

An aerial photograph of New York City at sunset. The sun is a large, bright yellow semi-circle on the left side of the frame. The city skyline is visible, with numerous skyscrapers. The Empire State Building is prominently featured on the right side, outlined in white. The sky transitions from a warm orange near the sun to a cool blue at the top.

NUTANIX™

INVESTOR DAY

2021



Duston Williams

Nutanix Chief Financial Officer



Non-GAAP Financial Measures and Other Key Performance Measures

To supplement its consolidated financial statements, which are prepared and presented in accordance with GAAP, Nutanix 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 (or ACV), ACV Billings, ACV Bookings, Annual Retention Rate, Gross Retention Rate, New ACV, New ACV Billings, Renewals ACV Billings, and Run-rate ACV. In computing these non-GAAP financial measures and key performance measures, Nutanix exclude certain items such as stock-based compensation and the related income tax impact, costs associated with its 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 Nutanix 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 Nutanix 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 Nutanix believe provide useful information to investors because they provide meaningful supplemental information regarding its performance and liquidity by excluding certain expenses and expenditures such as stock-based compensation expense that may not be indicative of its ongoing core business operating results. Free cash flow is a performance measure that Nutanix believe provides useful information to its management and investors about the amount of cash generated by the business after necessary capital expenditures, and Nutanix 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 Nutanix believe provide useful information to its management and investors as they allow us to better track the growth of the subscription-based portion of its business, which is a critical part of its business plan. ACV, ACV Billings, ACV Bookings, Annual Retention Rate, Gross Retention Rate, New ACV, New ACV Billings, Renewals ACV Billings and Run-rate ACV are performance measures that Nutanix believe provide useful information to its management and investors as they allow us to better track the topline growth of its business during its transition to a subscription-based business model because they take into account variability in term lengths. Nutanix 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 its 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. There is no GAAP measure that is comparable to ACV, ACV Billings, ACV Bookings, Annual Retention Rate, Gross Retention Rate, New ACV, New ACV Billings, Renewals ACV Billings or Run-rate ACV, so Nutanix have not reconciled the ACV, ACV Billings, ACV Bookings, Annual Retention Rate, Gross Retention Rate, New ACV, New ACV Billings, Renewals ACV Billings and Run-rate ACV numbers included in this presentation to any GAAP measure. In addition, other companies, including companies in its 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 its non-GAAP financial measures and key performance measures as tools for comparison. Nutanix urge you to review the reconciliation of its 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 presentation given by Duston Williams, its Chief Financial Officer, and not to rely on any single financial measure to evaluate its business. All estimates for the Company’s fiscal year ending July 31, 2021 included in the following presentations and the accompanying oral commentaries are based on: (i) actual financial results from the Company’s fiscal quarters ended October 30, 2020, January 31, 2021 and April 30, 2021; plus (ii) estimates consistent with the Company’s guidance for its fiscal quarter ending July 31, 2021.



Forward Looking Statements

The following presentations and the accompanying oral commentaries contain express and implied forward-looking statements, including, but not limited to, statements relating to: its business plans, goals, strategies, vision, mission, objectives, and outlook, including its plans to provide a hybrid multicloud platform with a streamlined product portfolio and at-scale solutions, its go-to-market strategy and its focus on sales productivity and execution, solution selling, deepening and leveraging partnerships, renewals, and digital-first marketing, and its plans to balance growth and spend to achieve long-term financial targets and focus on disciplined investments and diversity; its ability to execute on such plans, goals, strategies, and objectives successfully and in a timely manner, including its abilities to increase sales productivity by solution selling and partner leverage and capture market opportunity; the benefits and impact of such plans, goals, strategies, and objectives on its business, operations and financial results, including any impact on its top line growth in future periods; its plans and timing for, and the success and impact of, any current and future business model transitions (including its ongoing transition to a subscription-based business model and ACV-based sales compensation model), including on its ability to align incentives of its sales representatives with customer buying preferences and budgets, deal economics, average contract term lengths, and product attach rates and revenue and product mix; its go-to-market strategy, including the impact thereof on its sales execution (including quota attainment, bookings linearity and product attach rate), customer choice, average selling price and deal economics, sales rep count and productivity, cost of sales, sales and marketing efficiencies, retention and attach rates for its products, renewals (including growth and efficiency of renewals pipeline), average contract term lengths, free cash flow, cash usage, operating expenses, operating profit, business predictability, and top line growth in future periods; the competitive market, including its competitive position and ability to compete effectively, its projections about its market share in future periods, the competitiveness of its future cost structure with those of other companies, and the competitive advantages of its products; its market opportunity in future periods, including its estimates regarding the sizes and growth rates of the total addressable market for its target markets and the assumptions underlying such estimates; macroeconomic environment and industry trends, projected growth or trend analysis; its customers' needs and preferences and its ability to address those needs successfully and in a timely manner; its ability to attract new end customers (including G2K customers) and retain and grow sales from its existing end customers (including G2K customers); its ability to form new, and maintain and strengthen existing, strategic alliances and partnerships, as well as the impact of any changes to such relationships on its business, operations and financial results, including on its market opportunity, productivity, ability to meet customer needs, and long-term success; the benefits and capabilities of its platform, solutions, products, services and technology, including the interoperability and availability of its solutions with and on third-party platforms; its plans and expectations regarding new solutions, products, services, features, enhancements, functionality, and technology, including those that are still under development or in process, and any future product or roadmap; its guidance on estimated ACV Billings, non-GAAP gross margin, non-GAAP operating expenses and weighted average shares outstanding for any future fiscal periods, including its expectations and assumptions underlying such guidance; its outlook and estimates regarding its business and financial performance in future periods, including its expectations regarding future growth rates (including any accelerations thereof) for revenue and revenue growth, ACV Billings, total billings to ACV Billings ratio, billings to revenue ratio, operating expenses, free cash flow, operating profit, Run-rate ACV, Annual Run Rate, and Gross Retention Rate, as well as assumptions underlying or forming the basis of such expectations (including its expectations regarding changes to its sales rep count and productivity, product portfolio and revenue and product mix, renewals cost, growth and mix, New ACV Billings, Renewals ACV, average contract term lengths, ACV per core, and Net Dollar Retention Rate in future periods); and its decision to use new or different metrics, make adjustments to the metrics it uses, or to provide additional information to supplement its financial reporting, and the impact thereof.

These forward-looking statements are not historical facts and instead are based on its 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 its control, that may cause these statements to be inaccurate and cause its 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, its plans, goals, strategies, vision, mission, objectives; delays or unexpected accelerations in the transition to a subscription-based business model; its ability to achieve, sustain and/or manage future growth effectively; its ability to attract, recruit, train, retain, and, where applicable, ramp to full productivity, qualified employees and key personnel, including those in its engineering, research and development and sales teams; failure to timely and successfully meet its customer needs; delays in or lack of customer or market acceptance of its new products, services, product features or technology; the rapid evolution of the markets in which it competes factors that could result in the significant fluctuation of its future quarterly operating results, including, among other things, anticipated changes to its revenue and product mix, the timing and magnitude of orders, shipments and acceptance of its solutions in any given quarter, its ability to attract new and retain existing end-customers, changes in the pricing of certain components of its solutions, and fluctuations in demand and competitive pricing pressures for its solutions; the introduction, or acceleration of adoption of, competing solutions, including public cloud infrastructure; and other risks detailed in Nutanix's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission, or the SEC which should be read in conjunction with these presentations. Nutanix's SEC filings are available on the Investor Relations section of its 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 2021 Investor Day and, except as required by law, Nutanix assumes no obligation, and expressly disclaims any obligation, to update, alter or otherwise revise any of the forward-looking statements included in the following presentations and the accompanying oral commentaries to reflect actual results or subsequent events or circumstances.

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Nutanix believes its overall market is composed of Adjacent Markets and Hybrid Cloud Market. Nutanix defines Adjacent Markets as being composed of desktop-as-a-service (DaaS), database automation and database-as-a-service (DBaaS), files and objects storage, cloud management, and disaster recovery-as-a-service (DRaaS) markets. The Total Addressable Market, or TAM, data for Nutanix's Adjacent Markets included in this presentation are its estimates derived from IDC and Gartner forecasts regarding the component markets with adjustments, some of which are based on Nutanix's internal assumptions and market experience and knowledge, made to focus only on the segments of the applicable markets that Nutanix believes are applicable to its business. Nutanix defines Hybrid Cloud Market as being composed of HCI Market and Public Cloud Market. The TAM data for Nutanix's Hyperconverged Infrastructure Market, or HCI Market, and Public Cloud Market included in this presentation are its estimates derived from IDC forecasts regarding the hyperconverged infrastructure market and infrastructure-as-a-service (IaaS) server and storage markets, respectively, with adjustments, some of which are based on Nutanix's internal assumptions and market experience and knowledge, made to focus only on the segments of the applicable markets that Nutanix believes are applicable to its business.

Product or Roadmap Information

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Key Takeaways

ACV Billings Growth Expected to Accelerate

25%+ CAGR Through FY25

Revenue Growth Expected to Accelerate

20%+ CAGR Through FY25

Renewals Will Naturally Transform the Business Model Adding Top-Line Growth and Operating Leverage/Predictability

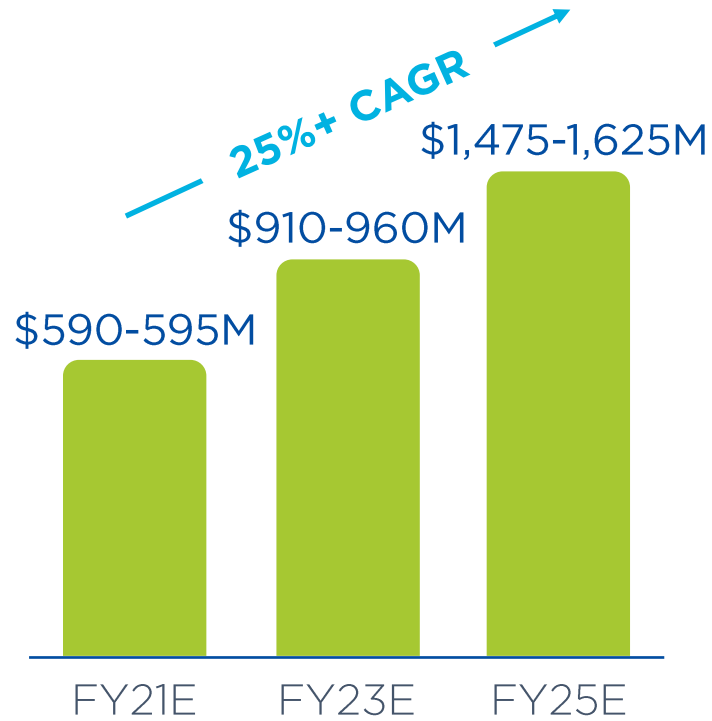
Expense Growth Will Be Limited to ~7% CAGR Through FY23

Clear Path to Near-Term Positive FCF (2HCY22/1HFY23) and Operating Profit (2HFY23/1HFY24)

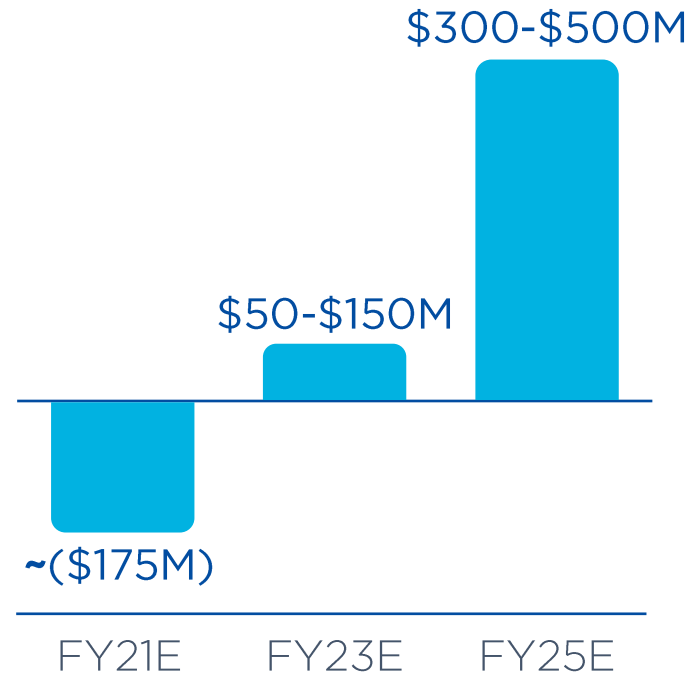


A Top-Line and Bottom-Line Focus

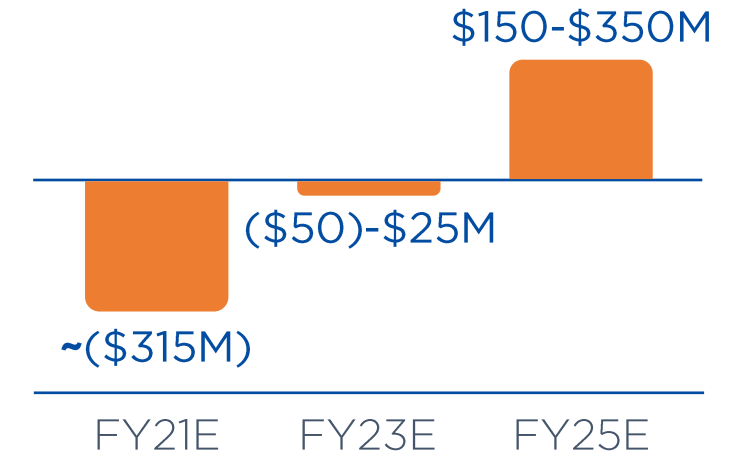
Strong ACV Billings



Free Cash Flow



Operating Profit



**Expecting Positive Free Cash Flow by 1H23
and Positive Operating Profit by 2H23/1H24**

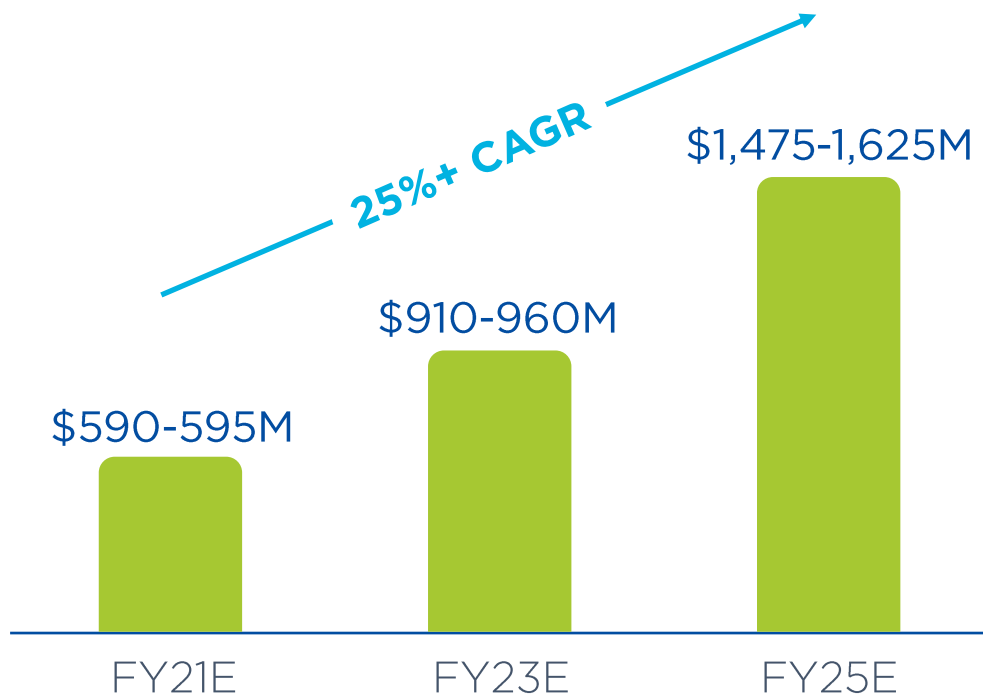
Top-Line Related Metrics

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Nutanix Expects to Grow at 25%+ CAGR

Top-Line Growth: ACV Billings



25%+ Growth Number Represents Midpoint of the Ranges

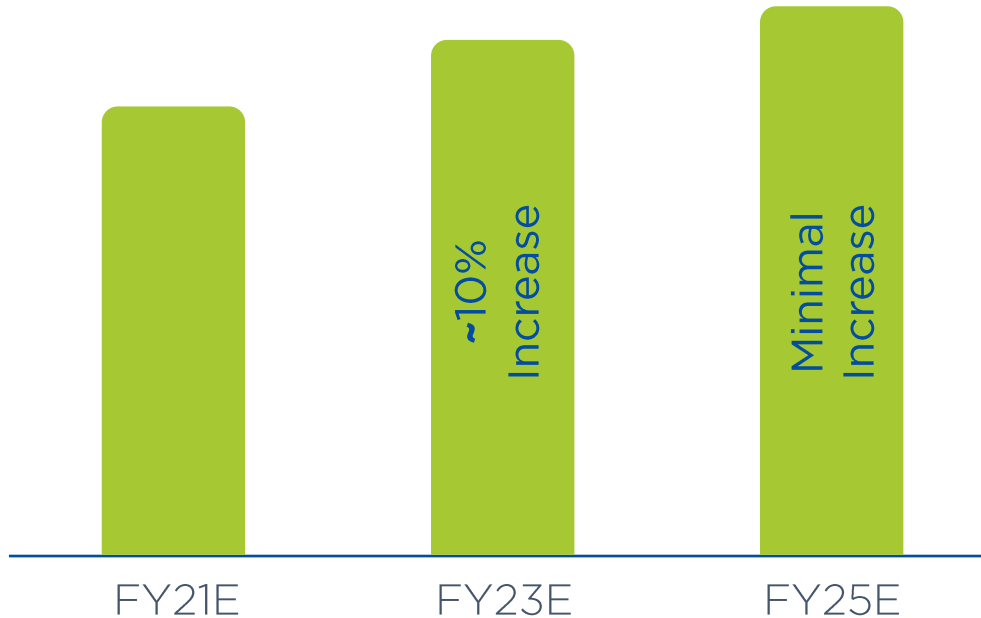


Key Components of Growth

1. Rep Productivity/Number of Reps
2. Strong Product Portfolio
3. Renewals

Rep Productivity

Productivity per Quota-Carrying Rep (New ACV)



FY23 and FY25 Show 2-Year CAGR



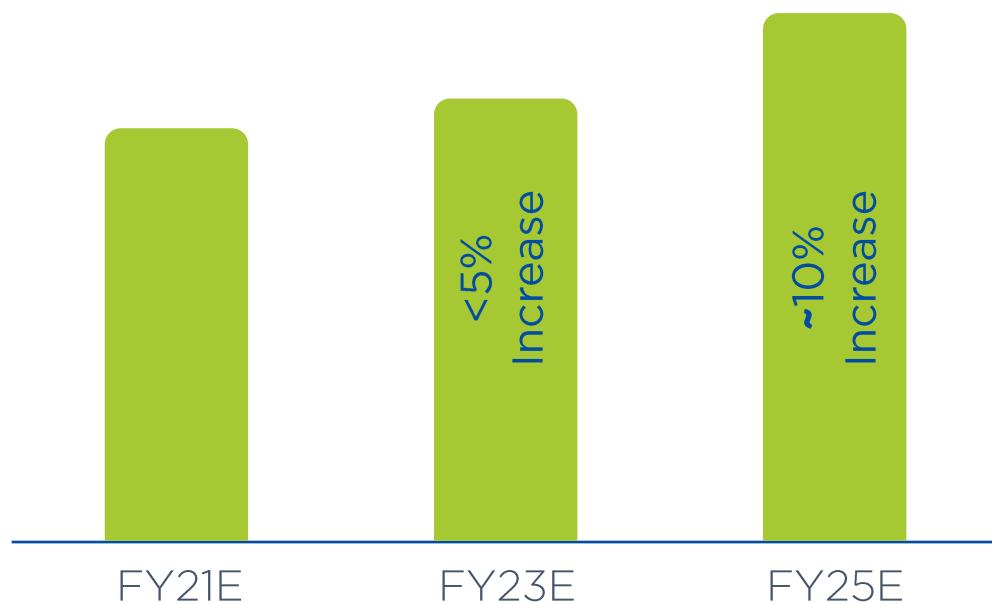
Key Takeaways

Limited Productivity Gains Assumed Through FY25. Most of the Productivity Gains Are Scheduled to Take Place in FY22 and FY23

Productivity Gains Based on Channel Efficiency, Solution Selling, Emerging Products, Partnerships, etc.

Total Reps

Number of Quota Carrying Reps



FY23 and FY25 Show 2-Year CAGR

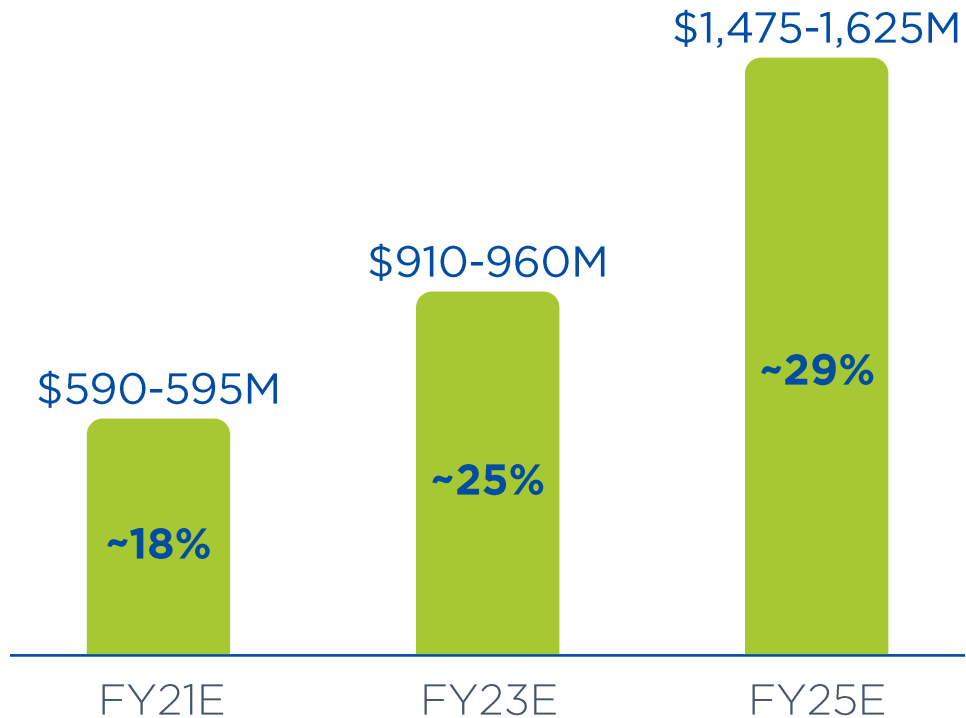


Key Takeaways

- Limited New Rep Adds Through FY23
- In the Interim, We Continue to Refine Our Go-to Market Coverage and Segmentation While Balancing the Timing of Positive FCF and Driving Solid Top-Line Growth
- With ACV Billings Projected to Grow at 25%+ and Positive FCF Expected by 1HFY23, We Believe We Have Struck the Right Balance
- Most of the New Rep Adds Are Expected to Occur Post FY23 With the Continued Dual Focus on Top- and Bottom-Line

ACV Billings

New/Upsell and Renewal



% 2-Year CAGR

Growth Numbers Represent Midpoint of the Ranges

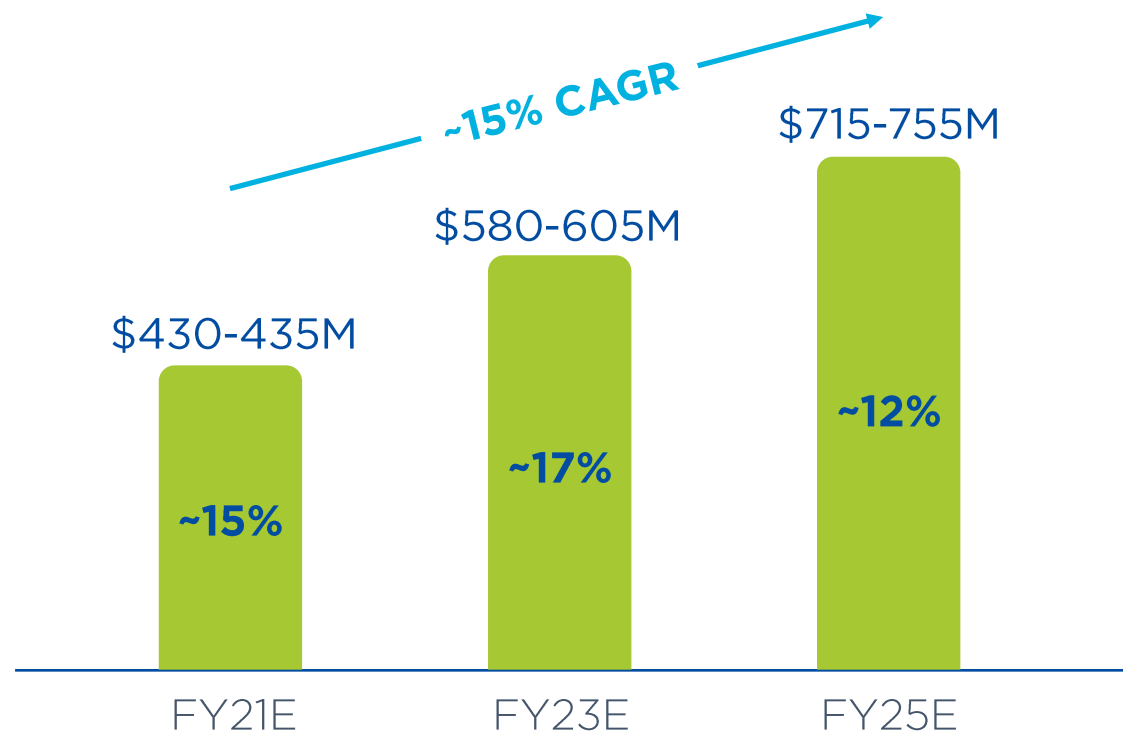


Key Takeaways

- Above-Market ACV Billings Growth
- The Growth Will Be Driven by a Higher Mix of Renewals...
- ...as Well as by a Continued Above Market Growth of Emerging Products...
- ...and with Core Products Growing at Market

New ACV Billings

New and Upsell



% 2-Year CAGR

Growth Numbers Represent Midpoint of the Ranges

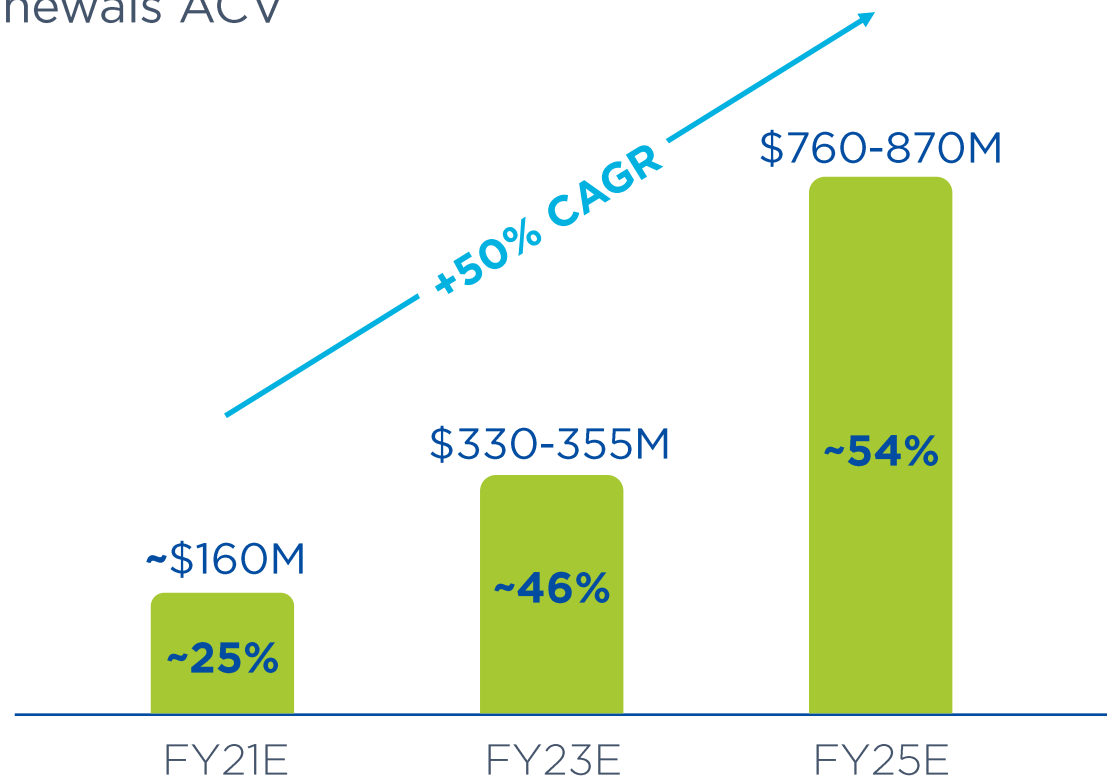


Key Takeaways

- As Renewals Increase, We Expect Less Reliance on New ACV Billings for Growth
- This Strength in Renewals Allows for ACV Billings CAGR to Accelerate to 29% in FY25 vs. 25% in FY23 Even With a Reduction in New ACV Billings Growth

Renewals Play Significant Role in Top-Line Growth

Renewals ACV



% 2-Year CAGR

Growth Numbers Represent Midpoint of the Ranges

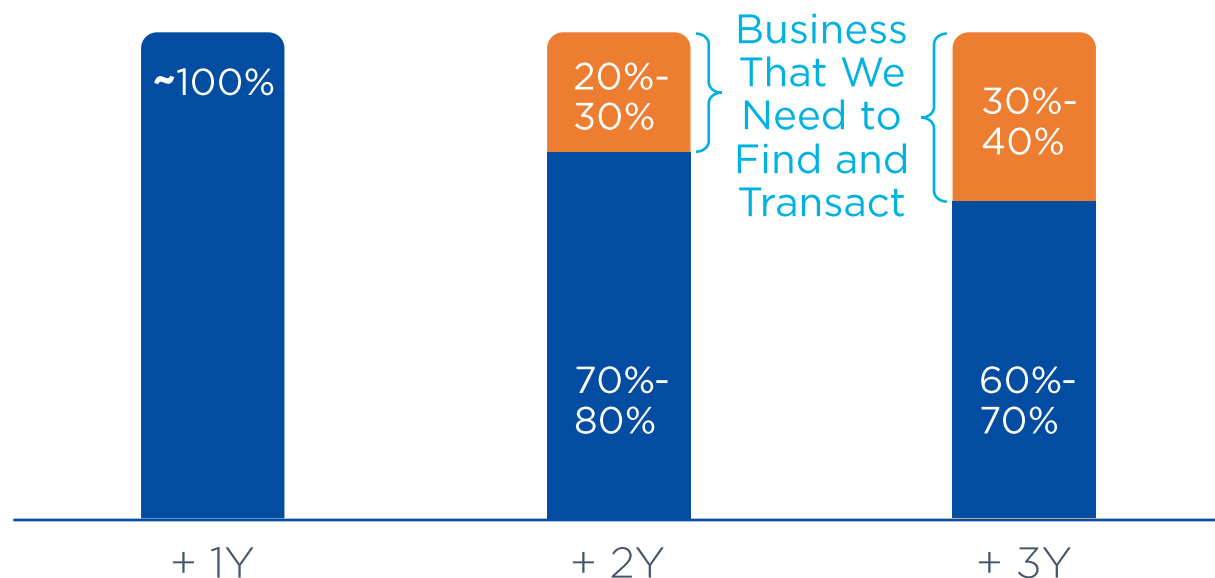


Key Takeaways

- The Subscription Transition Began in Earnest in FY20
- Very Little Subscription Renewals Have Been Processed to Date (Mostly LOD Support Renewals Reflected in FY21)
- First-Time Subscription Renewals Will Drive the Renewal Increase in FY23 and FY25
- The Historical High Customer Retention Rates and a 7-Year Average NPS Score of 90 Give Us Confidence in the Projected Renewal Flow Over the Next Several Years

Renewals Add Predictability to Top-Line

Source of Projected Renewals



- Business (TCV Billings) Previously Transacted Waiting For Renewal
- Business (TCV Billings) To Be Transacted in the Future

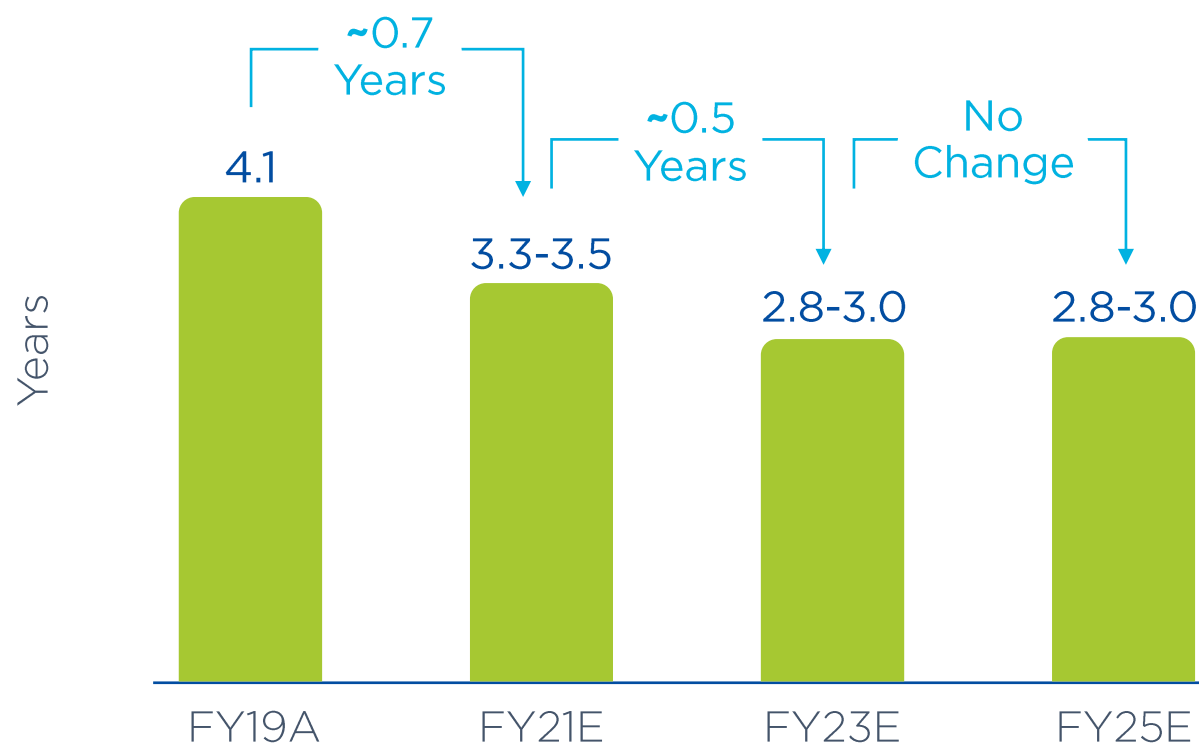


Key Takeaways

- The Renewals Model Will Be Highly Predictable
- Renewals Have Upwards of 75% Visibility Two Years in Advance

Terms

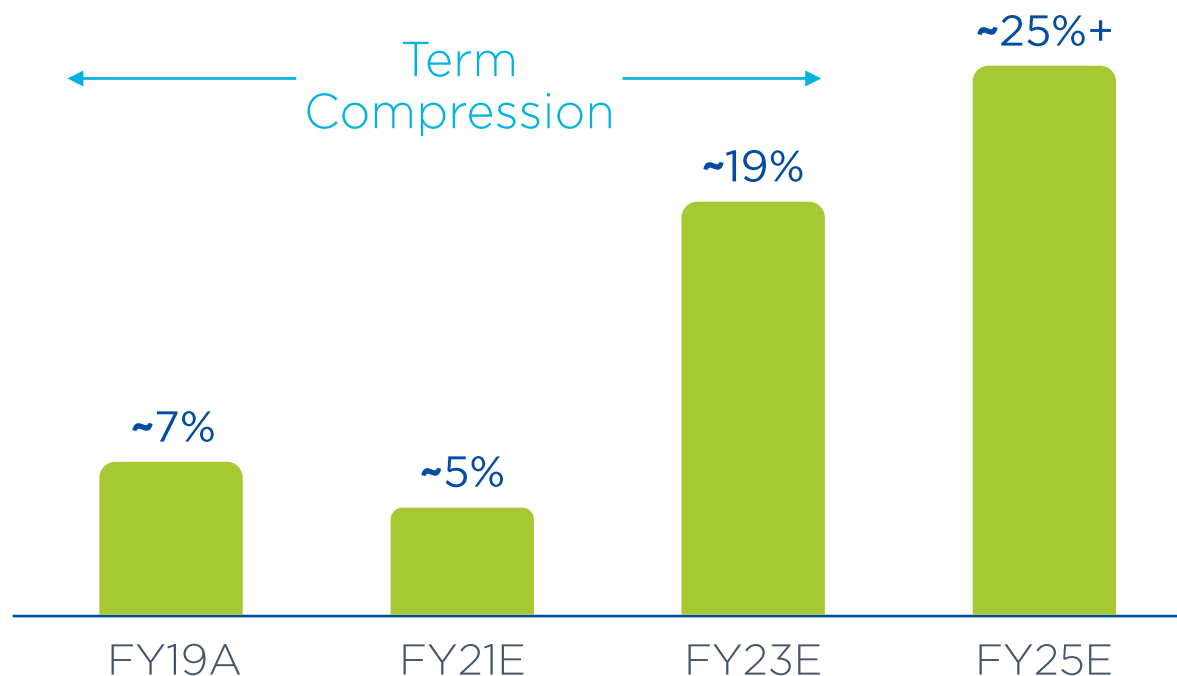
Average Contract Term Reduction



Key Takeaways

- Term Compression Is a Deliberate Choice with a High ROI
- Term Reductions Expected to Continue Through FY23 Although at a Slower Rate of Decline
- Terms Expected To Be Stable Post-FY23

Revenue Growth



FY23 and FY25 Show 2-Year CAGR

FY23 and FY25 Revenue Growth Assumes Terms of 2.8-3.0 Years

Growth Numbers Represent Approximate Midpoint of the Ranges

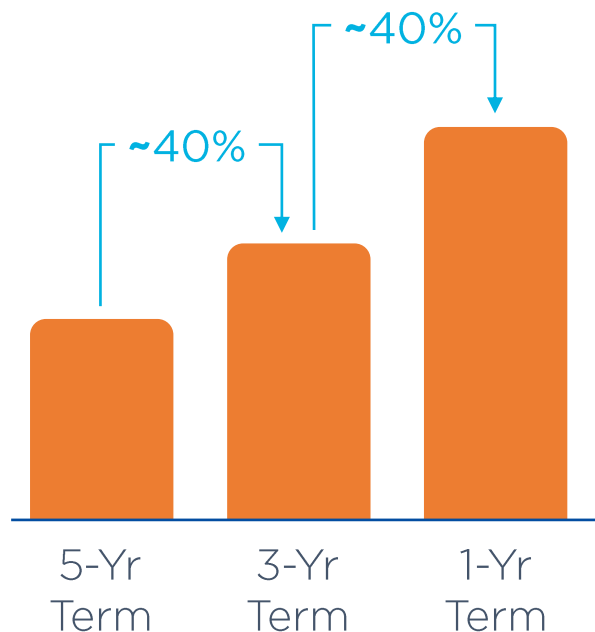


Key Takeaways

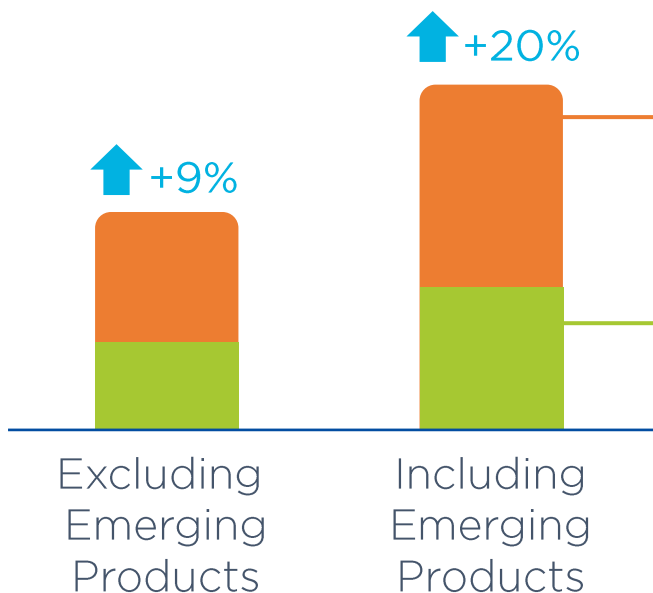
- Term Compression will Continue to Impact Revenue Growth Through FY23
- Terms Expected To Be Stable Post-FY23
- Revenue Growth Expected to Accelerate as Term Compression Subsides
- As Terms Stabilize, Growth Rates for ARR, ACV Billings, and Revenue All Expected to Start Converging

ACV Per Core

Term-Based Uplift
(ACV/Core)



Total ACV Per Core
Uplift (Q4'20 vs. Q3'21)



Key Takeaways

- Term Compression-Driven Improvement
Shorter Terms Typically Have Higher Deal Economics (5-Yr vs. 3-Yr vs. 1-Yr)
- As Terms Compress, Total Deal Economics Will Improve
- ACV Sales Compensation-Driven Pricing Improvement at Equivalent Term Lengths



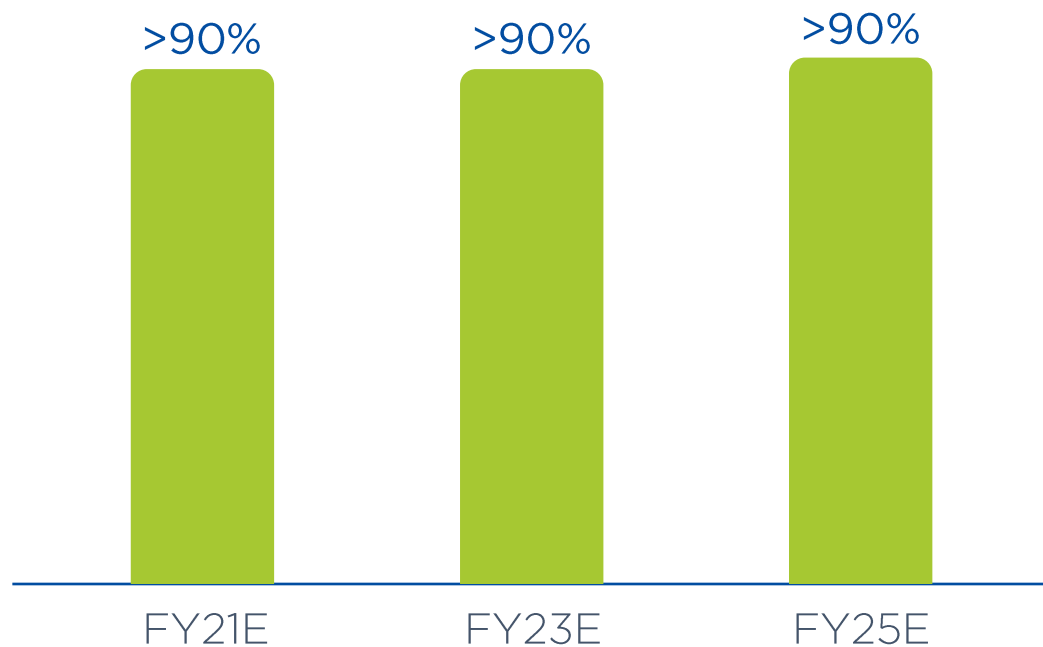
Both Factors Will Result in Higher Aggregate Unit Economics

Emerging Products Will Add Further Uplift to Aggregate Unit Economics

- Term Compression
- "Consistent Term" Pricing

Above Represents Difference in Average Unit Economics Across Terms
(New/Upsell only)

Gross Retention Rate



Key Takeaways

- We Expect Gross Retention Rates To Be Strong
- Limited Sample Size to Date for Subscription Renewals Reflective in the FY21 Retention Estimate
- ACV Renewal Projections Are Not Dependent on Any Increase in the Gross Retention Rates

Net Dollar Retention Rate

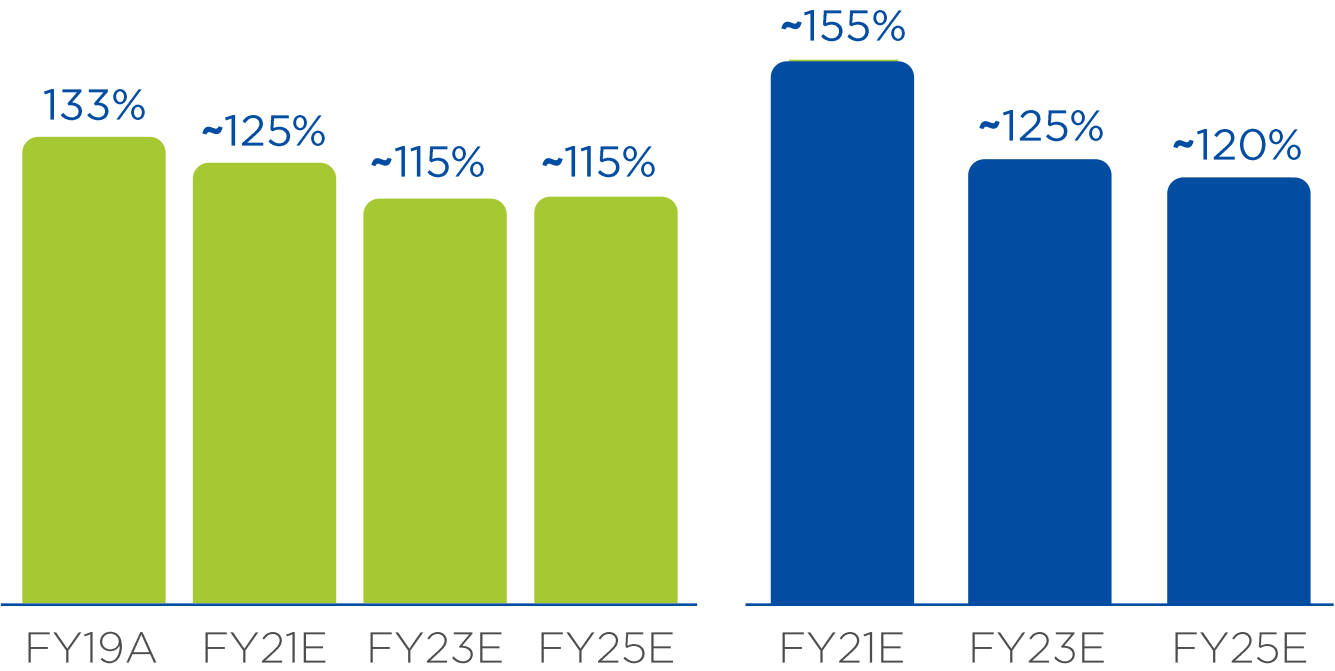
Includes LOD

Excludes LOD



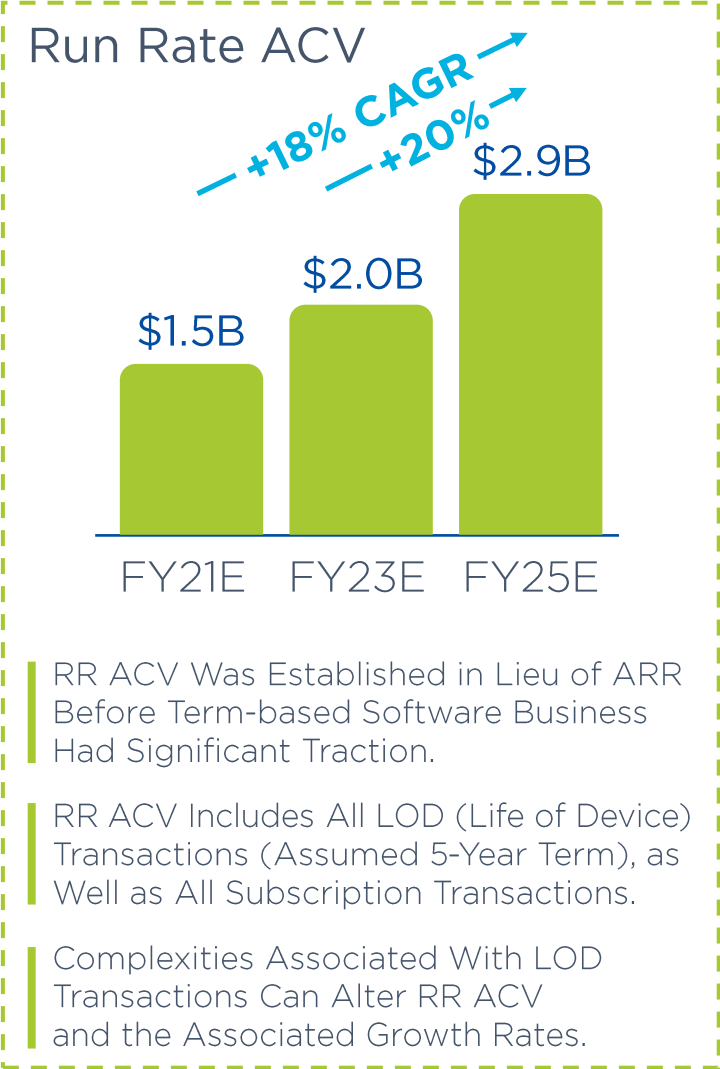
Key Takeaways

- Net Dollar Retention Rates Are Anticipated to Stay Very Attractive
- High Retention Rates Will Be Driven by Expanded Use Cases, Strong Growth in Emerging Products, Hybrid Cloud Opportunities, and Superior Product Quality
- FY23 and FY25 Retention Rates (Including LOD) Will Be Impacted by the Need to Assume a 5-Year Life for the LOD License (Potential Mismatch in Renewal Timing)
- High FY21 Retention Rate (Excluding LOD) Is Reflective of a Smaller Starting Subscription Base

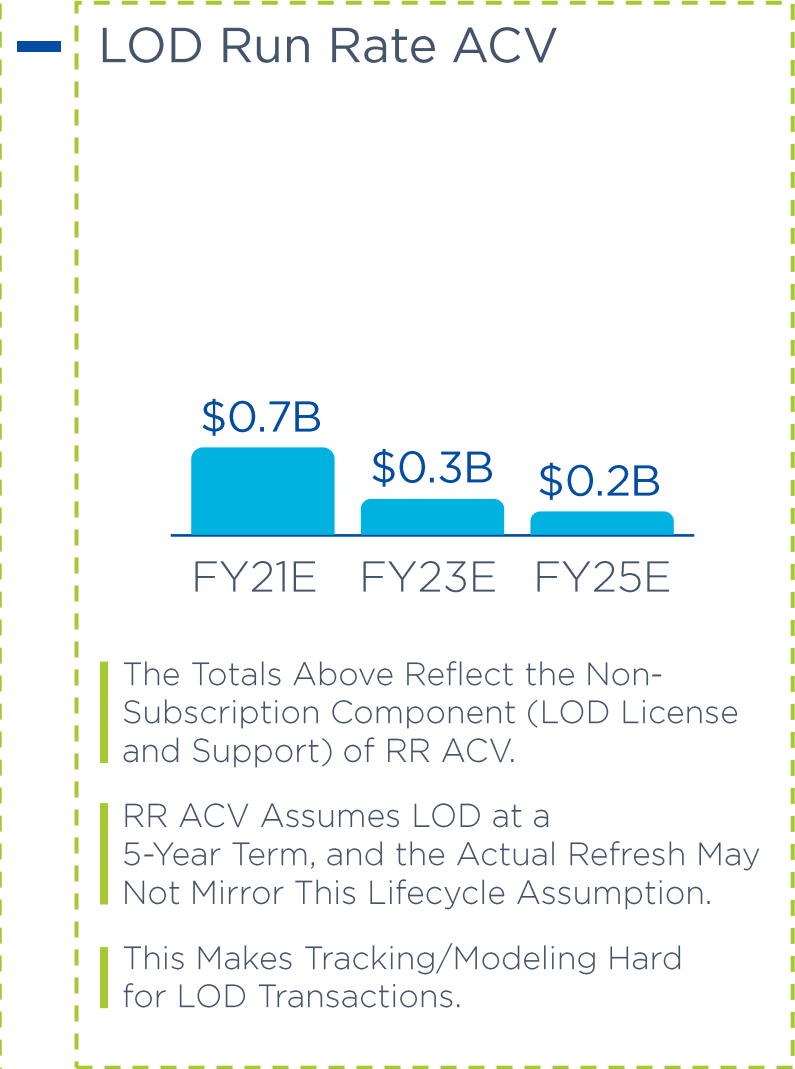


Refer to Appendix For Net Dollar Retention Rate Definitions

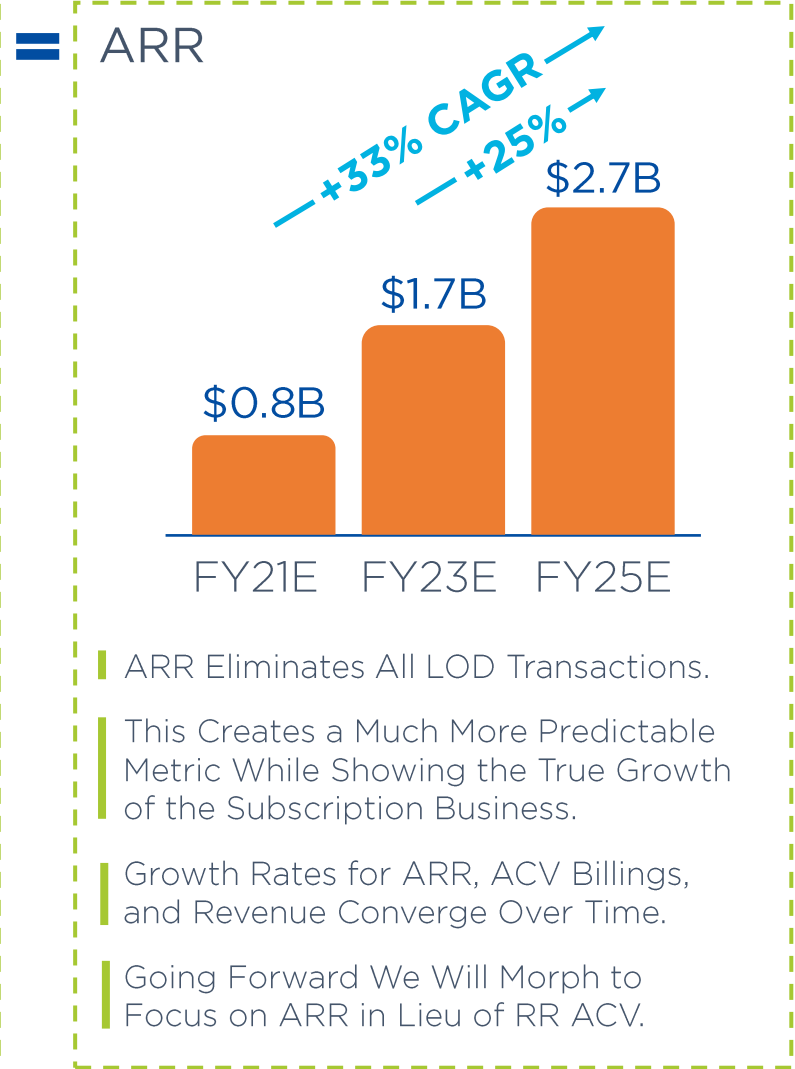
Run Rate ACV and ARR



FY20 Run Rate ACV = ~\$1.22B



FY20 LOD Run Rate ACV = ~\$0.74B



FY20 ARR = ~\$0.48B

Cost-Related Metrics

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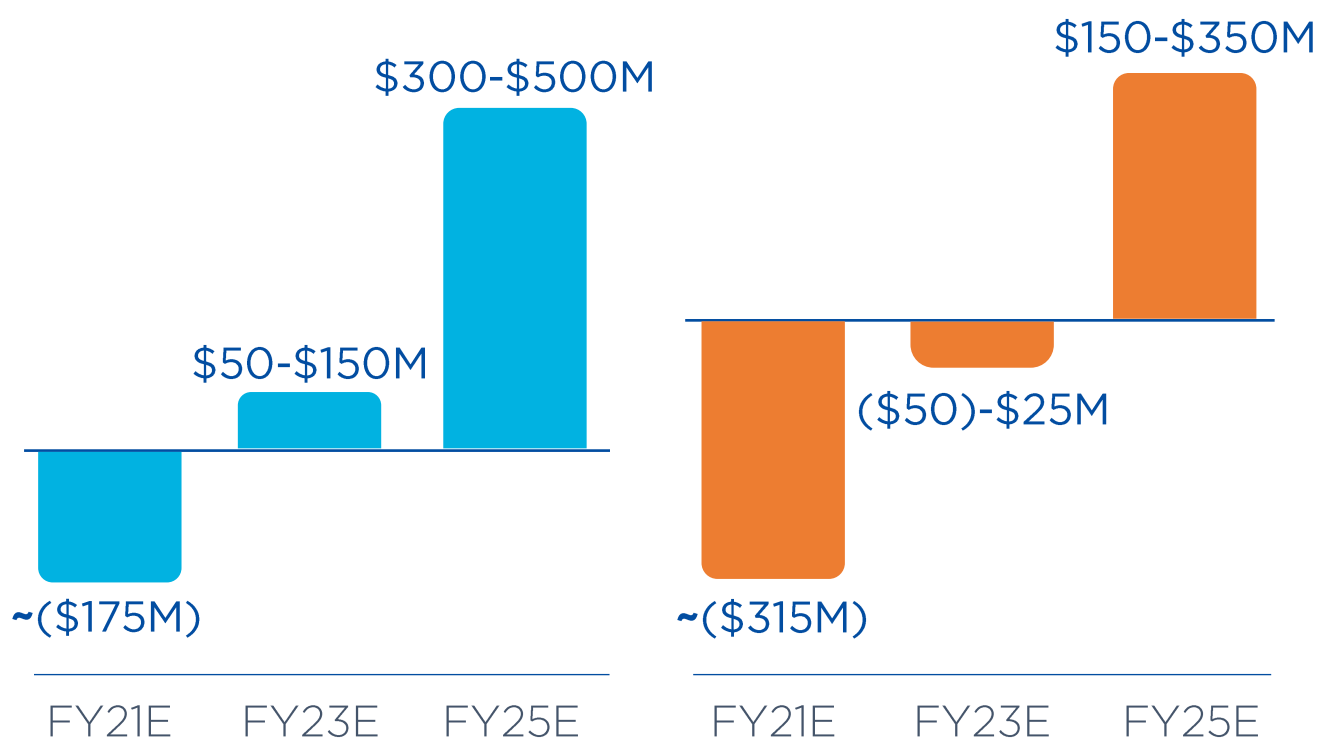
Clear Path to Positive Free Cash Flow and Profitability

Free Cash Flow

Operating Profit



Key Levers And Assumptions

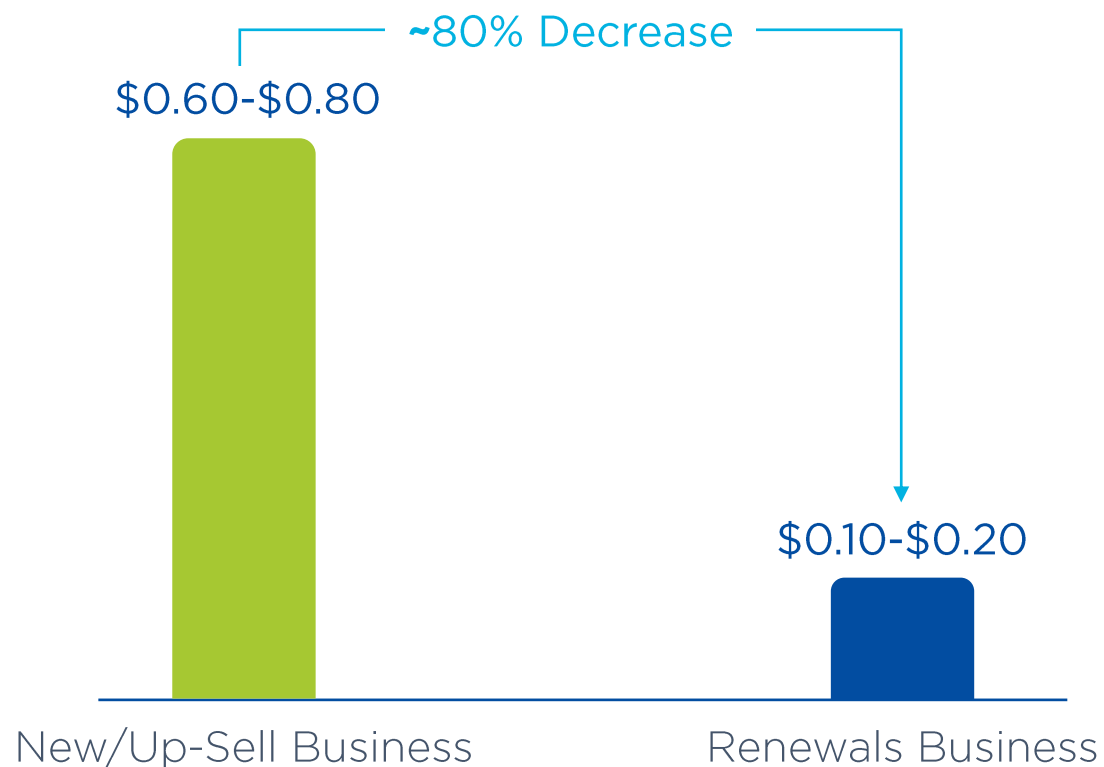


- Lower Cost of Renewals
- Growth in Renewals
- Increased Sales & Marketing Efficiency

Operating Profit and Free Cash Flow are Non-GAAP Measures

Cost of Acquiring Business

S&M Cost per Dollar of Revenue

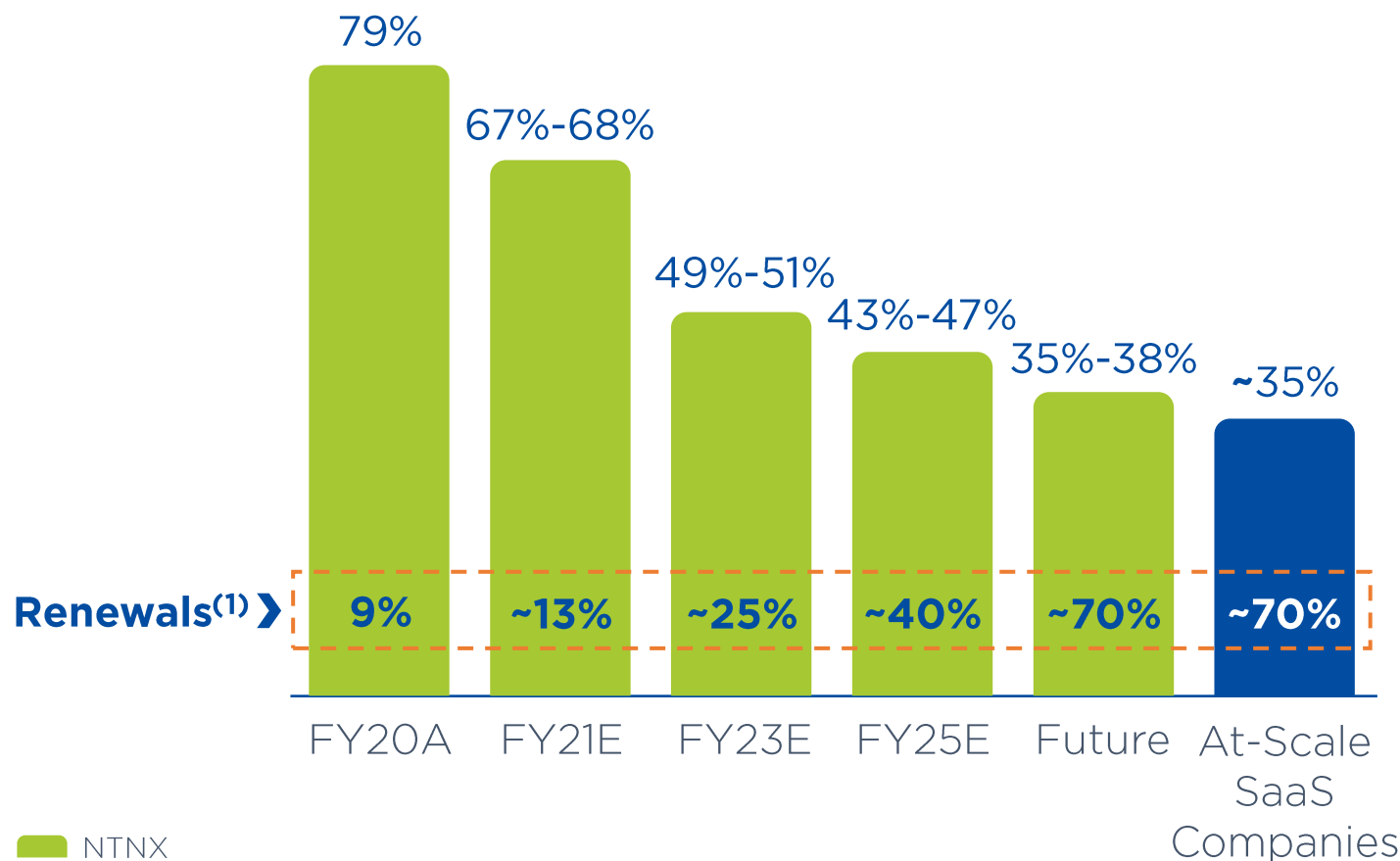


Key Takeaways

- Cost of Renewals Will Be ~80% Lower Compared to New/Up-sell Business
- As Renewal Volume Goes Up, Overall S&M Costs Will Go Down
- Renewals Require Less Sales Resources and Are Paid at a Substantially Lower Commission Rate

Renewal Mix Up/ S&M Cost Down

Sales & Marketing Costs as a % of Revenue



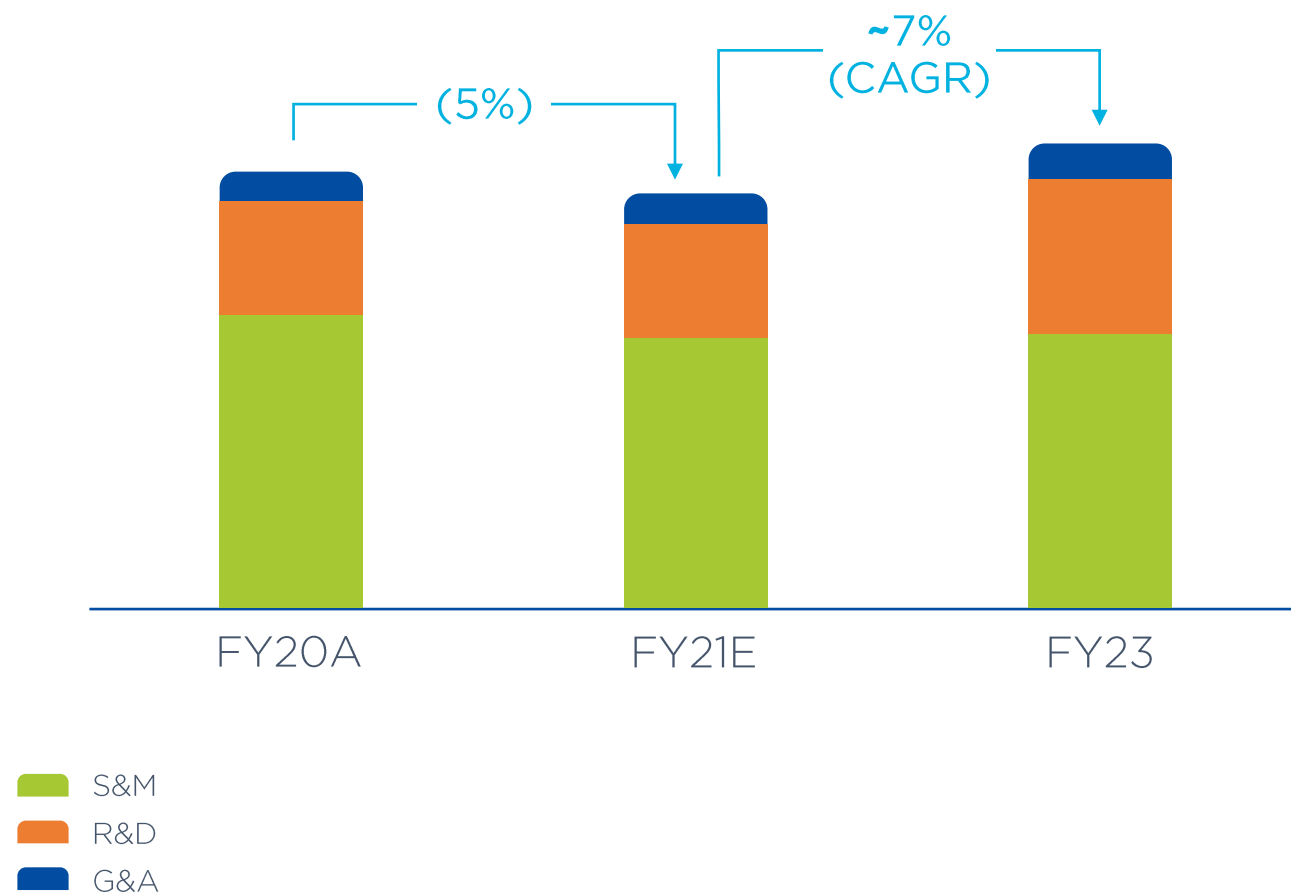
(1) Renewals Mix as a % of Total Billings

Key Takeaways

- Cost of Renewals Is ~80% Lower Compared to New/ Upsell Business
- Therefore, S&M Cost Structures Are Highly Correlated to Renewal Mix %
- Nutanix's S&M Cost Structure Will Decline as the Renewals Mix Increases
- Beyond FY25, Nutanix Targeted To Be Competitive with S&M Cost Structures of At-Scale SaaS Companies at a Comparable S&M Renewal Mix

Modest Total Expense Growth

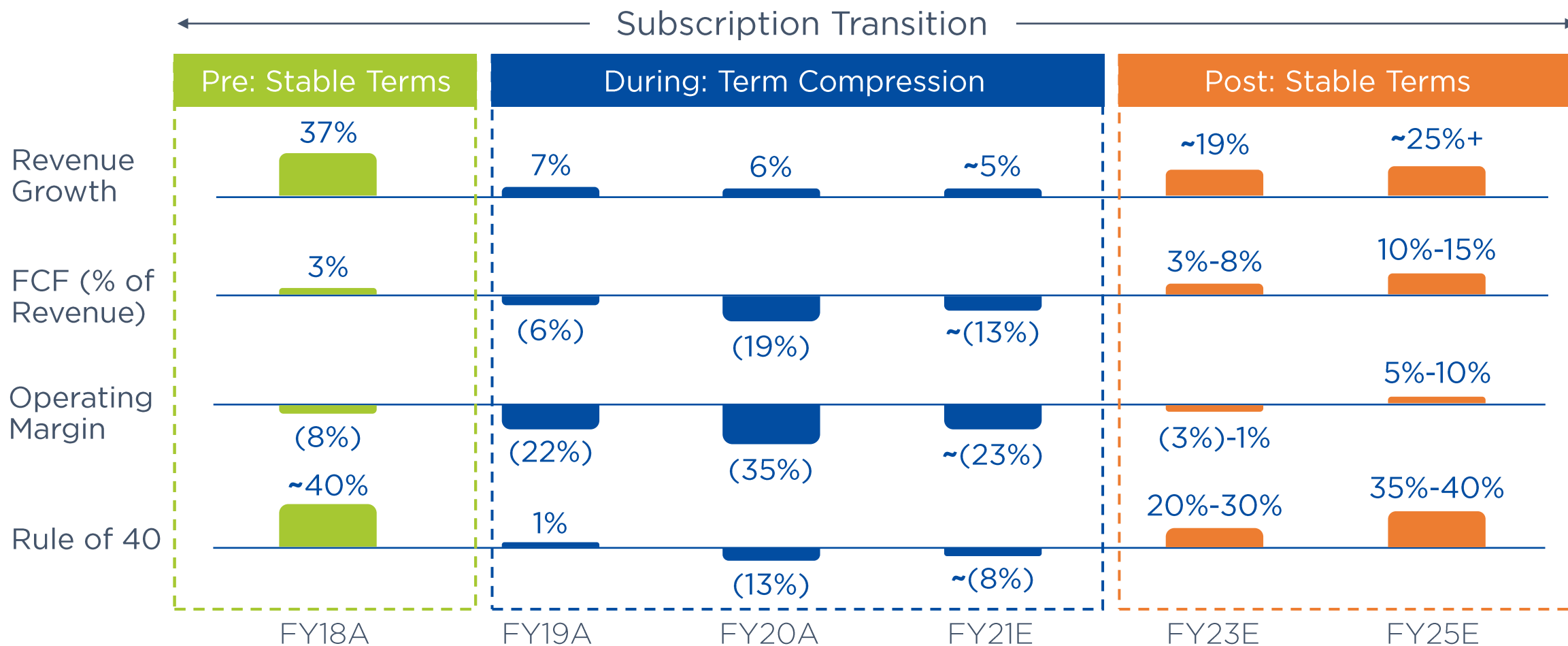
Operating Expense Profile



Key Takeaways

- Much Lower Cost Footprint Exiting FY21 vs. FY20
- Minimal S&M Growth in the Near- to Mid-Term as We Refine Our Go-to Market Coverage and Segmentation
- Prudent R&D Investments to Optimize and Grow Our Product Portfolio
- FY23+ Expense Growth Should Accelerate as We Begin Adding More Reps to Support Future Growth

Top and Bottom-Line Performance Throughout the Transition Period

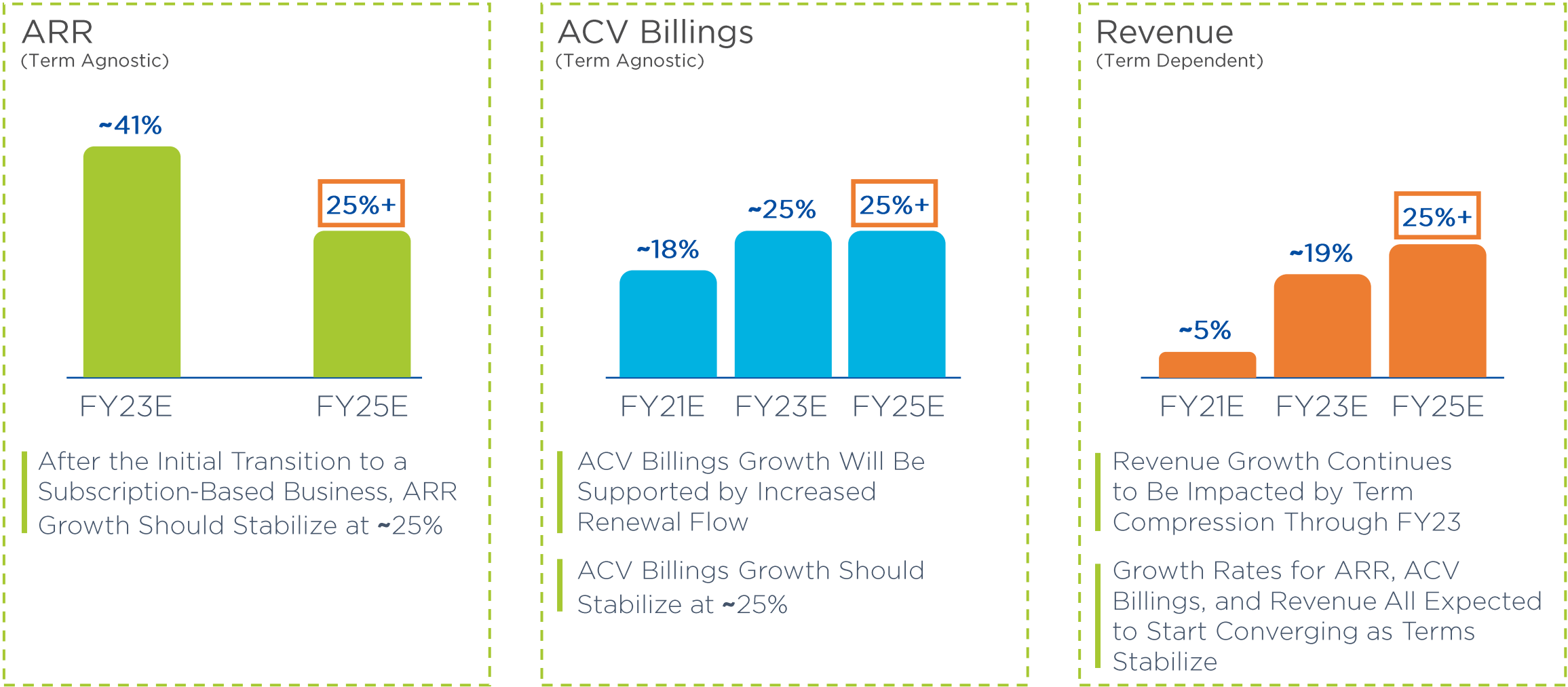


Revenue Growth Numbers Represent Approximate Midpoint of the Ranges

Note: FY18, FY19 and FY20 Rule of 40 Would Have Been 51%, 19% and (6%), Respectively, Based on Software and Support Revenue



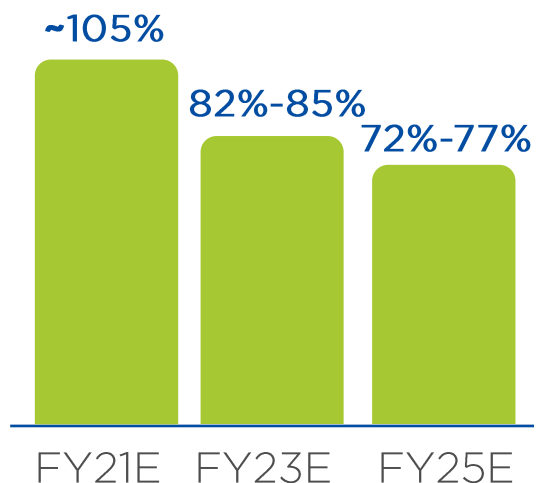
Summary Target Operating Model



% 2-Year CAGR
Growth Numbers Represent Midpoint of the Ranges

Summary Target Operating Model

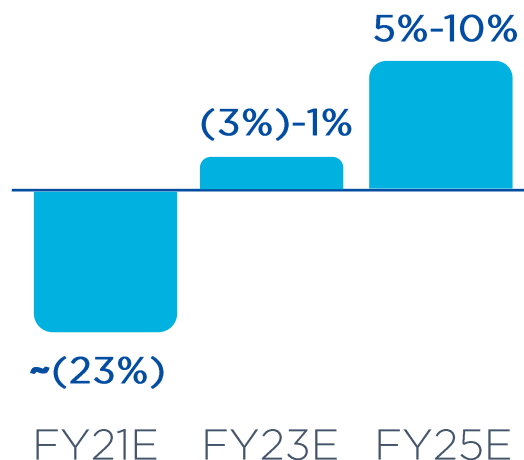
OpEx % of Revenue (Term Dependent)



Modest Expense Growth Through FY23 Combined With Accelerated Top-Line Will Improve Operating Leverage Going Forward

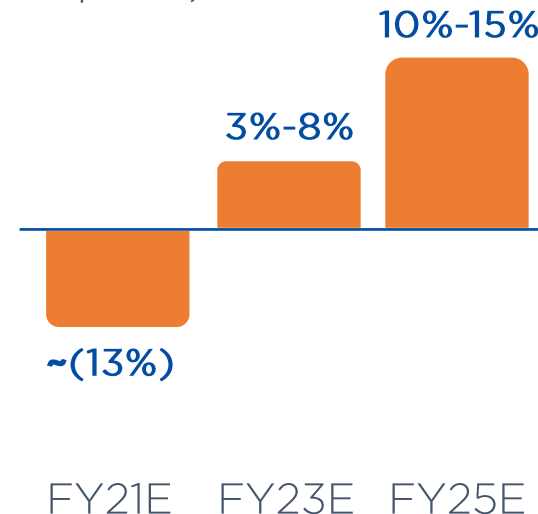
Some Additional Expense Growth Targeted to Occur Post-FY23 as We Add Reps to Support Future Growth and Continue to Invest in R&D

Operating Margin (Term Dependent)



Operating Margin Aided by Future Growth in Renewals Which Will Add Top-Line Growth and Go-to-Market Leverage

FCF % of Revenue (Term Dependent)



Clear Path to Positive FCF by 1HFY23/2HCY22

Rule of 40 Performance Post-Term Compression—FY25

Key Takeaways

ACV Billings Growth Expected to Accelerate

25%+ CAGR Through FY25

Revenue Growth Expected to Accelerate

20%+ CAGR Through FY25

Renewals Will Naturally Transform the Business Model Adding Top-Line Growth and Operating Leverage/Predictability

Expense Growth Will Be Limited to ~7% CAGR Through FY23

Clear Path to Near-Term Positive FCF (2HCY22/1HFY23) and Operating Profit (2HFY23/1HFY24)



Appendix

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FY22 Modeling Assumptions



ACV Billings

Low 20's Growth vs. FY21
(With Seasonally Adjusted
Quarters)



Total Billings/ACV Billings Ratio

Slight Reduction From FY21



Billings/ Revenue Ratio

1.10-1.13x



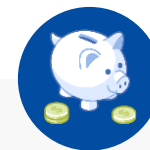
Revenue Growth

The Three Metrics Above
Should Lead to Mid to High
Teens Growth in FY22 vs.
FY21



Operating Expenses

Single Digit Growth
vs. FY21 Spend



FCF

Cash Use of High Single Digit,
as a % of Revenue

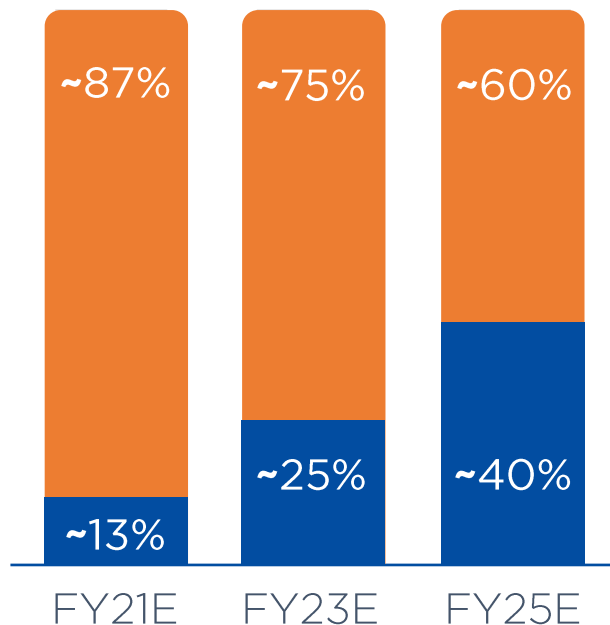
Note: The above FY22 Modeling Assumptions, including any estimates included therein, are being provided for informational purposes only for purposes of the Company's 2021 Investor Day, and should not be construed as either (i) Company-issued guidance for its financial results for the fiscal year ending July 31, 2022 or any other periods; or (ii) the Company's decision to provide annual guidance, or use new or different metrics or make adjustments to the metrics it uses, in the future. Furthermore, the above FY22 Modeling Assumptions speak only as of the date of the Company's 2021 Investor Day and, except as required by law, the Company assumes no obligation, and expressly disclaims any obligation, to update, alter or otherwise revise any of these forward-looking statements to reflect actual results or subsequent events or circumstances.

Guidance and Disclosure Plan—FY22

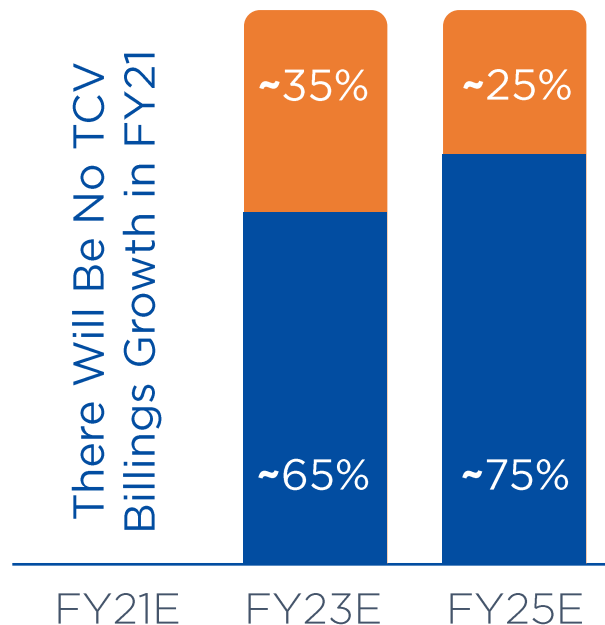
Metric	Currently Guide?	Plan to Guide?	Currently Disclose?	Plan to Disclose?	Frequency
ACV Billings	Yes	Yes	Yes	Yes	Quarterly
Gross Margin	Yes	Yes	Yes	Yes	Quarterly
Operating Expenses	Yes	Yes	Yes	Yes	Quarterly
Terms	Directionally	Directionally	Yes	Yes	Quarterly
Revenue	No	No	Yes	Yes	Quarterly
Run-Rate ACV	No	No	Yes	Yes	Quarterly - Ending Q2'22
ARR	No	No	No →	Yes	Quarterly - Starting Q4'21
ACV Renewals	No	No	No →	Yes	Yearly
TCV Renewals	No	No	No →	Yes	Yearly
Gross Retention Rate - LOD Customer	No	No	Yes	Yes	Yearly - Ending FY21
Gross Retention Rate - Subscription \$'s	No	No	No →	Directionally	Yearly - Starting FY21
Net Dollar Retention Rate - LOD Based	No	No	Yes →	No	Yearly - Ending FY21
Net Dollar Retention Rate - Subscription Based	No	No	No →	Yes	Yearly - Starting FY21
# of Total Customers	No	No	Yes	Yes	Quarterly
G2K Customers	No	No	Yes	Yes	Yearly - Starting FY22
AHV % of Total Nodes	No	No	Yes	Yes	Yearly - Starting FY23
Emerging Products % of New ACV	No	No	Occasionally →	No	NA
Emerging Products Yr/Yr Growth Rate	No	No	Yes	Yes	Quarterly - Ending Q2'22
Emerging Products Attach Rate	No	No	Yes	Yes	Quarterly - Ending Q2'22
ACV per Core - Term Based Uplift	No	No	No	No	NA
Total ACV per Core Uplift	No	No	No	No	NA
Cost of Acquisition	No	No	No	No	NA
Total Sales Reps	No	No	No	No	NA
Sales Rep Productivity	No	No	No →	Directionally	Yearly

TCV Billings Mix and Source of Growth

TCV Billings Mix



Source of TCV Billings Growth



Key Takeaways

- Renewals Play a Key Role in Transforming the Business Model
- The TCV Mix Is Shifting to Renewals Which Are More Visible and Lower Cost
- Renewals Drive Future Operating Leverage

■ New and Upsell ■ Renewals

Growth Numbers Represent Midpoint of the Ranges

GAAP to Non-GAAP Reconciliations

	FY'18	FY'19	FY'20	Q1'21	Q2'21	Q3'21	FY'17
Software revenue	\$630.7	\$727.1	\$742.4	\$155.0	\$173.5	\$171.3	\$437.0
Support, entitlements and other services revenue	267.5	403.7	541.8	157.0	171.6	172.2	172.6
Total software and support revenue	\$898.2	\$1,130.8	\$1,284.2	\$312.0	\$345.1	\$343.5	\$609.6
Sales and marketing expense (GAAP)	\$649.7	\$909.8	\$1,160.4	\$257.3	\$261.1	\$263.4	
Stock-based compensation expense	(65.1)	(107.8)	(126.0)	(32.2)	(30.0)	(30.7)	
Amortization of intangible assets	(0.9)	(2.5)	(2.6)	(0.7)	(0.7)	(0.7)	
Sales and marketing expense (Non-GAAP)	\$583.7	\$799.5	\$1,031.8	\$224.4	\$230.4	\$232.0	
Loss from operations (GAAP)	\$(280.4)	\$(598.0)	\$(828.9)	\$(182.1)	\$(156.2)	\$(180.6)	
Stock-based compensation expense	177.9	306.7	352.0	89.2	84.5	95.3	
Change in fair value of contingent consideration	(2.4)	(0.8)	-	-	-	-	
Amortization of intangible assets	6.5	16.8	17.4	4.4	4.3	4.4	
Impairment of lease-related assets	-	-	3.0	2.8	-	-	
Acquisition-related costs	1.7	0.7	-	-	-	-	
Other	-	0.3	1.5	0.5	0.4	0.8	
Loss from operations (Non-GAAP)	\$(96.7)	\$(274.3)	\$(455.0)	\$(85.2)	\$(67.0)	\$(80.1)	
Operating margin (GAAP)	(24.3%)	(48.4%)	(63.4%)	(58.2%)	(45.1%)	(52.4%)	
Stock-based compensation expense	15.3	24.8	27.0	28.5	24.4	27.6	
Change in fair value of contingent consideration	(0.2)	(0.1)	-	-	-	-	
Amortization of intangible assets	0.6	1.4	1.3	1.4	1.3	1.3	
Impairment of lease-related assets	-	-	0.2	0.9	-	-	
Acquisition-related costs	0.2	0.1	-	-	-	-	
Other	-	-	0.1	0.2	0.1	0.2	
Operating margin (Non-GAAP)	(8.4%)	(22.2%)	(34.8%)	(27.2%)	(19.3%)	(23.3%)	
Net cash provided by operating activities	\$92.5	\$42.1	\$(159.9)	\$(4.1)	\$(15.6)	\$(55.6)	
Purchases of property and equipment	(62.3)	(118.4)	(89.5)	(12.2)	(12.9)	(15.9)	
Free cash flow (Non-GAAP)	\$30.2	\$(76.3)	\$(249.4)	\$(16.3)	\$(28.5)	\$(71.5)	

Note: All Amounts in Millions, Except Percentages

Endnotes and Market Opportunity Data

Endnotes

All financial measures used in this presentation, except revenue, are expressed on a non-GAAP basis and have been adjusted to exclude certain charges. We have provided, to the extent available, reconciliations of these non-GAAP financial measures to GAAP financial measures in the Appendix to this presentation.

All FY21E numbers in this presentation are based on Q1'21, Q2'21 and Q3'21 actuals plus estimates consistent with the Company's guidance for Q4'21.

Market Opportunity Data

Certain information contained in this presentation and the accompanying oral commentary may relate to or be 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.

We believe our overall market is composed of Adjacent Markets, which our Emerging Products primarily target, and Hybrid Cloud Market, which our Core Products primarily target. We define **Adjacent Markets** as being composed of desktop-as-a-service (DaaS), database automation and database-as-a-service (DBaaS), files and objects storage, cloud management, and disaster recovery-as-a-service (DRaaS) markets. The **Total Addressable Market**, or **TAM**, data for our Adjacent Markets used in this presentation are our estimates derived from IDC and Gartner forecasts regarding the component markets with adjustments, some of which are based on our internal assumptions and market experience and knowledge, made to focus only on the segments of the applicable markets that we believe are applicable to our business. We define **Hybrid Cloud Market** as being composed of HCI Market and Public Cloud Market. The TAM data for our **Hyperconverged Infrastructure Market**, or **HCI Market**, and **Public Cloud Market** used in this presentation are our estimates derived from IDC forecasts regarding the hyperconverged infrastructure market and infrastructure-as-a-service (IaaS) server and storage markets, respectively, with adjustments, some of which are based on our internal assumptions and market experience and knowledge, made to focus only on the segments of the applicable markets that we believe are applicable to our business.

Therefore, we compare the estimated growth rate for future periods of our total ACV Billings, ACV Billings from our Emerging Products, ACV Billings from our Core Products against the estimated growth rate of TAM for our overall market, Adjacent Markets, and Hybrid Cloud Market, respectively, in corresponding future periods.

Definitions

INVESTOR DAY 2021



Key Definitions and Why They Matter

Metric	Definition	Why It Matters
Annual Contract Value (ACV)	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.	Enables a term agnostic comparison
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 Billings is the sum of New ACV Billings and Renewals ACV Billings.	Measures total business billed in any 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.	Measures total business booked in any given period



Key Definitions and Why They Matter

Metric	Definition	Why It Matters
Annual Run Rate (ARR)	Annual Run Rate, 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.	A proxy of annual recurring revenue, and measures earnings potential
Average Contract Term	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 period.	Helps determine total contract value for contracts billed
Cost of Acquiring Business—New/Upsell	Sales and Marketing (S&M) spend associated with acquiring new and up-sell/expansion business	Degree of S&M efficiency for each \$ of new/expansion revenue
Cost of Acquiring Business—Renewals	Sales and Marketing spend associated with renewing subscription contracts	Degree of S&M efficiency for each \$ of renewal revenue



Key Definitions and Why They Matter

Metric	Definition	Why It Matters
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.	Represents ARR retained every year from existing customer base; a proxy for long-term health
Net Dollar Retention Rate (Excluding LOD)	Net Dollar Retention Rate (Excluding LOD) is calculated on an annual basis 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.	A proxy for future growth by measuring expansion within existing subscription customer base



Key Definitions and Why They Matter

Metric	Definition	Why It Matters
Net Dollar Retention Rate (Including LOD)	Net Dollar Retention Rate (Including LOD) is calculated on an annual basis by dividing the aggregate Retained ACV at the end of the period by the aggregate Retained ACV from the same group of customers at the end of the prior period on a dollar-weighted basis across the cohort. We compare the aggregate Retained ACV of our customer base at the end of the prior fiscal year to the aggregate Retained ACV from the same group of customers at the end of the current fiscal year. Retained ACV , for any given period, is defined as the ACV of contracts with a specified term of a customer cohort net of churn, assuming any active contract expiring during the period is renewed and continues on its existing terms and at its prevailing rate of utilization.	A proxy for future growth by measuring expansion within existing customer base
New ACV	New ACV is defined as the ACV pertaining to sales to a new customer, or any up-sell / expansion sales to an existing customer.	Measures New ACV billed in any given period
New ACV Billings	New ACV Billings, for any given period, is defined as the sum of the New ACV billed during the given period.	Measures new/expansion business and effectiveness of S&M spend

Key Definitions and Why They Matter

Metric	Definition	Why it Matters
New TCV Billings	New TCV Billings, for any given period, is defined as the sum of the New/Upsell TCV billed during the given period.	Measures new/expansion business and effectiveness of S&M spend
Renewals ACV Billings	Renewals ACV Billings, for any given period, is defined as the sum of the ACV of all renewal contracts billed during the given period.	Measures renewals ACV billings
Renewals TCV Billings	Renewals TCV Billings, for any given period, is defined as the sum of the TCV of all renewal contracts billed during the given period.	Measures renewals TCV billings
Rule of 40	Sum of revenue growth plus free cash flow margin should be greater than or equal to 40%	A measure of balance between growth and profitability
Run-rate ACV	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, the Company assumes that the contract term begins on the date a contract is booked, irrespective of the periods in which the Company would recognize revenue for such contract.	A proxy for total book of business whether a subscription or life-of-device contract



Key Definitions and Why They Matter

Metric	Definition	Why it Matters
Sales Rep Productivity	$\frac{\text{New/expansion ACV}}{\text{Total sales reps}}$	Measures average new/expansion business booked per quota carrying rep in any given period
Total Contract Value Billings (TCV Billings)	Total Contract Value Billings, or TCV Billings, for any given period is defined as the total software and support billings during such period, which excludes amounts associated with pass-through hardware sales during the period.	Measures TCV billed in any given period
TCV Billings Source of Growth	$\frac{\text{Year-over-year change in New or Renewals TCV Billings}}{\text{Year-over-change in TCV Billings}}$	Breaks down component of TCV Billings growth between new and renewals
Total Contract Value Bookings (TCV Bookings)	Total Contract Value Bookings, or TCV Bookings, for any given period is defined as the total software and support contracts booked during such period, which excludes amounts associated with pass-through hardware sales during the period.	Measures TCV booked in any given period
Total Sales Reps	Total Sales Reps, for any given period, represents the ending sales rep headcount for the given period.	Represents total number of quota-carrying reps





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