



NUTANIX™

INVESTOR DAY

2021



Chris Kaddaras

Chief Revenue Officer



Non-GAAP Financial Measures and Other Key Performance Measures

To supplement its consolidated financial statements, which are prepared and presented in accordance with GAAP, Nutanix use the following non-GAAP financial and other key performance measures: billings, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net loss, non-GAAP net loss per share, free cash flow, subscription revenue, subscription billings, subscription revenue mix, subscription billings mix, professional services billings, Annual Contract Value (or ACV), ACV Billings, ACV Bookings, Annual Retention Rate, Gross Retention Rate, New ACV, New ACV Billings, Renewals ACV Billings, and Run-rate ACV. In computing these non-GAAP financial measures and key performance measures, Nutanix exclude certain items such as stock-based compensation and the related income tax impact, costs associated with its acquisitions (such as amortization of acquired intangible assets, income tax-related impact, and other acquisition-related costs), impairment of operating lease-related assets, change in fair value of derivative liability, amortization of debt discount and issuance costs, non-cash interest expense, other non-recurring transactions and the related tax impact, and the revenue and billings associated with pass-through hardware sales. Billings is a performance measure which Nutanix believe provides useful information to investors because it represents the amounts under binding purchase orders received by us during a given period that have been billed, and Nutanix calculate billings by adding the change in deferred revenue between the start and end of the period to total revenue recognized in the same period. Non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net loss, and non-GAAP net loss per share are financial measures which Nutanix believe provide useful information to investors because they provide meaningful supplemental information regarding its performance and liquidity by excluding certain expenses and expenditures such as stock-based compensation expense that may not be indicative of its ongoing core business operating results. Free cash flow is a performance measure that Nutanix believe provides useful information to its management and investors about the amount of cash generated by the business after necessary capital expenditures, and Nutanix define free cash flow as net cash (used in) provided by operating activities less purchases of property and equipment. Subscription revenue, subscription billings, subscription revenue mix, subscription billings mix, and professional services billings are performance measures that Nutanix believe provide useful information to its management and investors as they allow us to better track the growth of the subscription-based portion of its business, which is a critical part of its business plan. ACV, ACV Billings, ACV Bookings, Annual Retention Rate, Gross Retention Rate, New ACV, New ACV Billings, Renewals ACV Billings and Run-rate ACV are performance measures that Nutanix believe provide useful information to its management and investors as they allow us to better track the topline growth of its business during its transition to a subscription-based business model because they take into account variability in term lengths. Nutanix use these non-GAAP financial and key performance measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. However, these non-GAAP financial and key performance measures have limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of its results as reported under GAAP. Billings, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net loss, non-GAAP net loss per share, and free cash flow are not substitutes for total revenue, gross margin, operating expenses, net loss, net loss per share, or net cash (used in) provided by operating activities, respectively; subscription revenue is not a substitute for total revenue; and subscription and professional services billings are not substitutes for subscription and professional services revenue, respectively. There is no GAAP measure that is comparable to ACV, ACV Billings, ACV Bookings, Annual Retention Rate, Gross Retention Rate, New ACV, New ACV Billings, Renewals ACV Billings or Run-rate ACV, so Nutanix have not reconciled the ACV, ACV Billings, ACV Bookings, Annual Retention Rate, Gross Retention Rate, New ACV, New ACV Billings, Renewals ACV Billings and Run-rate ACV numbers included in this presentation to any GAAP measure. In addition, other companies, including companies in its industry, may calculate non-GAAP financial measures and key performance measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of its non-GAAP financial measures and key performance measures as tools for comparison. Nutanix urge you to review the reconciliation of its non-GAAP financial measures and key performance measures to the most directly comparable GAAP financial measures set forth in the table captioned “GAAP to Non-GAAP Reconciliations” included in the appendix to the presentation given by Duston Williams, its Chief Financial Officer, and not to rely on any single financial measure to evaluate its business. All estimates for the Company’s fiscal year ending July 31, 2021 included in the following presentations and the accompanying oral commentaries are based on: (i) actual financial results from the Company’s fiscal quarters ended October 30, 2020, January 31, 2021 and April 30, 2021; plus (ii) estimates consistent with the Company’s guidance for its fiscal quarter ending July 31, 2021.



Forward Looking Statements

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

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

Market Share and Market Opportunity Data

Certain information contained in the following presentations and the accompanying oral commentaries may relate to or be based on studies, publications, surveys and other data obtained from third-party sources and Nutanix's own internal estimates and research. While Nutanix believes these third-party studies, publications, surveys and other data are reliable as of the date hereof, they have not been independently verified, and Nutanix makes no representation as to the adequacy, fairness, accuracy, or completeness of any information obtained from third-party sources.

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

Product or Roadmap Information

Any future product or roadmap information included in the following presentations and the accompanying oral commentaries is intended to outline general product directions, and is not a commitment, promise or legal obligation for Nutanix to deliver any material, code, or functionality. This information should not be used when making a purchasing decision. Further, note that Nutanix has made no determination as to if separate fees will be charged for any future products, product enhancements and/or functionality which may ultimately be made available. Nutanix may, in its own discretion, choose to charge separate fees for the delivery of any future products, product enhancements and/or functionality which are ultimately made available.

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Key Takeaways

| **Sales Execution:** Showing Continued Improvement

| **Move to ACV:** Better Aligns Sales With Customer Buying Preferences

| **Market Opportunity:** HCI Growth + Hybrid Multicloud + Emerging Products + G2K

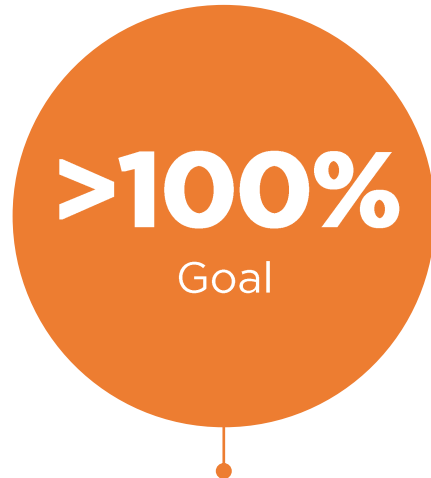
| **Productivity To Be Accelerated:** By Solution Selling and Partner Leverage

| **Go-to-Market Efficiency:** Driven by Lower Cost of Renewals and Digital Marketing



Sales Execution Continuing to Improve

Higher Attainment



for the Sales Team
Overall and Across All
Major Theaters in FY21

Improved Linearity



in Months 1 & 2 in FY21,
Resulting in Better Linearity
and More Predictability

Solution Selling



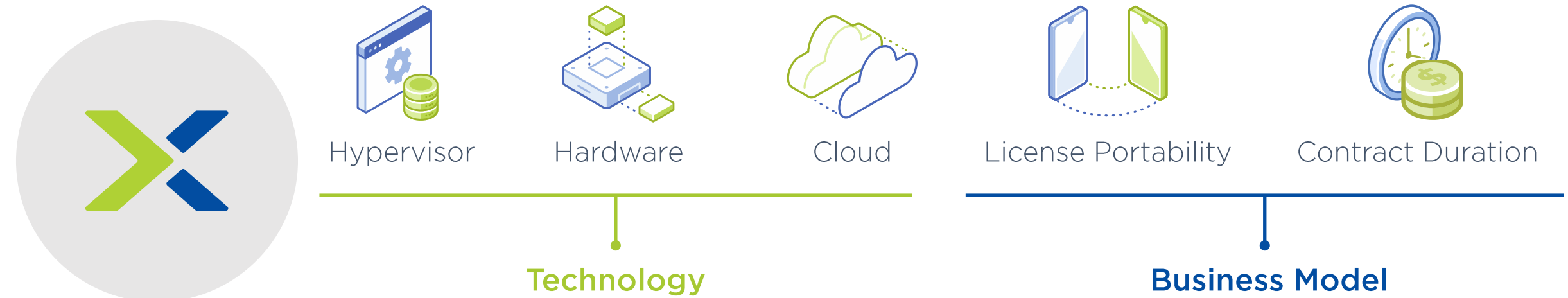
of One or More Emerging
Products, Resulting in
Higher ASPs*

*As of Q3FY21, on a Rolling 4-qtr Basis

HOW? Strong Management Framework, Pipeline
Culture, Sales & Channel Incentives



Move to ACV



Choice as a Differentiator



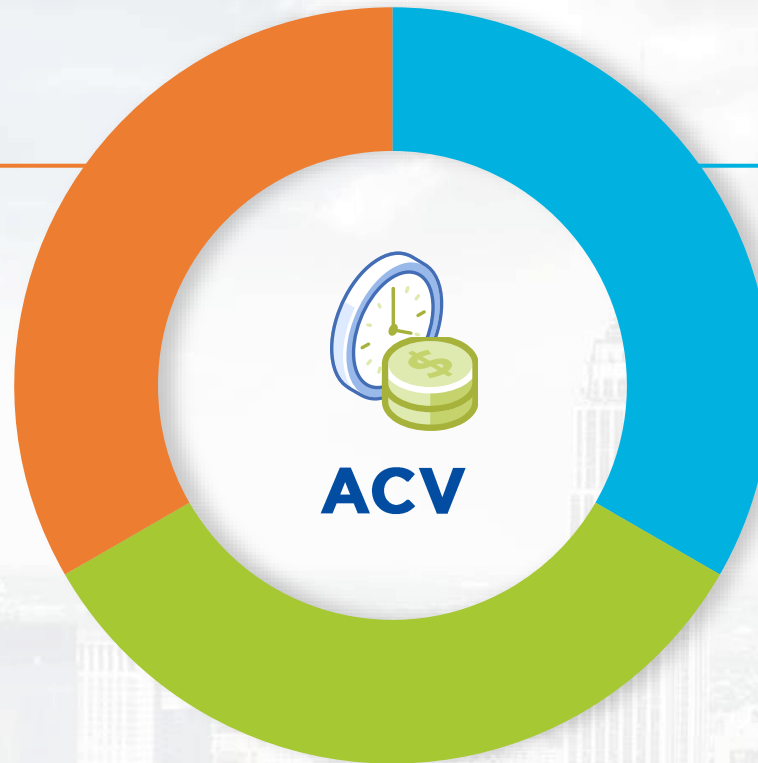
Move to ACV Has Been a Win-Win

Customer

Align to Cloud Consumption Behavior

Reps

Shorter Sales Cycles
Competitive Differentiator



Nutanix

Better Deal Economics
Shorter Contract Duration
Higher ASPs

See Appendix for Definition of ACV

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Customer Case Study: Total Gas & Power

BUSINESS NEED

| Modernize legacy 3-tier infrastructure and simplify database management without multi-year cap-ex spend

WHY NUTANIX

- | Single management platform to drive operating efficiency
- | Fast and easy to use database management with Era
- | One-year license duration to suit budget requirements

NUTANIX SOLUTIONS

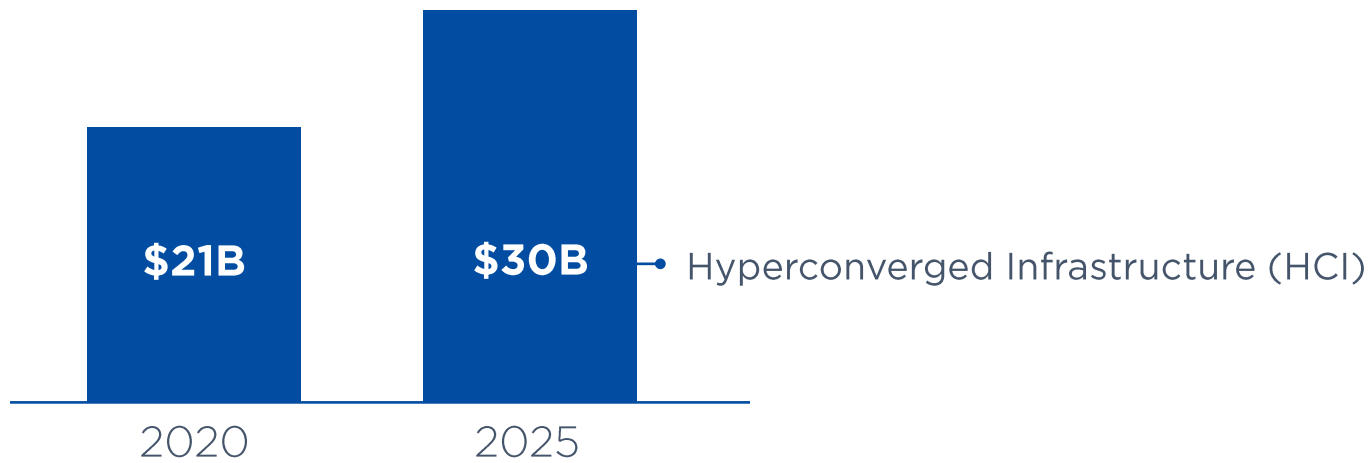
- | Hybrid Cloud Infrastructure | Database-as-a-Service (Era)
- | Cloud Management



TotalEnergies

The leading B2B energy
supplier in the UK.
A subsidiary of
TotalEnergies Group

Market Opportunity



See Section Titled “Market Opportunity Data” in Appendix for Additional Details

Market Opportunity

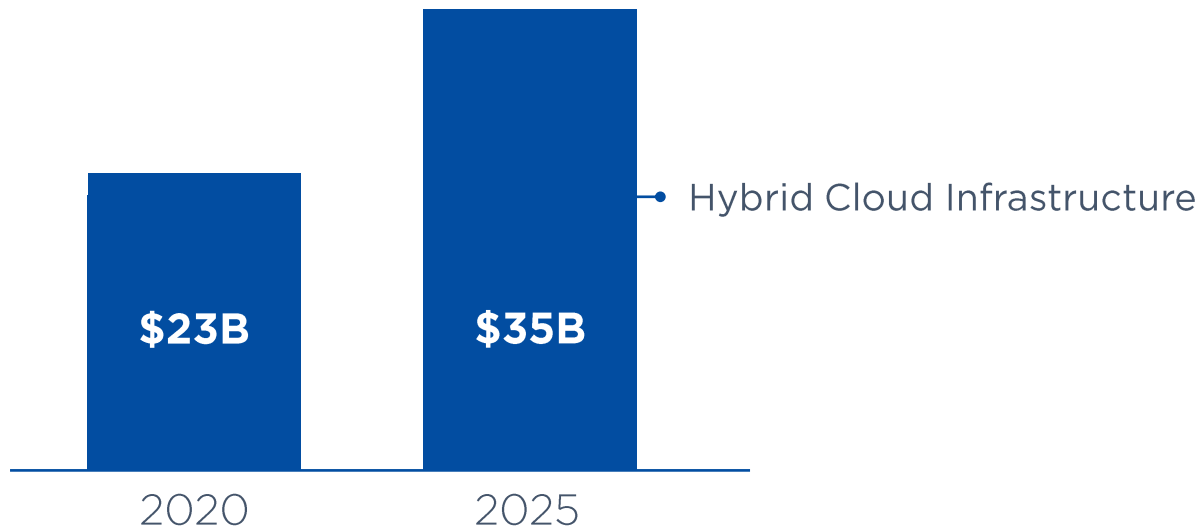
HCI: Substantial Opportunity to Modernize Datacenters

| Security Demands

| Performance Improvements

| Expansion of Workloads

Market Opportunity



See Section Titled “Market Opportunity Data” in Appendix for Additional Details

Market Opportunity

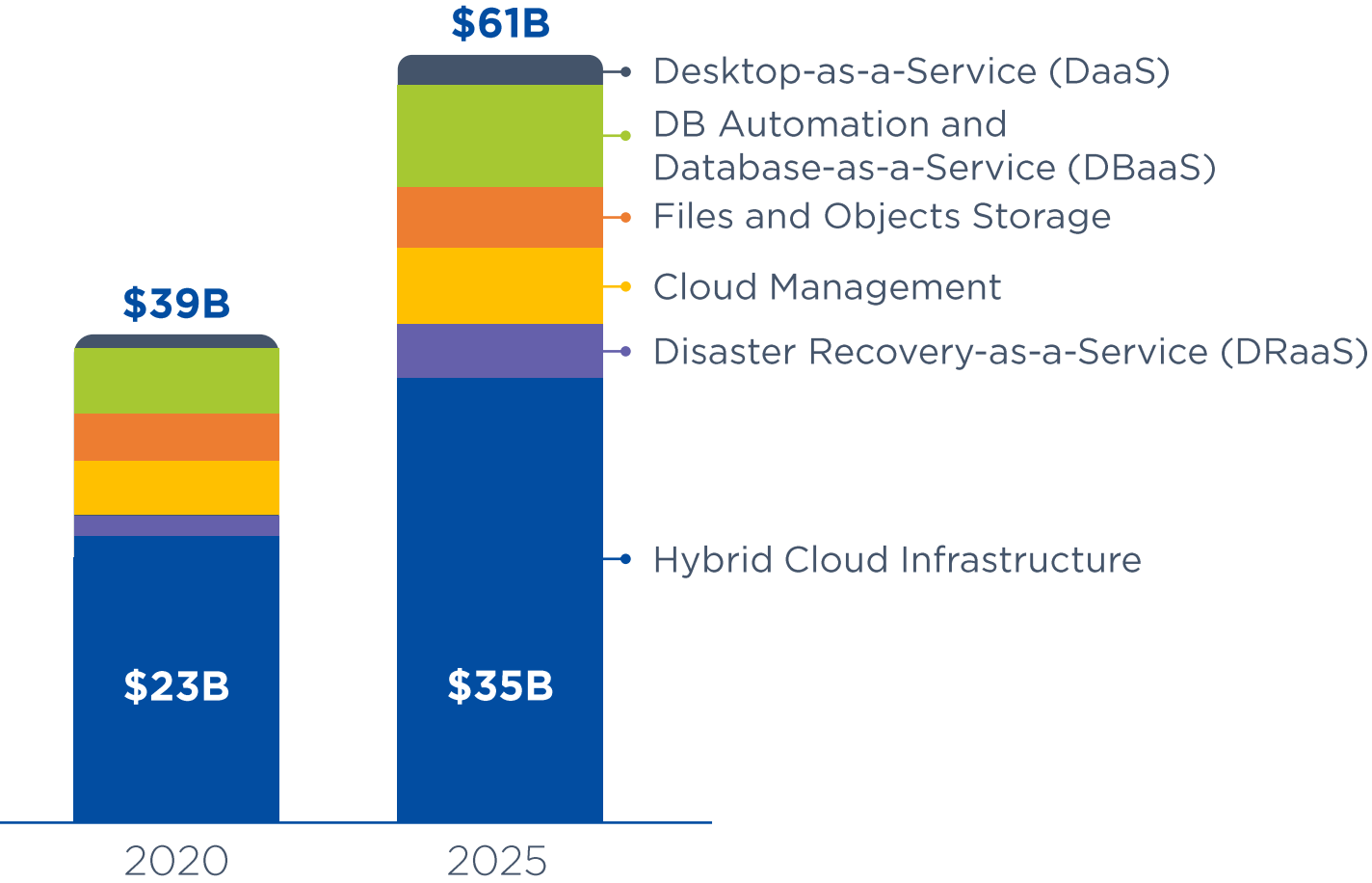
HCI: Substantial Opportunity to Modernize Datacenters

- Security Demands
- Performance Improvements
- Expansion of Workloads

Hybrid Multicloud

- Disaster Recovery
- Elasticity

Market Opportunity



See Section Titled “Market Opportunity Data” in Appendix for Additional Details

Market Opportunity

HCI: Substantial Opportunity to Modernize Datacenters

- Security Demands
- Performance Improvements
- Expansion of Workloads

Hybrid Multicloud

- Disaster Recovery
- Elasticity

Emerging Products

- Files & Objects Storage
- Management & Automation

Customer Case Study: HCI CarMax

BUSINESS NEED

Deliver high-performing, reliable and secure IT infrastructure for store operations, and quickly scale IT for online retail and remote work needs during COVID

WHY NUTANIX

- Resilient, high-performance and scalable cloud platform to support store operations across hundreds of locations
- Easy to use infrastructure management solution
- Network security solution for enhanced IT security
- Quick to deploy and scalable file storage solution for VDI workloads

NUTANIX SOLUTIONS

- Cloud Infrastructure
- Cloud Management
- End-User Computing
- Unified Storage

A blue-tinted photograph of a CarMax store building with a large sign that reads 'CARmax THE AUTO SUPERSTORE'. In the foreground, several cars are parked. The CarMax logo is overlaid on the right side of the image.

CARmax

Largest retailer of used autos in the U.S. and operates more than 220 locations in 41 states nationwide

Customer Case Study: Multicloud

BUSINESS NEED

| Modernize data center to improve performance of private cloud & leverage public cloud for elasticity

WHY NUTANIX

- | Replace traditional 3-tier IT architecture with high performance HCI
- | Unified, consistent and easy to manage solution across public and private cloud
- | DR into cloud seamlessly at scale
- | License portability across public & private clouds

NUTANIX SOLUTIONS

- | Hybrid Cloud Infrastructure
- | Cloud Management

An American multinational
independent investment
bank & financial
services company

Customer Case Study: Emerging Products USPTO

BUSINESS NEED

Deliver high-performance VDI solution to users across multiple locations and clouds

WHY NUTANIX

Superior performance offering for VDI workloads through Core HCI platform

Scalable Desktop-as-a-Service solution hosted on-prem and in FedRAMP certified public cloud

Multicloud application lifecycle management and push button automation solution

NUTANIX SOLUTIONS

Hybrid Cloud Infrastructure | Cloud Management
End-User Computing

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UNITED STATES
PATENT AND TRADEMARK OFFICE

uspto

The US Patent and Trademark Office (USPTO) is a U.S. Department of Commerce agency that grants patents and registers trademarks

Market Opportunity With G2K

~50%

of G2K Customer Logos¹

90%

G2K Repeat Purchase Rate²

16x

G2K Lifetime ACV Purchase Multiple³

G2K refers to Forbes Global 2000 rankings 2020-21

¹-See Endnote 1 in Appendix

²-See Endnote 2 in Appendix

³-See Endnote 3 in Appendix



Customer Case Study: Markel

BUSINESS NEED

- | Modernize legacy 3-tier infrastructure for performance;
- | Enable IaaS offering and optimize database operations

WHY NUTANIX

- | Software defined high-performance platform with cloud-like scalability experience
- | Automate resource provisioning for Infrastructure-as-a-Service delivery
- | Simplify and improve efficiency of database management for SQL and Oracle

NUTANIX SOLUTIONS

- | Hybrid Cloud Infrastructure
- | Cloud Management
- | Database-as-a-Service

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Markel is a holding company for insurance, reinsurance, and investment operations around the world

Increased Productivity: Through Multi-Product Attach Rate



Multiproduct
Attach Rate



Higher



ASP and Unit
Economics



Higher



Seller Productivity
and Topline



Higher



Cost of Sales



Lower

Increase Productivity Through Solution Selling

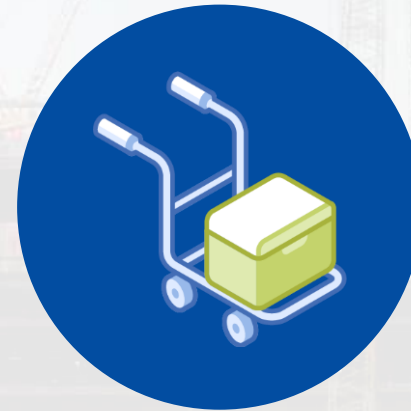
Coming Soon



Reference Architectures



Validated Designs



Packaging Changes

Partnership Leverage

Further Boosting Productivity



Channel
Autonomous Selling

ELEVATE
PARTNER PROGRAM



Ecosystem Partners
Embedded Solutions

 **Hewlett Packard**
Enterprise **Lenovo** **DELL**



Public Cloud
Hybrid Multicloud Option

aws  **Azure**



Partnership Leverage

Further Boosting Productivity

[Lenovo StoryHub](#) > [Press Releases](#) > [Lenovo Introduces As-a-Service Solution for Hosted Desktops with Nutanix](#)

Lenovo Introduces As-a-Service Solution for Hosted Desktops with Nutanix

20 April 2021

Lenovo TruScale™ for Hosted Desktops with Nutanix¹ provides the simplicity and flexibility of the cloud with infrastructure on-premises for the evolving hybrid workforce

Available for a single monthly price covering the client devices, datacenter systems and necessary software and services with a single point of contact for support

Fraser Health Authority turns to Lenovo and Nutanix to ramp up remote work capabilities in rapid response to COVID-19



Public Cloud
Multicloud Option

ELEVATE
PARTNER PROGRAM

Hewlett Packard
Enterprise

Lenovo **DELL**



Azure



Partnership Leverage

Further Boosting Productivity

Lenovo StoryHub > Press Releases > Lenovo Introduces As-a-Service Solution for Hosted Desktops with Nutanix

Lenovo Introduces As-a-Service Solution for Hosted Desktops with Nutanix

20 April 2021

Lenovo TruScale™ for Hosted Desktops with Nutanix
of the cloud with infrastructure on-premises for the
Available for a single monthly price covering the client
necessary software and services with a single point of contact
Fraser Health Authority turns to Lenovo and Nutanix
in rapid response to COVID-19

CRN

NEWS, ANALYSIS AND PERSPECTIVE FOR SOLUTION PROVIDERS AND TECHNOLOGY INTEGRATORS

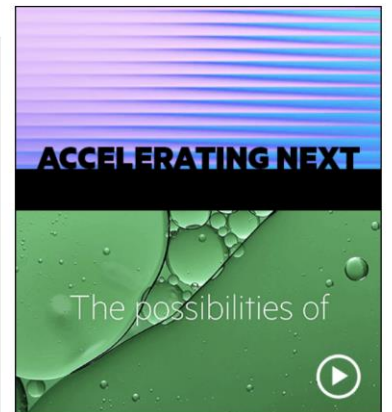
HPE, Nutanix Launch Nutanix Era On ProLiant Servers, HPE GreenLake

'GreenLake is the most mature cloud as-a-service model that's out there. So Nutanix being able to get further up the application stack in GreenLake is a really great thing,' says Worth Davis, president of the solution provider business at Computex, a top HPE and Nutanix partner.

By Mark Haranas

June 10, 2021, 11:10 AM EDT

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Hewlett Packard
Enterprise

Lenovo DELL

aws

Azure



Balance Growth and Spend to Achieve Long Term Financial Targets

Spend

Allocation of
Resources Across
Geographies
and Functions



Growth

Invest in
High Growth
Segments and
Geographies



Topline Growth Balanced with Bottomline Improvements



Low-Cost Renewals Driving GTM Efficiency

Lower Cost

80% Reduction in Cost for Renewals Compared to New and Upsell ACV



S&M Leverage

As Renewals Build, Will See Significant Reduction in S&M as a % of Revenue



Targeting >90 GRR

Comparable to Best-in-Class Subscription Companies



Why We're Confident on Renewals Execution

Focused Teams

New Customer Success Team
– 100% Focused on Cost-effective Renewal Execution



Systems and Tooling

Fine-Grained Tracking of Adoption, Consumption and Renewal Metrics



Customers Love Us

Avg. NPS of 93 Over Past 4 Quarters for Nutanix Products and Support



Targeting >90% Renewals



Digital Marketing Drives GTM Efficiency

Reducing Spend Over the Last Few Quarters
While Beating Pipeline Goals



Marketing Spend



Pipeline Quality



Cost of Pipeline



Conversion Rate

IT Unplugged Results

Digital Marketing Drives Greater GTM Efficiency

- | Audience: Prospects, Customers and Partners
- | 15 episodes Worldwide - 250+ meetings - 100%+ conversion to opportunity
- | Nearly 9x ROI
- | Most Watched - IT Unplugged with Sammy Hagggar on May 7, 2021 (800+ Customers, Prospects & Partners)



NUTANIX

IT UNPLUGGED

SAMMY HAGGAR

MAY 7, 2021

When We Met 2 Years Ago...

Sales Management Framework



Talent



Coverage



Quality of Sales

Accomplishments

| Sales Hiring



| Pipeline Culture



| Subscription Transformation



Today

Solution Selling

Any Cloud | Any Server | Anywhere

Sales Management Framework



Talent



Coverage



Quality of Sales

Top Priorities

Continue to Grow & Optimize
Renewal Engine

New Customer Growth

Topline Growth Balanced with
Bottomline Improvements

Key Takeaways

| **Sales Execution:** Showing Continued Improvement

| **Move to ACV:** Better Aligns Sales With Customer Buying Preferences

| **Market Opportunity:** HCI Growth + Hybrid Multicloud + Emerging Products + G2K

| **Productivity To Be Accelerated:** By Solution Selling and Partner Leverage

| **Go-to-Market Efficiency:** Driven by Lower Cost of Renewals and Digital Marketing



Appendix

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Endnotes and Market Opportunity Data

Endnotes

1. Global 2000 (G2K) customers refers to members of the Forbes Global 2000 rankings for 2020 – 2021. Our G2K customer count reflects standard adjustments and/or consolidations to certain customer accounts within our system of record, and is rounded to the nearest 10.
2. G2K Repeat Purchase Rate is defined as the repeat purchase rate as of Q3FY21 of G2K customers who have been active for 18+ months.
3. G2K lifetime ACV purchase multiple is defined as ACV of total lifetime purchase divided by ACV of initial purchase, for Global 2000 (G2K) customers that have been customers for over 18 months.

Market Opportunity Data

Certain information contained in this presentation and the accompanying oral commentary may relate to or be based on studies, publications, surveys and other data obtained from third-party sources and our own internal estimates and research. While we believe these third-party studies, publications, surveys and other data are reliable as of the date hereof, they have not been independently verified, and we make no representation as to the adequacy, fairness, accuracy, or completeness of any information obtained from third-party sources.

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

Definitions

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Key Definitions and Why They Matter

Metric	Definition	Why It Matters
Annual Contract Value (ACV)	Annual Contract Value, or ACV, is defined as the total annualized value of a contract, excluding amounts related to professional services and hardware. The total annualized value for a contract is calculated by dividing the total value of the contract by the number of years in the term of such contract, using, where applicable, an assumed term of five years for contracts that do not have a specified term.	Enables a term agnostic comparison
Annual Run Rate (ARR)	Annual Run Rate, or ARR, for any given period, is defined as the sum of ACV for all non life-of-device contracts in effect as of the end of a specific period. For the purposes of this calculation, we assume that the contract term begins on the date a contract is booked, unless the terms of such contract prevent us from fulfilling our obligations until a later period, and irrespective of the periods in which we would recognize revenue for such contract.	A proxy of annual recurring revenue, and measures earnings potential
Average Contract Term	Average Contract Term represents the dollar-weighted term, calculated on a billings basis, across all subscription and life-of-device contracts, using an assumed term of five years for life-of-device licenses, executed in the period.	Helps determine total contract value for contracts billed

Key Definitions and Why They Matter

Metric	Definition	Why It Matters
Gross Retention Rate (GRR)	Gross Retention Rate, or GRR, for any given period, is calculated by dividing ARR at the end of the period excluding any up-sell/expansion by the ARR of the same group of customers at the beginning of that 12-month period.	Represents ARR retained every year from existing customer base; a proxy for long-term health
New ACV	New ACV is defined as the ACV pertaining to sales to a new customer, or any up-sell / expansion sales to an existing customer.	Measure new/expansion business and effectiveness of S&M spend





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THANK YOU