

Q2 FY2024 Earnings

February 28, 2024

NUTANIX

Safe Harbor

Non-GAAP Financial Measures and Other Key Performance Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, this presentation includes the following non-GAAP financial and other key performance measures: non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP operating margin, free cash flow, Annual Contract Value Billings (or ACV Billings), Annual Recurring Revenue (or ARR), and Average Contract Duration. In computing non-GAAP financial measures, we exclude certain items such as stock-based compensation and the related income tax impact, costs associated with our acquisitions (such as amortization of acquired intangible assets, income tax-related impact, and other acquisition-related costs), costs related to the impairment and early exit of operating lease-related assets, restructuring charges, litigation settlement accruals and legal fees related to certain litigation matters, the amortization of the debt discount and issuance costs, interest expense related to convertible senior notes, gains on divestitures, and other non-recurring transactions and the related tax impact. Non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, 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 it allows us to better track the topline growth of our business during our transition to a subscription-based business model because it takes into account variability in term lengths. ARR is a performance measure that we believe provides useful information to our management and investors as it allows us to better track the topline growth of our subscription business because it takes into account variability in term lengths. We use these non-GAAP financial and key performance measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. However, these non-GAAP financial and key performance measures have limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP operating margin, and free cash flow are not substitutes for gross margin, operating expenses, operating income (loss), operating margin, or net cash provided by (used in) operating activities, respectively. There is no GAAP measure that is comparable to ACV Billings, ARR, or Average Contract Duration, so we have not reconciled the ACV Billings, ARR, or Average Contract Duration data included in this presentation to any GAAP measure. In addition, other companies, including companies in our industry, may calculate non-GAAP financial measures and key performance measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures and key performance measures as tools for comparison. We urge you to review the reconciliation of our non-GAAP financial measures and key performance measures to the most directly comparable GAAP financial measures included in the tables captioned “GAAP to Non-GAAP Reconciliations” and not to rely on any single financial measure to evaluate our business. This presentation also includes the following forward-looking non-GAAP financial measures as part of our third quarter fiscal 2024 outlook and/or our fiscal 2024 outlook: non-GAAP gross margin, non-GAAP operating margin, and free cash flow. We are unable to reconcile these forward-looking non-GAAP financial measures to their most directly comparable GAAP financial measures without unreasonable efforts, as we are currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact the GAAP financial measures for these periods but would not impact the non-GAAP financial measures.

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Forward Looking Statements

This presentation contains express and implied forward-looking statements, including, but not limited to, statements regarding: our business momentum and prospects, our third quarter fiscal 2024 outlook, and our fiscal 2024 outlook.

These forward-looking statements are not historical facts and instead are based on our current expectations, estimates, opinions, and beliefs. Consequently, you should not rely on these forward-looking statements. The accuracy of these forward-looking statements depends upon future events and involves risks, uncertainties, and other factors, including factors that may be beyond our control, that may cause these statements to be inaccurate and cause our actual results, performance or achievements to differ materially and adversely from those anticipated or implied by such statements, including, among others: the inherent uncertainty or assumptions and estimates underlying our projections and guidance, which are necessarily speculative in nature; any failure to successfully implement or realize the full benefits of, or unexpected difficulties or delays in successfully implementing or realizing the full benefits of, our business plans, strategies, initiatives, vision, and objectives; our ability to achieve, sustain and/or manage future growth effectively; the rapid evolution of the markets in which we compete, including the introduction, or acceleration of adoption of, competing solutions, including public cloud infrastructure; failure to timely and successfully meet our customer needs; delays in or lack of customer or market acceptance of our new solutions, products, services, product features or technology; macroeconomic or geopolitical uncertainty, including supply chain issues; our ability to attract, recruit, train, retain, and, where applicable, ramp to full productivity, qualified employees and key personnel; factors that could result in the significant fluctuation of our future quarterly operating results (including anticipated changes to our revenue and product mix, the timing and magnitude of orders, shipments and acceptance of our solutions in any given quarter, our ability to attract new and retain existing end-customers, changes in the pricing and availability of certain components of our solutions, and fluctuations in demand and competitive pricing pressures for our solutions); our ability to form new or maintain and strengthen existing strategic alliances and partnerships, as well as our ability to manage any changes thereto; the impact of a pandemic or major public health concern; 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 U.S. Securities and Exchange Commission, or the SEC, on September 21, 2023 and our subsequent Quarterly Reports on Form 10-Q filed with the SEC. Additional information will be set forth in our Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2024, which should be read in conjunction with this presentation and the financial results included herein. Our SEC filings are available on the Investor Relations section of our website at ir.nutanix.com and on the SEC's website at www.sec.gov. These forward-looking statements speak only as of the date of this presentation and, except as required by law, we assume no obligation, and expressly disclaim any obligation, to update, alter or otherwise revise any of these forward-looking statements to reflect actual results or subsequent events or circumstances.

Q2 FY2024 Company Highlights

Delivers Outperformance Across All Q2'24 Guided Metrics	ACV Billings of \$329.5 million were up 23% year-over-year and revenue of \$565.2 million was up 16% year-over-year.
Raises FY'24 Guidance	FY'24 outlook raised for all guided metrics, including Revenue, ACV Billings, Non-GAAP Operating Margin, Non-GAAP Gross Margin and Free Cash Flow.
Achieved GAAP Operating Profitability for the First Time	Achieved GAAP Operating Income of \$37M, the first positive GAAP Operating Profit in the Company's history.
Announced GA of D2iQ Kubernetes Platform 2.7	D2iQ Kubernetes Platform 2.7 made Generally Available, enabling AI-powered modern app management.



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

Management Commentary

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Our disciplined execution enabled us to deliver a solid second quarter financial performance against an uncertain, but stable macro backdrop. We continue to remain focused on being a long-term strategic and innovative partner to our customers as they look to operate in a hybrid multicloud world.



Rajiv Ramaswami

President and Chief Executive Officer
Nutanix

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Our second quarter results demonstrated a good balance of top and bottom line performance with 26% year-over-year ARR growth and strong free cash flow generation. We also achieved GAAP operating profitability for the first time, reflecting the progress we've made in driving operating leverage in our model and optimizing the difference between our GAAP and non-GAAP results.



Rukmini Sivaraman

Chief Financial Officer
Nutanix

Q2 FY2024 Financial Summary

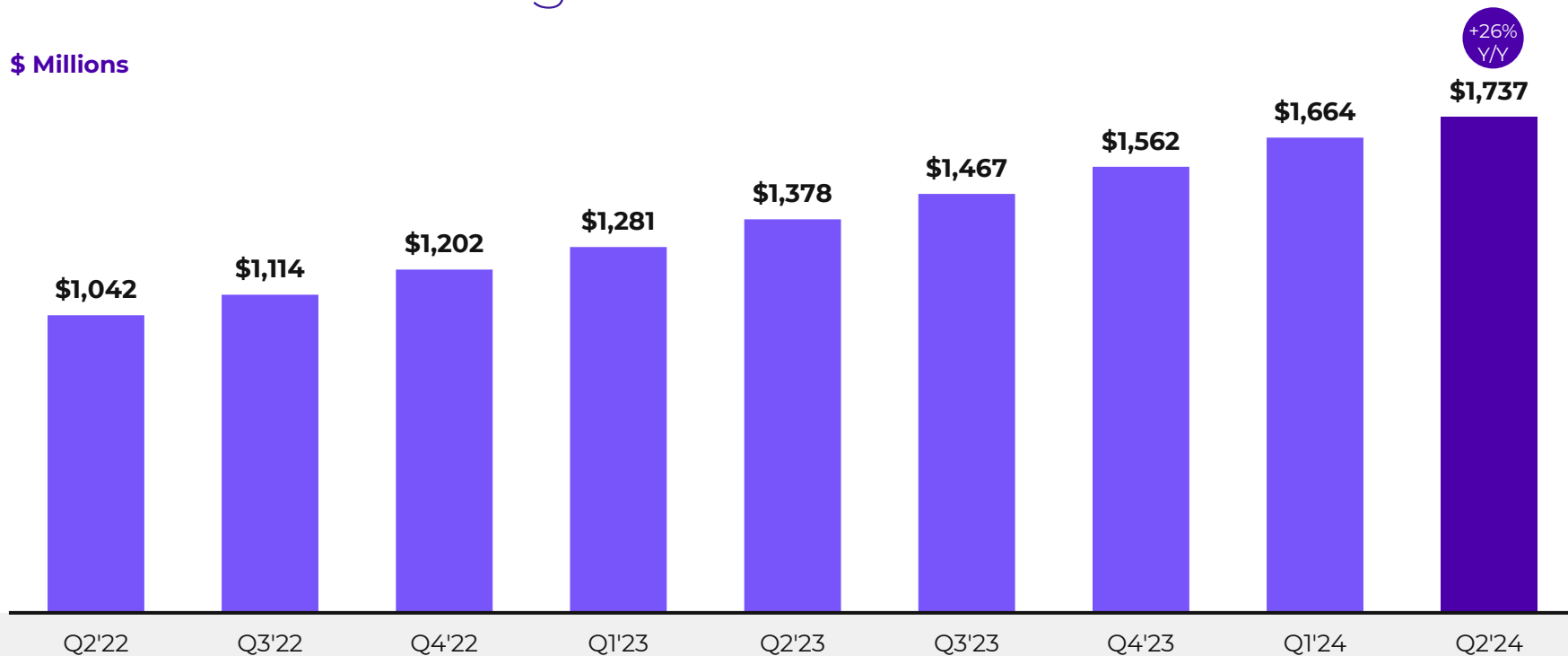
	Q2'24 Results	Y/Y Change	Q2'24 Guidance
ACV Billings	\$329.5M	23%	\$295 – \$305M
Annual Recurring Revenue	\$1.74B	26%	N/A
Average Contract Duration	2.8 Years	(0.2) Years	N/A
Revenue ⁽¹⁾	\$565.2M	16%	\$545 – \$555M
Non-GAAP Gross Margin	87.3%	250 bps	85 – 86%
Non-GAAP Operating Expenses	\$369.4M	8%	N/A
Non-GAAP Operating Income	\$123.9M	\$53.9M	N/A
Non-GAAP Operating Margin	21.9%	7.5% pts	14 – 16%
Non-GAAP Net Income per Share (Diluted)	\$0.46	\$0.20	N/A
Free Cash Flow	\$162.6M	\$99.6M	N/A

1. See endnote 1 in the Appendix.

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

Annual Recurring Revenue

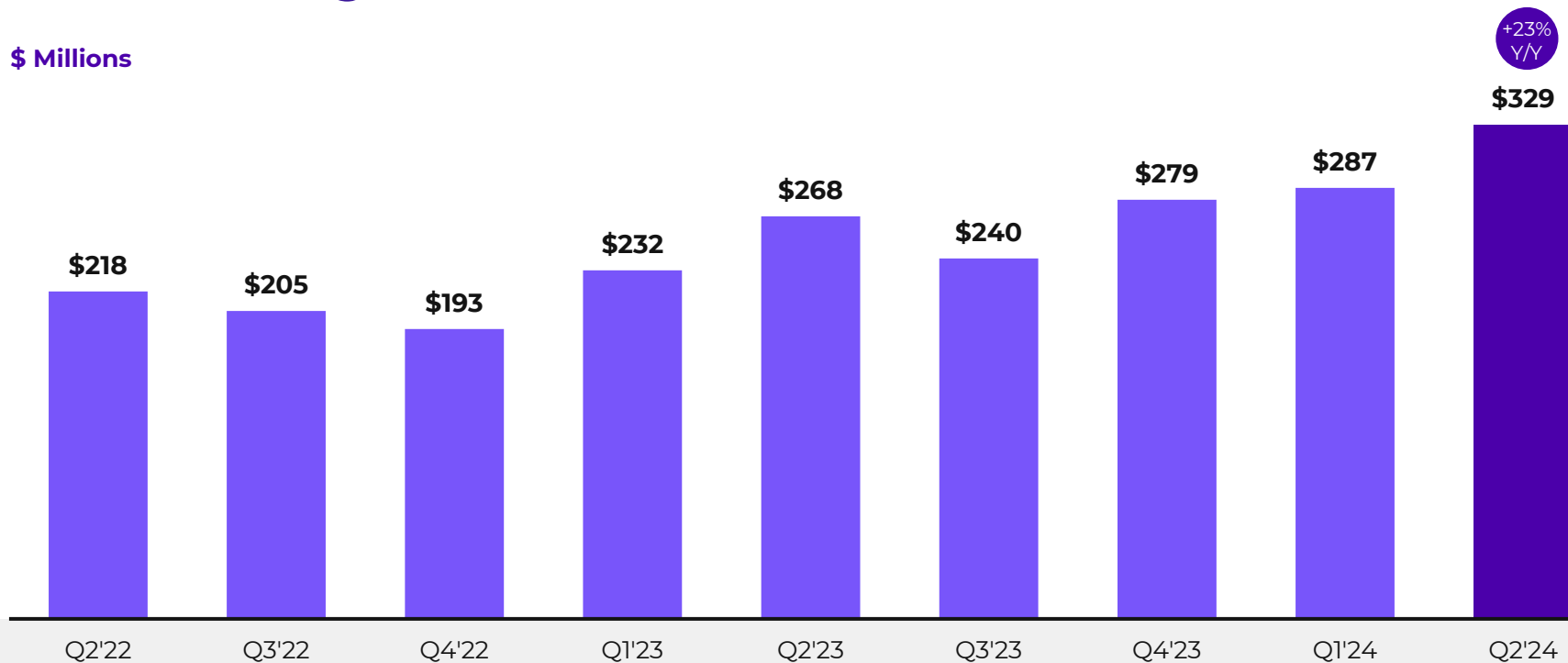
\$ Millions



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

ACV Billings

\$ Millions

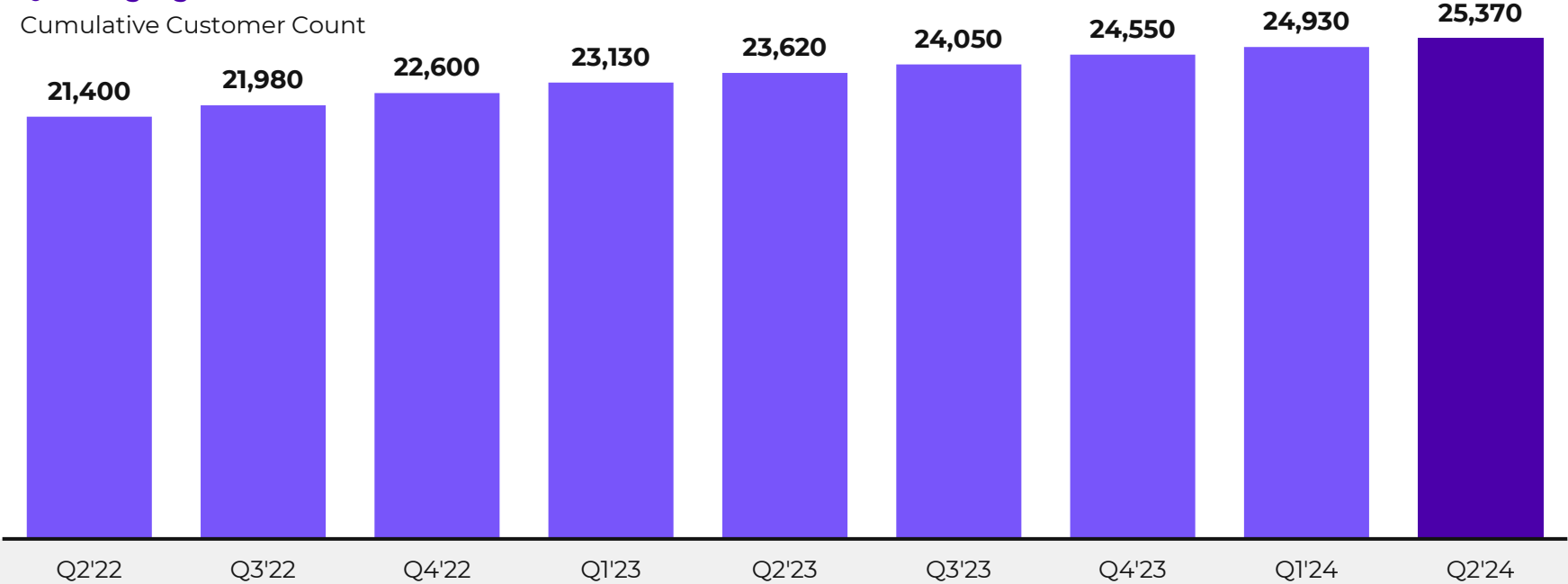


Note: ACV Billings exclude amounts related to professional services and hardware. See Appendix for definition of ACV Billings. There is no GAAP measure that is comparable to ACV Billings, so the Company has not reconciled ACV Billings in this presentation to any GAAP measure.

Customer Growth

Q2'24 Highlights

Cumulative Customer Count



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

Q3'24 Financial Guidance

	Q3'24 Guidance
ACV Billings	\$265 – \$275M
Revenue	\$510 – \$520M
Non-GAAP Gross Margin	~85%
Non-GAAP Operating Margin	7.5% to 8.5%
Weighted Average Shares Outstanding (Diluted) ⁽¹⁾	~301M

1. See endnote 2 in the Appendix.

Note: Q3'24 guidance is as of February 28, 2024. See Appendix for definition of ACV Billings. There is no GAAP measure that is comparable to ACV Billings, so the Company has not reconciled ACV Billings in this presentation to any GAAP measure. We are unable to reconcile forward-looking non-GAAP financial measures to their most directly comparable GAAP financial measures without unreasonable efforts, as we are currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact the GAAP financial measures for these periods but would not impact the non-GAAP financial measures.



FY'24 Financial Guidance

	FY'24 Guidance
ACV Billings	\$1.09 – \$1.11B
Revenue	\$2.12 – \$2.15B
Non-GAAP Gross Margin	85% to 86%
Non-GAAP Operating Margin	12.5% to 13.5%
Free Cash Flow	\$420 – \$440M

Modeling Assumptions:

1. The Company is seeing continued new and expansion opportunities for its solutions despite the uncertain macro environment. However, as the Company has mentioned previously, it has continued to see a modest elongation of average sales cycles relative to historical levels. Its FY24 new and expansion ACV performance outlook assumes some impact from these macro dynamics. The Company is also seeing a higher mix of larger deals in its pipeline, which is driving greater variability in the timing of its new and expansion business.
2. The guidance assumes that the Company's renewals business will continue to perform well.
3. The full-year guidance continues to assume that average contract duration will be flat to slightly lower compared to FY23, as renewals continue to grow as a percentage of the Company's billings.
4. The full-year ACV Billings is not the straight sum of the ACV Billings of the four quarters due to contracts with durations less than 1 year; the Company expects full-year ACV Billings to be about 5-6% lower than the sum of the four quarters' ACV Billings.

Note: FY'24 guidance is as of February 28, 2024. See Appendix for definition of ACV Billings. There is no GAAP measure that is comparable to ACV Billings, so the Company has not reconciled ACV Billings in this presentation to any GAAP measure. We are unable to reconcile forward-looking non-GAAP financial measures to their most directly comparable GAAP financial measures without unreasonable efforts, as we are currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact the GAAP financial measures for these periods but would not impact the non-GAAP financial measures.

Appendix

Nutanix Reporting Model

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

Endnote and Definitions

Endnote

1. Revenue was negatively impacted by a year-over-year decline in the average contract duration, including as a result of Nutanix's transition to a subscription-based business model.
2. Weighted average share count used in computing diluted non-GAAP net income per share.

Definitions

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

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

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

Note: ACV and ACV Billings are performance measures that the Company believes provides useful information to its management and investors as they allow the Company to better track the topline growth of its business during its transition to a subscription-based business model because it takes into account variability in term lengths. ARR is a performance measure that the Company believes provides useful information to its management and investors as it allows the Company to better track the topline growth of its subscription business because it takes into account variability in term lengths. There is no GAAP measure that is comparable to ACV, ACV Billings, or ARR so the Company has not reconciled the ACV, ACV Billings, or ARR numbers included in this presentation to any GAAP measure.

GAAP to Non-GAAP Reconciliations

	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
Gross Margin (GAAP)	82.2%	81.6%	83.7%	84.0%	85.6%
Stock-Based Compensation Expense	2.1	1.9	1.7	1.7	1.6
Amortization of Intangible Assets	0.5	0.5	0.4	0.2	0.1
Gross Margin (Non-GAAP)	84.8%	84.0%	85.8%	85.9%	87.3%
Operating Expenses (GAAP)	\$456.2	\$424.8	\$425.1	\$434.8	\$446.6
Stock-Based Compensation Expense	(75.0)	(64.5)	(64.2)	(75.0)	(77.1)
Amortization of Intangible Assets	(0.2)	(0.2)	(0.1)	–	(0.1)
Early Exit of Lease-Related Assets	(0.8)	–	–	–	–
Restructuring Charges	0.5	–	–	–	0.2
Litigation Settlement Accrual and Legal Fees	(38.2)	(0.3)	(0.2)	–	–
Other	–	–	–	–	(0.2)
Operating Expenses (Non-GAAP)	\$342.5	\$359.8	\$360.6	\$359.8	\$369.4
(Loss) Income from Operations (GAAP)	\$(56.5)	\$(58.6)	\$(11.4)	\$(5.7)	\$37.1
Stock-Based Compensation Expense	85.3	72.9	72.6	84.0	86.0
Amortization of Intangible Assets	2.7	2.6	2.2	1.2	0.8
Early Exit of Lease-Related Assets	0.8	–	–	–	–
Restructuring Charges	(0.5)	–	–	–	(0.2)
Litigation Settlement Accrual and Legal Fees	38.2	0.3	0.2	–	–
Other	–	–	–	–	0.2
Income from Operations (Non-GAAP)	\$70.0	\$17.2	\$63.6	\$79.5	\$123.9



Note: All amounts in millions, except percentages.

GAAP to Non-GAAP Reconciliations

	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
Net (Loss) Income (GAAP)	\$(70.8)	\$(71.0)	\$(13.3)	\$(15.9)	\$32.8
Stock-Based Compensation Expense	85.3	72.9	72.6	84.0	86.0
Amortization of Intangible Assets	2.7	2.6	2.2	1.2	0.8
Early Exit of Lease-Related Assets	0.8	–	–	–	–
Restructuring Charges	(0.5)	–	–	–	(0.2)
Litigation Settlement Accrual and Legal Fees	38.2	0.3	0.2	–	–
Amortization of Debt Discount and Issuance Costs	15.9	16.2	16.3	16.3	16.6
Gain on Frame Divestiture	–	–	(11.0)	–	–
Other	–	–	–	0.9	0.1
Income Tax-Related Adjustments	0.5	0.7	0.5	0.3	0.2
Net Income (Non-GAAP)	\$72.1	\$21.7	\$67.5	\$86.8	\$136.3
Net Cash Provided by Operating Activities	\$74.1	\$74.5	\$58.3	\$145.5	\$186.4
Purchase of Property and Equipment	(11.1)	(21.8)	(12.8)	(13.0)	(23.8)
Free Cash Flow (Non-GAAP)	\$63.0	\$52.7	\$45.5	\$132.5	\$162.6

	Q2'23	Q2'24
Weighted Average Shares Outstanding (Basic)	232M	244M
Weighted Average Shares Outstanding (Diluted)	281M	299M

Note: All amounts in millions.



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Thank You