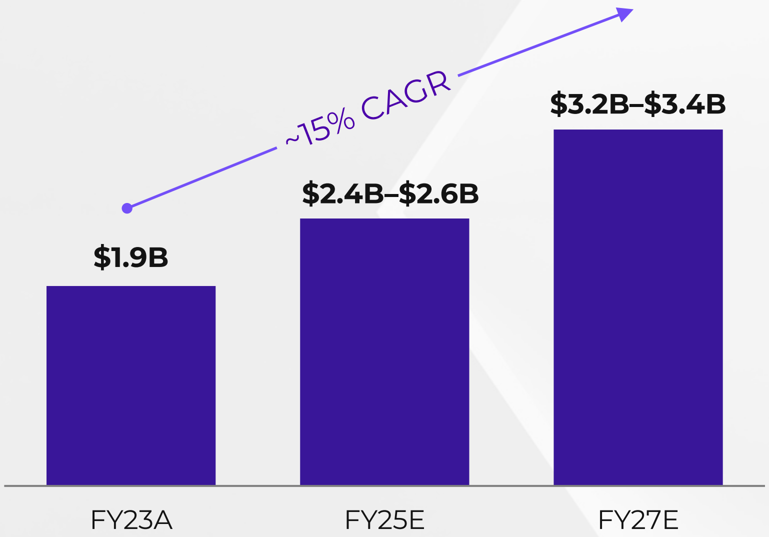
Total Billings and Revenue

Total Billings



Total Billings and Revenue CAGR expected to be slower than ACV Billings CAGR due to slight compression of average contract durations

Revenue

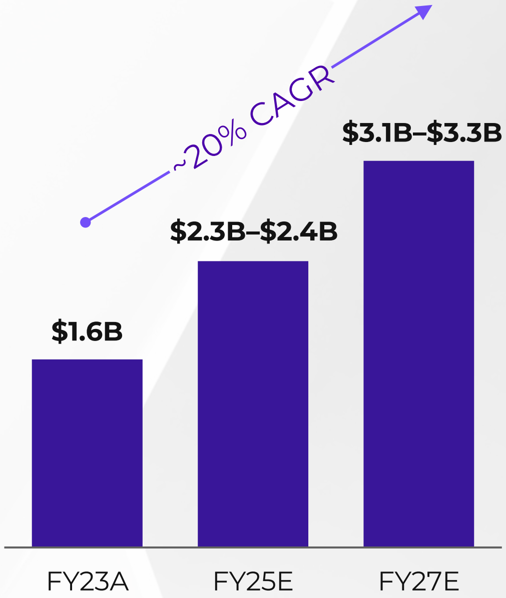


Deferred revenue and renewals expected to play significant role in revenue growth making it more predictable

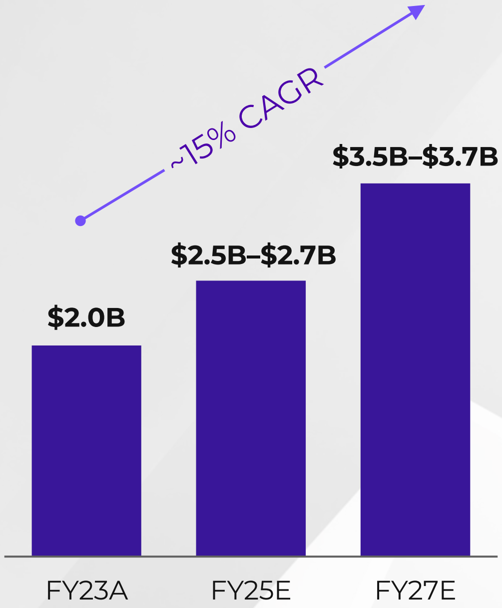
FY25 & FY27 Assumes Contract Duration of 2.6–2.8 Years
CAGR Growth Numbers represents Approximate Midpoint of the range

Summary of Growth Metrics

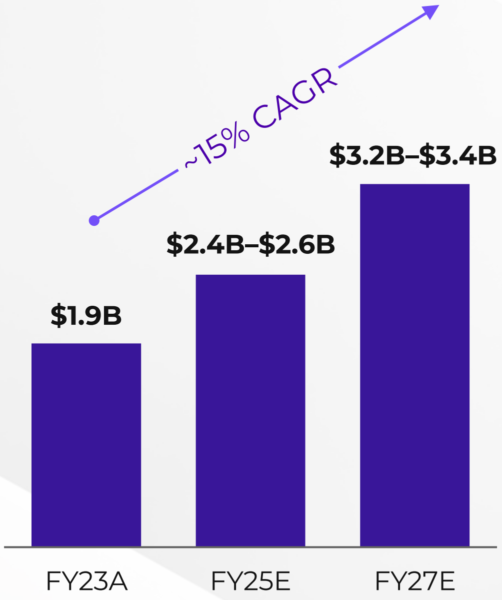
ARR



Total Billings



Revenue



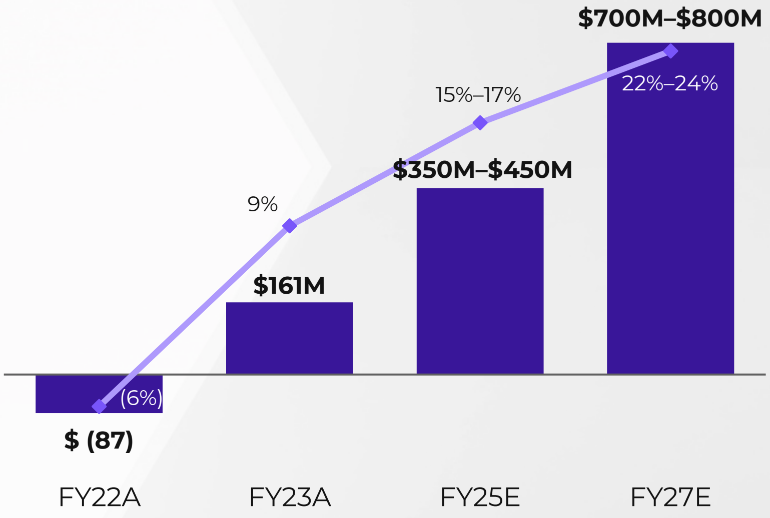
FY25 & FY27 Assumes Contract Duration of 2.6–2.8 Years
CAGR Growth Numbers represents Approximate Midpoint of the range

Where We Are Headed

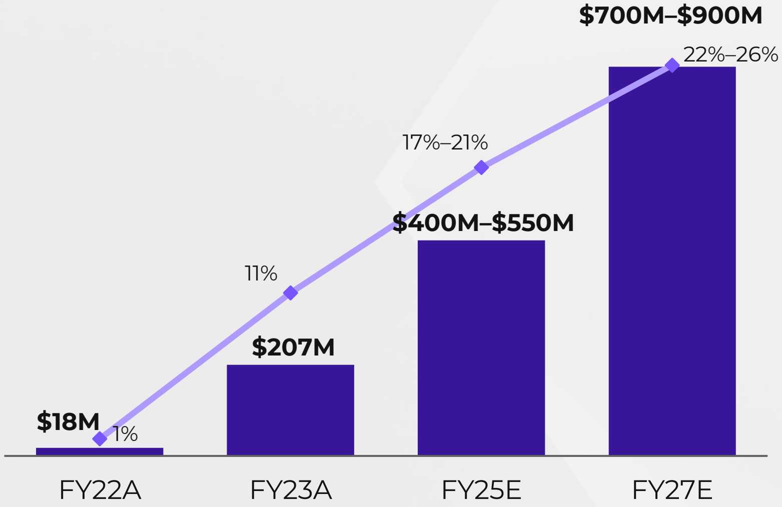
Bottom-Line Drivers

Increasing Profitability and Free Cash Flow

Non-GAAP Operating Income & Non-GAAP Operating Margin



Free Cash Flow & Free Cash Flow Margin



Drivers of Bottom-Line Improvement

Renewals Mix

Lower cost of renewals and growing mix of renewals

Sales Rep Productivity

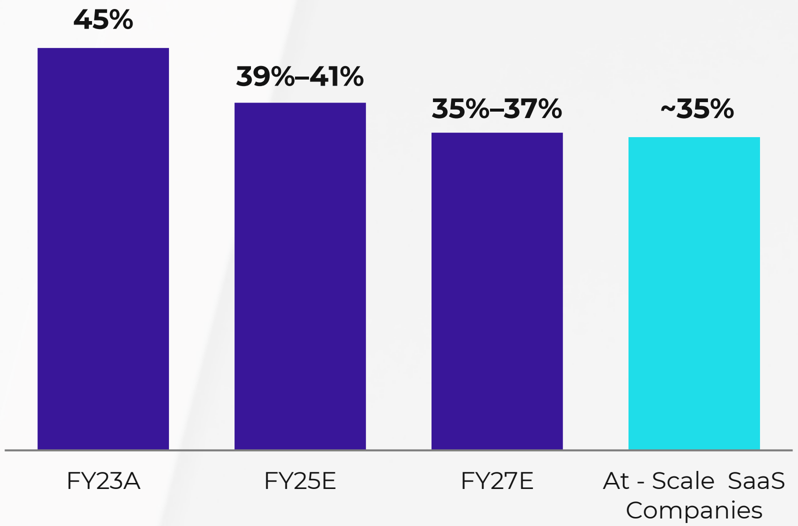
Increase in quota-carrying rep New and Expansion ACV productivity

Disciplined Expense Management

Improved operational efficiency

Renewal Mix Up / S&M Expenses Down

Non-GAAP Sales & Marketing Expense as a % of Revenue



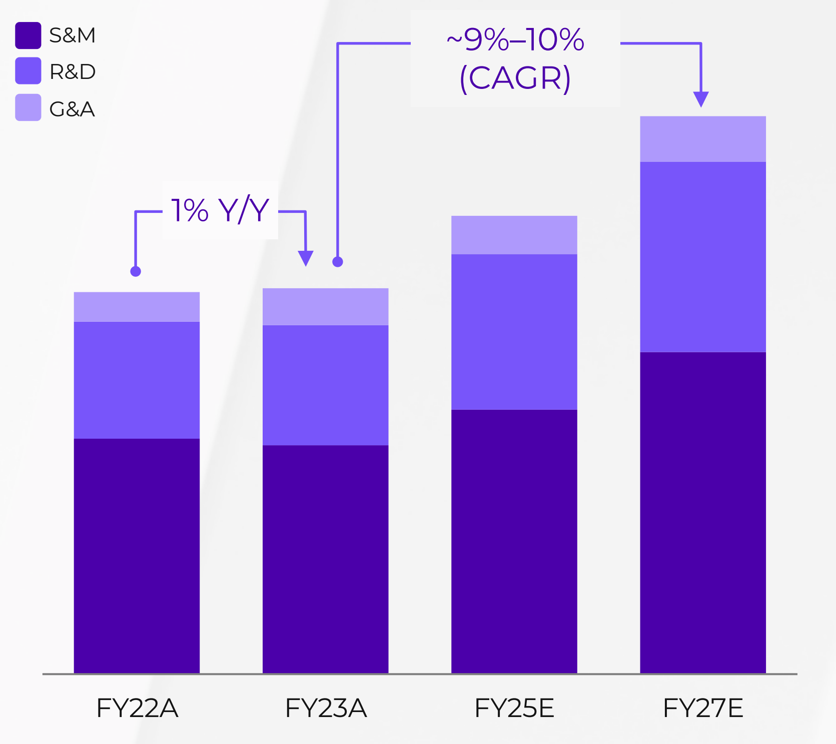
32% ~40% ~50% ~70%–75%

Renewals Mix as % of Total Billings

- Cost of Renewals is significantly lower compared to New and Expansion Business
- Sales & Marketing expense as a % of Revenue inversely correlated to Renewal Mix %

Disciplined Expense Management

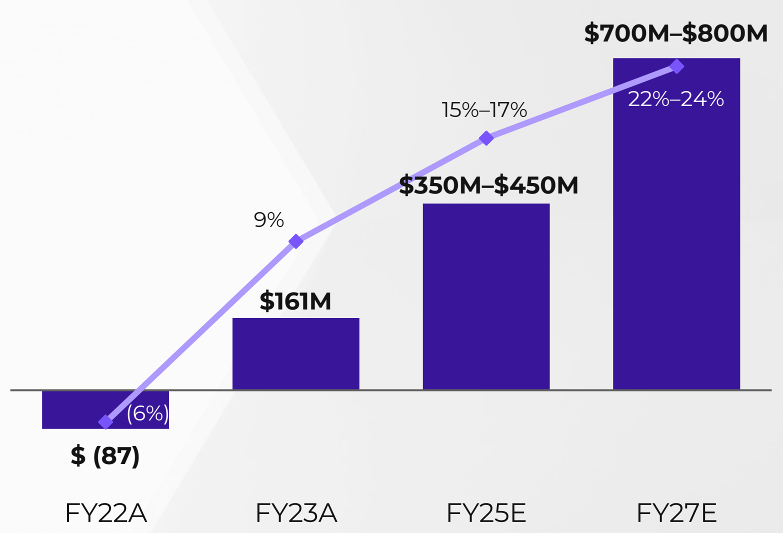
Non-GAAP Operating Expenses



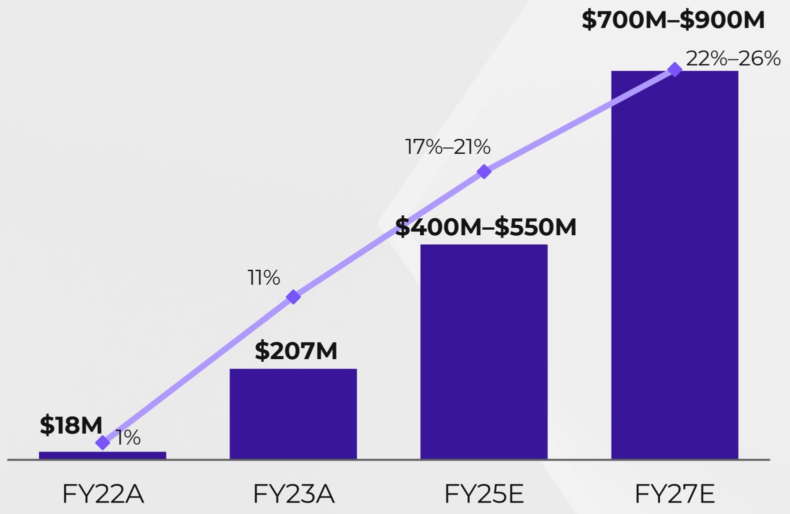
- FY23 expense footprint lower than FY20
- Expenses will continue to grow slower than Revenue
- Modest and targeted S&M investment
- Continued R&D investments to drive innovation

Summary of Profitability and Free Cash Flow

Non-GAAP Operating Income & Non-GAAP Operating Margin



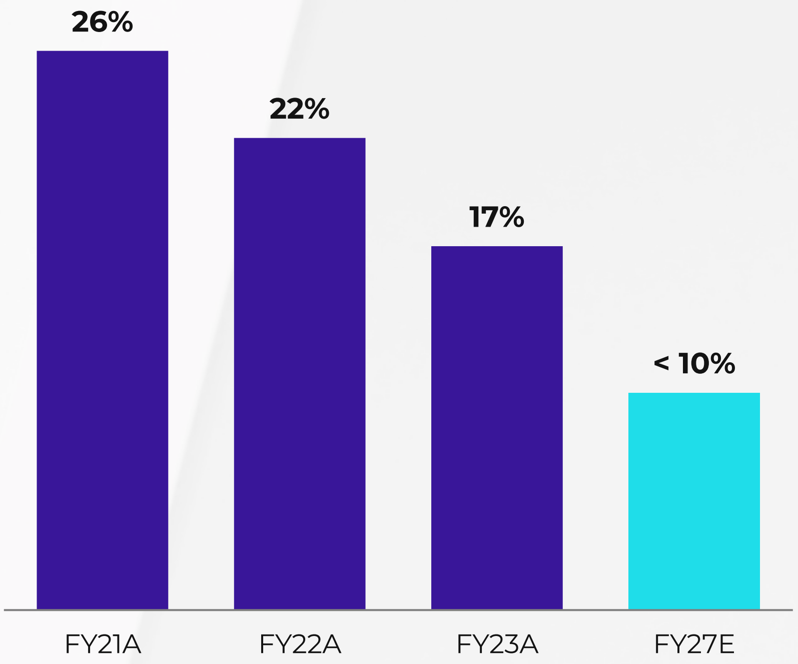
Free Cash Flow & Free Cash Flow Margin



Driving Increasing Profitability

Perspective on Stock-Based Compensation

Stock-Based Compensation as % of Revenue



- In FY24 and beyond, we expect SBC as a % of Revenue to decline annually
- We expect SBC as a % of Revenue to trend to less than 10% by FY2027

Subscription Journey

	Pre-Subscription Phase		Transformation Phase		Scaling Phase	
	FY18A	FY20A	FY22A	FY23A	FY25E	FY27E
Revenue Growth [1]	37%	6%	13%	18%	14%–18%	13%–17%
Non-GAAP Operating Margin	(8%)	(35%)	(6%)	9%	15%–17%	22%–24%
FCF (% of Revenue)	3%	(19%)	1%	11%	17%–21%	22%–26%
Rule of 40	40%	(13%)	15%	29%	33%–37%	40% +

Transformation is complete – scaling continues

1 Revenue FY25E & FY27E is 2 Year CAGR

Cash Allocation Philosophy

Cash Allocation Philosophy

Philosophy for cash allocation in excess of investments for organic growth

Share Repurchase

Return capital to shareholders

Continued confidence in longer-term outlook

Convertible Debt Repayment

Convertible notes with maturity dates in 2026 and 2027

Interest rate on public converts is 0.25%; Cash on balance sheet is earning higher interest currently

Retiring the 0.25% 2027 notes is currently NPV negative

Tuck-in Acquisitions

Retain optionality for opportunistic and targeted acquisitions

Share Repurchase Authorization

- Nutanix's Board of Directors authorized share repurchase program of up to $350M
- No expiry date on share repurchase authorization
- Timing and amount of repurchases will depend on market and business conditions

Financial Highlights

Driving to $3B ARR by 2027

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Durable Growth + Increasing Profitability

[1] *Represents mid-point of projected ranges.*

Q & A

NUTANIX

Appendix

Key Metrics Guidance and Disclosure

Metric	Currently Guide?	Plan to Guide?	Currently Disclose?	Plan to Disclose?	Timeline
ACV Billings	Quarterly + Annually	No	Quarterly	No	Ending Q4'24
Revenue	Quarterly + Annually	Quarterly + Annually	Quarterly	Quarterly	NA
Gross Margin	Quarterly + Annually	No	Quarterly	Quarterly	Ending Q4'24
Operating Expenses	No	No	Quarterly	Quarterly	NA
Operating Margin	Quarterly + Annually	Quarterly + Annually	Quarterly	Quarterly	NA
Contract Duration	Directionally	Directionally	Quarterly	Quarterly	NA
ARR	No	No	Quarterly	Quarterly	NA
Gross Retention Rate	No	No	Directionally	Directionally	NA
Net Retention Rate	No	No	Annually	Quarterly	Starting Q1'25
Free Cash Flow	Annually	Annually	Quarterly	Quarterly	NA
# of New Logos	No	No	Quarterly	No	Ending Q4'23
# of Total Customers	No	No	Quarterly	Quarterly	NA
# of Customers with $1M+ ARR	No	No	No	No	NA
Cost of Acquistion	No	No	No	No	NA
Total Sales Reps	No	No	No	No	NA
Sales Rep Productivity	No	No	No	No	NA

GAAP to Non-GAAP Reconciliations

	FY'18	FY'19	FY'20	FY'21	FY'22	FY'23
Gross Margin (GAAP)	66.6%	75.4%	78.1%	79.1%	79.7%	82.2%
Stock-Based Compensation Expense	1.0%	1.5%	2.1%	2.2%	2.4%	1.9%
Amortization of Intangible Assets	0.5%	1.2%	1.1%	1.0%	0.9%	0.5%
Gross Margin (Non-GAAP)	68.1%	78.1%	81.3%	82.3%	83.0%	84.6%
Operating Expenses (GAAP)	$1,049.8	$1,530.1	$1,850.0	$1,764.5	$1,718.5	$1,737.9
Stock-Based Compensation Expense	(166.5)	(287.9)	(324.7)	(328.0)	(305.1)	(277.2)
Amortization of Intangible Assets	(0.9)	(2.5)	(2.5)	(2.7)	(2.6)	(0.8)
Impairment and Early Exit of Lease-Related Assets	–	–	(2.5)	(1.4)	(0.6)	(1.7)
Restructuring Charges	–	–	–	–	(11.0)	(5.1)
Acquisition-Related Costs	(1.7)	(0.7)	–	–	–	–
Change in Fair Value of Contingent Consideration	2.4	0.8	–	–	–	–
Litigation Settlement Accrual & Legal Fees	–	(0.2)	(1.6)	(2.3)	(0.4)	(38.7)
Operating Expenses (Non-GAAP)	$883.2	$1,239.6	$1,518.7	$1,430.1	$1,398.8	$1,414.4
Loss from Operations (GAAP)	$(280.4)	$(598.1)	$(828.9)	$(662.1)	$(458.9)	$(207.2)
Stock-Based Compensation Expense	177.9	306.7	352.0	358.6	343.3	311.8
Change in Fair Value of Contingent Consideration	(2.4)	(0.8)	–	–	–	–
Amortization of Intangible Assets	6.6	16.8	17.3	17.4	16.2	10.6
Impairment and Early Exit of Lease-Related Assets	–	–	3.0	1.4	0.6	1.7
Restructuring Charges	–	–	–	–	11.2	5.4
Acquisition-Related Costs	1.7	0.7	–	–	–	–
Litigation Settlement Accrual & Legal Fees	–	0.4	1.6	2.3	0.4	38.7
(Loss) Income from Operations (Non-GAAP)	$(96.6)	$(274.3)	$(455.0)	$(282.4)	$(87.2)	$161.0

Note: All amounts in millions, except percentages.

GAAP to Non-GAAP Reconciliations

	FY'18	FY'19	FY'20	FY'21	FY'22	FY'23
Net Loss (GAAP)	$(297.2)	$(621.2)	$(872.9)	$(1,035.6)	$(798.9)	$(254.6)
Stock-Based Compensation Expense	177.9	306.7	352.0	358.6	343.3	311.8
Change in Fair Value of Contingent Consideration	(2.4)	(0.8)	–	–	–	–
Amortization of Intangible Assets	6.6	16.8	17.3	17.4	16.2	10.7
Impairment and Early Exit of Lease-Related Assets	–	–	3.0	1.4	0.6	1.7
Restructuring Charges	–	–	–	–	11.2	5.4
Acquisition-Related Costs	1.7	0.7	–	–	–	–
Litigation Settlement Accrual & Legal Fees	–	0.4	1.6	2.3	0.4	38.7
Amortization of Debt Discount & Issuance Costs	14.7	29.3	31.4	80.0	60.7	64.1
Change in Fair Value of Derivative Liability	–	–	–	269.2	198.0	–
Gain on Frame Divestiture	–	–	–	–	–	(11.0)
Loss on Debt Extinguishment	–	–	–	–	64.9	–
Income Tax-Related Adjustments	(2.7)	(4.7)	1.8	0.8	0.8	2.2
Net (Loss) Income (Non-GAAP)	$(101.5)	$(272.8)	$(465.8)	$(305.9)	$(102.8)	$169.0
Net Cash Provided by (Used in) Operating Activities	$92.5	$42.1	$(159.9)	$(99.8)	$67.5	$272.4
Purchases of Property and Equipment	(62.3)	(118.4)	(89.5)	(58.7)	(49.0)	(65.4)
Free Cash Flow (Non-GAAP)	$30.2	$(76.3)	$(249.4)	$(158.5)	$18.5	$207.0

Note: All amounts in millions, except percentages.

Key Metric Definitions

Key Metric	Definition
Annual Contract Value (ACV)	Annual Contract Value, or ACV, is defined as the total annualized value of a contract. The total annualized value for a contract is calculated by dividing the total value of the contract by the number of years in the term of such contract, using, where applicable, an assumed term of five years for Life-of-Device contracts that do not have a specified term. Excludes amounts related to professional services and hardware
ACV Billings	ACV Billings, for any given period, is defined as the sum of the ACV for all contracts billed during the given period
ACV Bookings	ACV Bookings, for any given period, is defined as the sum of the ACV for all contracts booked during the given period
Annual Recurring Revenue (ARR)	Annual Recurring Revenue, or ARR, for any given period, is defined as the sum of ACV for all subscription contracts in effect as of the end of a specific period. For the purposes of this calculation, we assume that the contract term begins on the date a contract is booked, unless the terms of such contract prevent us from fulfilling our obligations until a later period, and irrespective of the periods in which we would recognize revenue for such contract. Excludes all life-of-device contracts

Key Metric Definitions

Key Metric	Definition
Contract Duration	Contract Duration represents the dollar-weighted average duration across all subscription contracts booked in the period
Cost of Acquiring Business – New /Upsell	Sales and Marketing (S&M) spend associated with acquiring new and up-sell/expansion business
Cost of Acquiring Business – Renewals	Sales and Marketing spend associated with renewing subscription contracts
Gross Retention Rate (GRR)	Gross Retention Rate, or GRR, for any given period, is calculated by dividing ARR at the end of the period excluding any up-sell/expansion by the ARR of the same group of customers at the beginning of that 12-month period
Net Retention Rate (NRR)	Net Retention Rate, or NRR is calculated by dividing ARR at the end of the period by the ARR of the same group of customers at the beginning of that 12-month period

Key Metric Definitions

Key Metric	Definition
Total Billings	Total Billings for any given period is defined as the sum of the total amounts billed for all contracts during the given period
Rule of 40	Sum of revenue growth rate plus free cash flow margin should be greater than or equal to 40%
Sales Rep Productivity	$\frac{\text{New / Expansion ACV for the period}}{\text{Average of Total Sales Reps for current and prior period}}$
Total Sales Reps	Total Sales Reps, represents the ending sales rep headcount for the given period