# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

**(Mark One)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended April 30, 2024**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from __________ to**

**Commission File Number: 001-37883**

# NUTANIX, INC.

**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Delaware** | **27-0989767** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |

**1740 Technology Drive, Suite 150**
**San Jose, CA 95110**
**(Address of principal executive offices, including zip code)**

**(408) 216-8360**
**(Registrant's telephone number, including area code)**

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class | Trading symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Class A Common Stock, $0.000025 par value per share | NTNX | Nasdaq Global Select Market |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large Accelerated Filer | ☒ | Accelerated Filer | ☐ |
| Non-accelerated Filer | ☐ | Smaller Reporting Company | ☐ |
| | | Emerging Growth Company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 31, 2024, the registrant had 246,640,821 shares of Class A common stock, $0.000025 par value per share, outstanding.

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q contains express and implied forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which statements involve substantial risks and uncertainties. Other than statements of historical fact, all statements contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "potentially," "estimate," "continue," "anticipate," "plan," "intend," "could," "would," "expect," or words or expressions of similar substance or the negative thereof, that convey uncertainty of future events or outcomes are intended to identify forward-looking statements. Forward-looking statements included in this Quarterly Report on Form 10-Q include, but are not limited to, statements regarding:

- our investment in our growth over the long-run, including the development of our solutions and investing in sales and marketing;
- improving our operating cash flow performance, including by focusing on go-to-market efficiencies and taking steps to manage our expense;
- our intent and measures to reduce our overall sales and marketing spend as a percentage of revenue;
- sustaining profitable growth;
- fluctuations in our overall spending, including sales and marketing, research and development, and general and administrative expenses;
- expected sales productivity;
- the recent evolution of our sales pipeline and its expected effect on our new and expansion business;
- fluctuations in hardware revenue and cost of product revenue;
- fluctuations in our operating and free cash flow during the next 12 months;
- sufficiency of our cash, cash equivalents and short-term investments and net cash provided by operating activities to meet anticipated cash needs;
- our expectations that neither our operating results nor cash flows would be materially affected by any sudden change in interest rates;
- anticipated trends, opportunities and challenges in our business and in the markets in which we operate; and
- our plans and expectations concerning the remediation of the material weakness previously identified by management.

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs in light of the information currently available to us. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described under the heading "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended July 31, 2023. Moreover, we operate in a very competitive and rapidly changing environment and new risks emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and trends discussed in this Quarterly Report on Form 10-Q may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or events and circumstances reflected in the forward-looking statements will be achieved or will occur. The forward-looking statements in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation, and expressly disclaim any obligation, to update, alter or otherwise revise or publicly release the results of any revision to these forward-looking statements to reflect new information or the occurrence of unanticipated or subsequent events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements.

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements (Unaudited)**

**NUTANIX, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(Unaudited)**

| | As of | |
|---|---|---|
| | July 31, 2023 | April 30, 2024 |
| | (in thousands, except per share data) | |
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 512,929 | $ 598,027 |
| Short-term investments | 924,466 | 1,053,354 |
| Accounts receivable, net of allowances of $733 and $1,619, respectively | 157,251 | 225,301 |
| Deferred commissions—current | 120,001 | 148,435 |
| Prepaid expenses and other current assets | 147,087 | 114,123 |
| Total current assets | 1,861,734 | 2,139,240 |
| Property and equipment, net | 111,865 | 114,785 |
| Operating lease right-of-use assets | 93,554 | 96,895 |
| Deferred commissions—non-current | 237,990 | 204,357 |
| Intangible assets, net | 4,893 | 6,019 |
| Goodwill | 184,938 | 185,235 |
| Other assets—non-current | 31,941 | 28,393 |
| Total assets | $ 2,526,915 | $ 2,774,924 |
| **Liabilities and Stockholders' Deficit** | | |
| Current liabilities: | | |
| Accounts payable | $ 29,928 | $ 40,286 |
| Accrued compensation and benefits | 143,679 | 173,339 |
| Accrued expenses and other current liabilities | 109,269 | 22,486 |
| Deferred revenue—current | 823,665 | 923,559 |
| Operating lease liabilities—current | 29,567 | 23,884 |
| Total current liabilities | 1,136,108 | 1,183,554 |
| Deferred revenue—non-current | 771,367 | 823,891 |
| Operating lease liabilities—non-current | 68,940 | 79,028 |
| Convertible senior notes, net | 1,218,165 | 1,271,966 |
| Other liabilities—non-current | 39,754 | 35,945 |
| Total liabilities | 3,234,334 | 3,394,384 |
| Commitments and contingencies (Note 7) | | |
| Stockholders' deficit: | | |
| Preferred stock, par value of $0.000025 per share— 200,000 shares authorized as of July 31, 2023 and April 30, 2024; no shares issued and outstanding as of July 31, 2023 and April 30, 2024 | — | — |
| Common stock, par value of $0.000025 per share—1,000,000 Class A shares authorized as of July 31, 2023 and April 30, 2024; 239,607 and 246,932 Class A shares issued and outstanding as of July 31, 2023 and April 30, 2024, respectively | 6 | 6 |
| Additional paid-in capital | 3,930,668 | 4,086,671 |
| Accumulated other comprehensive loss | (5,171) | (3,703) |
| Accumulated deficit | (4,632,922) | (4,702,434) |
| Total stockholders' deficit | (707,419) | (619,460) |
| Total liabilities and stockholders' deficit | $ 2,526,915 | $ 2,774,924 |

See the accompanying notes to condensed consolidated financial statements.

**NUTANIX, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Unaudited)**

| | Three Months Ended April 30, | | Nine Months Ended April 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| | (in thousands, except per share data) | | | |
| Revenue: | | | | |
| Product | $ 212,507 | $ 255,465 | $ 671,619 | $ 802,047 |
| Support, entitlements and other services | 236,074 | 269,112 | 697,066 | 798,817 |
| Total revenue | 448,581 | 524,577 | 1,368,685 | 1,600,864 |
| Cost of revenue: | | | | |
| Product | 12,430 | 8,469 | 40,452 | 28,105 |
| Support, entitlements and other services | 69,999 | 71,150 | 211,277 | 215,029 |
| Total cost of revenue | 82,429 | 79,619 | 251,729 | 243,134 |
| Gross profit | 366,152 | 444,958 | 1,116,956 | 1,357,730 |
| Operating expenses: | | | | |
| Sales and marketing | 229,261 | 245,901 | 695,271 | 717,926 |
| Research and development | 143,016 | 159,220 | 434,760 | 471,596 |
| General and administrative | 52,515 | 51,425 | 182,728 | 148,457 |
| Total operating expenses | 424,792 | 456,546 | 1,312,759 | 1,337,979 |
| (Loss) income from operations | (58,640) | (11,588) | (195,803) | 19,751 |
| Other (expense) income, net | (7,168) | 659 | (30,696) | (2,520) |
| (Loss) income before provision for income taxes | (65,808) | (10,929) | (226,499) | 17,231 |
| Provision for income taxes | 5,161 | 4,687 | 14,774 | 15,905 |
| Net (loss) income | $ (70,969) | $ (15,616) | $ (241,273) | $ 1,326 |
| Net (loss) income per share attributable to Class A common stockholders, basic | $ (0.30) | $ (0.06) | $ (1.04) | $ 0.01 |
| Net (loss) income per share attributable to Class A common stockholders, diluted | $ (0.30) | $ (0.06) | $ (1.04) | $ 0.05 |
| Weighted average shares used in computing net (loss) income per share attributable to Class A common stockholders, basic | 234,735 | 245,766 | 231,702 | 243,688 |
| Weighted average shares used in computing net (loss) income per share attributable to Class A common stockholders, diluted | 234,735 | 245,766 | 231,702 | 297,055 |

See the accompanying notes to condensed consolidated financial statements.

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**NUTANIX, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**
**(Unaudited)**

| | Three Months Ended April 30, | | Nine Months Ended April 30, | |
|---|---|---|---|---|
| | **2023** | **2024** | **2023** | **2024** |
| | (in thousands) | | | |
| Net (loss) income | $ (70,969) | $ (15,616) | $ (241,273) | $ 1,326 |
| Other comprehensive income (loss), net of tax: | | | | |
| Change in unrealized loss on available-for-sale securities, net of tax | 1,518 | (4,582) | 1,793 | 1,468 |
| Comprehensive (loss) income | $ (69,451) | $ (20,198) | $ (239,480) | $ 2,794 |

See the accompanying notes to condensed consolidated financial statements.

**NUTANIX, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**
**(Unaudited)**

| | Nine Months Ended April 30, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Stockholders' Deficit |
| | Shares | Amount | | | | |
| | (in thousands) | | | | | |
| Balance - July 31, 2022 | 226,938 | $ 6 | $ 3,583,928 | $ (6,076) | $ (4,378,362) | $ (800,504) |
| Issuance of common stock through employee equity incentive plans | 2,172 | — | 1,975 | — | — | 1,975 |
| Issuance of common stock from ESPP purchase | 998 | — | 18,947 | — | — | 18,947 |
| Stock-based compensation | — | — | 80,955 | — | — | 80,955 |
| Other comprehensive loss | — | — | — | (3,642) | — | (3,642) |
| Net loss | — | — | — | — | (99,514) | (99,514) |
| Balance - October 31, 2022 | 230,108 | 6 | 3,685,805 | (9,718) | (4,477,876) | (801,783) |
| Issuance of common stock through employee equity incentive plans | 3,483 | — | 684 | — | — | 684 |
| Stock-based compensation | — | — | 85,290 | — | — | 85,290 |
| Other comprehensive income | — | — | — | 3,917 | — | 3,917 |
| Net loss | — | — | — | — | (70,790) | (70,790) |
| Balance - January 31, 2023 | 233,591 | 6 | 3,771,779 | (5,801) | (4,548,666) | (782,682) |
| Issuance of common stock through employee equity incentive plans | 2,566 | — | 372 | — | — | 372 |
| Shares withheld related to net share settlement of equity awards | (413) | — | (10,214) | — | — | (10,214) |
| Stock-based compensation | — | — | 72,908 | — | — | 72,908 |
| Other comprehensive income | — | — | — | 1,518 | — | 1,518 |
| Net loss | — | — | — | — | (70,969) | (70,969) |
| Balance - April 30, 2023 | 235,744 | $ 6 | $ 3,834,845 | $ (4,283) | $ (4,619,635) | $ (789,067) |

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| | Nine Months Ended April 30, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock | | Additional Paid-In | Accumulated Other Comprehensive | Accumulated | Total Stockholders' |
| | Shares | Amount | Capital | (Loss) Income | Deficit | Deficit |
| | (in thousands) | | | | | |
| Balance - July 31, 2023 | 239,607 | $ 6 | $ 3,930,668 | $ (5,171) | $(4,632,922) | $ (707,419) |
| Issuance of common stock through employee equity incentive plans | 3,274 | — | 547 | — | — | 547 |
| Issuance of common stock from ESPP purchase | 653 | — | 13,233 | — | — | 13,233 |
| Repurchase and retirement of common stock | (482) | — | (7,774) | — | (9,739) | (17,513) |
| Stock-based compensation | — | — | 83,998 | — | — | 83,998 |
| Other comprehensive income | — | — | — | 796 | — | 796 |
| Net loss | — | — | — | — | (15,853) | (15,853) |
| Balance - October 31, 2023 | 243,052 | 6 | 4,020,672 | (4,375) | (4,658,514) | (642,211) |
| Issuance of common stock through employee equity incentive plans | 3,689 | — | 1,370 | — | — | 1,370 |
| Shares withheld related to net share settlement of equity awards | (1,148) | — | (53,180) | — | — | (53,180) |
| Repurchase and retirement of common stock | (934) | — | (15,052) | — | (26,627) | (41,679) |
| Stock-based compensation | — | — | 85,969 | — | — | 85,969 |
| Other comprehensive income | — | — | — | 5,254 | — | 5,254 |
| Net income | — | — | — | — | 32,795 | 32,795 |
| Balance - January 31, 2024 | 244,659 | 6 | 4,039,779 | 879 | (4,652,346) | (611,682) |
| Issuance of common stock through employee equity incentive plans | 2,756 | — | 1,413 | — | — | 1,413 |
| Issuance of common stock from ESPP purchase | 1,217 | — | 34,094 | — | — | 34,094 |
| Shares withheld related to net share settlement of equity awards | (926) | — | (58,440) | — | — | (58,440) |
| Repurchase and retirement of common stock | (774) | — | (12,467) | — | (34,472) | (46,939) |
| Stock-based compensation | — | — | 82,292 | — | — | 82,292 |
| Other comprehensive loss | — | — | — | (4,582) | — | (4,582) |
| Net loss | — | — | — | — | (15,616) | (15,616) |
| Balance - April 30, 2024 | 246,932 | $ 6 | $ 4,086,671 | $ (3,703) | $(4,702,434) | $ (619,460) |

See the accompanying notes to condensed consolidated financial statements.

**NUTANIX, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| | Nine Months Ended April 30, | |
|---|---|---|
| | 2023 | 2024 |
| | (in thousands) | |
| **Cash flows from operating activities:** | | |
| Net (loss) income | $ (241,273) | $ 1,326 |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 59,078 | 54,986 |
| Stock-based compensation | 239,153 | 252,259 |
| Amortization of debt discount and issuance costs | 31,767 | 33,738 |
| Operating lease cost, net of accretion | 27,065 | 24,009 |
| Early exit of lease-related assets | (1,109) | — |
| Non-cash interest expense | 14,772 | 15,143 |
| Other | (6,275) | (14,117) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | (4,768) | (49,669) |
| Deferred commissions | 16,919 | 5,199 |
| Prepaid expenses and other assets | (33,858) | 37,588 |
| Accounts payable | (5,106) | 10,326 |
| Accrued compensation and benefits | 2,356 | 29,660 |
| Accrued expenses and other liabilities | 53,451 | (83,857) |
| Operating leases, net | (30,134) | (22,394) |
| Deferred revenue | 92,056 | 134,037 |
| Net cash provided by operating activities | 214,094 | 428,234 |
| **Cash flows from investing activities:** | | |
| Maturities of investments | 722,983 | 625,519 |
| Purchases of investments | (711,253) | (740,034) |
| Payments for acquisitions, net of cash acquired | — | (4,500) |
| Purchases of property and equipment | (52,603) | (54,813) |
| Net cash used in investing activities | (40,873) | (173,828) |
| **Cash flows from financing activities:** | | |
| Repayment of convertible notes | (145,704) | — |
| Proceeds from sales of shares through employee equity incentive plans | 23,268 | 50,660 |
| Taxes paid related to net share settlement of equity awards | (10,214) | (111,620) |
| Repurchases of common stock | — | (106,131) |
| Payment of finance lease obligations | (3,711) | (2,928) |
| Net cash used in financing activities | (136,361) | (170,019) |
| Net increase in cash, cash equivalents and restricted cash | $ 36,860 | $ 84,387 |
| Cash, cash equivalents and restricted cash—beginning of period | 405,862 | 515,771 |
| Cash, cash equivalents and restricted cash—end of period | $ 442,722 | $ 600,158 |
| Restricted cash [(1)] | 2,804 | 2,131 |
| Cash and cash equivalents—end of period | $ 439,918 | $ 598,027 |
| **Supplemental disclosures of cash flow information:** | | |
| Cash paid for income taxes | $ 21,578 | $ 20,938 |
| **Supplemental disclosures of non-cash investing and financing information:** | | |
| Purchases of property and equipment included in accounts payable and accrued and other liabilities | $ 16,214 | $ 983 |

(1) Included within other assets—non-current in the condensed consolidated balance sheets.

See the accompanying notes to condensed consolidated financial statements.

**NUTANIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

## NOTE 1. OVERVIEW AND BASIS OF PRESENTATION

### Organization and Description of Business

Nutanix, Inc. was incorporated in the state of Delaware in September 2009. Nutanix, Inc. is headquartered in San Jose, California, and together with its wholly-owned subsidiaries (collectively, "we," "us," "our" or "Nutanix"), has operations throughout North America, Europe, Asia Pacific, the Middle East, Latin America, and Africa.

We provide a leading enterprise cloud platform, which we call Nutanix Cloud Platform, that consists of software solutions and cloud services that power our customers' enterprise infrastructure. Our solutions deliver a consistent cloud operating model across edge, private-, hybrid- and multicloud environments for all applications and their data. Our solutions allow organizations to simply run and move their workloads, including enterprise applications, high-performance databases, end-user computing and virtual desktop infrastructure services, modern applications, analytics applications, and artificial intelligence ("AI") workloads, including machine learning and generative AI workloads, between on-premises and public clouds. Our solutions are primarily sold through channel partners and original equipment manufacturers ("OEMs") (collectively, "Partners") and delivered directly to our end customers.

### Principles of Consolidation and Significant Accounting Policies

The accompanying condensed consolidated financial statements, which include the accounts of Nutanix, Inc. and its wholly-owned subsidiaries, have been prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") and are consistent in all material respects with those included in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023, filed with the Securities and Exchange Commission ("SEC") on September 21, 2023. All intercompany accounts and transactions have been eliminated in consolidation. The condensed consolidated financial statements are unaudited, but include all adjustments of a normal recurring nature necessary for a fair presentation of our quarterly results. The consolidated balance sheet as of July 31, 2023 is derived from audited financial statements; however, it does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023.

### Use of Estimates

The preparation of interim condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Such management estimates and assumptions include, but are not limited to, the best estimate of selling prices for products and related support; useful lives and recoverability of intangible assets and property and equipment; allowance for credit losses; determination of fair value of stock-based awards; accounting for income taxes, including the valuation allowance on deferred tax assets and uncertain tax positions; purchase commitment liabilities to our contract manufacturers; sales commissions expense and the period of benefit for deferred commissions; whether an arrangement is or contains a lease; the incremental borrowing rate to measure the present value of right-of-use assets and lease liabilities; the inputs used to determine the fair value of the contingent liability associated with the conversion feature of the 2.50% convertible senior notes due 2026 (the "2026 Notes"); and contingencies and litigation. Management evaluates these estimates and assumptions on an ongoing basis using historical experience and other factors and makes adjustments when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could materially differ from those estimates and assumptions.

**NUTANIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**(Unaudited)**

### Concentration of Risk

*Concentration of revenue and accounts receivable* — We sell our products primarily through our Partners and occasionally directly to end customers. For the three and nine months ended April 30, 2023 and 2024, no end customer accounted for more than 10% of total revenue or accounts receivable.

For each significant Partner, revenue as a percentage of total revenue and accounts receivable as a percentage of total accounts receivable, net are as follows:

| | Revenue | | | | Accounts Receivable as of | |
|---|---|---|---|---|---|---|
| | Three Months Ended April 30, | | Nine Months Ended April 30, | | July 31, 2023 | April 30, 2024 |
| Partners | 2023 | 2024 | 2023 | 2024 | | |
| Partner A | 32 % | 33 % | 32 % | 32 % | 17 % | 24 % |
| Partner B | 18 % | 16 % | 16 % | 16 % | 19 % | 13 % |
| Partner C | (1) | (1) | 10 % | 11 % | (1) | (1) |
| Partner D | (1) | (1) | (1) | (1) | 11 % | (1) |

(1) Less than 10%

### Summary of Significant Accounting Policies

There have been no changes to our significant accounting policies described in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023, filed with the SEC on September 21, 2023, that have had a material impact on our condensed consolidated financial statements.

### Recently Issued and Not Yet Adopted Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (the "FASB") issued accounting standards update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which provides for improvements to income tax disclosures. The standard requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The amendments in this update are effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact this new standard will have on our disclosures.

### Correction to Prior Period Financial Statements

In connection with the completed Audit Committee investigation, as initially disclosed in our Annual Report on Form 10-K/A filed with the SEC on May 24, 2023, and subsequent to the issuance of the condensed consolidated financial statements for the fiscal quarter ended October 31, 2022, we discovered an error in the reporting of expenses for software licenses and support for each prior period beginning in August 2014, resulting in an immaterial understatement of operating expenses and accrued expenses and other current liabilities for these prior periods. We have evaluated the materiality of this error and determined that the impact is not material to our previously issued financial statements. We have prospectively corrected our previously issued financial statements to reflect the correction of this error rather than record a cumulative out-of-period adjustment. The correction reflects our estimates of future payments for past non-compliant use of third-party software. Actual amounts may vary from these estimates.

**NUTANIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**(Unaudited)**

## NOTE 2. REVENUE, DEFERRED REVENUE AND DEFERRED COMMISSIONS

### Disaggregation of Revenue and Revenue Recognition

Nutanix Cloud Platform can be deployed on-premises in data centers or at the edge, running on a variety of qualified hardware platforms, in popular public cloud environments such as AWS and Microsoft Azure through Nutanix Cloud Clusters, or, in the case of our cloud-based software and software-as-a-service ("SaaS") offerings, via hosted service. Our subscription term-based licenses are sold separately, or can also be sold alongside configured-to-order servers. Our subscription term-based licenses typically have durations ranging from one to five years. Our cloud-based SaaS subscriptions generally have durations extending up to five years.

The following table depicts the disaggregation of revenue by revenue type, consistent with how we evaluate our financial performance:

| | Three Months Ended April 30, | | Nine Months Ended April 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| | (in thousands) | | | |
| Subscription | $ 417,516 | $ 486,620 | $ 1,271,388 | $ 1,498,081 |
| Professional services | 22,101 | 26,240 | 67,821 | 74,083 |
| Other non-subscription product [(1)] | 8,964 | 11,717 | 29,476 | 28,700 |
| Total revenue | $ 448,581 | $ 524,577 | $ 1,368,685 | $ 1,600,864 |

(1) Prior to fiscal 2024, these amounts were presented as separate line items, Non-portable software and Hardware, as described below. Prior period amounts have been updated to conform to the current period presentation.

*Subscription revenue* — Subscription revenue includes any performance obligation which has a defined term and is generated from the sales of software entitlement and support subscriptions, subscription software licenses and cloud-based SaaS offerings.

- Ratable — We recognize revenue from software entitlement and support subscriptions and SaaS offerings ratably over the contractual service period, the substantial majority of which relate to software entitlement and support subscriptions. These offerings represented approximately $226.1 million and $663.8 million of our subscription revenue for the three and nine months ended April 30, 2023, respectively, and $254.8 million and $760.8 million of our subscription revenue for the three and nine months ended April 30, 2024, respectively.
- Upfront — Revenue from our subscription software licenses is generally recognized upfront upon transfer of control to the customer, which happens when we make the software available to the customer. These subscription software licenses represented approximately $191.4 million and $607.6 million of our subscription revenue for the three and nine months ended April 30, 2023, respectively, and $231.8 million and $737.3 million of our subscription revenue for the three and nine months ended April 30, 2024, respectively.

*Professional services revenue* — We also sell professional services with our products. We recognize revenue related to professional services as they are performed.

*Other non-subscription product revenue* — Other non-subscription product revenue includes $8.4 million and $27.0 million of non-portable software revenue for the three and nine months ended April 30, 2023, respectively, $11.1 million and $26.3 million of non-portable software revenue for the three and nine months ended April 30, 2024, respectively, $0.6 million and $2.5 million of hardware revenue for the three and nine months ended April 30, 2023, respectively, and $0.6 million and $2.4 million of hardware revenue for the three and nine months ended April 30, 2024, respectively.

- Non-portable software revenue — Non-portable software revenue includes sales of our enterprise cloud platform when delivered on a configured-to-order server by us or one of our OEM partners. The software licenses associated with these sales are typically non-portable and can be used over the life of the server on which the software is delivered. Revenue from our non-portable software products is generally recognized upon transfer of control to the customer.

**NUTANIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**(Unaudited)**

- Hardware revenue — In transactions where the hardware platform is purchased directly from Nutanix, we consider ourselves to be the principal in the transaction and we record revenue and costs of goods sold on a gross basis. We consider the amount allocated to hardware revenue to be equivalent to the cost of the hardware procured. Hardware revenue is generally recognized upon transfer of control to the customer.

*Contracts with multiple performance obligations* — The majority of our contracts with customers contain multiple performance obligations. For these contracts, we account for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price ("SSP") basis. For deliverables that we routinely sell separately, such as software entitlement and support subscriptions on our core offerings, we determine SSP by evaluating the standalone sales over the trailing 12 months. For those that are not sold routinely, we determine SSP based on our overall pricing trends and objectives, taking into consideration market conditions and other factors, including the value of our contracts, the products sold and geographic locations.

*Contract balances* — The timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable are recorded at the invoiced amount, net of an allowance for credit losses. A receivable is recognized in the period in which we deliver goods or provide services, or when our right to consideration is unconditional. In situations where revenue recognition occurs before invoicing, an unbilled receivable is created, which represents a contract asset. The balance of unbilled accounts receivable, included in accounts receivable, net on the condensed consolidated balance sheets, was $16.3 million and $34.7 million as of July 31, 2023 and April 30, 2024, respectively.

Payment terms on invoiced amounts are typically 30-45 days. We assess credit losses on accounts receivable by taking into consideration past collection experience, the credit quality of the customer, the age of the receivable balance, current and future economic conditions, and forecasts that may affect the collectability of the reported amount. The balance of accounts receivable, net of allowance for credit losses, as of July 31, 2023 and April 30, 2024 is presented in the accompanying condensed consolidated balance sheets.

*Costs to obtain and fulfill a contract* — We capitalize commissions paid to sales personnel and the related payroll taxes when customer contracts are signed. These costs are recorded as deferred commissions in the condensed consolidated balance sheets, current and non-current. We determine whether costs should be deferred based on our sales compensation plans, if the commissions are incremental and would not have been incurred absent the execution of the customer contract. Commissions paid upon the initial acquisition of a contract are recognized over the estimated period of benefit, which may exceed the term of the initial contract if the commissions expected to be paid upon renewal are not commensurate with that of the initial contract. Accordingly, deferred costs are recognized on a systematic basis that is consistent with the pattern of revenue recognition allocated to each performance obligation over the entire period of benefit and included in sales and marketing expense in the condensed consolidated statements of operations. We determine the estimated period of benefit by evaluating the expected renewals of customer contracts, the duration of relationships with our customers, customer retention data, our technology development lifecycle and other factors. Deferred costs are periodically reviewed for impairment.

Taxes assessed by a government authority that are both imposed on and concurrent with specific revenue transactions between us and our customers are presented on a net basis in our condensed consolidated statements of operations.

*Deferred revenue* — Deferred revenue primarily consists of amounts that have been invoiced but not yet recognized as revenue and primarily pertains to software entitlement and support subscriptions and professional services. The current portion of deferred revenue represents the amounts that are expected to be recognized as revenue within one year of the condensed consolidated balance sheet date.

**NUTANIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**(Unaudited)**

Significant changes in the balance of deferred revenue (contract liability) and deferred commissions (contract asset) for the periods presented are as follows:

| | Deferred Revenue | Deferred Commissions |
|---|---|---|
| | (in thousands) | |
| Balance as of July 31, 2023 | $ 1,595,032 | $ 357,991 |
| Additions [(1)] | 561,254 | 42,350 |
| Revenue/commissions recognized | (511,054) | (47,448) |
| Balance as of October 31, 2023 | 1,645,232 | 352,893 |
| Additions [(1)] | 628,495 | 54,872 |
| Revenue/commissions recognized | (565,233) | (54,604) |
| Balance as of January 31, 2024 | 1,708,494 | 353,161 |
| Additions | 563,533 | 54,505 |
| Revenue/commissions recognized | (524,577) | (54,874) |
| Balance as of April 30, 2024 | $ 1,747,450 | $ 352,792 |

(1) Includes both billed and unbilled amounts.

During the three and nine months ended April 30, 2023, we recognized revenue of approximately $218.7 million and $556.9 million pertaining to amounts deferred as of January 31, 2023 and July 31, 2022, respectively. During the three and nine months ended April 30, 2024, we recognized revenue of approximately $254.2 million and $621.5 million pertaining to amounts deferred as of January 31, 2024 and July 31, 2023, respectively.

Many of our contracted but not invoiced performance obligations are subject to cancellation terms. Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized ("contracted not recognized"), which includes deferred revenue and non-cancelable amounts that will be invoiced and recognized as revenue in future periods and excludes performance obligations that are subject to cancellation terms. Contracted not recognized revenue was approximately $2.0 billion as of April 30, 2024, of which we expect to recognize approximately 53% over the next 12 months, and the remainder thereafter.

## NOTE 3. FAIR VALUE MEASUREMENTS

The fair value of our financial assets measured on a recurring basis is as follows:

| | As of July 31, 2023 | | | |
|---|---|---|---|---|
| | Level I | Level II | Level III | Total |
| | (in thousands) | | | |
| **Financial Assets, Current:** | | | | |
| Cash equivalents: | | | | |
| Money market funds | $ 211,319 | $ — | $ — | $ 211,319 |
| U.S. Government securities | — | 6,999 | — | 6,999 |
| Commercial paper | — | 34,830 | — | 34,830 |
| Short-term investments: | | | | |
| Corporate bonds | — | 452,703 | — | 452,703 |
| Commercial paper | — | 215,219 | — | 215,219 |
| U.S. Government securities | — | 256,544 | — | 256,544 |
| Total measured at fair value | $ 211,319 | $ 966,295 | $ — | $ 1,177,614 |
| Cash | | | | 259,781 |
| Total cash, cash equivalents and short-term investments | | | | $ 1,437,395 |
| **Financial Assets, Non-Current:** | | | | |
| Convertible note receivable | $ — | $ — | $ 5,700 | $ 5,700 |

**NUTANIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**(Unaudited)**

| | As of April 30, 2024 | | | |
|---|---|---|---|---|
| | Level I | Level II | Level III | Total |
| | (in thousands) | | | |
| **Financial Assets, Current:** | | | | |
| Cash equivalents: | | | | |
| Money market funds | $ 309,826 | $ — | $ — | $ 309,826 |
| U.S. Government securities | — | 11,442 | — | 11,442 |
| Commercial paper | — | 38,321 | — | 38,321 |
| Short-term investments: | | | | |
| Corporate bonds | — | 641,171 | — | 641,171 |
| Commercial paper | — | 130,057 | — | 130,057 |
| U.S. Government securities | — | 282,126 | — | 282,126 |
| Total measured at fair value | $ 309,826 | $ 1,103,117 | $ — | $ 1,412,943 |
| Cash | | | | 238,438 |
| Total cash, cash equivalents and short-term investments | | | | $ 1,651,381 |
| **Financial Assets, Non-Current:** | | | | |
| Convertible note receivable | $ — | $ — | $ 5,030 | $ 5,030 |

**Financial Instruments Not Recorded at Fair Value on a Recurring Basis**

We report our financial instruments at fair value, with the exception of the 2026 Notes and the 0.25% convertible senior notes due 2027 (the "2027 Notes", and together with the 2026 Notes, the "Notes"). Financial instruments that are not recorded at fair value on a recurring basis are measured at fair value on a quarterly basis for disclosure purposes. The carrying values and estimated fair values of financial instruments not recorded at fair value are as follows:

| | As of July 31, 2023 | | As of April 30, 2024 | |
|---|---|---|---|---|
| | Carrying Value | Estimated Fair Value | Carrying Value | Estimated Fair Value |
| | (in thousands) | | | |
| 2026 Notes | $ 649,630 | $ 1,043,889 | $ 702,279 | $ 1,881,373 |
| 2027 Notes | 568,535 | 497,410 | 569,687 | 699,994 |
| Total | $ 1,218,165 | $ 1,541,299 | $ 1,271,966 | $ 2,581,367 |

The carrying value of the 2026 Notes as of July 31, 2023 and April 30, 2024 included $47.6 million and $67.6 million, respectively, of non-cash interest expense that was added to the principal balance, net of unamortized debt discounts of $132.8 million and $103.5 million, respectively, and unamortized debt issuance costs of $15.2 million and $11.8 million, respectively.

The carrying value of the 2027 Notes as of July 31, 2023 and April 30, 2024 was net of unamortized debt issuance costs of $6.5 million and $5.3 million, respectively.

The total estimated fair value of the 2026 Notes is based on a binomial model. We consider the fair value of the 2026 Notes to be a Level III valuation, as the 2026 Notes are not publicly traded. The Level III inputs used to determine the estimated fair value of the 2026 Notes include the conversion rate, risk-free interest rate, discount rate, volatility, and the price of our Class A common stock.

The total estimated fair value of the 2027 Notes was determined based on the closing trading price per $100 of the 2027 Notes as of the last day of trading for the period. We consider the fair value of the 2027 Notes to be a Level II valuation due to the limited trading activity.

**NUTANIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**(Unaudited)**

## NOTE 4. BALANCE SHEET COMPONENTS

### Short-Term Investments

The amortized cost of our short-term investments approximates their fair value. Unrealized losses related to our short-term investments are generally due to interest rate fluctuations, as opposed to credit quality. However, we review individual securities that are in an unrealized loss position in order to evaluate whether or not they have experienced or are expected to experience credit losses that would result in a decline in fair value. As of July 31, 2023 and April 30, 2024, unrealized gains and losses from our short-term investments were not material and were not the result of a decline in credit quality. As a result, as of July 31, 2023 and April 30, 2024, we did not record any credit losses for these investments.

The following table summarizes the estimated fair value of our investments in marketable debt securities by their contractual maturity dates:

| | As of April 30, 2024 |
|---|---|
| | (in thousands) |
| Due within one year | $ 617,690 |
| Due in one to three years | 435,664 |
| Total | $ 1,053,354 |

### Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consists of the following:

| | As of | |
|---|---|---|
| | July 31, 2023 | April 30, 2024 |
| | (in thousands) | |
| Prepaid operating expenses | $ 84,998 | $ 71,106 |
| VAT receivables | 5,954 | 7,160 |
| Other current assets | 56,135 | 35,857 |
| Total prepaid expenses and other current assets | $ 147,087 | $ 114,123 |

The decrease in prepaid expenses and other current assets from July 31, 2023 to April 30, 2024 was due primarily to the release of the insurance receivable and the settlement payment related to the February 2023 settlement of two securities class actions, as the settlement was paid out during the fiscal quarter ended October 31, 2023. For additional details on legal proceedings, refer to Note 7.

**NUTANIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**(Unaudited)**

### Property and Equipment, Net

Property and equipment, net consists of the following:

| | Estimated Useful Life | As of July 31, 2023 | As of April 30, 2024 |
|---|---|---|---|
| | (in months) | (in thousands) | |
| Computer, production, engineering and other equipment | 36 | $ 390,378 | $ 425,498 |
| Demonstration units | 12 | 60,985 | 59,439 |
| Leasehold improvements | (1) | 64,667 | 67,727 |
| Furniture and fixtures | 60 | 16,132 | 16,202 |
| Total property and equipment, gross | | 532,162 | 568,866 |
| Less: accumulated depreciation | | (420,297) | (454,081) |
| Total property and equipment, net | | $ 111,865 | $ 114,785 |

(1) Leasehold improvements are amortized over the shorter of the estimated useful lives of the improvements or the remaining lease term.

Depreciation expense related to our property and equipment was $16.0 million and $47.8 million for the three and nine months ended April 30, 2023, respectively, and $16.7 million and $49.2 million for the three and nine months ended April 30, 2024, respectively.

### Goodwill and Intangible Assets, Net

The $0.3 million increase in the carrying value of goodwill during the nine months ended April 30, 2024 was related to an immaterial acquisition completed during the second quarter of fiscal 2024.

Intangible assets, net consists of the following:

| | As of July 31, 2023 | As of April 30, 2024 |
|---|---|---|
| | (in thousands) | |
| Developed technology | $ 78,267 | $ 79,838 |
| Customer relationships | 8,860 | 11,230 |
| Trade name | 4,170 | 4,200 |
| Total intangible assets, gross | 91,297 | 95,268 |
| Less: | | |
| Accumulated amortization of developed technology | (73,411) | (76,038) |
| Accumulated amortization of customer relationships | (8,823) | (9,022) |
| Accumulated amortization of trade name | (4,170) | (4,189) |
| Total accumulated amortization | (86,404) | (89,249) |
| Total intangible assets, net | $ 4,893 | $ 6,019 |

Amortization expense related to our intangible assets is recognized in the condensed consolidated statements of operations within product cost of revenue for developed technology and sales and marketing expense for customer relationships and trade name.

**NUTANIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**(Unaudited)**

The estimated future amortization expense of our intangible assets is as follows:

| Fiscal Year Ending July 31: | Amount |
|---|---|
| | (in thousands) |
| 2024 (remaining three months) | $ 865 |
| 2025 | 2,540 |
| 2026 | 777 |
| 2027 | 777 |
| 2028 | 353 |
| Thereafter | 707 |
| Total | $ 6,019 |

### Accrued Compensation and Benefits

Accrued compensation and benefits consists of the following:

| | As of | |
|---|---|---|
| | July 31, 2023 | April 30, 2024 |
| | (in thousands) | |
| Accrued commissions | $ 36,882 | $ 43,029 |
| Accrued vacation | 24,840 | 27,479 |
| Payroll taxes payable | 17,427 | 24,719 |
| Accrued wages and taxes | 11,485 | 24,134 |
| Accrued benefits | 12,391 | 17,067 |
| Accrued bonus | 16,404 | 13,549 |
| Contributions to ESPP withheld | 10,145 | 9,505 |
| Retirement 401(k) payable | 1,915 | 590 |
| Other | 12,190 | 13,267 |
| Total accrued compensation and benefits | $ 143,679 | $ 173,339 |

### Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consists of the following:

| | As of | |
|---|---|---|
| | July 31, 2023 | April 30, 2024 |
| | (in thousands) | |
| Accrued professional services | $ 1,978 | $ 2,193 |
| Software usage liability | 11,248 | 1,347 |
| Litigation settlement reserves | 71,000 | — |
| Income taxes payable | 2,185 | — |
| Other | 22,858 | 18,946 |
| Total accrued expenses and other current liabilities | $ 109,269 | $ 22,486 |

The decrease in accrued expenses and other current liabilities from July 31, 2023 to April 30, 2024 was due primarily to the release of the litigation settlement reserve related to the settlement of two securities class actions, which was agreed to in February 2023 but paid out during the fiscal quarter ended October 31, 2023. For additional details on legal proceedings, refer to Note 7.

## NOTE 5. CONVERTIBLE SENIOR NOTES

### 2023 Notes

In January 2018, we issued the 2023 Notes with a 0% interest rate for an aggregate principal amount of $575.0 million, due in 2023, in a private placement to qualified institutional buyers pursuant to Rule144A under the Securities Act.

On September 22, 2021, we consummated privately negotiated exchanges with certain holders of the outstanding 2023 Notes, pursuant to which such holders exchanged approximately $416.5 million in aggregate principal amount of 2023 Notes for $477.3 million in aggregate principal amount of 2027 Notes. We also entered into privately negotiated transactions with certain holders of the 2023 Notes pursuant to which we repurchased approximately $12.8 million in aggregate principal amount of 2023 Notes for cash. Following the closing of these exchanges and repurchases, approximately $145.7 million in aggregate principal amount of 2023 Notes remained outstanding with terms unchanged.

In January 2023, we settled the 2023 Notes in full at maturity with a cash payment of $145.7 million.

The following table sets forth the total interest expense recognized related to the 2023 Notes:

| | Three Months Ended April 30, | | Nine Months Ended April 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| | (in thousands) | | | |
| Interest expense related to amortization of debt issuance costs | $ — | $ — | $ 248 | $ — |

***Note Hedges and Warrants***

Concurrently with the offering of the 2023 Notes in January 2018, we entered into convertible note hedge transactions with certain bank counterparties, whereby we have the initial option to purchase a total of approximately 11.8 million shares of our Class A common stock at a conversion price of approximately $48.85 per share, subject to adjustment for certain specified events. The total cost of the convertible note hedge transactions was approximately $143.2 million. In addition, we sold warrants to certain bank counterparties, whereby the holders of the warrants have the initial option to purchase a total of approximately 11.8 million shares of our Class A common stock at a price of $73.46 per share, subject to adjustment for certain specified events. We received approximately $88.0 million in cash proceeds from the sale of these warrants.

In September 2021, in connection with the exchange and repurchase transactions described above, we terminated portions of the convertible note hedge transactions and warrant transactions previously entered into with certain financial institutions in connection with the issuance of the 2023 Notes. The net effect of these unwind transactions was a $21.5 million cash payment received, consisting of an $18.4 million payment for the warrant unwind and the receipt of $39.9 million from the hedge unwind. The amounts paid and received as part of the unwind transactions were recorded to additional paid-in capital within the condensed consolidated balance sheet.

In January 2023, the convertible note hedges and warrant transactions expired concurrently with the maturity of the 2023 Notes. No settlement is required as the stock has remained below the strike price throughout the unwind settlement averaging period.

### 2026 Notes

In September 2020, we issued $750.0 million in aggregate principal amount of the 2026 Notes to BCPE Nucleon (DE) SPV, LP, an entity affiliated with Bain Capital, LP ("Bain"). The total net proceeds from this offering were approximately $723.7 million, after deducting $26.3 million of debt issuance costs.

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**(Unaudited)**

The 2026 Notes bear interest at a rate of 2.50% per annum, with such interest to be paid in kind ("PIK") on the 2026 Notes held by Bain through an increase in the principal amount of the 2026 Notes, and paid in cash on any 2026 Notes transferred to entities that are not affiliated with Bain. Interest on the 2026 Notes has accrued from the date of issuance, September 24, 2020, and is added to the principal amount, in the case of the 2026 Notes held by Bain, or paid in cash, in the case of the 2026 Notes held by entities that are not affiliated with Bain, as applicable, on a semi-annual basis (on March 15 and September 15 of each year). The 2026 Notes mature on September 15, 2026, subject to earlier conversion, redemption or repurchase.

The 2026 Notes are convertible at an initial conversion rate of 36.036 shares of Class A common stock per $1,000 principal amount of the 2026 Notes, which is equal to an initial conversion price of $27.75 per share, subject to customary anti-dilution and other adjustments, including in connection with any make-whole adjustments as a result of certain extraordinary transactions. In September 2021, the one-year anniversary of the issuance of the 2026 Notes, the conversion price was subject to a one-time adjustment, based on the level of achievement of certain financial milestones and as a result, the conversion price became fixed at $27.75 per share. For each $1,000 principal amount of 2026 Notes a holder elects to convert, we have initially elected to pay cash with respect to the first $1,000 of conversion value and deliver shares of Class A common stock with respect to any conversion value in excess of $1,000. Pursuant to the indenture governing the 2026 Notes, we may elect to change such default settlement method with respect to any conversion of 2026 Notes held by Bain by delivering written notice to Bain at least five trading days prior to the effective time of such settlement election. Additionally, if Bain elects to convert any 2026 Notes it holds upon our delivery of a notice of redemption, Bain will have the right to elect whether such conversion is settled in cash, shares of our Class A common stock or a combination thereof.

On or after September 15, 2025, the 2026 Notes will be redeemable by us, at our option, in the event that the closing sale price of our Class A common stock has been at least 150% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any consecutive 30 trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide the redemption notice, for cash, at a redemption price of 100% of the principal amount of such 2026 Notes, plus any accrued and unpaid interest to, but excluding, the redemption date.

Holders who convert their 2026 Notes in connection with certain corporate events that constitute a "make-whole fundamental change" (as defined in the indenture governing the 2026 Notes) are, under certain circumstances, entitled to an increase in the conversion rate. In addition, if we undergo a "fundamental change" (as defined in the indenture governing the 2026 Notes) prior to the maturity date, holders of the 2026 Notes may require us to repurchase for cash all or a portion of their 2026 Notes at a repurchase price equal to 100% of the principal amount of the repurchased 2026 Notes, plus accrued and unpaid interest thereon.

In accordance with accounting guidance on embedded conversion features, we valued and bifurcated the conversion option associated with the 2026 Notes from the respective host debt instrument, which is treated as a debt discount, and initially recorded the conversion option of $230.9 million as a derivative liability in our condensed consolidated balance sheet, with the corresponding amount recorded as a discount to the 2026 Notes to be amortized over the term of the 2026 Notes using the effective interest method.

**NUTANIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**(Unaudited)**

The 2026 Notes consisted of the following:

| | As of | |
|---|---|---|
| | July 31, 2023 | April 30, 2024 |
| | (in thousands) | |
| Principal amounts: | | |
| Principal | $ 750,000 | $ 750,000 |
| Non-cash interest expense converted to principal | 47,569 | 67,633 |
| Unamortized debt discount (conversion feature) (1) | (132,769) | (103,526) |
| Unamortized debt issuance costs (1) | (15,170) | (11,828) |
| Net carrying amount | $ 649,630 | $ 702,279 |

(1) Included in the condensed consolidated balance sheets within convertible senior notes, net and amortized over the remaining life of the 2026 Notes using the effective interest rate method. The effective interest rate is 7.05%.

As of April 30, 2024, the remaining life of the 2026 Notes was approximately 2.4 years.

The following table sets forth the total interest expense recognized related to the 2026 Notes:

| | Three Months Ended April 30, | | Nine Months Ended April 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| | (in thousands) | | | |
| Interest expense related to amortization of debt discount | $ 9,246 | $ 9,920 | $ 27,258 | $ 29,244 |
| Interest expense related to amortization of debt issuance costs | 1,056 | 1,133 | 3,114 | 3,341 |
| Non-cash interest expense | 4,955 | 5,079 | 14,772 | 15,143 |
| Total interest expense | $ 15,257 | $ 16,132 | $ 45,144 | $ 47,728 |

Non-cash interest expense is related to the 2.5% PIK interest that we accrued from the issuance of the 2026 Notes through April 30, 2024 and was recognized within other expense, net in the condensed consolidated statement of operations and other liabilities–non-current in the condensed consolidated balance sheet. The accrued PIK interest will be converted to the principal balance of the 2026 Notes at each payment date and will be convertible to shares of our Class A common stock at maturity or when converted.

Upon the conversion price of the 2026 Notes becoming fixed, subject to customary anti-dilution and other adjustments, in September 2021, the embedded conversion option for the 2026 Notes no longer required bifurcation because the conversion features are now considered indexed to our own equity and meet the equity classification conditions. The carrying amount of the derivative liability of $698.2 million as of that date was reclassified to additional paid-in capital within the condensed consolidated balance sheet. The remaining debt discount that arose from the original bifurcation continues to be amortized over the term of the 2026 Notes.

**2027 Notes**

In September 2021, we issued $575 million in aggregate principal amount of 0.25% convertible senior notes due 2027 consisting of (i) approximately $477.3 million principal amount of 2027 Notes in exchange for approximately $416.5 million principal amount of the 2023 Notes (the "Exchange Transactions") and (ii) approximately $97.7 million principal amount of 2027 Notes for cash (the "Subscription Transactions"). We did not receive any cash proceeds from the Exchange Transactions. The net cash proceeds from the Subscription Transactions were approximately $88.4 million after deducting the offering expenses for both the Exchange Transactions and the Subscription Transactions. We used (i) approximately $14.7 million of the net cash proceeds from the Subscription Transactions to repurchase approximately $12.8 million principal amount of the 2023 Notes and (ii) approximately $58.5 million of the net cash proceeds from the Subscription Transactions to repurchase approximately 1.4 million shares of our Class A common stock.

The 2027 Notes bear interest at a rate of 0.25% per annum, and pay interest semi-annually in arrears on each April 1 and October 1. The 2027 Notes will mature on October 1, 2027, unless earlier converted, redeemed or repurchased.

**NUTANIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**(Unaudited)**

The 2027 Notes are convertible into cash, shares of our Class A common stock, or a combination of cash and shares of Class A common stock, at our election. Each $1,000 of principal of the 2027 Notes is initially convertible into 17.3192 shares of our Class A common stock, which is equivalent to an initial conversion price of approximately $57.74 per share, subject to customary anti-dilution adjustments. Holders of these 2027 Notes may convert their 2027 Notes at their option at any time prior to the close of the business day immediately preceding July 1, 2027, only under the following circumstances:

(1) during any fiscal quarter, and only during such fiscal quarter, if the closing price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on, and including, the last trading day of the preceding fiscal quarter is greater than or equal to 130% of the then applicable conversion price for the Notes per share of common stock;

(2) during the five business day period after any consecutive five trading day period in which, for each trading day of that period, the trading price per $1,000 principal amount of 2027 Notes for such trading day was less than 98% of the product of the closing price of our common stock and the then applicable conversion rate on each such trading day;

(3) if we call the 2027 Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or

(4) upon the occurrence of certain specified corporate events.

Upon conversion of the 2027 Notes, we will pay or deliver, as the case may be, cash, shares of our Class A common stock or a combination of cash and shares of Class A common stock, at our election. We intend to settle the principal of the 2027 Notes in cash.

The conversion rate will be subject to adjustment in certain events, but will not be adjusted for any accrued or unpaid interest. Holders who convert their 2027 Notes in connection with certain corporate events that constitute a "make-whole fundamental change" (as defined in the indenture governing the 2027 Notes) are, under certain circumstances, entitled to an increase in the conversion rate. In addition, if we undergo a "fundamental change" (as defined in the indenture governing the 2027 Notes) prior to the maturity date, holders of the 2027 Notes may require us to repurchase for cash all or a portion of their 2027 Notes at a repurchase price equal to 100% of the principal amount of the repurchased 2027 Notes, plus accrued and unpaid interest thereon.

In accounting for the exchange of convertible notes, we evaluated whether the transaction should be treated as a modification or extinguishment transaction. The partial exchange of the 2023 Notes and issuance of the 2027 Notes were deemed to have substantially different terms due to the significant difference between the value of the conversion option immediately prior to and after the exchange, and consequently, the 2023 Notes partial exchange was accounted for as a debt extinguishment. The $64.9 million difference between the total reacquisition price paid and the net carrying amount of the 2023 Notes was recognized as a debt extinguishment loss within other expense, net in the condensed consolidated statement of operations.

The 2027 Notes consisted of the following:

| | As of | |
|---|---|---|
| | **July 31, 2023** | **April 30, 2024** |
| | **(in thousands)** | |
| Principal amounts: | | |
| Principal | $ 575,000 | $ 575,000 |
| Unamortized debt issuance costs [1] | (6,465) | (5,313) |
| Net carrying amount | $ 568,535 | $ 569,687 |

(1) Included in the condensed consolidated balance sheets within convertible senior notes, net and amortized over the remaining life of the 2027 Notes using the effective interest rate method. The effective interest rate is 0.52%.

**NUTANIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**(Unaudited)**

As of April 30, 2024, the remaining life of the 2027 Notes was approximately 3.4 years.

The following table sets forth the total interest expense recognized related to the 2027 Notes:

| | Three Months Ended April 30, | | Nine Months Ended April 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| | (in thousands) | | | |
| Contractual interest expense | $ 548 | $ 359 | $ 1,266 | $ 993 |
| Interest expense related to amortization of debt issuance costs | 383 | 385 | 1,147 | 1,153 |
| Total interest expense | $ 931 | $ 744 | $ 2,413 | $ 2,146 |

## NOTE 6. LEASES

We have operating leases for offices, research and development facilities and datacenters and finance leases for certain datacenter equipment. Our leases have remaining lease terms of one year to approximately six years, some of which include options to renew or terminate. We do not include renewal options in the lease terms for calculating our lease liability, as we are not reasonably certain that we will exercise these renewal options at the time of the lease commencement. Our lease agreements do not contain any residual value guarantees or restrictive covenants.

Total operating lease cost was $10.6 million and $32.6 million for the three and nine months ended April 30, 2023, respectively, and $9.8 million and $29.3 million for the three and nine months ended April 30, 2024, respectively, excluding short-term lease costs, variable lease costs and sublease income, each of which were not material. Variable lease costs primarily include common area maintenance charges. Total finance lease cost was $1.0 million and $2.8 million for the three and nine months ended April 30, 2023, respectively, and $1.3 million and $3.6 million for the three and nine months ended April 30, 2024, respectively.

During the nine months ended April 30, 2023, we signed agreements to early exit certain office spaces in the United States and the Netherlands. The reductions in the lease terms resulted in decreases to the carrying amounts of the operating lease liabilities and the operating lease right-of-use assets on our condensed consolidated balance sheet as of April 30, 2023. In addition, we recorded $1.7 million of expense in our condensed consolidated statements of operations for the nine months ended April 30, 2023.

Supplemental balance sheet information related to our leases is as follows:

| | As of | |
|---|---|---|
| | July 31, 2023 | April 30, 2024 |
| | (in thousands) | |
| **Operating leases:** | | |
| Operating lease right-of-use assets, gross | $ 181,226 | $ 187,075 |
| Accumulated amortization | (87,672) | (90,180) |
| Operating lease right-of-use assets, net | $ 93,554 | $ 96,895 |
| Operating lease liabilities—current | $ 29,567 | $ 23,884 |
| Operating lease liabilities—non-current | 68,940 | 79,028 |
| Total operating lease liabilities | $ 98,507 | $ 102,912 |
| Weighted average remaining lease term (in years): | 5.0 | 4.9 |
| Weighted average discount rate: | 6.1 % | 6.4 % |

**NUTANIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**(Unaudited)**

| | As of | |
|---|---|---|
| | July 31, 2023 | April 30, 2024 |
| | (in thousands) | |
| **Finance leases:** | | |
| Finance lease right-of-use assets, gross [(1)] | $ 18,279 | $ 19,345 |
| Accumulated amortization [(1)] | (5,558) | (8,445) |
| Finance lease right-of-use assets, net [(1)] | $ 12,721 | $ 10,900 |
| Finance lease liabilities—current [(2)] | $ 3,518 | $ 3,888 |
| Finance lease liabilities—non-current [(3)] | 9,722 | 7,680 |
| Total finance lease liabilities | $ 13,240 | $ 11,568 |
| Weighted average remaining lease term (in years): | 3.7 | 3.1 |
| Weighted average discount rate: | 6.8 % | 7.0 % |

(1) Included in the condensed consolidated balance sheets within property and equipment, net.
(2) Included in the condensed consolidated balance sheets within accrued expenses and other current liabilities.
(3) Included in the condensed consolidated balance sheets within other liabilities—non-current.

Supplemental cash flow and other information related to our leases is as follows:

| | Three Months Ended April 30, | | Nine Months Ended April 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| | (in thousands) | | | |
| Cash paid for amounts included in the measurement of lease liabilities: | | | | |
| Operating cash flows from operating leases | $ 11,798 | $ 8,156 | $ 35,561 | $ 28,194 |
| Operating cash flows from finance leases | $ — | $ 247 | $ — | $ 689 |
| Financing cash flows from finance leases | $ 1,367 | $ 923 | $ 3,711 | $ 2,652 |
| Lease liabilities arising from obtaining right-of-use assets: | | | | |
| Operating leases | $ — | $ 6,657 | $ 5,971 | $ 26,462 |
| Finance leases | $ 5,468 | $ 381 | $ 7,011 | $ 1,066 |

The undiscounted cash flows for our lease liabilities as of April 30, 2024 were as follows:

| **Fiscal Year Ending July 31:** | Operating Leases | Finance Leases | Total |
|---|---|---|---|
| | | (in thousands) | |
| 2024 (remaining three months) | $ 6,321 | $ 1,144 | $ 7,465 |
| 2025 | 29,526 | 4,576 | 34,102 |
| 2026 | 20,880 | 3,874 | 24,754 |
| 2027 | 18,819 | 2,164 | 20,983 |
| 2028 | 18,649 | 1,153 | 19,802 |
| Thereafter | 26,812 | 40 | 26,852 |
| Total lease payments | 121,007 | 12,951 | 133,958 |
| Less: imputed interest | (18,095) | (1,383) | (19,478) |
| Total lease obligation | 102,912 | 11,568 | 114,480 |
| Less: current lease obligations | (23,884) | (3,888) | (27,772) |
| Long-term lease obligations | $ 79,028 | $ 7,680 | $ 86,708 |

As of April 30, 2024, we did not have any additional operating lease commitments for office leases that have not yet commenced.

**NUTANIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**(Unaudited)**

## NOTE 7. COMMITMENTS AND CONTINGENCIES

### Purchase Commitments

In the normal course of business, we make commitments with our contract manufacturers to ensure them a minimum level of financial consideration for their investment in our joint solutions. These commitments are based on performance targets or on-hand inventory and non-cancelable purchase orders for non-standard components. We record a charge related to these items when we determine that it is probable a loss will be incurred and we are able to estimate the amount of the loss. Our historical charges have not been material. As of April 30, 2024, we had up to approximately $109.0 million of non-cancelable purchase obligations and other commitments pertaining to our daily business operations, and up to approximately $76.7 million in the form of guarantees to certain of our contract manufacturers.

### Legal Proceedings

In February 2023, we settled the two previously disclosed securities class actions that were brought on behalf of persons or entities who purchased or otherwise acquired our securities and/or transacted in publicly traded call options and/or put options on our stock between November 30, 2017 and May 30, 2019. The total settlement amount was $71.0 million, which was accrued as of July 31, 2023 and included within accrued expenses and other current liabilities on our condensed consolidated balance sheet. In June 2023, $31.1 million of the settlement funds were deposited in escrow and were included within prepaid expenses and other current assets on our condensed consolidated balance sheet as of July 31, 2023. In October 2023, the court granted final approval of the settlement and the funds were subsequently released from escrow and paid out to the plaintiffs. The settlement accrual was partially offset by a receivable of $39.9 million for amounts recoverable under our applicable insurance policies, which was included within prepaid expenses and other current assets on our condensed consolidated balance sheet as of July 31, 2023. During the fiscal year ended July 31, 2023, we recorded charges of $38.7 million for the settlement and applicable legal fees, net of our insurance receivable.

In September 2023, we settled the previously disclosed securities class action that was brought on behalf of a putative class consisting of persons or entities who purchased or otherwise acquired our securities between September 21, 2021 and March 6, 2023. The settlement payment was not material. In November 2023, the court dismissed the securities class action pursuant to the settlement agreement with prejudice as to the lead plaintiff and without prejudice as to the other members of the putative class. In addition, in December 2023, the plaintiff in the related previously disclosed stockholder derivative action voluntarily dismissed the action.

We are not currently a party to any legal proceedings that we believe to be material to our business or financial condition. From time to time, we may become party to various litigation matters and subject to claims that arise in the ordinary course of business.

## NOTE 8. STOCKHOLDERS' EQUITY

We have one class of outstanding common stock consisting of Class A common stock. As of April 30, 2024, we had 1.0 billion shares of Class A common stock authorized, with a par value of $0.000025 per share. As of April 30, 2024, we had 246.9 million shares of Class A common stock issued and outstanding.

Holders of Class A common stock are entitled to one vote for each share of Class A common stock held on all matters submitted to a vote of stockholders.

### Share Repurchases

In August 2023, our Board of Directors authorized the repurchase of up to $350.0 million of our Class A common stock. Repurchases may be made from time to time through open market purchases or through privately negotiated transactions subject to market conditions, applicable legal requirements and other relevant factors. The repurchase program does not obligate us to acquire any particular amount of our common stock, and may be suspended at any time at our discretion. During the three and nine months ended April 30, 2024, we repurchased 0.8 million and 2.2 million shares, respectively, of Class A common stock in open market transactions at a weighted average price of $60.64 and $48.46 per share, respectively, for an aggregate purchase price of $46.9 million and $106.1 million, respectively. As of April 30, 2024, $243.9 million remained available for future share repurchases.

## NOTE 9. EQUITY INCENTIVE PLANS

### Stock Plans

We have one active equity incentive plan, the 2016 Equity Incentive Plan (the "2016 Plan"), and two inactive equity incentive plans, the 2010 Stock Plan ("2010 Plan") and the 2011 Stock Plan ("2011 Plan"). Our stockholders approved the 2016 Plan in March 2016 and it became effective in connection with our initial public offering ("IPO"). As a result, at the time of the IPO, we ceased granting additional stock awards under the 2010 Plan and 2011 Plan and both plans were terminated. Any outstanding stock awards under the 2010 Plan and 2011 Plan remain outstanding, subject to the terms of the applicable plan and award agreements, until such shares are issued under those stock awards, by exercise of stock options or settlement of restricted stock units ("RSUs"), or until those stock awards become vested or expired by their terms.

Under the 2016 Plan, we may grant incentive stock options, non-statutory stock options, restricted stock, restricted stock units ("RSUs"), and stock appreciation rights to employees, directors and consultants. We initially reserved 22.4 million shares of our Class A common stock for issuance under the 2016 Plan. The number of shares of Class A common stock available for issuance under the 2016 Plan also includes an annual increase on the first day of each fiscal year, beginning in fiscal 2018, equal to the lesser of: 18.0 million shares, 5% of the outstanding shares of all classes of common stock as of the last day of our immediately preceding fiscal year, or such other amount as may be determined by the Board. Accordingly, on August 1, 2022 and 2023, the number of shares of Class A common stock available for issuance under the 2016 Plan increased by 11.3 million and 12.0 million shares, respectively, pursuant to these provisions. As of April 30, 2024, we had reserved a total of 44.2 million shares for the issuance of equity awards under the Stock Plans, of which 18.3 million shares were still available for grant.

### Restricted Stock Units

RSUs settle into shares of Class A common stock upon vesting. During the second quarter of fiscal 2024, we began funding withholding taxes due on the vesting of employee RSUs by net share settlement, rather than our previous approach of selling shares of Class A common stock to cover taxes upon vesting of such awards. The payment of the withheld taxes to the tax authorities is reflected as a financing activity within the condensed consolidated statements of cash flows.

*Performance RSUs*

We have historically granted RSUs that have both service and performance conditions to our executives and employees ("Performance RSUs"). Vesting of Performance RSUs is subject to continuous service and the satisfaction of certain performance targets. While we recognize cumulative stock-based compensation expense for the portion of the awards for which both the service condition has been satisfied and it is probable that the performance conditions will be met, the actual vesting and settlement of Performance RSUs are subject to the performance conditions actually being met.

In January 2024, the Compensation Committee of our Board of Directors approved the grant of approximately 0.3 million RSUs subject to certain performance conditions ("PRSUs") to our President and CEO. These PRSUs have a grant date fair value per unit of $45.86 and will vest up to 200% based on achievement of specified annual recurring revenue and free cash flow hurdles over a performance period of approximately 3.6 years, subject to his continuous service as CEO through the vesting date.

**NUTANIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**(Unaudited)**

*Market Stock Units*

In connection with his hiring, in December 2020, the Compensation Committee of our Board of Directors approved the grant of 0.7 million RSUs subject to certain market conditions ("MSUs") to our President and CEO. These MSUs have a weighted average grant date fair value per unit of $35.69 and will vest up to 133% based upon the achievement of certain stock price targets over a performance period of approximately 4.0 years, subject to his continuous service on each vesting date.

In October 2021, August 2022, and August 2023, the Compensation Committee of our Board of Directors approved the grant of approximately 0.4 million, 1.3 million, and 0.8 million MSUs, respectively, to certain of our executives. These MSUs have a weighted average grant date fair value per unit of approximately $46.20, $27.89, and $47.09, respectively, and will vest up to 200% of the target number of MSUs based upon our total shareholder return relative to the total shareholder return of companies in the Nasdaq Composite Index over a performance period of approximately 2.8 years, 2.9 years, and 2.9 years, respectively, subject to continuous service on each vesting date. Additional MSUs have been granted with similar terms, but were not material.

In January 2024, the Compensation Committee of our Board of Directors approved the grant of approximately 0.2 million MSUs to our President and CEO. These MSUs have a weighted average grant date fair value of $62.85 and will vest up to 200% based on achievement of specified stock price hurdles at any time during a performance period of approximately 3.6 years, subject to his continuous service as CEO through the vesting date.

We used Monte Carlo simulations to calculate the fair value of these awards on the grant date, or modification date, as applicable. A Monte Carlo simulation requires the use of various assumptions, including the stock price volatility and risk-free interest rate as of the valuation date corresponding to the length of time remaining in the performance period and expected dividend yield. We recognize stock-based compensation expense related to these MSUs using the graded vesting attribution method over the respective service periods. As of April 30, 2024, approximately 2.6 million MSUs remained outstanding.

Below is a summary of RSU activity, including PRSUs and MSUs, under the Stock Plans:

| | Number of Shares (in thousands) | Weighted Average Grant Date Fair Value per Share |
|---|---|---|
| Outstanding at July 31, 2023 | 24,774 | $ 24.46 |
| Granted | 10,923 | $ 35.44 |
| Released | (9,076) | $ 25.54 |
| Forfeited | (1,092) | $ 25.74 |
| Outstanding at April 30, 2024 | 25,529 | $ 28.72 |

**Stock Options**

We did not grant any stock options during the nine months ended April 30, 2024. A total of 0.6 million stock options were exercised during the nine months ended April 30, 2024, with a weighted average exercise price per share of $5.18. As of April 30, 2024, 0.4 million stock options, with a weighted average exercise price of $9.47 per share, a weighted average remaining contractual life of 0.7 years and an aggregate intrinsic value of $20.7 million, remained outstanding.

**Employee Stock Purchase Plan**

In December 2015, the Board adopted the 2016 Employee Stock Purchase Plan, which was subsequently amended in January 2016 and September 2016 and approved by our stockholders in March 2016 (the "Original 2016 ESPP"). The Original 2016 ESPP became effective in connection with our IPO. Our stockholders subsequently approved amendments to the Original 2016 ESPP in December 2019 and December 2022 (as amended, the "2016 ESPP"). Under the 2016 ESPP, the maximum number of shares of Class A common stock available for sale is 13.8 million shares.

**NUTANIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**(Unaudited)**

The 2016 ESPP allows eligible employees to purchase shares of our Class A common stock at a discount through payroll deductions of up to 15% of eligible compensation, subject to caps of $25,000 in any calendar year and 1,000 shares on any purchase date. The 2016 ESPP provides for 12-month offering periods, generally beginning in March and September of each year, and each offering period consists of two six-month purchase periods.

On each purchase date, participating employees will purchase Class A common stock at a price per share equal to 85% of the lesser of the fair market value of our Class A common stock on (i) the first trading day of the applicable offering period or (ii) the last trading day of each purchase period in the applicable offering period. If the stock price of our Class A common stock on any purchase date in an offering period is lower than the stock price on the enrollment date of that offering period, the offering period will immediately reset after the purchase of shares on such purchase date and automatically roll into a new offering period.

During the nine months ended April 30, 2024, 1.9 million shares of common stock were purchased under the 2016 ESPP for an aggregate amount of $47.3 million. As of April 30, 2024, 10.7 million shares were available for future issuance under the 2016 ESPP.

We use the Black-Scholes option pricing model to determine the fair value of shares purchased under the 2016 ESPP with the following weighted average assumptions on the date of grant:

| | Nine Months Ended April 30, | |
|---|---|---|
| | 2023 | 2024 |
| Expected term (in years) | 0.74 | 0.78 |
| Risk-free interest rate | 4.2 % | 5.1 % |
| Volatility | 60.5 % | 47.2 % |
| Dividend yield | — % | — % |

**Stock-Based Compensation**

Total stock-based compensation expense recognized in the condensed consolidated statements of operations is as follows:

| | Three Months Ended April 30, | | Nine Months Ended April 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| | (in thousands) | | | |
| Cost of revenue: | | | | |
| Product | $ 1,831 | $ 1,576 | $ 6,103 | $ 5,201 |
| Support, entitlements and other services | 6,565 | 6,391 | 20,083 | 20,690 |
| Sales and marketing | 19,383 | 18,901 | 63,425 | 61,110 |
| Research and development | 32,003 | 38,719 | 107,116 | 117,664 |
| General and administrative | 13,126 | 16,705 | 42,426 | 47,594 |
| Total stock-based compensation expense | $ 72,908 | $ 82,292 | $ 239,153 | $ 252,259 |

As of April 30, 2024, unrecognized stock-based compensation expense related to outstanding stock awards was approximately $649.3 million and is expected to be recognized over a weighted average period of approximately 2.4 years.

**NOTE 10. INCOME TAXES**

The income tax provisions of $5.2 million and $14.8 million for the three and nine months ended April 30, 2023, respectively, and $4.7 million and $15.9 million for the three and nine months ended April 30, 2024, respectively, primarily consisted of foreign taxes on our international operations and U.S. state income taxes. We continue to maintain a full valuation allowance for our U.S. Federal and state deferred tax assets and a partial valuation allowance related to certain foreign net operating losses.

## NOTE 11. RESTRUCTURING CHARGES

In August 2022, we announced a plan to reduce our global headcount by approximately 270 employees, which represented approximately 4% of our total employees, following a review of our business structure and after taking other cost-cutting measures to reduce expenses. This headcount reduction was part of our efforts to drive toward profitable growth.

As of April 30, 2024, we recognized total restructuring charges of approximately $16.3 million, which consisted primarily of one-time severance and other termination benefit costs directly related to this reduction in force. Of the approximately $16.3 million recognized, $0.4 million is included within support, entitlements and other services cost of revenue, $13.4 million is included within sales and marketing expense, $2.3 million is included within research and development expense, and $0.2 million is included within general and administrative expense on our condensed consolidated statements of operations.

During the nine months ended April 30, 2023, we recognized restructuring charges of $5.3 million and made cash payments of $15.8 million. During the nine months ended April 30, 2024, we did not incur any charges and made cash payments of $0.4 million. As of April 30, 2024, our remaining restructuring liability, included within accrued compensation and benefits in our condensed consolidated balance sheet, was not material. We do not expect to record any material future charges related to this reduction in force.

## NOTE 12. NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is computed using the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by giving effect to potentially dilutive common stock equivalents outstanding during the period, as their effect would be dilutive. Potentially dilutive common shares include shares issuable upon the exercise of stock options, the vesting of RSUs, and each purchase under the 2016 ESPP, and common stock issuable upon the conversion of convertible debt under the if-converted method.

In loss periods, basic net loss per share and diluted net loss per share are the same, as the effect of potential common shares is antidilutive and therefore excluded.

The computation of basic and diluted net income (loss) per share attributable to common stockholders is as follows:

| | Three Months Ended April 30, | | Nine Months Ended April 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| | (in thousands, except per share data) | | | |
| **Numerator:** | | | | |
| Net (loss) income | $ (70,969) | $ (15,616) | $ (241,273) | $ 1,326 |
| Add: Interest expense related to convertible senior notes, net of tax | — | — | — | 12,749 |
| Diluted net (loss) income | $ (70,969) | $ (15,616) | $ (241,273) | $ 14,075 |
| **Denominator:** | | | | |
| Weighted average shares, basic | 234,735 | 245,766 | 231,702 | 243,688 |
| Add: Dilutive effect of common stock equivalents | — | — | — | 53,367 |
| Weighted average shares, diluted | 234,735 | 245,766 | 231,702 | 297,055 |
| Net (loss) income per share attributable to common stockholders, basic | $ (0.30) | $ (0.06) | $ (1.04) | $ 0.01 |
| Net (loss) income per share attributable to common stockholders, diluted | $ (0.30) | $ (0.06) | $ (1.04) | $ 0.05 |

The following weighted-average shares of common stock were excluded from the computation of diluted net (loss) income per share for the periods presented, as their effect would have been antidilutive:

| | Nine Months Ended April 30, | |
|---|---|---|
| | 2023 | 2024 |
| | (in thousands) | |
| Outstanding stock options and RSUs | 28,116 | 473 |
| Employee stock purchase plan | 2,032 | — |
| Common stock issuable upon the conversion of the Notes | 36,986 | — |
| Total | 67,134 | 473 |

Shares that will be issued in connection with our stock awards and shares that will be purchased under the employee stock purchase plan are generally automatically converted into shares of our Class A common stock. Common stock issuable upon the conversion of convertible debt represents the antidilutive impact of the 2023 Notes, 2026 Notes and 2027 Notes under the if-converted method.

## NOTE 13. SEGMENT INFORMATION

Our chief operating decision maker is a group which is comprised of our Chief Executive Officer and Chief Financial Officer. This group reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. Accordingly, we have a single reportable segment.

The following table sets forth revenue by geographic location based on bill-to location:

| | Three Months Ended April 30, | | Nine Months Ended April 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| | (in thousands) | | | |
| U.S. | $ 233,835 | $ 283,842 | $ 764,972 | $ 882,790 |
| Europe, the Middle East and Africa | 124,248 | 147,065 | 346,065 | 423,566 |
| Asia Pacific | 77,742 | 82,502 | 226,047 | 258,763 |
| Other Americas | 12,756 | 11,168 | 31,601 | 35,745 |
| Total revenue | $ 448,581 | $ 524,577 | $ 1,368,685 | $ 1,600,864 |

The following table sets forth long-lived assets, which primarily include property and equipment, net, by geographic location:

| | As of | |
|---|---|---|
| | July 31, 2023 | April 30, 2024 |
| | (in thousands) | |
| United States | $ 78,404 | $ 81,266 |
| International | 33,461 | 33,519 |
| Total long-lived assets | $ 111,865 | $ 114,785 |

## NOTE 14. SUBSEQUENT EVENT

Subsequent to April 30, 2024, on June 6, 2024, BCPE Nucleon (DE) SPV, LP delivered a notice of conversion to convert $817.6 million aggregate principal amount of the 2026 Notes, representing all of the outstanding principal amount of the 2026 Notes. Under the terms of the indenture governing the 2026 Notes, we are required to settle the conversion by paying $817.6 million in cash and delivering approximately 16.9 million shares of Class A common stock. We expect to use a portion of our existing cash, cash equivalents and short-term investments to settle the cash portion of the conversion, which is expected to occur during the fiscal quarter ending July 31, 2024. We expect to deliver the shares in late July 2024, following required regulatory approvals.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of our financial condition, results of operations and cash flows should be read in conjunction with (1) the unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and (2) the audited consolidated financial statements and notes thereto and "Management’s Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023 filed on September 21, 2023. The last day of our fiscal year is July 31. Our fiscal quarters end on October 31, January 31, April 30 and July 31. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the heading "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended July 31, 2023 and in Part II, Item 1A of this Quarterly Report on Form 10-Q. See also "Special Note Regarding Forward-Looking Statements" above.*

### Overview

Nutanix, Inc. ("we," "us," "our" or "Nutanix") provides a leading enterprise cloud platform, which we call Nutanix Cloud Platform, that consists of software solutions and cloud services that power our customers’ enterprise infrastructure. Our solutions deliver a consistent cloud operating model across edge, private-, hybrid- and multicloud environments for all applications and their data. Our solutions allow organizations to simply run and move their workloads, including enterprise applications, high-performance databases, end-user computing and virtual desktop infrastructure services, modern applications, analytics applications, and artificial intelligence ("AI") workloads, including machine learning ("ML") and generative AI workloads, between on-premises and public clouds. Our goal is to provide a single, simple, open software platform for all hybrid and multicloud applications and their data. We operate a subscription-based business model to provide our customers with the flexibility to choose the licensing that works best for them based on their specific business needs.

Nutanix Cloud Platform can be deployed on-premises in data centers or at the edge, running on a variety of qualified hardware platforms, in popular public cloud environments such as AWS and Microsoft Azure through Nutanix Cloud Clusters, or, in the case of our cloud-based software and software-as-a-service ("SaaS") offerings, via hosted service. Our subscription term-based licenses are sold separately, or can also be sold alongside configured-to-order servers purchased from one of our channel partners or original equipment manufacturers ("OEMs") (collectively, "Partners"). Our subscription term-based licenses typically have terms ranging from one to five years. Our cloud-based SaaS subscriptions have terms extending up to five years.

Our enterprise cloud platform typically includes one or more years of support and entitlements, which provides customers with the right to software upgrades and enhancements as well as technical support. Purchases of term-based licenses and SaaS subscriptions have support and entitlements included within the subscription fees and are not sold separately. Purchases of non-portable software are typically accompanied by the purchase of separate support and entitlements.

We had a broad and diverse base of over 25,000 end customers as of April 30, 2024, including approximately 1,040 Global 2000 enterprises. We define the number of end customers as the number of end customers for which we have received an order by the last day of the period, excluding partners to which we have sold products for their own demonstration purposes. A single organization or customer may represent multiple end customers for separate divisions, segments or subsidiaries, and the total number of end customers may contract due to mergers, acquisitions, or other consolidation among existing end customers.

Our solutions are primarily sold through our Partners and delivered directly to our end customers. Our solutions serve a broad range of workloads, including enterprise applications, databases, virtual desktop infrastructure, unified communications, big data analytics, and AI workloads, including ML and generative AI workloads, and we support both virtualized and container-based applications. We have end customers across a broad range of industries, such as automotive, consumer goods, education, energy, financial services, healthcare, manufacturing, media, public sector, retail, technology and telecommunications. We also sell to service providers, who utilize our enterprise cloud platform to provide a variety of cloud-based services to their customers.

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We continue to invest in the profitable growth of our business over the long-run, including the development of our solutions and investing in sales and marketing to capitalize on our market opportunities, while improving our operating cash flow performance by focusing on go-to-market efficiencies. By maintaining this balance, we believe that we can sustain profitable growth. As discussed further in the "Factors Affecting Our Performance" section below, as part of our overall plan to improve our operating cash flow performance, we will continue to take steps to manage our expenses. As a result, our overall spending will fluctuate, and may decline, from quarter to quarter in the near-term.

As initially disclosed in May 2023, in connection with our Audit Committee's previously completed investigation, we had identified control deficiencies that, individually or in the aggregate, constitute a material weakness in our internal control over financial reporting. For more information about our remediation efforts to address the material weakness, refer to Part I, Item 4 of this Quarterly Report on Form 10-Q.

**Key Financial and Performance Metrics**

We monitor the following key financial and performance metrics:

| | As of and for the | | | |
|---|---|---|---|---|
| | Three Months Ended April 30, | | Nine Months Ended April 30, | |
| | 2023 | 2024 | 2023 | 2024 |
| | (in thousands, except percentages and end customer count) | | | |
| Total revenue | $ 448,581 | $ 524,577 | $ 1,368,685 | $ 1,600,864 |
| Year-over-year percentage increase | 11.1 % | 16.9 % | 14.5 % | 17.0 % |
| Total billings | $ 461,914 | $ 557,285 | $ 1,460,741 | $ 1,734,901 |
| Annual contract value ("ACV") billings | $ 239,810 | $ 288,851 | $ 698,378 | $ 861,870 |
| Annual recurring revenue ("ARR") | $ 1,467,178 | $ 1,820,207 | $ 1,467,178 | $ 1,820,207 |
| Gross profit | $ 366,152 | $ 444,958 | $ 1,116,956 | $ 1,357,730 |
| Non-GAAP gross profit | $ 376,986 | $ 453,691 | $ 1,151,151 | $ 1,386,247 |
| Gross margin | 81.6 % | 84.8 % | 81.6 % | 84.8 % |
| Non-GAAP gross margin | 84.0 % | 86.5 % | 84.1 % | 86.6 % |
| Operating expenses | $ 424,792 | $ 456,546 | $ 1,312,759 | $ 1,337,979 |
| Non-GAAP operating expenses | $ 359,797 | $ 380,415 | $ 1,053,778 | $ 1,109,607 |
| Operating (loss) income | $ (58,640) | $ (11,588) | $ (195,803) | $ 19,751 |
| Non-GAAP operating income | $ 17,189 | $ 73,276 | $ 97,373 | $ 276,640 |
| Operating margin | (13.1)% | (2.2)% | (14.3)% | 1.2 % |
| Non-GAAP operating margin | 3.8 % | 14.0 % | 7.1 % | 17.3 % |
| Net cash provided by operating activities | $ 74,497 | $ 96,353 | $ 214,094 | $ 428,234 |
| Free cash flow | $ 52,666 | $ 78,324 | $ 161,491 | $ 373,421 |
| Total end customers [1] | 24,050 | 25,860 | 24,050 | 25,860 |

(1) The total end customer count reflects standard adjustments/consolidation to certain customer accounts within our system of record and is rounded to the nearest 10.

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***Disaggregation of Revenue and Billings***

The following table depicts the disaggregation of revenue and billings by type, consistent with how we evaluate our financial performance:

| | Three Months Ended April 30, | | Nine Months Ended April 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| | (in thousands) | | | |
| **Disaggregation of revenue:** | | | | |
| Subscription revenue | $ 417,516 | $ 486,620 | $ 1,271,388 | $ 1,498,081 |
| Professional services revenue | 22,101 | 26,240 | 67,821 | 74,083 |
| Other non-subscription product revenue (1) | 8,964 | 11,717 | 29,476 | 28,700 |
| Total revenue | $ 448,581 | $ 524,577 | $ 1,368,685 | $ 1,600,864 |
| **Disaggregation of billings:** | | | | |
| Subscription billings | $ 428,959 | $ 515,920 | $ 1,364,752 | $ 1,617,593 |
| Professional services billings | 23,991 | 29,648 | 66,513 | 88,608 |
| Other non-subscription product billings (1) | 8,964 | 11,717 | 29,476 | 28,700 |
| Total billings | $ 461,914 | $ 557,285 | $ 1,460,741 | $ 1,734,901 |

(1) Prior to fiscal 2024, disclosed as Non-portable software and Hardware, as described below. The prior period has been updated to conform with current period presentation.

*Subscription revenue* — Subscription revenue includes any performance obligation which has a defined term and is generated from the sales of software entitlement and support subscriptions, subscription software licenses and cloud-based SaaS offerings.

- Ratable — We recognize revenue from software entitlement and support subscriptions and SaaS offerings ratably over the contractual service period, the substantial majority of which relate to software entitlement and support subscriptions. These offerings represented approximately $226.1 million and $663.8 million of our subscription revenue for the three and nine months ended April 30, 2023, respectively, and $254.8 million and $760.8 million of our subscription revenue for the three and nine months ended April 30, 2024, respectively.
- Upfront — Revenue from our subscription software licenses is generally recognized upfront upon transfer of control to the customer, which happens when we make the software available to the customer. These subscription software licenses represented approximately $191.4 million and $607.6 million of our subscription revenue for the three and nine months ended April 30, 2023, respectively, and $231.8 million and $737.3 million of our subscription revenue for the three and nine months ended April 30, 2024, respectively.

*Professional services revenue* — We also sell professional services with our products. We recognize revenue related to professional services as they are performed.

*Other non-subscription product revenue* — Other non-subscription product revenue includes $8.4 million and $27.0 million of non-portable software revenue for the three and nine months ended April 30, 2023, respectively, $11.1 million and $26.3 million of non-portable software revenue for the three and nine months ended April 30, 2024, respectively, $0.6 million and $2.5 million of hardware revenue for the three and nine months ended April 30, 2023, respectively, and $0.6 million and $2.4 million of hardware revenue for the three and nine months ended April 30, 2024, respectively.

- Non-portable software revenue — Non-portable software revenue includes sales of our enterprise cloud platform when delivered on a configured-to-order server by us or one of our OEM partners. The software licenses associated with these sales are typically non-portable and can be used over the life of the server on which the software is delivered. Revenue from our non-portable software products is generally recognized upon transfer of control to the customer.
- Hardware revenue — In transactions where the hardware platform is purchased directly from Nutanix, we consider ourselves to be the principal in the transaction and we record revenue and costs of goods sold on a gross basis. We consider the amount allocated to hardware revenue to be equivalent to the cost of the hardware procured. Hardware revenue is generally recognized upon transfer of control to the customer.

### Non-GAAP Financial Measures and Key Performance Measures

We regularly monitor total billings, ACV billings, ARR, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP operating margin, free cash flow, and total end customers, which are non-GAAP financial measures and key performance measures, to help us evaluate our growth and operational efficiencies, measure our performance, identify trends in our sales activity and establish our budgets. We evaluate these measures because they:

- are used by management and the Board of Directors to understand and evaluate our performance and trends, as well as to provide a useful measure for period-to-period comparisons of our core business, particularly as we operate a subscription-based business model;
- are widely used as a measure of financial performance to understand and evaluate companies in our industry; and
- are used by management to prepare and approve our annual budget and to develop short-term and long-term operational and compensation plans, as well as to assess our actual performance against our goals.

Total billings is a performance measure which we believe provides useful information to our management and investors, as it represents the dollar value under binding purchase orders received and billed during a given period. 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 subscription-based business model during our transition to a subscription-based business model because it takes into account variability in term lengths. ARR is a performance measure that we believe provides useful information to our management and investors as it allows us to better track the topline growth of our subscription business because it only includes non-life-of-device contracts and takes into account variability in term lengths. Non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), and non-GAAP operating margin are performance measures which we believe provide useful information to investors, as 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 used in or generated by the business after necessary capital expenditures. 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.

Total billings, ACV billings, ARR, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP operating margin, and free cash flow have limitations as analytical tools and they should not be considered in isolation or as substitutes for analysis of our results as reported under generally accepted accounting principles ("GAAP") in the United States. Total billings, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP operating margin, and free cash flow are not substitutes for total revenue, gross profit, 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 or ARR, so we have not reconciled either ACV billings or ARR numbers included in this Quarterly Report on Form 10-Q 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 and not to rely on any single financial measure to evaluate our business.

We calculate our non-GAAP financial and key performance measures as follows:

***Total billings*** — We calculate total billings by taking the change in deferred revenue less the change in unbilled accounts receivable between the start and end of the period and adding that to total revenue recognized in the same period.

***ACV billings*** — We calculate ACV billings as the sum of the ACV for all contracts billed during the period. ACV is defined as the total annualized value of a contract, excluding amounts related to professional services and hardware. We calculate the total annualized value for a contract by dividing the total value of the contract by the number of years in the term of such contract, using, where applicable, an assumed term of five years for life-of-device contracts that do not have a specified term.

***ARR*** — We calculate ARR 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. ARR excludes all life-of-device contracts.

***Non-GAAP gross profit and Non-GAAP gross margin*** — We calculate non-GAAP gross margin as non-GAAP gross profit divided by total revenue. We define non-GAAP gross profit as gross profit adjusted to exclude stock-based compensation expense, amortization of acquired intangible assets, restructuring charges, impairment of lease-related assets, and costs associated with certain non-recurring transactions. Our presentation of non-GAAP gross profit and non-GAAP gross margin should not be construed as implying that our future results will not be affected by any recurring expenses or any unusual or non-recurring items that we exclude from our calculation of these non-GAAP financial measures.

***Non-GAAP operating expenses*** — We define non-GAAP operating expenses as total operating expenses adjusted to exclude stock-based compensation expense, amortization of acquired intangible assets, restructuring charges, impairment of lease-related assets, litigation settlement accruals and legal fees related to certain non-ordinary course litigation matters, and costs associated with certain non-recurring transactions. Our presentation of non-GAAP operating expenses should not be construed as implying that our future results will not be affected by any recurring expenses or any unusual or non-recurring items that we exclude from our calculation of this non-GAAP financial measure.

***Non-GAAP operating income and Non-GAAP operating margin*** — We calculate non-GAAP operating margin as non-GAAP operating income divided by total revenue. We define non-GAAP operating income as operating income (loss) adjusted to exclude stock-based compensation expense, amortization of acquired intangible assets, restructuring charges, impairment of lease-related assets, litigation settlement accruals and legal fees related to certain non-ordinary course litigation matters, and costs associated with certain non-recurring transactions. Our presentation of non-GAAP operating income and non-GAAP operating margin should not be construed as implying that our future results will not be affected by any recurring expenses or any unusual or non-recurring items that we exclude from our calculation of these non-GAAP financial measures.

***Free cash flow*** — We calculate free cash flow as net cash provided by (used in) operating activities less purchases of property and equipment, which measures our ability to generate cash from our business operations after our capital expenditures.

***Total end customers*** — We define the number of end customers as the number of end customers for which we have received an order by the last day of the period, excluding partners to which we have sold products for their own demonstration purposes. A single organization or customer may represent multiple end customers for separate divisions, segments, or subsidiaries, and the total number of end customers may contract due to mergers, acquisitions, or other consolidation among existing end customers.

**NUTANIX, INC.**
**Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)**

The following table presents a reconciliation of total billings, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP operating margin, and free cash flow to the most directly comparable GAAP financial measures, for each of the periods indicated:

| | Three Months Ended April 30, | | Nine Months Ended April 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| | (in thousands, except percentages) | | | |
| Total revenue | $ 448,581 | $ 524,577 | $ 1,368,685 | $ 1,600,864 |
| Change in deferred revenue | 13,333 | 32,708 | 92,056 | 134,037 |
| Total billings (non-GAAP) | $ 461,914 | $ 557,285 | $ 1,460,741 | $ 1,734,901 |
| | | | | |
| Gross profit | $ 366,152 | $ 444,958 | $ 1,116,956 | $ 1,357,730 |
| Stock-based compensation | 8,396 | 7,967 | 26,186 | 25,891 |
| Amortization of intangible assets | 2,438 | 766 | 7,779 | 2,626 |
| Restructuring charges | — | — | 230 | — |
| Non-GAAP gross profit | $ 376,986 | $ 453,691 | $ 1,151,151 | $ 1,386,247 |
| | | | | |
| Gross margin | 81.6 % | 84.8 % | 81.6 % | 84.8 % |
| Stock-based compensation | 1.9 % | 1.6 % | 1.9 % | 1.6 % |
| Amortization of intangible assets | 0.5 % | 0.1 % | 0.6 % | 0.2 % |
| Restructuring charges | — | — | — | — |
| Non-GAAP gross margin | 84.0 % | 86.5 % | 84.1 % | 86.6 % |
| | | | | |
| Operating expenses | $ 424,792 | $ 456,546 | $ 1,312,759 | $ 1,337,979 |
| Stock-based compensation | (64,512 ) | (74,325 ) | (212,967 ) | (226,368 ) |
| Amortization of intangible assets | (169 ) | (99 ) | (716 ) | (218 ) |
| Restructuring (charges) reversals | — | — | (5,073 ) | 194 |
| Early exit of lease-related assets | — | — | (1,726 ) | — |
| Litigation settlement accrual and legal fees | (314 ) | (1,707 ) | (38,499 ) | (1,755 ) |
| Other | — | — | — | (225 ) |
| Non-GAAP operating expenses | $ 359,797 | $ 380,415 | $ 1,053,778 | $ 1,109,607 |
| | | | | |
| (Loss) income from operations | $ (58,640 ) | $ (11,588 ) | $ (195,803 ) | $ 19,751 |
| Stock-based compensation | 72,908 | 82,292 | 239,153 | 252,259 |
| Amortization of intangible assets | 2,607 | 865 | 8,495 | 2,844 |
| Restructuring charges (reversals) | — | — | 5,303 | (194 ) |
| Early exit of lease-related assets | — | — | 1,726 | — |
| Litigation settlement accrual and legal fees | 314 | 1,707 | 38,499 | 1,755 |
| Other | — | — | — | 225 |
| Non-GAAP income from operations | $ 17,189 | $ 73,276 | $ 97,373 | $ 276,640 |
| | | | | |
| Operating margin | (13.1 )% | (2.2 )% | (14.3 )% | 1.2 % |
| Stock-based compensation | 16.2 % | 15.7 % | 17.5 % | 15.8 % |
| Amortization of intangible assets | 0.6 % | 0.2 % | 0.6 % | 0.2 % |
| Restructuring charges (reversals) | — | — | 0.4 % | — |
| Early exit of lease-related assets | — | — | 0.1 % | — |
| Litigation settlement accrual and legal fees | 0.1 % | 0.3 % | 2.8 % | 0.1 % |
| Other | — | — | — | — |
| Non-GAAP operating margin | 3.8 % | 14.0 % | 7.1 % | 17.3 % |
| | | | | |
| Net cash provided by operating activities | $ 74,497 | $ 96,353 | $ 214,094 | $ 428,234 |
| Purchases of property and equipment | (21,831 ) | (18,029 ) | (52,603 ) | (54,813 ) |
| Free cash flow (non-GAAP) | $ 52,666 | $ 78,324 | $ 161,491 | $ 373,421 |

## Factors Affecting Our Performance

We believe that our future success will depend on many factors, including those described below. While these areas present significant opportunity, they also present risks that we must manage to achieve successful results. See the section titled "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended July 31, 2023 and the section titled "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q for details. If we are unable to address these challenges, our business and operating results could be materially and adversely affected.

### *Investment in Profitable Growth*

We continue to invest in our growth over the long-run, while improving our operating cash flow performance by focusing on go-to-market efficiencies. By maintaining this balance, we believe we can sustain profitable growth.

*Investment in Sales and Marketing* – Our ability to achieve billings and revenue growth depends, in large part, on our ability to capitalize on our market opportunity, including our ability to recruit, train and retain sufficient numbers of ramped sales personnel to support our growth. As part of our investment in our growth over the long-run, we plan to invest in sales and marketing, including investing in our sales and marketing teams and continuing our focus on opportunities with major accounts, large deals, and commercial accounts, as well as other sales and marketing initiatives to increase our pipeline growth. As we continue to recruit additional sales representatives, it will take time to train and ramp them to full productivity. As a result, our overall sales and marketing expense may fluctuate. We estimate, based on past experience, that our average sales team members typically become fully ramped up around the start of their fourth quarter of employment with us, and as our newer employees ramp up, we expect their increased productivity to contribute to our revenue growth. As of April 30, 2024, we considered approximately 81% of our global sales team members to be fully ramped, while the remaining approximately 19% of our global sales team members are in the process of ramping up. As we continue to focus some of our newer and existing sales team members on major accounts and large deals, and as we operate our subscription-based business model, it may take longer, potentially significantly, for these sales team members to become fully productive, and there may also be an impact to the overall productivity of our sales team. As part of our overall efforts to improve our free cash flow performance, we have also proactively taken steps to increase our go-to-market productivity and over time, we intend to reduce our overall sales and marketing spend as a percentage of revenue. These measures include improving the efficiency of our demand generation spend, focusing on lower cost renewals, increasing leverage of our channel partners and OEMs, including supporting new OEMs, and optimizing headcount in geographies based on market opportunities.

*Investment in Research and Development and Engineering* – We also intend, in the long term, to grow our global research and development and engineering teams to enhance our solutions, including our newer subscription-based products, improve integration with new and existing ecosystem partners and broaden the range of technologies and features available through our platform. We continue to invest in our growth by strengthening our core offerings, investing in our solution ecosystem, and taking advantage of emerging opportunities around generative AI and modern applications across hybrid and mutlicloud environments.

We believe that these investments will contribute to our long-term growth, although they may adversely affect our profitability in the near term.

### *Our Subscription-Based Business Model*

We operate a subscription-based business model to provide our customers with the flexibility to choose the licensing that works best for them based on their specific business needs. A subscription-based business model means one in which our products, including associated support and entitlement arrangements, are sold with a defined term. Subscription-based sales consist of subscription term-based licenses and offerings with ongoing performance obligations, including software entitlement and support subscriptions and cloud-based SaaS offerings. Revenue from subscription term-based licenses is generally recognized upfront upon transfer of control to the customer, which happens when we make the software available to the customer. Accordingly, any decline in average contract durations associated with our subscription term-based licenses would negatively impact our topline results. Revenue from software entitlement and support subscription and cloud-based SaaS offerings is recognized ratably over the contractual service period. Accordingly, any decline in new or renewed subscriptions in any one fiscal quarter may not be fully or immediately reflected in our revenue for that fiscal quarter. For additional information on revenue recognition, see Note 2 of Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

### *Market Adoption of Our Products*

Hybrid and multicloud paradigms, as well as trends in generative AI and modern applications, have affected IT buyer expectations about the simplicity, agility, scalability, portability and pay-as-you-grow economics of IT resources. A key focus of our sales and marketing efforts is creating market awareness about the benefits of our enterprise cloud platform. This includes our newer products outside of our core hyperconverged infrastructure offering, both as compared to traditional datacenter architectures as well as the public cloud, particularly as we continue to pursue large enterprises and mission critical workloads. The broad nature of the technology shift that our enterprise cloud platform represents and the relationships our end customers have with existing IT vendors sometimes lead to unpredictable sales cycles. Our business and operating results will be significantly affected by the degree to and speed with which organizations adopt our enterprise cloud platform.

### *Leveraging Partners*

We plan to continue to leverage our relationships with our channel and OEM partners and expand our network of cloud and ecosystem partners, all of which help to drive the adoption and sale of our solutions with our end customers. We sell our solutions primarily through our partners, and our solutions primarily run on hardware platforms that our customers often choose to purchase from our channel or OEM partners. We believe that increasing channel leverage, particularly as we expand our focus on opportunities in commercial accounts, by investing in sales enablement and co-marketing with our channel and OEM partners in the long term will extend and improve our engagement with a broad set of end customers. Our reliance on manufacturers, including our channel and OEM partners, to produce the hardware platforms on which our software runs exposes us to supply chain delays, which could impair our ability to provide services to end customers in a timely manner. Our business and results of operations will be significantly affected by our success in leveraging our relationships with our channel and OEM partners and expanding our network of cloud and ecosystem partners.

### *Customer Acquisition, Retention and Expansion*

Our business and operating results will depend on our ability to obtain new end customers and retain and sell additional solutions to our existing base of end customers. Our ability to obtain new end customers and retain and sell additional solutions to existing customers will in turn depend in part on a number of factors. These factors include our ability to: execute on our business plans, vision, and objectives (including our growth and go-to-market strategies), respond to competitive pressures, effectively maintain existing and future customer relationships, continue to innovate by adding new functionality and improving usability of our solutions in a manner that addresses our end customers' needs and requirements, and optimally price our solutions in light of marketplace conditions, our ability to respond to competitive pressures, manage our costs, and anticipate and manage customer demand. Furthermore, our subscription-based business model and product transitions may cause concerns among our customer base, including concerns regarding changes to pricing over time, and may also result in confusion among new and existing end customers, for example, regarding our pricing models. Such concerns and/or confusion can slow adoption and renewal rates among our current and future customer base.

Our end customers typically deploy our technology for a specific workload initially. After a new end customer's initial order, which includes the product and associated software entitlement and support subscription and services, we focus on expanding our footprint by serving more workloads. We also generate recurring revenue from our software entitlement and support subscription renewals, and given our subscription-focused business model, software and support renewals are having an increasing significance for our future revenue streams as existing subscriptions come up for renewal. We view continued purchases and upgrades as critical drivers of our success, as the sales cycles are typically shorter as compared to new end customer deployments, and selling efforts are typically less. As of April 30, 2024, approximately 75% of our end customers who have been with us for 18 months or longer have made a repeat purchase, which is defined as any purchase activity, including renewals of term-based licenses or software entitlement and support subscription renewals, after the initial purchase. Additionally, end customers who have been with us for 18 months or longer have total lifetime orders, including the initial order, in an amount that is more than 8.4x greater, on average, than their initial order. This number increases to approximately 29.0x, on average, for Global 2000 end customers who have been with us for 18 months or longer as of April 30, 2024. These multiples exclude the effect of one end customer who had a very large and irregular purchase pattern that we believe is not representative of the purchase patterns of all of our other end customers.

More recently, our sales pipeline has evolved to include a higher mix of larger deal opportunities. Because larger deal opportunities often take longer to close and require more levels of review from the customer's executive team, involve greater competition, and have greater variability in timing, outcome and deal structure, this recent trend is expected to drive greater variability in our new and expansion business, and our topline results may be adversely affected.

## Components of Our Results of Operations

### *Revenue*

We generate revenue primarily from the sale of our enterprise cloud software platform, sold primarily as subscription term-based licenses, and which can be deployed on a variety of qualified hardware platforms or, in the case of our cloud-based SaaS offerings, via hosted service or delivered pre-installed on a server that is configured to order. Non-portable software licenses are delivered or sold alongside configured-to-order servers and can be used over the life of the associated server.

Our subscription term-based licenses are sold separately, or can be sold alongside configured-to-order servers. Our subscription term-based licenses typically have a term of one to five years. Our cloud-based SaaS subscriptions have terms extending up to five years.

Configured-to-order servers, including our Nutanix-branded NX hardware line, can be purchased from one of our channel partners, OEMs or, in limited cases, directly from Nutanix. Our enterprise cloud platform typically includes one or more years of support and entitlements, which provides customers with the right to software upgrades and enhancements as well as technical support. Our platform is primarily sold through channel partners and OEMs. Revenue is recognized net of sales tax and withholding tax.

***Product revenue*** — Product revenue primarily consists of software revenue. A majority of our product revenue is generated from the sale of our enterprise cloud operating system. We also sell renewals of previously purchased software licenses and SaaS offerings. Revenue from our software products is generally recognized upon transfer of control to the customer, which is typically upon shipment for sales including a server from a partner, upon making the software available to the customer when not sold with a server or as services are performed with SaaS offerings. In the infrequent transactions where the hardware is purchased directly from Nutanix, we consider ourselves to be the principal in the transaction and we record revenue and costs of goods sold on a gross basis.

***Support, entitlements and other services revenue*** — We generate our support, entitlements and other services revenue primarily from software entitlement and support subscriptions, which include the right to software upgrades and enhancements as well as technical support. The majority of our product sales are sold in conjunction with software entitlement and support subscriptions, with terms ranging from one to five years. Occasionally, we also sell professional services with our products. We recognize revenue from software entitlement and support contracts ratably over the contractual service period, which typically commences upon transfer of control of the corresponding products to the customer. We recognize revenue related to professional services as they are performed.

### *Cost of Revenue*

***Cost of product revenue*** — Cost of product revenue consists of costs paid to third-party OEM partners, hardware costs, personnel costs associated with our operations function, consisting of salaries, benefits, bonuses and stock-based compensation, cloud-based costs associated with our SaaS offerings, and allocated costs, consisting of certain facilities, depreciation and amortization, recruiting and information technology costs allocated based on headcount.

***Cost of support, entitlements and other services revenue*** — Cost of support, entitlements and other services revenue includes personnel and operating costs associated with our global customer support organization, as well as allocated costs. We expect our cost of support, entitlements and other services revenue to increase in absolute dollars as our support, entitlements and other services revenue increases.

### *Operating Expenses*

Our operating expenses consist of sales and marketing, research and development and general and administrative expenses. The largest component of our operating expenses is personnel costs. Personnel costs consist of wages, benefits, bonuses and, with respect to sales and marketing expenses, sales commissions.

***Sales and marketing*** — Sales and marketing expense consists primarily of personnel costs. Sales and marketing expense also includes sales commissions, costs for promotional activities and other marketing costs, travel costs and costs associated with demonstration units, including depreciation and allocated costs. Commissions are deferred and recognized as we recognize the associated revenue. We expect sales and marketing expense to continue, in the long term, to increase in absolute dollars as part of our long-term plans to invest in our growth. However, as part of our overall efforts to improve our operating cash flow performance, we have also proactively taken steps to increase our go-to-market productivity and over time, we intend to reduce our overall sales and marketing spend as a percentage of revenue. As we continue to recruit additional sales representatives, it will take time to train and ramp them to full productivity. As a result, our sales and marketing expense may fluctuate.

***Research and development*** — Research and development ("R&D") expense consists primarily of personnel costs, as well as other direct and allocated costs. We have devoted our product development efforts primarily to enhancing the functionality and expanding the capabilities of our solutions. R&D costs are expensed as incurred, unless they meet the criteria for capitalization. We expect R&D expense, in the long term, to increase in absolute dollars as part of our long-term plans to invest in our future products and services, including our newer subscription-based products, although R&D expense may fluctuate as a percentage of total revenue and, on an absolute basis, from quarter to quarter.

***General and administrative*** — General and administrative ("G&A") expense consists primarily of personnel costs, which include our executive, finance, human resources and legal organizations. G&A expense also includes outside professional services, which consists primarily of legal, accounting and other consulting costs, as well as insurance and other costs associated with being a public company and allocated costs. We expect G&A expense, in the long term, to increase in absolute dollars, particularly due to additional legal, accounting, insurance and other costs associated with our growth, although G&A expense may fluctuate as a percentage of total revenue and, on an absolute basis, from quarter to quarter.

### *Other Income (Expense), Net*

Other income (expense), net consists primarily of interest income and expense, which includes the amortization of the debt discount and debt issuance costs associated with our previously outstanding 0% convertible senior notes due 2023 (the "2023 Notes"), our 2.50% convertible senior notes due 2026 (the "2026 Notes") and our 0.25% convertible senior notes due 2027 (the "2027 Notes"), non-cash interest expense on the 2026 Notes, the amortization of the debt discount on the 2026 Notes, interest expense on the 2027 Notes, interest income related to our short-term investments, and foreign currency exchange gains or losses.

### *Provision for Income Taxes*

Provision for income taxes consists primarily of income taxes for certain foreign jurisdictions in which we conduct business and state income taxes in the United States. We have recorded a full valuation allowance related to our federal and state net operating losses and other net deferred tax assets and a partial valuation allowance related to certain foreign net operating losses due to the uncertainty of the ultimate realization of the future benefits of those assets.

## Results of Operations

The following tables set forth our condensed consolidated results of operations in dollars and as a percentage of total revenue for the periods presented. The period-to-period comparison of results is not necessarily indicative of results for future periods.

| | Three Months Ended April 30, | | Nine Months Ended April 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| | (in thousands) | | | |
| Revenue: | | | | |
| Product | $ 212,507 | $ 255,465 | $ 671,619 | $ 802,047 |
| Support, entitlements and other services | 236,074 | 269,112 | 697,066 | 798,817 |
| Total revenue | 448,581 | 524,577 | 1,368,685 | 1,600,864 |
| Cost of revenue: | | | | |
| Product [1][2] | 12,430 | 8,469 | 40,452 | 28,105 |
| Support, entitlements and other services [1] | 69,999 | 71,150 | 211,277 | 215,029 |
| Total cost of revenue | 82,429 | 79,619 | 251,729 | 243,134 |
| Gross profit | 366,152 | 444,958 | 1,116,956 | 1,357,730 |
| Operating expenses: | | | | |
| Sales and marketing [1][2] | 229,261 | 245,901 | 695,271 | 717,926 |
| Research and development [1] | 143,016 | 159,220 | 434,760 | 471,596 |
| General and administrative [1] | 52,515 | 51,425 | 182,728 | 148,457 |
| Total operating expenses | 424,792 | 456,546 | 1,312,759 | 1,337,979 |
| (Loss) income from operations | (58,640) | (11,588) | (195,803) | 19,751 |
| Other (expense) income, net | (7,168) | 659 | (30,696) | (2,520) |
| (Loss) income before provision for income taxes | (65,808) | (10,929) | (226,499) | 17,231 |
| Provision for income taxes | 5,161 | 4,687 | 14,774 | 15,905 |
| Net (loss) income | $ (70,969) | $ (15,616) | $ (241,273) | $ 1,326 |

| | | | | |
|---|---|---|---|---|
| [1] Includes stock-based compensation expense as follows: | | | | |
| Product cost of revenue | $ 1,831 | $ 1,576 | $ 6,103 | $ 5,201 |
| Support, entitlements and other services cost of revenue | 6,565 | 6,391 | 20,083 | 20,690 |
| Sales and marketing | 19,383 | 18,901 | 63,425 | 61,110 |
| Research and development | 32,003 | 38,719 | 107,116 | 117,664 |
| General and administrative | 13,126 | 16,705 | 42,426 | 47,594 |
| Total stock-based compensation expense | $ 72,908 | $ 82,292 | $ 239,153 | $ 252,259 |

| | | | | |
|---|---|---|---|---|
| [2] Includes amortization of intangible assets as follows: | | | | |
| Product cost of revenue | $ 2,438 | $ 766 | $ 7,779 | $ 2,626 |
| Sales and marketing | 169 | 99 | 716 | 218 |
| Total amortization of intangible assets | $ 2,607 | $ 865 | $ 8,495 | $ 2,844 |

**NUTANIX, INC.**
**Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)**

| | Three Months Ended April 30, | | Nine Months Ended April 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| | (as a percentage of total revenue) | | | |
| Revenue: | | | | |
| Product | 47.4 % | 48.7 % | 49.1 % | 50.1 % |
| Support, entitlements and other services | 52.6 % | 51.3 % | 50.9 % | 49.9 % |
| Total revenue | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Cost of revenue: | | | | |
| Product | 2.8 % | 1.6 % | 3.0 % | 1.8 % |
| Support, entitlements and other services | 15.6 % | 13.6 % | 15.4 % | 13.4 % |
| Total cost of revenue | 18.4 % | 15.2 % | 18.4 % | 15.2 % |
| Gross profit | 81.6 % | 84.8 % | 81.6 % | 84.8 % |
| Operating expenses: | | | | |
| Sales and marketing | 51.1 % | 46.9 % | 50.8 % | 44.8 % |
| Research and development | 31.9 % | 30.4 % | 31.8 % | 29.5 % |
| General and administrative | 11.7 % | 9.8 % | 13.4 % | 9.3 % |
| Total operating expenses | 94.7 % | 87.1 % | 96.0 % | 83.6 % |
| (Loss) income from operations | (13.1 )% | (2.3 )% | (14.4 )% | 1.2 % |
| Other (expense) income, net | (1.6 )% | 0.1 % | (2.2 )% | (0.2 )% |
| (Loss) income before provision for income taxes | (14.7 )% | (2.2 )% | (16.6 )% | 1.0 % |
| Provision for income taxes | 1.2 % | 0.9 % | 1.1 % | 1.0 % |
| Net (loss) income | (15.9 )% | (3.1 )% | (17.7 )% | 0.0 % |

## Comparison of the Three and Nine Months Ended April 30, 2023 and 2024

### *Revenue*

| | Three Months Ended April 30, | | Change | | Nine Months Ended April 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | $ | % | 2023 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| Product | $ 212,507 | $ 255,465 | $ 42,958 | 20 % | $ 671,619 | $ 802,047 | $ 130,428 | 19 % |
| Support, entitlements and other services | 236,074 | 269,112 | 33,038 | 14 % | 697,066 | 798,817 | 101,751 | 15 % |
| Total revenue | $ 448,581 | $ 524,577 | $ 75,996 | 17 % | $ 1,368,685 | $ 1,600,864 | $ 232,179 | 17 % |

| | Three Months Ended April 30, | | Change | | Nine Months Ended April 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | $ | % | 2023 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| U.S. | $ 233,835 | $ 283,842 | $ 50,007 | 21 % | $ 764,972 | $ 882,790 | $ 117,818 | 15 % |
| Europe, the Middle East and Africa | 124,248 | 147,065 | 22,817 | 18 % | 346,065 | 423,566 | 77,501 | 22 % |
| Asia Pacific | 77,742 | 82,502 | 4,760 | 6 % | 226,047 | 258,763 | 32,716 | 14 % |
| Other Americas | 12,756 | 11,168 | (1,588 ) | (12 )% | 31,601 | 35,745 | 4,144 | 13 % |
| Total revenue | $ 448,581 | $ 524,577 | $ 75,996 | 17 % | $ 1,368,685 | $ 1,600,864 | $ 232,179 | 17 % |

The increases in product revenue for the three and nine months ended April 30, 2024, as compared to the prior year periods, were due primarily to increases in software revenue resulting from growth in software renewals due to an increased adoption of our products. For both the three and nine months ended April 30, 2023, the total average contract duration was approximately 3.0 years. For the three and nine months ended April 30, 2024, the total average contract duration was approximately 3.0 years and 2.9 years, respectively. Total average contract duration represents the dollar-weighted term across all subscription and life-of-device contracts billed during the period, using an assumed term of five years for licenses without a specified term, such as life-of-device licenses.

Support, entitlements and other services revenue increased for the three and nine months ended April 30, 2024, as compared to the prior year periods, in conjunction with the growth of our end customer base and the related software entitlement and support subscription contracts and renewals.

### *Cost of Revenue and Gross Margin*

| | Three Months Ended April 30, | | Change | | Nine Months Ended April 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | $ | % | 2023 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| Cost of product revenue | $ 12,430 | $ 8,469 | $ (3,961 ) | (32 )% | $ 40,452 | $ 28,105 | $ (12,347 ) | (31 )% |
| *Product gross margin* | *94.2 %* | *96.7 %* | | | *94.0 %* | *96.5 %* | | |
| Cost of support, entitlements and other services revenue | $ 69,999 | $ 71,150 | $ 1,151 | 2 % | $ 211,277 | $ 215,029 | $ 3,752 | 2 % |
| *Support, entitlements and other services gross margin* | *70.3 %* | *73.6 %* | | | *69.7 %* | *73.1 %* | | |
| *Total gross margin* | *81.6 %* | *84.8 %* | | | *81.6 %* | *84.8 %* | | |

### *Cost of product revenue*

Cost of product revenue decreased for the three and nine months ended April 30, 2024, as compared to the prior year periods, due primarily to a decrease in amortization expense resulting from acquired intangible assets starting to reach the end of their useful lives. Slight fluctuations in hardware revenue and cost of product revenue are anticipated, as we expect to continue selling small amounts of hardware for the foreseeable future.

Product gross margin increased by 2.5 percentage points for both the three and nine months ended April 30, 2024, as compared to the prior year periods, due primarily to product revenue increasing while cost of product revenue decreases.

**NUTANIX, INC.**
**Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)**

***Cost of support, entitlements and other services revenue***

Cost of support, entitlements and other services revenue increased for the three and nine months ended April 30, 2024, as compared to the prior year periods, due primarily to higher personnel-related costs and outside services costs, resulting from growth in our global customer support organization.

Support, entitlements and other services gross margin increased by 3.3 percentage points and 3.4 percentage points for the three and nine months ended April 30, 2024, respectively, as compared to the prior year periods, due primarily to support, entitlements and other services revenue growing at a higher rate than personnel-related costs.

***Operating Expenses***

***Sales and marketing***

| | Three Months Ended April 30, | | Change | | Nine Months Ended April 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | $ | % | 2023 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| Sales and marketing | $ 229,261 | $ 245,901 | $ 16,640 | 7 % | $ 695,271 | $ 717,926 | $ 22,655 | 3 % |
| *Percent of total revenue* | *51.1 %* | *46.9 %* | | | *50.8 %* | *44.8 %* | | |

Sales and marketing expense increased for the three and nine months ended April 30, 2024, as compared to the prior year periods, due primarily to higher personnel-related costs, including commissions expense, resulting from growth in our sales and marketing headcount, partially offset by decreases in outside services and allocated costs.

***Research and development***

| | Three Months Ended April 30, | | Change | | Nine Months Ended April 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | $ | % | 2023 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| Research and development | $ 143,016 | $ 159,220 | $ 16,204 | 11 % | $ 434,760 | $ 471,596 | $ 36,836 | 8 % |
| *Percent of total revenue* | *31.9 %* | *30.4 %* | | | *31.8 %* | *29.5 %* | | |

Research and development expense increased for the three and nine months ended April 30, 2024, as compared to the prior year periods, due primarily to higher personnel-related costs resulting from growth in our R&D headcount, partially offset by decreases in technical costs.

***General and administrative***

| | Three Months Ended April 30, | | Change | | Nine Months Ended April 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | $ | % | 2023 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| General and administrative | $ 52,515 | $ 51,425 | $ (1,090 ) | (2 )% | $ 182,728 | $ 148,457 | $ (34,271 ) | (19 )% |
| *Percent of total revenue* | *11.7 %* | *9.8 %* | | | *13.4 %* | *9.3 %* | | |

General and administrative expense decreased for the three and nine months ended April 30, 2024, as compared to the prior year periods, due primarily to a decrease in legal costs, in particular, for the nine months ended April 30, 2024, related to the litigation settlement accrual and legal fees as a result of the February 2023 settlement of two securities class actions. The decreases were partially offset by higher personnel-related costs, including stock-based compensation expense, resulting from growth in our G&A headcount, as well as an increase in technical costs related to software licenses.

### *Other (Expense) Income, Net*

| | Three Months Ended April 30, | | Change | | Nine Months Ended April 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | $ | % | 2023 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| Interest income, net | $ 11,179 | $ 18,796 | $ (7,617) | (68)% | $ 25,637 | $ 51,831 | $ (26,194) | (102)% |
| Amortization of debt discount and issuance costs and interest expense | (16,189) | (16,876) | 687 | 4 % | (47,806) | (49,874) | 2,068 | 4 % |
| Other | (2,158) | (1,261) | (897) | (42)% | (8,527) | (4,477) | (4,050) | (47)% |
| Other (expense) income, net | $ (7,168) | $ 659 | $ (7,827) | (109)% | $ (30,696) | $ (2,520) | $ (28,176) | (92)% |

Other (expense) income, net decreased for the three and nine months ended April 30, 2024, as compared to the prior year periods, due primarily to increases in interest income on our investments.

### *Provision for Income Taxes*

| | Three Months Ended April 30, | | Change | | Nine Months Ended April 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | $ | % | 2023 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| Provision for income taxes | $ 5,161 | $ 4,687 | $ (474) | (9)% | $ 14,774 | $ 15,905 | $ 1,131 | 8 % |

The decrease in the income tax provision for the three months ended April 30, 2024, as compared to the prior year period, was due primarily to foreign excess tax benefits on stock options and restricted stock units exercised in the current period, partially offset by higher foreign taxes as a result of higher taxable earnings in foreign jurisdictions. The increase in the income tax provision for the nine months ended April 30, 2024, as compared to the prior year period, was due primarily to higher foreign taxes as a result of higher taxable earnings in foreign jurisdictions, as we continued to grow our business internationally, as well as higher U.S. state income taxes, partially offset by foreign excess tax benefits on stock options and restricted stock units exercised in the current periods. We continue to maintain a full valuation allowance on our U.S. federal and state deferred tax assets and a partial valuation allowance related to certain foreign net operating losses.

## Liquidity and Capital Resources

Our principal sources of liquidity were cash, cash equivalents, and marketable securities and net accounts receivable. As of April 30, 2024, we had $598.0 million of cash and cash equivalents, $2.1 million of restricted cash and $1,053.4 million of short-term investments, which were held for general corporate purposes. Our cash, cash equivalents and short-term investments primarily consist of bank deposits, money market accounts and highly rated debt instruments of the U.S. government and its agencies and debt instruments of highly rated corporations. As of April 30, 2024, we had accounts receivable of $225.3 million, net of allowances of $1.6 million.

In January 2023, we settled the 2023 Notes in full at maturity with a cash payment of $145.7 million. For additional information, see Note 5 of Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

In September 2020, we issued $750.0 million in aggregate principal amount of 2.50% convertible senior notes due 2026 to BCPE Nucleon (DE) SPV, LP, an entity affiliated with Bain Capital, LP. For additional information, see Note 5 of Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. On June 6, 2024, BCPE Nucleon (DE) SPV, LP delivered a notice of conversion to convert $817.6 million aggregate principal amount of the 2026 Notes, representing all of the outstanding principal amount of the 2026 Notes. Under the terms of the indenture governing the 2026 Notes, we are required to settle the conversion by paying $817.6 million in cash and delivering approximately 16.9 million shares of Class A common stock. We expect to use a portion of our existing cash, cash equivalents and short-term investments to settle the cash portion of the conversion, which is expected to occur during the fiscal quarter ending July 31, 2024.

In September 2021, we issued convertible senior notes with a 0.25% interest rate for an aggregate principal amount of $575.0 million due 2027, of which $477.3 million in principal amount was issued in exchange for approximately $416.5 million principal amount of the 2023 Notes and the remaining $97.7 million in principal amount was issued for cash. There are no required principal payments on the 2027 Notes prior to their maturity. For additional information, see Note 5 of Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Due to investments in our business as well as the potential cash flow impacts resulting from our subscription-based business model, our operating and free cash flow may continue to fluctuate during the next 12 months. Notwithstanding that fact, we believe that our cash, cash equivalents and short-term investments and net cash provided by operating activities will be sufficient to meet our anticipated cash needs for working capital, capital expenditures, and share repurchases (if any) for at least the next 12 months. Our future capital requirements will depend on many factors, including our growth rate, the timing and extent of spending to support development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced product and service offerings, the continuing market acceptance of our products, our end customers and partners, and the economy, and the timing of and extent to which our customers transition to shorter-term contracts or request to only pay for the initial term of multi-year contracts as a result of our subscription-based business model.

### *Capital Return*

In August 2023, our Board of Directors authorized the repurchase of up to $350.0 million of our Class A common stock. Repurchases will be funded from available working capital and may be made at management’s discretion from time to time. The authorization has no fixed expiration date and does not obligate us to repurchase any specified number or dollar value of shares. The program may be modified, suspended or discontinued at any time. For more information on the share repurchase program, refer to Note 8 of Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

### Cash Flows

The following table summarizes our cash flows for the periods presented:

| | Nine Months Ended April 30, | |
|---|---|---|
| | 2023 | 2024 |
| | (in thousands) | |
| Net cash provided by operating activities | $ 214,094 | $ 428,234 |
| Net cash used in investing activities | (40,873) | (173,828) |
| Net cash used in financing activities | (136,361) | (170,019) |
| Net increase in cash, cash equivalents and restricted cash | $ 36,860 | $ 84,387 |

### *Cash Flows from Operating Activities*

Net cash provided by operating activities was $428.2 million for the nine months ended April 30, 2024, compared to $214.1 million for the nine months ended April 30, 2023. The increase in cash provided by operating activities for the nine months ended April 30, 2024 was due primarily to the increase in our net income from operations.

### *Cash Flows from Investing Activities*

Net cash used in investing activities of $40.9 million for the nine months ended April 30, 2023 included $711.3 million of short-term investment purchases and $52.6 million of purchases of property and equipment, partially offset by $723.0 million of maturities of short-term investments.

Net cash used in investing activities of $173.8 million for the nine months ended April 30, 2024 included $740.0 million of short-term investment purchases, $54.8 million of purchases of property and equipment and $4.5 million of cash paid for acquisitions, partially offset by $625.5 million of maturities of short-term investments.

### *Cash Flows from Financing Activities*

Net cash used in financing activities of $136.4 million for the nine months ended April 30, 2023 included $145.7 million used to repay the 2023 Notes at maturity, $10.2 million of taxes paid related to the net share settlement of equity awards, and $3.7 million of payments for finance lease obligations, partially offset by $23.3 million of proceeds from the sale of shares through employee equity incentive plans.

Net cash used in financing activities of $170.0 million for the nine months ended April 30, 2024 included $111.6 million of taxes paid related to the net share settlement of equity awards, $106.1 million of repurchases of our Class A common stock, and $2.9 million of payments for finance lease obligations, partially offset by $50.7 million of proceeds from the sale of shares through employee equity incentive plans.

### Material Cash Requirements and Other Obligations

The following table summarizes our material cash requirements and other obligations as of April 30, 2024:

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 Year | 1 Year to 3 Years | 3 to 5 Years | More than 5 Years |
| | | | (in thousands) | | |
| Principal amount payable on convertible senior notes [1] | $ 1,395,361 | $ 116 | $ 820,245 | $ 575,000 | $ — |
| Operating leases (undiscounted basis) [2] | 121,007 | 29,754 | 40,764 | 35,469 | 15,020 |
| Other commitments [3] | 109,039 | 99,943 | 7,445 | 1,651 | — |
| Guarantees with contract manufacturers | 76,663 | 76,663 | — | — | — |
| Total | $ 1,702,070 | $ 206,476 | $ 868,454 | $ 612,120 | $ 15,020 |

(1) Includes accrued paid-in-kind interest on the 2026 Notes and accrued interest on the 2027 Notes. For additional information regarding our convertible senior notes, refer to Note 5 of Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.
(2) For additional information regarding our operating leases, refer to Note 6 of Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.
(3) Purchase obligations and other commitments pertaining to our daily business operations.

From time to time, in the normal course of business, we make commitments with our contract manufacturers to ensure them a minimum level of financial consideration for their investment in our joint solutions. These commitments are based on revenue targets or on-hand inventory and non-cancelable purchase orders for non-standard components. We record a charge related to these items when we determine that it is probable a loss will be incurred and we are able to estimate the amount of the loss. Our historical charges have not been material.

As of April 30, 2024, we had accrued liabilities related to uncertain tax positions, which are reflected on our condensed consolidated balance sheet. These accrued liabilities are not reflected in the contractual obligations disclosed in the table above, as it is uncertain if or when such amounts will ultimately be settled.

### Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the applicable periods. We evaluate our estimates, assumptions and judgments on an ongoing basis. Our estimates, assumptions and judgments are based on historical experience and various other factors that we believe to be reasonable under the circumstances. Different assumptions and judgments would change the estimates used in the preparation of our condensed consolidated financial statements, which, in turn, could change the results from those reported.

There have been no material changes to our critical accounting policies and estimates as compared to those described in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023.

**Recent Accounting Pronouncements**

See Note 1 of Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for a full description of recent accounting pronouncements.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We have operations both within the United States and internationally and we are exposed to market risk in the ordinary course of business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates and interest rates.

***Foreign Currency Risk***

Our condensed consolidated results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. Substantially all of our sales contracts are denominated in U.S. dollars. Our expenses are generally denominated in the currencies of the countries where our operations are located. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative instruments. In the event our foreign sales and expenses increase, our operating results may be more significantly affected by foreign currency exchange rate fluctuations, which can affect our operating income or loss. The effect of a hypothetical 10% change in foreign currency exchange rates on our non-U.S. dollar monetary assets and liabilities would not have had a material impact on our historical condensed consolidated financial statements. Foreign currency transaction gains and losses and exchange rate fluctuations have not been material to our condensed consolidated financial statements.

A hypothetical 10% decrease in the U.S. dollar against other currencies would result in an increase in our operating loss of approximately $18.2 million and $50.5 million for the nine months ended April 30, 2023 and 2024, respectively. The decrease in this hypothetical change is due to a decrease in our expenses denominated in foreign currencies. This analysis disregards the possibilities that rates can move in opposite directions and that losses from one geographic area may be offset by gains from another geographic area.

***Interest Rate Risk***

Our investment objective is to conserve capital and maintain liquidity to support our operations; therefore, we generally invest in highly liquid securities, consisting primarily of bank deposits, money market funds, commercial paper, U.S. government securities and corporate bonds. Such fixed and floating interest-earning instruments carry a degree of interest rate risk. The fair market value of fixed income securities may be adversely impacted by a rise in interest rates, while floating rate securities may produce less income than predicted if interest rates fall. Due to the short-term nature of our investment portfolio, we do not believe an immediate 10% increase or decrease in interest rates would have a material effect on the fair market value of our portfolio. Therefore, we do not expect our operating results or cash flows to be materially affected by any sudden change in interest rates.

**Item 4. Controls and Procedures**

***Evaluation of Disclosure Controls and Procedures***

Our management, with the participation of our principal executive officer and our principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")). As initially disclosed in our Annual Report on Form 10-K/A filed with the SEC on May 24, 2023, our management identified a material weakness in our internal control over financial reporting. As described below, while our management, with the oversight of the Audit Committee of our Board of Directors, has made significant progress toward remediating this material weakness, our management determined that this material weakness has not yet been fully remediated, as we are still in the process of testing the applicable remediated controls. Accordingly, based on our management's evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of April 30, 2024. Notwithstanding this material weakness, our management concluded that our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial condition, results of operations and cash flows as of and for the periods presented in conformity with U.S. GAAP.

***Previously Identified Material Weakness in Internal Control Over Financial Reporting***

Based on the criteria set forth in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Framework"), our management identified control deficiencies, as previously disclosed, that, individually or in the aggregate, constitute a material weakness in our internal control over financial reporting. While our management, with the oversight of the Audit Committee of our Board of Directors, has made significant progress toward remediating the material weakness, the material weakness has not been fully remediated as of April 30, 2024.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness identified by management primarily relates to design deficiencies in the information and communication component of the COSO Framework, that also impacted the design and operating effectiveness of elements of the risk assessment and other components. In particular, we determined that our controls were not designed and operating effectively to provide the information necessary for our risk assessment process to identify non-compliant use of third-party software as a risk of material misstatement in our financial reporting and we did not effectively reinforce the importance of raising concerns about perceived unethical conduct in a timely manner. These control deficiencies, individually or in the aggregate, create a reasonable possibility that a material misstatement of our consolidated financial statements would not be prevented or detected on a timely basis, and constitute a material weakness in our internal control over financial reporting.

This material weakness resulted in an immaterial error in the reporting of expenses for software licenses and support for each prior period beginning in August 2014, which we have corrected prospectively as we issue future financial statements. We have evaluated the materiality of this error and determined that the impact is not material to our previously issued financial statements.

***Status of Remediation Efforts to Address Material Weakness***

Our management and the Audit Committee of our Board of Directors are committed to remediating the material weakness and strengthening our overall internal control over financial reporting. To this end, our management, with oversight from the Audit Committee, has implemented all of the remedial measures outlined in the remediation plan initially disclosed in our Annual Report on Form 10-K/A filed with the SEC on May 24, 2023. Specifically, we have implemented the below remedial measures as outlined in the remediation plan. Our management believes that the remediation measures described below will remediate the material weakness and strengthen our overall internal control over financial reporting. While we have implemented all of the remedial measures described below, we are still in the process of testing the applicable remediated controls. Accordingly, our management determined that this material weakness has not yet been fully remediated as of April 30, 2024. The remedial measures implemented to date are as follows:

- We have enhanced management’s quarterly sub-certification process related to non-compliant use of third-party software and increased the certifiers’ awareness of financial reporting implications of non-compliant use of third-party software.
- We have enhanced management’s disclosure committee process related to non-compliant use of third-party software.
- We have enhanced the finance department’s process for collecting information about unaccrued software expenditures and/or other potential unrecorded usage of third-party software.
- We have educated business unit representatives on understanding potential items, activities or services that require accrual.
- We have trained relevant employees on appropriate software acquisition and usage practices and software licensing compliance.
- We have revised our code of business conduct and ethics to reinforce the importance of compliant use of third-party software.
- We have provided additional training of, and communications to, employees to further promote ethical conduct and timely escalation of concerns.
- We have designed and implemented additional systems, processes and controls over third-party software license procurement, usage, and compliance.

The material weakness will not be considered remediated until the applicable remediated controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. As our management continues to evaluate and work to enhance our internal control over financial reporting, our management may take additional measures to address control deficiencies or we may modify some of the remediation measures described above.

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***Changes in Internal Control over Financial Reporting***

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

The information set forth under the "Legal Proceedings" subheading in Note 7 of Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by reference.

### Item 1A. Risk Factors

You should carefully consider the risks and uncertainties described under the heading "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended July 31, 2023, which is incorporated herein by reference, together with the additional risk factor set forth below and all of the other information contained in this Quarterly Report on Form 10-Q, including our condensed consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations", before making a decision to invest in our Class A common stock. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect our business. Other than the additional risk factor set forth below, there have been no material changes from the risks and uncertainties previously disclosed under the "Risk Factors" section in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023.

***Our settlement of the conversion of all of the 2026 Notes will require us to use a significant portion of our liquidity, dilute the voting power and ownership interest of existing stockholders, and may depress the price of our securities.***

On June 6, 2024, BCPE Nucleon (DE) SPV, LP delivered a notice of conversion to convert $817.6 million aggregate principal amount of the 2026 Notes, representing all of the outstanding principal amount of the 2026 Notes. Under the terms of the indenture governing the 2026 Notes, we are required to settle the conversion by paying $817.6 million in cash and delivering approximately 16.9 million shares of Class A common stock. We expect to use a portion of our existing cash, cash equivalents and short-term investments to settle the cash portion of the conversion, which is expected to occur during the fiscal quarter ending July 31, 2024. We expect to deliver the shares in late July 2024, following required regulatory approvals. Accordingly, settlement of the conversion will require us to use a significant portion of our liquidity, dilute the voting power and ownership interest of existing stockholders, and potentially have an adverse effect on the price of our securities, including our Class A common stock.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

***Unregistered Sales of Equity Securities***

None.

***Issuer Purchases of Equity Securities***

The following table summarizes the share repurchase activity for the three months ended April 30, 2024:

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1) | Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| | (in thousands, except per share amounts) | | | |
| February 1 - 29, 2024 | 380 | $ 57.70 | 380 | $ 268,913 |
| March 1 - 31, 2024 | — | $ — | — | $ 268,913 |
| April 1 - 30, 2024 | 394 | $ 63.47 | 394 | $ 243,913 |
| Total | 774 | | 774 | |

(1) In August 2023, our Board of Directors authorized the repurchase of up to $350.0 million of our Class A common stock. We may repurchase shares from time to time through open market purchases, in privately negotiated transactions or by other means, including through the use of trading plans intended to qualify under Rule 10b5-1 under the Exchange Act in accordance with applicable securities laws and other restrictions. The timing and amount of share repurchases will depend upon prevailing stock prices, business and market conditions, corporate and regulatory requirements, alternative investment opportunities and other factors. The authorization has no expiration date and may be modified, suspended or discontinued at any time and does not obligate us to repurchase any minimum number of shares.

This table excludes shares withheld from stock awards to settle employee withholding obligations related to the vesting of such awards.

## Item 3. Defaults Upon Senior Securities

None.

## Item 4. Mine Safety Disclosures

Not applicable.

## Item 5. Other Information

During the three months ended April 30, 2024, no director or Section 16 officer adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

## Item 6. Exhibits

See the Exhibit Index below for a list of exhibits filed or furnished with this report, which Exhibit Index is incorporated herein by reference.

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## EXHIBIT INDEX

| | | Incorporated by Reference | | | | |
|---|---|---|---|---|---|---|
| **Number** | **Exhibit Title** | **Form** | **File No.** | **Exhibit** | **Filing Date** | **Filed Herewith** |
| 10.1† | Amendment Two to Original Equipment Manufacturer (OEM) Purchase Agreement, dated as of October 31, 2018, by and between the Registrant and Super Micro Computer Inc. | | | | | X |
| 31.1 | Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | | X |
| 31.2 | Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | | X |
| 32.1* | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | | | X |
| 32.2* | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | | | X |
| 101.INS | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XRBL tags are embedded within the Inline XBRL document | | | | | X |
| 101.SCH | Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents | | | | | X |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) | | | | | X |

† Certain confidential information contained in this Exhibit was omitted by means of marking such portions with brackets because the identified confidential information is both (i) not material and (ii) the type of information that the registrant treats as private or confidential. This Exhibit is being refiled upon expiration of confidential treatment previously granted by the Securities and Exchange Commission.

* These exhibits are furnished with this Quarterly Report on Form 10-Q and are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any filing of Nutanix, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filings.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**NUTANIX, INC.**

Date: June 10, 2024

/s/ Rukmini Sivaraman

Rukmini Sivaraman
Chief Financial Officer
(Principal Financial Officer)

**Exhibit 10.1**

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. SUCH EXCLUDED INFORMATION HAS BEEN MARKED WITH "[***]."

AMENDMENT TWO TO ORIGINAL EQUIPMENT MANUFACTURER (OEM) PURCHASE AGREEMENT

This Amendment Two ("Amendment Two") to the Original Equipment Manufacturer Purchase Agreement ("Agreement") by and between SUPER MICRO COMPUTER INC. ("Supplier") and NUTANIX, INC. ("OEM") is entered into as of October 31, 2018 ("Amendment Effective Date"). Collectively Supplier and OEM are referred to as the "Parties".

**RECITALS**

A. The Parties entered into the Agreement as of May 16, 2014.

B The parties now desire to amend the Agreement to delete the existing Exhibit C and replace it with a new Exhibit C.

NOW THEREFORE, in consideration of the foregoing, and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. The Parties agree that Exhibit C is deleted in its entirety and replaced with the following:

.

**CONFIDENTIAL**

**EXHIBIT C**
**NON-STANDARD MATERIAL**

This EXHIBIT C is incorporated as part of the Original Equipment Manufacturer (OEM) Purchase Agreement ("Agreement") which together with this EXHIBIT C, and other cited Exhibits, Schedules and Addendums, form the entirety of the Agreements, entered into as of the first date written below, by and between Super Micro Computer, Inc. ("SMCI"), a Delaware corporation, having a principal place of business at 980 Rock Avenue, San Jose, CA 95131 and NUTANIX INC., a Delaware Corporation,
having a principal place of business at 1740 TECHNOLOGY DR. SUITE 400, SAN JOSE, CA, 95110 and NUTANIX NETHERLANDS B.V. incorporated and registered in The Netherlands with its registered office at Scorpius 100, 2132 LR Hoofddorp, The Netherlands (collectively Nutanix Inc. and Nutanix Netherlands, B.V. are referred to as “OEM”). The terms and conditions set forth in this EXHIBIT C will be construed and governed by the terms and conditions set forth in the Agreement.

1. As stated in Section 9.1 of the Agreement, OEM has no inventory liability inventory other than the Non-Standard Material, which is described in the spreadsheet attached to this Amendment 2.

2. Where a component in the list of Non-Standard Material is listed in the “Nutanix Liability” column as being “[***] of On Hand Value & On Order to Lead Time”, Nutanix shall only have liability of [***] of the price of the relevant Non-Standard Material component.

3. No other changes are made to the Agreement, and following the Amendment Two Effective Date, all references to the “Agreement” shall mean the Agreement as amended by this Amendment Two.

CONFIDENTIAL

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Amendment Effective Date.

**NUTANIX INC.**

By: /s/ David Sangster

Title: EVP, Engineering & Operations Nutanix

Date: October 31, 2018

**NUTANIX NETHERLANDS, B.V.**

By: /s/ Kenneth Long

Title: Director

Date: October 31, 2018

**NUTANIX NETHERLANDS, B.V.**

By: /s/ Servais Willie Ngabo

Title: Managing Director

Date: October 31, 2018

ACKNOWLEDGED AND AGREED

**SUPER MICRO COMPUTER INC.**

By: Cenly Chen

Title: VP of Sales

Date: 10/31/2018

**CONFIDENTIAL**

| Supermicro Part Number | Nutanix Part Number | Lead Time (Work Days) | Nutanix Liability | Cost $ |
|---|---|---|---|---|

[***]

**Exhibit 31.1**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Rajiv Ramaswami, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nutanix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 10, 2024

/s/ Rajiv Ramaswami
Rajiv Ramaswami
President and Chief Executive Officer
*(Principal Executive Officer)*

**Exhibit 31.2**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Rukmini Sivaraman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nutanix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 10, 2024

/s/ Rukmini Sivaraman
Rukmini Sivaraman
Chief Financial Officer
*(Principal Financial Officer)*

**Exhibit 32.1**

**CERTIFICATION
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Rajiv Ramaswami, certify pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Nutanix, Inc. for the fiscal quarter ended April 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Nutanix, Inc.

| | |
|---|---|
| Date: June 10, 2024 | /s/ Rajiv Ramaswami |
| | Rajiv Ramaswami |
| | President and Chief Executive Officer |
| | *(Principal Executive Officer)* |

**Exhibit 32.2**

**CERTIFICATION**
**PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Rukmini Sivaraman, certify pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Nutanix, Inc. for the fiscal quarter ended April 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Nutanix, Inc.

| | |
|---|---|
| Date: June 10, 2024 | /s/ Rukmini Sivaraman |
| | Rukmini Sivaraman |
| | Chief Financial Officer |
| | *(Principal Financial Officer)* |