Q1 Fiscal 2021 Earnings Presentation

NOVEMBER 23, 2020

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, we use the following non-GAAP financial and other key performance measures: billings, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net loss, non-GAAP net loss per share, free cash flow, subscription revenue, subscription billings, subscription revenue mix, subscription billings mix, professional services billings, Annual Contract Value Billings (or ACV Billings), and Run-rate Annual Contract Value (or Run-rate ACV). In computing these non-GAAP financial measures and key performance 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), impairment of operating lease-related assets, change in fair value of derivative liability, amortization of debt discount and issuance costs, non-cash interest expense, other non-recurring transactions and the related tax impact, and the revenue and billings associated with pass-through hardware sales. Billings is a performance measure which we believe provides useful information to investors because it represents the amounts under binding purchase orders received by us during a given period that have been billed, and we calculate billings by adding the change in deferred revenue between the start and end of the period to total revenue recognized in the same period. Non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net loss, and non-GAAP net loss per share 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 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 (used in) provided by operating activities less purchases of property and equipment. Subscription revenue, subscription billings, subscription revenue mix, subscription billings mix, and professional services billings are performance measures that we believe provide useful information to our management and investors as they allow 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. 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. Billings, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net loss, non-GAAP net loss per share, and free cash flow are not substitutes for total revenue, gross margin, operating expenses, net loss, net loss per share, or net cash (used in) provided by operating activities, respectively; subscription revenue is not a substitute for total revenue; and subscription and professional services billings are not substitutes for subscription and professional services revenue, respectively, or total revenue. There is no GAAP measure that is comparable to either ACV Billings or Run-rate ACV, so we have not reconciled the ACV Billings or Run-rate ACV numbers included in this presentation to any GAAP measure. In addition, other companies, including companies in our industry, may calculate non-GAAP financial measures and key performance measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures and key performance measures as tools for comparison. We urge you to review the reconciliation of our non-GAAP financial measures and key performance measures to the most directly comparable GAAP financial measures set forth in the tables captioned "GAAP to Non-GAAP Reconciliations and Calculation of Billings" and "Disaggregation of Billings and Revenue" included in the appendix hereto, and not to rely on any single financial measure to evaluate our business.

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Forward Looking Statements

This presentation and the accompanying oral commentary contain express and implied forward-looking statements, including, but not limited to, statements relating to: our business plans, strategies, initiatives, objectives and outlook, 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; 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, including our ability to manage our expenses and drive long-term growth and our cash usage in future periods; the competitive market, including our competitive position, our projections about our market share and the size of our total addressable market; our customer needs and our response to those needs; 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 products, services, product features and technology, including those that are still under development or in process; the success and impact of our customer, partner, industry, analyst, investor, and employee events on our business, including on future pipeline generation; our plans and timing for, and the success and impact of, any current and future business model transitions, including the impact thereof on average contract term lengths; the timing 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 the actions we have taken to manage operating expenses; the timing and impact of our announced CEO transition plan; and our guidance on estimated ACV Billings, non-GAAP gross margin, non-GAAP operating expenses and weighted shares outstanding for any future fiscal periods. These forward-looking statements are not historical facts and instead are based on our current expectations, estimates, opinions, and beliefs. Consequently, you should not rely on these forward-looking statements. The accuracy of these forward-looking statements depends upon future events and involves risks, uncertainties, and other factors, including factors that may be beyond our control, that may cause these statements to be inaccurate and cause our actual results, performance or achievements to differ materially and adversely from those anticipated or implied by such statements, including, among others: failure to successfully implement or realize the full benefits of, or unexpected difficulties or delays in successfully implementing or realizing the full benefits of, our business plans, initiatives and objectives; the timing, breadth, and impact of the COVID-19 pandemic on our business, operations, and financial results, as well as the impact on our customers, partners, and end markets; failure to timely and successfully meet our customer needs; delays in or lack of customer or market acceptance of our new products, services, product features or technology; delays or unexpected accelerations in the transition to a subscription-based business model; the rapid evolution of the markets in which we compete; our ability to achieve, sustain and/or manage future growth effectively; factors that could result in the significant fluctuation of our future quarterly operating results, including, among other things, anticipated changes to our revenue and product mix, including changes as a result of our transition to a subscription-based business model, which will slow revenue growth during such transition and make forecasting future performance more difficult, 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 of certain components of our solutions, and fluctuations in demand and competitive pricing pressures for our solutions; the introduction, or acceleration of adoption of, competing solutions, including public cloud infrastructure; and other risks detailed in our Annual Report on Form 10-K for the fiscal year ended July 31, 2020, filed with the U.S. Securities and Exchange Commission, or the SEC, on September 23, 2020. Additional information will also be set forth in our Quarterly Report on Form 10-Q that will be filed for the fiscal quarter ended October 31, 2020 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.

Q1'21 Company Highlights

- **FY'21 Off to a Strong Start Despite COVID-related Macro Uncertainty**
  10% YoY growth in ACV Billings, 29% YoY growth in Run-rate ACV, and outperformance across all other key financial metrics
- **ACV-First Thesis Nicely Played Out in Q1**
  Total Average Contract Term declined to 3.5 years, leading to 1) better unit economics, 2) shorter time to more efficient renewals, 3) accelerated new product adoption, and 4) strong ACV growth
- **Enhanced Go-to-Market Execution with Consistency**
  Solid performance across all geographies, driven by 1) increased sales alignment and enablement, 2) digital marketing efficiency, and 3) resilient ACV-first strategy
- **Continued Growth Momentum in New Products**
  New ACV from new products up 87% YoY and 27% QoQ; New product attach rate increased to 35%,[(1)] up 7 points YoY
- **Entered New Partnership with Microsoft and Launched Nutanix Hybrid Cloud on AWS**
  Expanded and differentiated hybrid and multicloud strategy, providing seamless application, data and license mobility as well as a unified management platform

Note: See Appendix for definitions of ACV Billings, Run-rate ACV, ACV, and Total Average Contract Term. There is no GAAP measure that is comparable to either ACV Billings or Run-rate ACV, so the company has not reconciled the ACV Billings and Run-rate ACV numbers in this presentation to any GAAP measure.

(1) Calculated on a rolling four-quarter average

Management Commentary

Dheeraj Pandey
Chairman, Co-Founder & Chief Executive Officer

"We are pleased with our financial performance in the first quarter, which marked a strong start to fiscal 2021 including increased adoption of new products as well as continued growth in our core hyperconverged infrastructure software. After launching our solutions on AWS in August, we announced a major partnership with Microsoft to develop our portfolio on Azure, placing the Nutanix HCI (Hybrid Cloud Infrastructure) at a significant competitive advantage to help our customers build out their hybrid and multicloud environments."

Duston Williams
Chief Financial Officer

"Our ACV-first strategy and solid go-to-market execution drove outperformance across all key financial metrics including ACV billings growth of 10 percent year-over-year and run-rate ACV growth of 29 percent year-over-year. Looking ahead, we remain focused on thoughtfully managing operating expenses as we continue to execute on our business model transformation and are confident in Nutanix's ability to drive long-term growth for the benefit of all stakeholders."

Note: See Appendix for definitions of ACV Billings, Run-rate ACV and ACV. There is no GAAP measure that is comparable to either ACV Billings or Run-rate ACV, so the company has not reconciled the ACV Billings and Run-rate ACV numbers in this presentation to any GAAP measure.

Q1’21 Financial Summary

	Q1’21 Results	YoY Change	vs. Q1’21 Guidance
ACV Billings	$137.8M	10%	$118-$121M
Run-rate ACV	$1.29B	29%	>20%
Total Average Contract Term	3.5 Years	(0.4) Years	N/A
Total Revenue[(1)]	$312.8M	(0.6)%	N/A
Non-GAAP Gross Margin	81.9%	180 bps	~81%
Non-GAAP Operating Expenses	$341.2M	(12)%	$350-$360M
Non-GAAP Net Loss Per Share	$(0.44)	$0.27	N/A
Free Cash Flow	$(16.3)M	$28M	N/A

(1) Q1’21 total revenue is negatively impacted by year-over-year decline in average contract term associated with the Company’s ongoing transition to subscription.

Note: See Appendix for non-GAAP to GAAP reconciliations, as well as definitions of ACV Billings, Run-rate ACV, and Total Average Contract Term. There is no GAAP measure that is comparable to either ACV Billings or Run-rate ACV, so the company has not reconciled the ACV Billings and Run-rate ACV numbers in this presentation to any GAAP measure.

Q1'21 Subscription Highlights

$138M
ACV Billings
+10% YoY

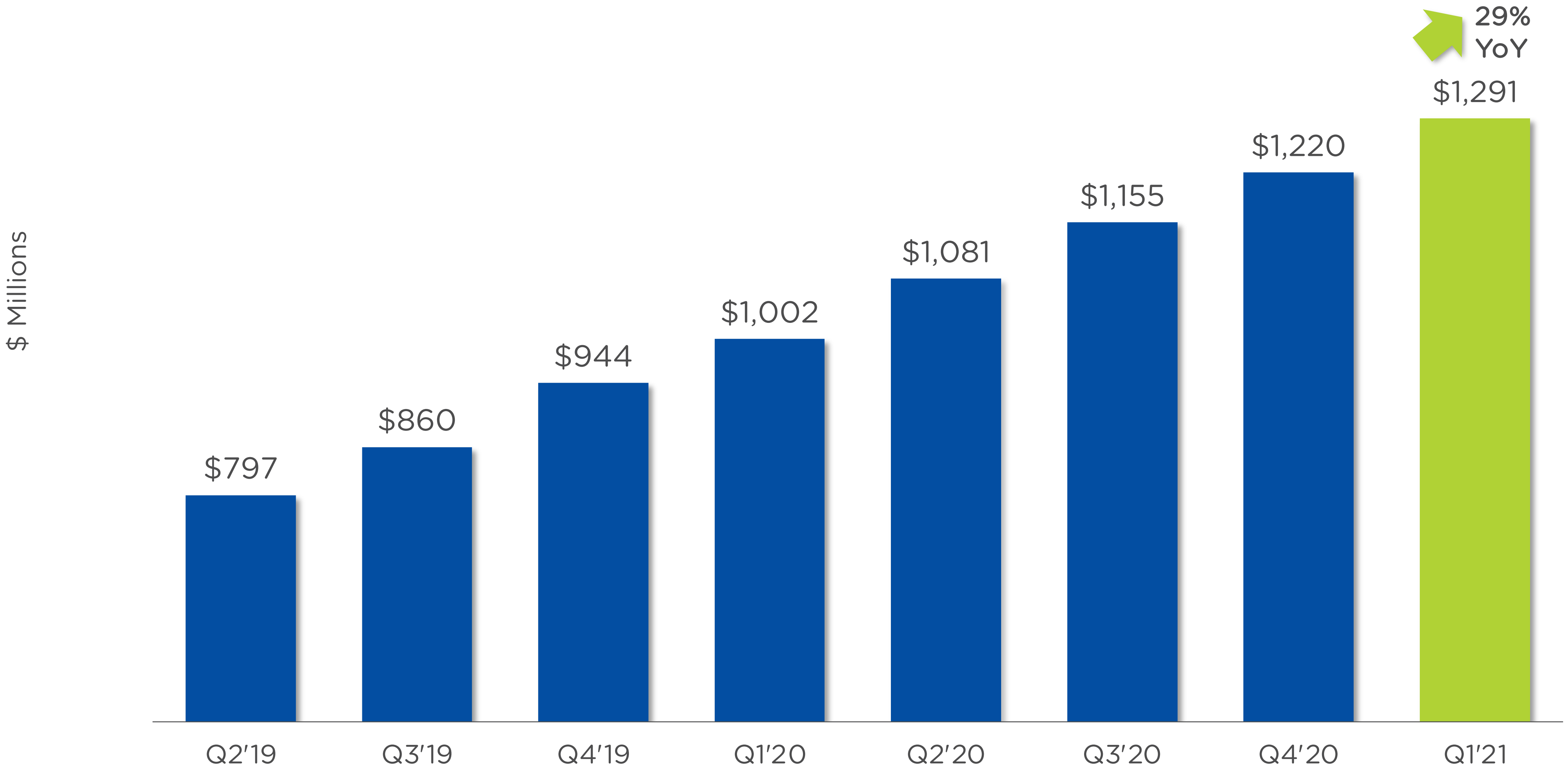
$1.29B
Run-rate ACV
+29% YoY

81.9%
Non-GAAP Gross Margin
+180 bps YoY

3.5 Years
Total Average Contract Term
(0.4) Years YoY

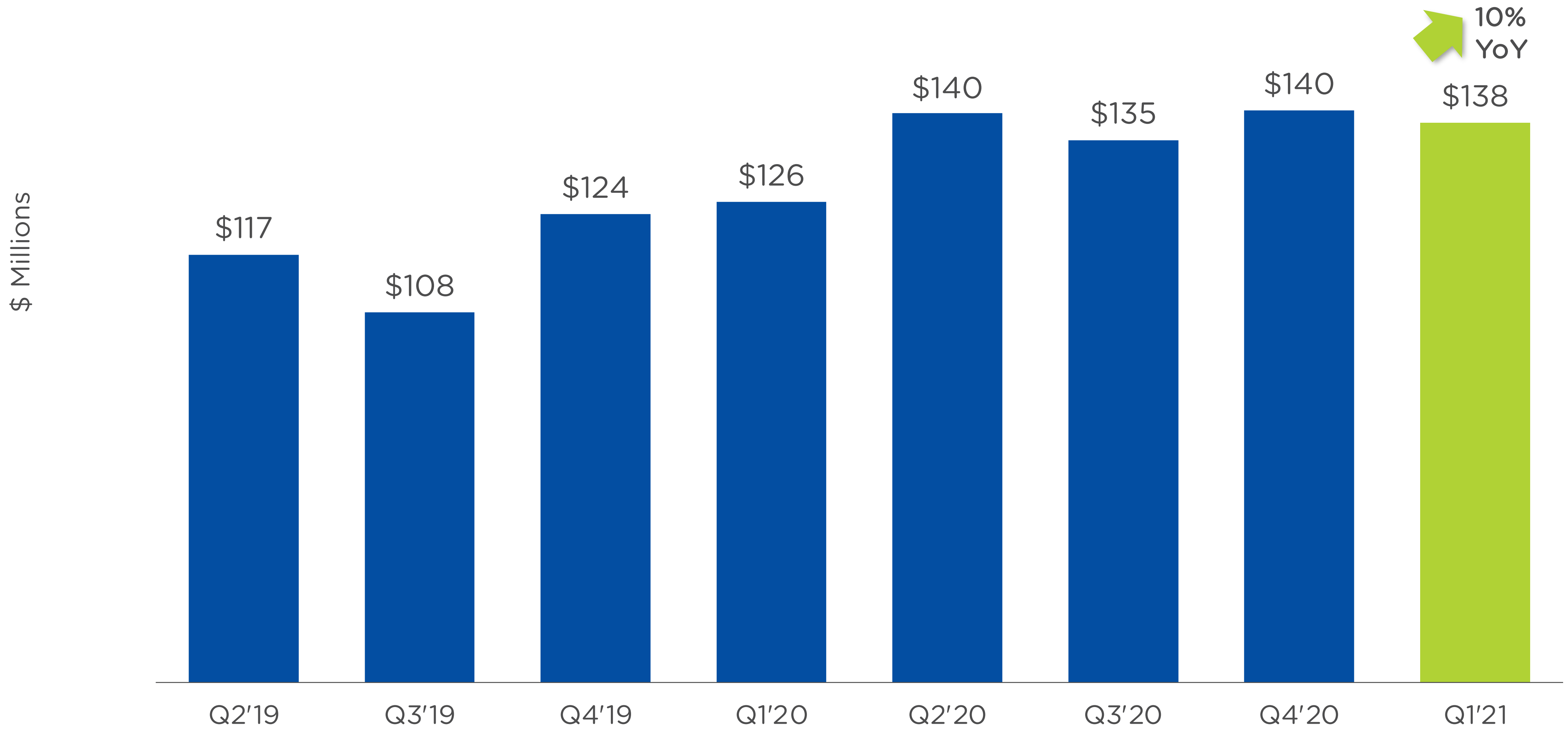
Note: Data is as of October 31, 2020. See Appendix for definitions of ACV Billings, Run-rate ACV, ACV and Total Average Contract Term and a non-GAAP to GAAP reconciliation of Non-GAAP Gross Margin. There is no GAAP measure that is comparable to either ACV Billings or Run-rate ACV, so the company has not reconciled the ACV Billings and Run-rate ACV numbers in this presentation to any GAAP measure.

Run-rate ACV



Note: See Appendix for definition of Run-rate ACV. There is no GAAP measure that is comparable to Run-rate ACV, so the company has not reconciled the Run-rate ACV numbers in this presentation to any GAAP measure.

ACV Billings



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 the ACV Billings numbers in this presentation to any GAAP measure.

Q1'21 ACV Billings to Total Billings Conversion

ACV Billings to Total Billings Conversion

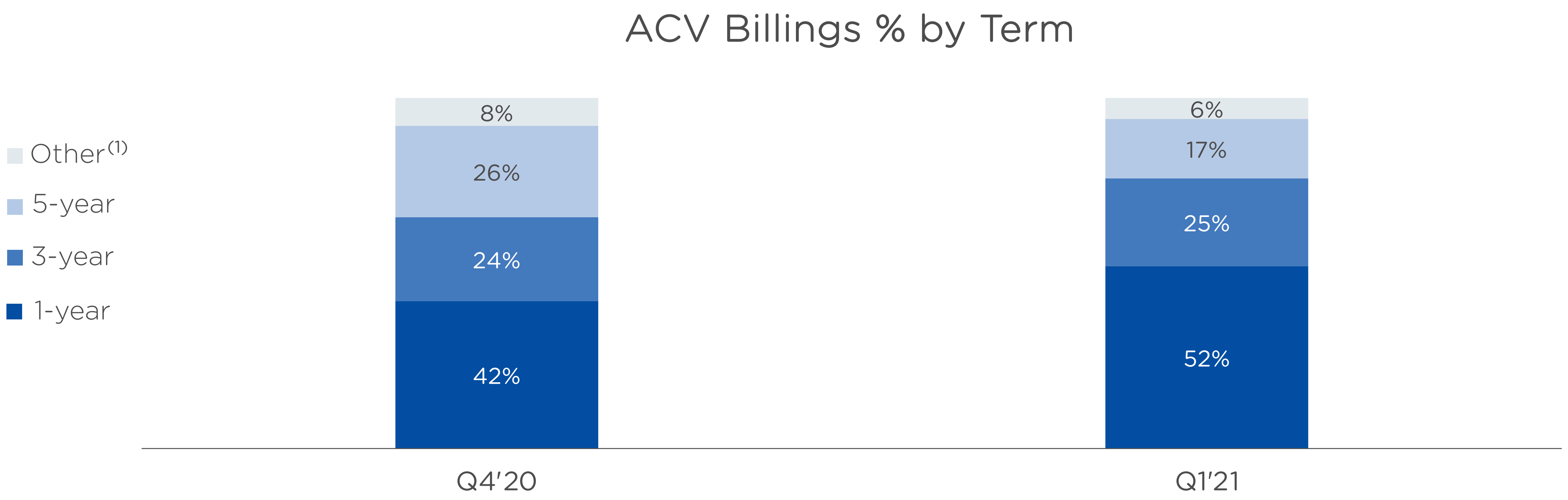
1. Start with forecasting ACV Billings and compare your estimate with Nutanix's ACV guidance and seasonality commentary.
2. Estimate ACV % by Term to get to ACV $ by Term.
3. Multiply ACV $ by Contract Term (Year) to get to TCV $ by Term and the corresponding TCV Term Mix, and then multiply TCV Term Mix by Contract Term (Year) to back into Total Average Contract Term.
4. Estimate PS & HW Billings and add it to total TCV $ by Term to get to Total Billings. Historical PS & HW billings mix can be found in the appendix.

Contract Term (Year)	ACV % by Term	2	ACV $ by Term	x	Contract Term (Year)	=	TCV $ by Term	3	TCV Term Mix	x	Contract Term (Year)	=	Total Average Contract Term
<= 1	52%		$71		<=1		$61		19%		<=1		~0.1
2	3%		$4		2		$7		2%		2		~0.0
3	25%		$35		3		$103		33%		3		~1.0
4	2%		$2		4		$9		3%		4		~0.1
5*	17%		$23		5		$116		37%		5		~1.9
6	1%		$2		6		$15		5%		6		~0.3
7	0%		~$0		7		$3		1%		7		~0.1
Total	**100%**		**$138**				**$314**		**100%**				**3.5**
	PS & HW Billings:		-				+$21	4					
	1 ACV Billings:**		**$138**		**Total Billings:**		**$335**		**ACV Billings to Total Billings Ratio:**				**2.43**

* 5-year term includes 5-year subscription licenses and non-portable (life-of-device) software licenses with an assumed contract term of 5 years.
** ACV Billings exclude amounts related to professional services and hardware. See Appendix for definition of ACV Billings.

Note: There is no GAAP measure that is comparable to ACV Billings, so the company has not reconciled the ACV Billings numbers in this presentation to any GAAP measure.

ACV % and Historical Contract Terms



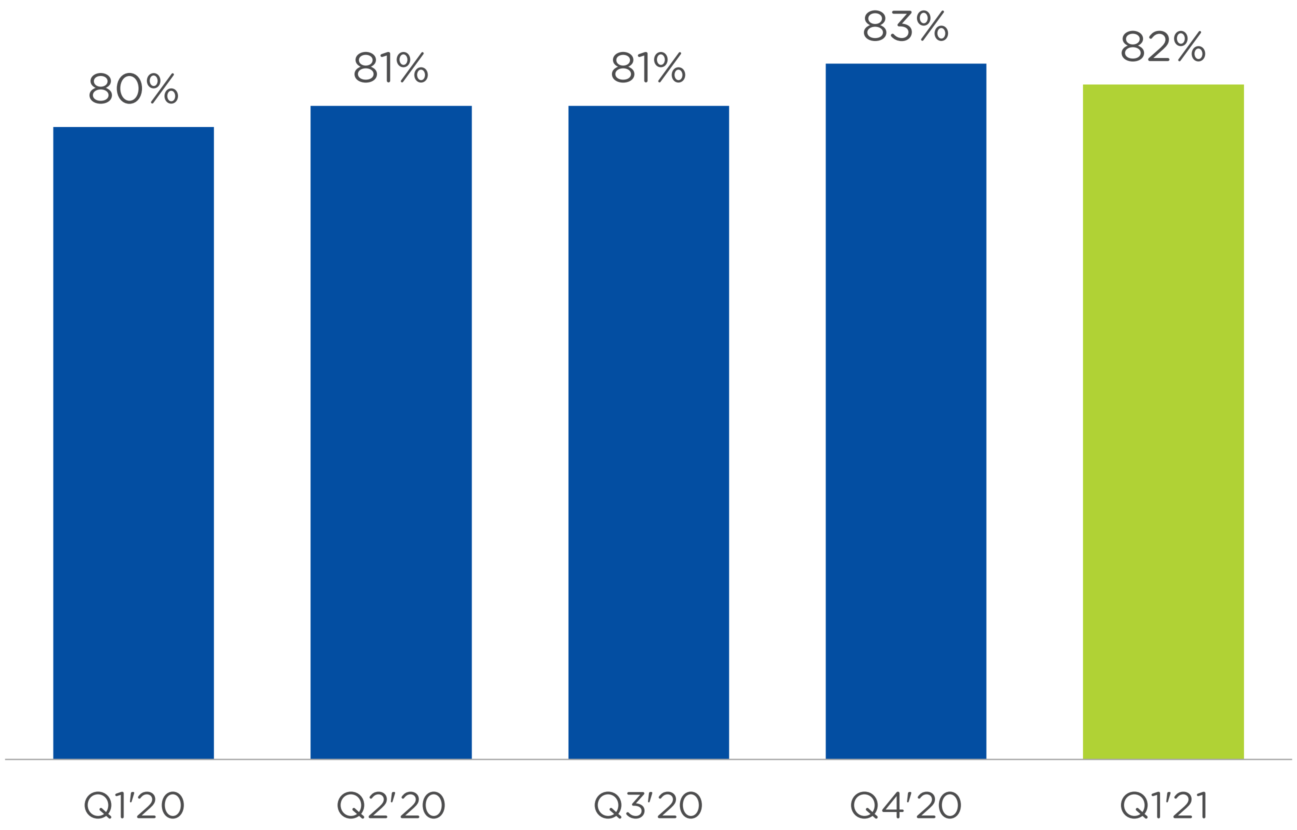
Total Average Contract Term (Years)

Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21
4.2	4.1	4.1	3.9	3.9	3.9	3.8	3.8	3.5

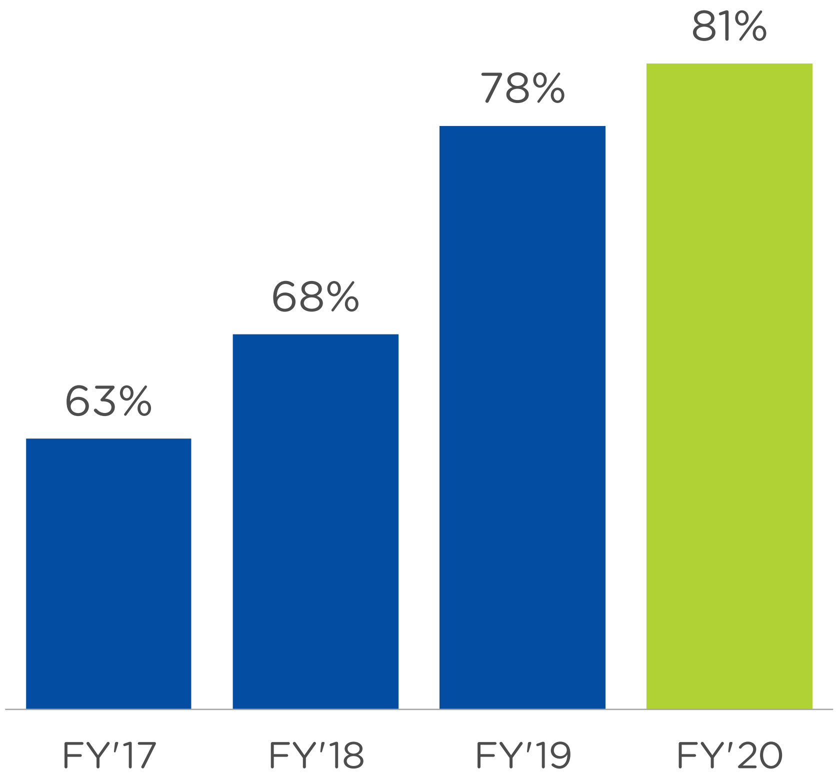
Note: See previous page for calculation of ACV % by term highlighted in light blue column. See Appendix for definitions of ACV and Total Average Contract Term.
(1) Other includes include 2-, 4-, 6- and 7-year contract terms

Gross Margin

By Quarter



By Fiscal Year



Note: Margins shown on a non-GAAP basis. See Appendix for a reconciliation of GAAP to non-GAAP metrics.

Q1'21 Hybrid Cloud Platform Adoption

49%
AHV Adoption as a % of NX Nodes[1]
+2pts YoY

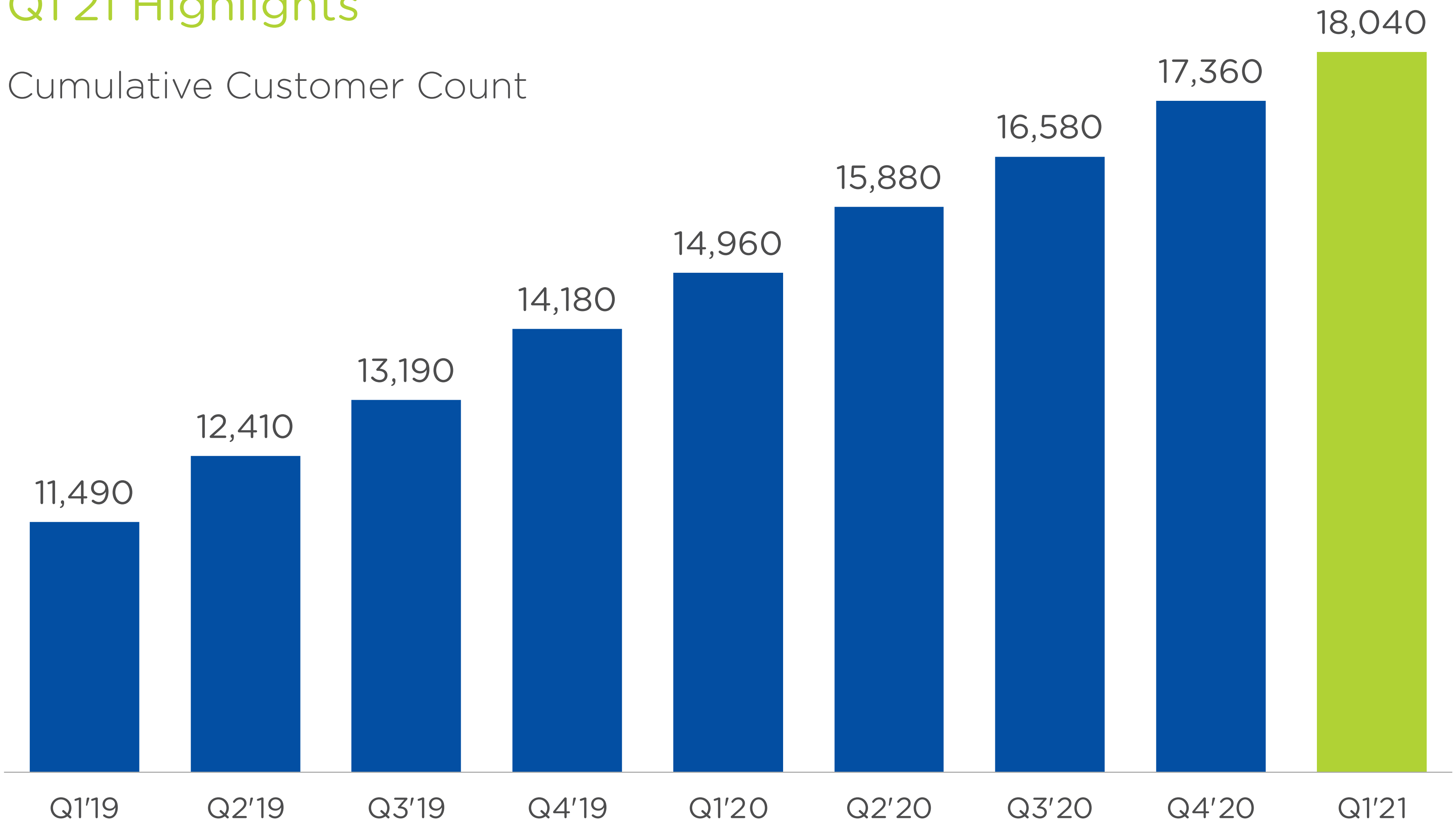
35%
% of Deals with > One New Product[1]
+7pts YoY

87%
YoY Growth of New ACV from New Products

(1) Calculated on a rolling four-quarter average

Customer Growth Momentum[1]

Q1'21 Highlights



21% Total Customers YoY Growth

930 G2K Customers

16.4x[2] G2K Lifetime ACV Repeat Purchase Multiple

79 Forbes Global 100 Customers

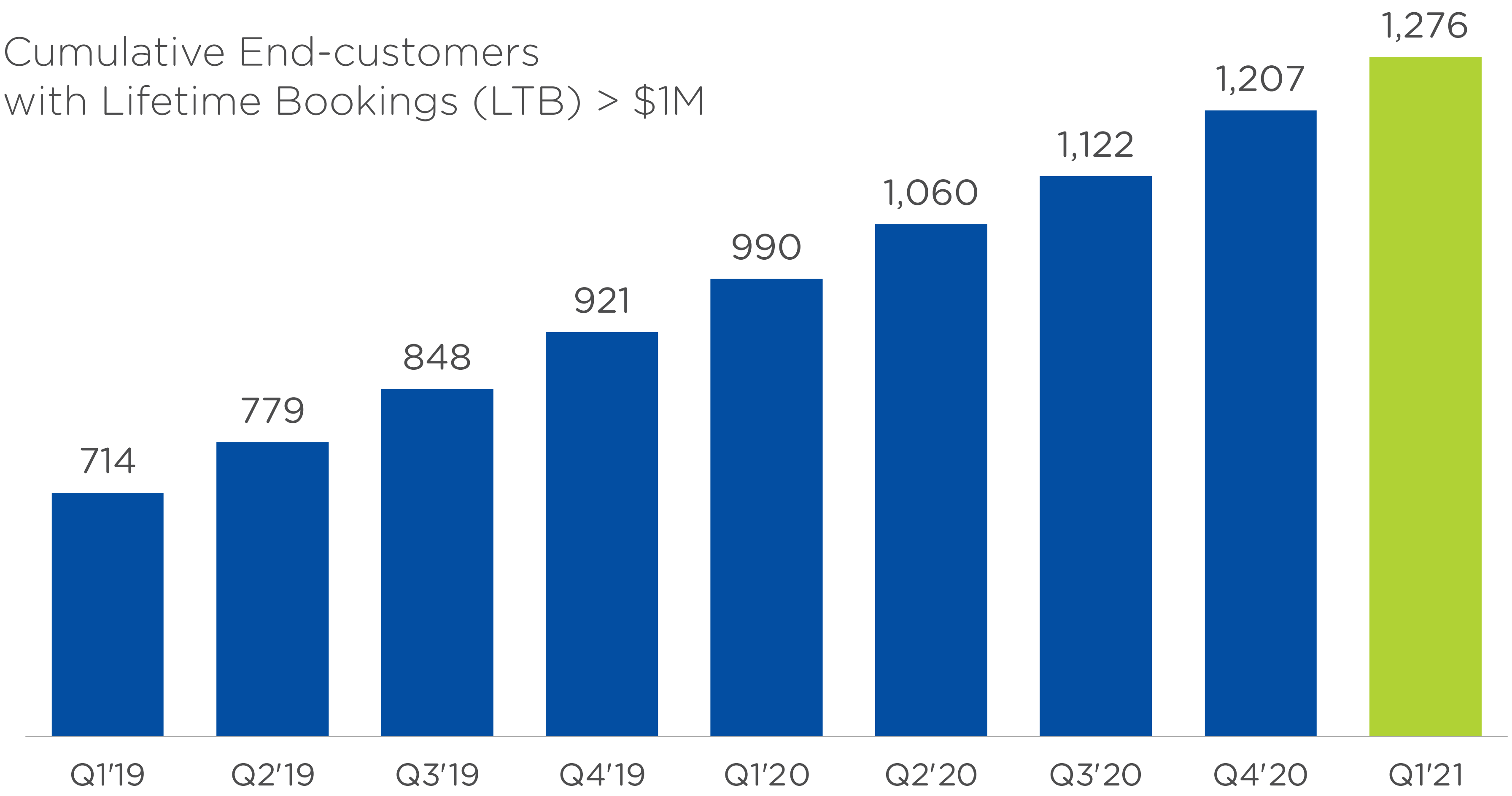
90 NPS 6-Year Average

(1) The G2K customer count reflects standard adjustments to certain customer accounts within our system of record and is rounded to the nearest 10. See endnote 1 in the Appendix.
(2) See endnote 2 in the Appendix

Large Customer Growth

Q1'21 Highlights

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



+29% YoY **907** Customers $1-$3M in LTB

+19% YoY **169** Customers $3-$5M in LTB

+37% YoY **129** Customers $5-$10M in LTB

+31% YoY **71** Customers >$10M in LTB

Q2’21 Financial Guidance

	Q2’21 Guidance
ACV Billings	$145-$148M
Non-GAAP Gross Margin	Approximately 81.5%
Non-GAAP Operating Expenses	$360-$370M
Weighted Shares Outstanding	Approximately 202M

Modeling Assumptions:

1. Q2’21 guidance includes a slightly negative impact from COVID-related macro uncertainty
2. Q2’21 ACV Billings guidance is expected to translate to approximately 25% YoY growth in Q2’21 Run-rate ACV
3. Q2’21 Total Average Contract Term is expected to be slightly lower than 3.5 years in Q1’21
4. Q2’21 Free Cash Flow usage is expected to increase sequentially due to strong linearity in Q1’21
5. Q3’21 ACV Billings is expected to decrease slightly compared to Q2’21 ACV Billings guidance due to sequential seasonality
6. FY’21 Non-GAAP Operating Expenses are expected to be flat to slightly higher than FY’20 as Nutanix continues to grow and invest in the business

Note: Q2’21 guidance is as of November 23, 2020. See Appendix for definitions of ACV Billings, Run-rate ACV, ACV and Total Average Contract Term. There is no GAAP measure that is comparable to ACV Billings or Run-rate ACV.

Appendix

Nutanix Reporting Model

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

Endnotes and Definitions

Endnotes

1. Global 2000 (G2K) and Forbes 100 customer counts reflect yearly update to the members of both lists as reported by Forbes. Cumulative worldwide end-customer and G2K customer counts reflect standard adjustments to certain customer accounts within our system of record, and are rounded to the nearest 10.
2. G2K lifetime ACV purchase multiple is defined as ACV of total lifetime purchase divided by ACV of initial purchase, for G2K customers that have been customers for over 18 months.

Definitions

ACV Billings, for any given period, is defined as the sum of the ACV for all contracts billed during the given period. **Annual Contract Value**, or **ACV**, is defined as the total annualized value of a contract, excluding amounts related to professional services and hardware. The total annualized value for a contract is calculated by dividing the total value of the contract by the number of years in the term of such contract, using, where applicable, an assumed term of five years for contracts that do not have a specified term. 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. There is no GAAP measure that is comparable to ACV Billings, so we have not reconciled the ACV Billings numbers included in this presentation to any GAAP measure.

ACV Bookings, for any given period, is defined as the sum of the ACV for all contracts booked during the given period.

Run-rate ACV, at the end of any period, is the sum of ACV for all contracts that are in effect as of the end of that 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. There is no GAAP measure that is comparable to Run-rate ACV, so we have not reconciled the Run-rate ACV numbers included in this presentation to any GAAP measure.

Total Average Contract Term, 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 quarter.

GAAP to Non-GAAP Reconciliations and Calculation of Billings

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21
Gross margin (GAAP)	77.1%	78.3%	77.3%	79.6%	78.3%
Stock-based compensation expense	1.8	1.8	2.3	2.3	2.3
Amortization of intangible assets	1.2	1.1	1.1	1.1	1.2
Impairment of lease-related assets	-	0.2	-	-	0.1
Gross margin (Non-GAAP)	**80.1%**	**81.4%**	**80.7%**	**83.0%**	**81.9%**
Operating expenses (GAAP)	$(462.9)	$(478.6)	$(476.2)	$(432.3)	$(426.9)
Stock-based compensation expense	75.6	79.0	84.8	85.3	81.9
Amortization of intangible assets	0.6	0.6	0.6	0.7	0.7
Impairment of lease-related assets	-	2.5	-	-	2.5
Other	0.4	0.2	0.5	0.5	0.6
Operating expenses (Non-GAAP)	**$(386.3)**	**$(396.3)**	**$(390.3)**	**$(345.8)**	**$(341.2)**
Net loss per share (GAAP)	$(1.21)	$(1.13)	$(1.23)	$(0.93)	$(1.31)
Stock-based compensation expense	0.43	0.44	0.48	0.47	0.44
Amortization of intangible assets	0.03	0.03	0.02	0.02	0.02
Impairment of lease-related assets	-	0.02	-	-	0.02
Amortization of debt discount and issuance costs	0.04	0.04	0.04	0.04	0.07
Change in fair value of derivative liability	-	-	-	-	0.32
Income tax-related adjustments	-	-	-	0.01	-
Net loss per share (Non-GAAP)	**$(0.71)**	**$(0.60)**	**$(0.69)**	**$(0.39)**	**$(0.44)**
Net cash provided by operating activities	$(26.2)	$(52.5)	$(84.9)	$3.6	$(4.1)
Purchases of property and equipment	(18.2)	(21.2)	(32.6)	(17.4)	(12.2)
Free cash flow (Non-GAAP)	**$(44.4)**	**$(73.7)**	**$(117.5)**	**$(13.8)**	**$(16.3)**

FY'17	FY'18	FY'19	FY'20
61.3%	66.6%	75.4%	78.1%
1.6	1.0	1.5	2.1
0.2	0.5	1.2	1.1
-	-	-	-
63.1%	**68.1%**	**78.1%**	**81.3%**

	Q1'20	Q1'21
Total revenue	$314.8	$312.7
Change in deferred revenue, net of acquisitions	65.2	22.2
Total billings	**$380.0**	**$334.9**

Note: All amounts in millions, except per share amounts and percentages.

Disaggregation of Billings and Revenue

$ Millions	FY'18	FY'19	FY'20	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21
Subscription revenue	$330.7	$648.4	$1,030.2	$217.9	$266.5	$261.0	$284.8	$278.2
Change in subscription deferred revenue, net of acquisitions	251.3	267.6	246.2	57.6	72.6	60.1	55.9	15.7
Subscription billings	$582.0	$916.0	$1,276.4	$275.5	$339.1	$321.1	$340.7	$293.9
Non-portable software revenue	$544.0	$449.1	$208.1	$77.6	$59.1	$41.9	$29.5	$20.0
Change in non-portable software deferred revenue, net of acquisitions	-	-	-	-	-	-	-	-
Non-portable software billings	$544.0	$449.1	$208.1	$77.6	$59.1	$41.9	$29.5	$20.0
Professional services revenue	$23.4	$33.3	$45.9	$9.6	$12.6	$11.6	$12.2	$13.8
Change in professional services deferred revenue, net of acquisitions	$10.8	$11.0	$26.2	7.6	8.7	5.1	4.7	6.5
Professional services billings	$34.2	$44.3	$72.1	$17.2	$21.3	$16.7	$16.9	$20.3
Pass-through hardware revenue	$257.3	$105.3	$23.5	$9.7	$8.6	$3.8	$1.4	$0.7
Change in pass-through hardware deferred revenue, net of acquisitions	-	-	-	-	-	-	-	-
Pass-through hardware billings	$257.3	$105.3	$23.5	$9.7	$8.6	$3.8	$1.4	$0.7

Subscription revenue mix	29%	52%	79%	69%	77%	82%	87%	89%
Non-portable software revenue mix	47%	36%	16%	25%	17%	13%	9%	7%
Professional services revenue mix	2%	3%	3%	3%	4%	4%	4%	4%
Pass-through hardware revenue mix	22%	9%	2%	3%	2%	1%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%
Subscription billings mix	41%	60%	81%	73%	79%	84%	88%	88%
Non-portable software billings mix	38%	30%	13%	20%	14%	11%	8%	6%
Professional services billings mix	3%	3%	5%	4%	5%	4%	4%	6%
Pass-through hardware billings mix	18%	7%	1%	3%	2%	1%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%