

Q1 FY2025 Earnings

November 26, 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 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), restructuring charges, litigation settlement accruals and legal fees related to certain litigation matters, the amortization and conversion of the debt discount and issuance costs related to convertible senior notes, interest expense related to convertible senior notes, 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 capital expenditures, and we define free cash flow as net cash provided by (used in) operating activities less purchases of property and equipment. 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 ARR or Average Contract Duration, so we have not reconciled the 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 below in the tables captioned "Reconciliation of GAAP to Non-GAAP Profit Measures" and "Reconciliation of GAAP Net Cash Provided By Operating Activities to Non-GAAP Free Cash Flow," 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 second quarter fiscal 2025 outlook and/or our fiscal 2025 outlook: 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 innovations supporting our vision of becoming the leading platform for running applications and managing data, anywhere; strengthening our partner ecosystem; our focus on delivering sustainable, profitable growth; our second quarter fiscal 2025 outlook; and our fiscal 2025 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, objectives, momentum, prospects and outlook; 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; 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; 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, 2024 filed with the U.S. Securities and Exchange Commission, or the SEC, on September 19, 2024. Additional information will be set forth in our Quarterly Report on Form 10-Q for the fiscal quarter ended October 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.

Q1 FY2025 Company Highlights

Delivers Outperformance Across All Q1'25 Guided Metrics	Revenue of \$591.0 million was up 16% year-over-year and Non-GAAP Operating Margin of 20.0% increased 440 bps year-over-year.
Raised FY'25 Free Cash Flow Guidance	Raised FY'25 Free Cash Flow guidance and maintained FY'25 Revenue guidance.
Strong New Logo Performance	New logo additions of 630 grew 50%-plus year-over-year.
Named a Leader in 2024 Gartner® Magic Quadrant™ for DHI	Announced recognition as a Leader in the 2024 Gartner® Magic Quadrant™ for Distributed Hybrid Infrastructure.
Expands Partnership with AWS	As part of the expanded partnership, AWS will offer customer incentives to facilitate migration to NC2 on AWS.

Management Commentary

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During our first quarter we delivered outperformance across our guided metrics. We also continued to bring innovations to the market supporting our vision of becoming the leading platform for running apps and managing data, anywhere, while strengthening our partner ecosystem.



Rajiv Ramaswami
President and Chief Executive Officer
Nutanix

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Our first quarter results demonstrated a good balance of top and bottom line performance with 18% year-over-year ARR growth and strong free cash flow generation. We remain focused on delivering sustainable, profitable growth.



Rukmini Sivaraman
Chief Financial Officer
Nutanix



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

Q1 FY2025 Financial Summary

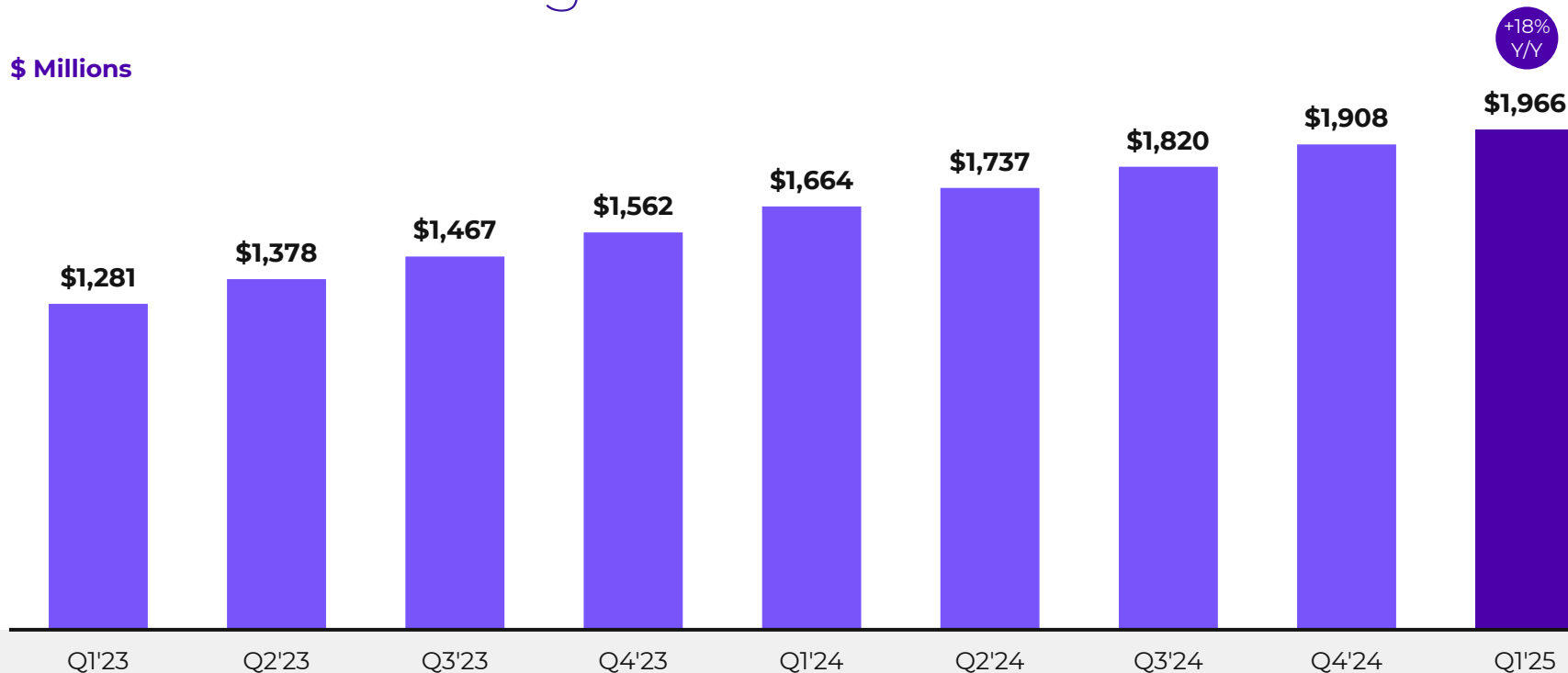
	Q1'25 Results	Y/Y Change	Q1'25 Guidance
Annual Recurring Revenue	\$1.97B	18%	N/A
Average Contract Duration	3.1 Years	0.2 Year	N/A
Revenue	\$591.0M	16%	\$565 – \$575M
Non-GAAP Gross Margin	87.5%	160 bps	N/A
Non-GAAP Operating Expenses	\$398.9M	11%	N/A
Non-GAAP Operating Income	\$118.2M	\$38.7M	N/A
Non-GAAP Operating Margin	20.0%	440 bps	14.5% to 15.5%
Non-GAAP Net Income per Share (Diluted)	\$0.42	\$0.13	N/A
Free Cash Flow	\$151.9M	\$19.4M	N/A



Note: See Appendix for GAAP to Non-GAAP reconciliations, as well as definitions of Annual Recurring Revenue and Average Contract Duration. 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.

Annual Recurring Revenue

\$ Millions

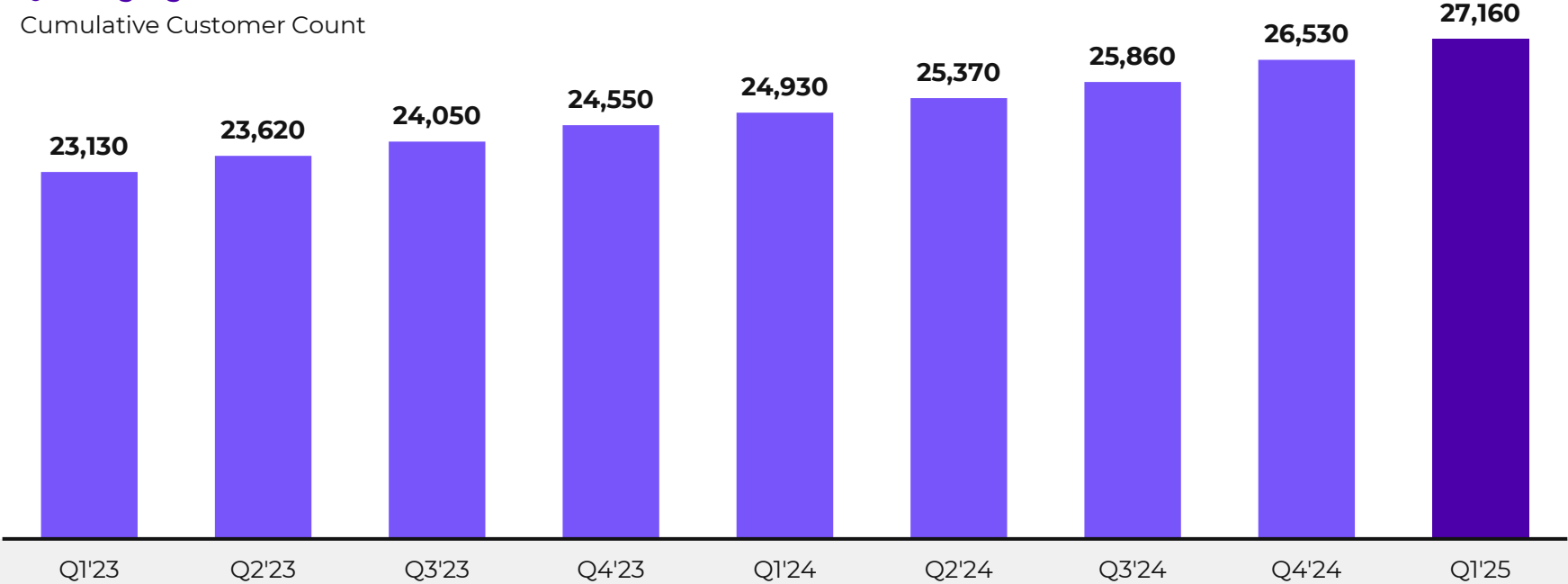


Note: See Appendix for definition of Annual Recurring Revenue. There is no GAAP measure that is comparable to Annual Recurring Revenue, so the Company has not reconciled Annual Recurring Revenue in this presentation to any GAAP measure.

Customer Growth

Q1'25 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.

Q2'25 Financial Guidance

	Q2'25 Guidance
Revenue	\$635 – \$645M
Non-GAAP Operating Margin	20% to 21%
Weighted Average Shares Outstanding (Diluted) ⁽¹⁾	~289M

 1. Weighted average share count used in computing diluted non-GAAP net income per share.
Note: Q2'25 guidance is as of November 26, 2024.

FY'25 Financial Guidance

	FY'25 Guidance
Revenue	\$2.435 – \$2.465B
Non-GAAP Operating Margin	16% to 17%
Free Cash Flow	\$560 – \$610M

Guidance Commentary:

1. The Company is seeing continued Land and Expand opportunities and a growing pipeline for its solutions. However, as the Company has discussed previously, it expects continued uncertainty in the timing, outcome and deal structure from the growing mix of larger deals in the pipeline. And as the Company mentioned earlier, it has continued to see a modest elongation of average sales cycles relative to historical levels, which it believes is related to the uncertain spending environment, and which it expects to continue.
2. The guidance assumes that renewals will continue to perform well in FY25.
3. The full-year guidance assumes that average contract duration will be flat to slightly lower compared to FY24, as renewals continue to grow as a percentage of the Company's billings.
4. The Non-GAAP Operating Margin guidance assumes incremental, prudent investments in Sales & Marketing and R&D, targeted towards addressing the Company's large market opportunity. Those investments are expected to continue to ramp through the course of the fiscal year.
5. Based on the Company's current view of renewals cohorts and visibility into Land and Expand, the Company expects Revenue seasonality in fiscal Q3 relative to Q2 to be similar to what the Company saw in FY23.



Note: FY'25 guidance is as of November 26, 2024.

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

Definitions


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. **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. Excludes amounts related to professional services and hardware.

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

Note: 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 ARR, so the Company has not reconciled ARR in this presentation to any GAAP measure.

GAAP to Non-GAAP Reconciliations

	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Gross Margin (GAAP)	84.0%	85.6%	84.8%	85.2%	86.0%
Stock-Based Compensation Expense	1.7	1.6	1.6	1.6	1.4
Amortization of Intangible Assets	0.2	0.1	0.1	0.1	0.1
Gross Margin (Non-GAAP)	85.9%	87.3%	86.5%	86.9%	87.5%
Operating Expenses (GAAP)	\$434.8	\$446.6	\$456.5	\$479.2	\$481.0
Stock-Based Compensation Expense	(75.0)	(77.1)	(74.3)	(73.4)	(80.7)
Amortization of Intangible Assets	–	(0.1)	(0.1)	(0.1)	(0.1)
Restructuring Charges	–	0.2	–	–	–
Litigation-Related Costs	–	–	(1.7)	(0.2)	(1.3)
Other	–	(0.2)	–	–	–
Operating Expenses (Non-GAAP)	\$359.8	\$369.4	\$380.4	\$405.5	\$398.9
(Loss) Income from Operations (GAAP)	\$(5.7)	\$37.1	\$(11.5)	\$(12.2)	\$27.3
Stock-Based Compensation Expense	84.0	86.0	82.3	81.6	88.7
Amortization of Intangible Assets	1.2	0.8	0.8	0.9	0.9
Restructuring Charges	–	(0.2)	–	–	–
Litigation-Related Costs	–	–	1.7	0.2	1.3
Other	–	0.2	–	–	–
Income from Operations (Non-GAAP)	\$79.5	\$123.9	\$73.3	\$70.5	\$118.2

 Note: All amounts in millions, except percentages.

GAAP to Non-GAAP Reconciliations

	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Net (Loss) Income (GAAP)	\$(15.9)	\$32.8	\$(15.6)	\$(126.1)	\$29.9
Stock-Based Compensation Expense	84.0	86.0	82.3	81.6	88.7
Amortization of Intangible Assets	1.2	0.8	0.8	0.9	0.9
Restructuring Charges	–	(0.2)	–	–	–
Litigation-Related Costs	–	–	1.7	0.2	1.3
Amortization and Conversion of Debt Discount and Issuance Costs	16.3	16.6	16.9	119.5	0.8
Other	0.9	0.1	(0.1)	(0.2)	(0.1)
Income Tax-Related Adjustments	0.3	0.2	(0.8)	(0.2)	0.3
Net Income (Non-GAAP)	\$86.8	\$136.3	\$85.2	\$75.7	\$121.8
Net Cash Provided by Operating Activities	\$145.5	\$186.4	\$96.3	\$244.7	\$161.7
Purchases of Property and Equipment	(13.0)	(23.8)	(18.0)	(20.4)	(9.8)
Free Cash Flow (Non-GAAP)	\$132.5	\$162.6	\$78.3	\$224.3	\$151.9

	Q1'24	Q1'25
Weighted Average Shares Outstanding (Basic)	241M	267M
Weighted Average Shares Outstanding (Diluted)	293M	289M



Note: All amounts in millions.

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Thank You