

# **Nutanix Investor Day 2023**

**NUTANIX**

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

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, the following presentations and the accompanying oral commentaries include the following non-GAAP financial and other key performance measures: non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP operating margin, free cash flow, Annual Contract Value (or ACV) Billings, Annual Recurring Revenue (or ARR), Contract Duration. In computing non-GAAP financial measures and key performance measures, we exclude certain items such as stock-based compensation expense and the related income tax impact, costs associated with our acquisitions (such as amortization of acquired intangible assets, income tax-related impact, and other acquisition-related costs), costs related to the impairment and early exit of lease-related assets, restructuring charges, litigation settlement accruals and legal fees related to certain litigation matters, change in fair value of contingent consideration, change in fair value of derivative liability, amortization of debt discount and issuance costs, loss on debt extinguishment, gains on divestitures, purchases of property and equipment and other non-recurring transactions and the related tax impact. Non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), and non-GAAP operating margin are financial measures which we believe provide useful information to investors because they provide meaningful supplemental information regarding our performance and liquidity by excluding certain expenses and expenditures such as stock-based compensation expense that may not be indicative of our ongoing core business operating results. Free cash flow is a performance measure that we believe provides useful information to our management and investors about the amount of cash generated by the business after necessary capital expenditures, and we define free cash flow as net cash provided by (used in) operating activities less purchases of property and equipment. ACV Billings is a performance measure that we believe provides useful information to our management and investors as they allow us to better track the topline growth of our business during our transition to a subscription-based business model because 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. We use these non-GAAP financial and key performance measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. However, these non-GAAP financial and key performance measures have limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP operating margin, and free cash flow are not substitutes for gross margin, operating expenses, operating income or loss, operating margin, or net cash provided by (used in) operating activities, respectively. There is no GAAP measure that is comparable to ACV Billings, ARR, Contract Duration, so we have not reconciled the ACV Billings, ARR, Contract Duration data included in this presentation to any GAAP measure. In addition, other companies, including companies in our industry, may calculate non-GAAP financial measures and key performance measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures and key performance measures as tools for comparison. We urge you to review the reconciliation of our non-GAAP financial measures and key performance measures to the most directly comparable GAAP financial measures set forth in the table captioned "GAAP to Non-GAAP Reconciliations" included in the appendix to the financial review presentation given by Rukmini Sivaraman, Chief Financial Officer, and not to rely on any single financial measure to evaluate our business. This presentation also includes the following forward-looking non-GAAP financial measures: ACV Billings, ARR, Total Billings, non-GAAP operating margin, and free cash flow. We are unable to reconcile these forward-looking non-GAAP financial measures to their most directly comparable GAAP financial measures without unreasonable efforts, as we are currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact the GAAP financial measures for these periods but would not impact the non-GAAP financial measures.

## Forward Looking Statements

The following presentations and the accompanying oral commentaries contain express and implied forward-looking statements. In some cases you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “would,” “expect” or “expected,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “intend,” “potential,” “continue,” “ongoing,” or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to: our business plans, goals, strategies, vision, initiatives, mission, objectives, and outlook, including statements regarding: our strategy and priorities and their anticipated benefits; our TAM and market opportunity; our future vision and expectations of a new market opportunity; our plans for our GTM engine, capturing workloads, and drive adoption of our solutions; future technology, services, and products and the expected benefits and availability of such technologies, services, and products; financial projections and expectations and the expected drivers thereof (including our projections for continued ARR growth for FY2023 through FY2027, our projections for free cash flow by FY2027, our goal of achieving Rule-of-40+ by FY2027, our projections for stock-based compensation by FY2027, our projections for rep productivity through FY2027, our projections for total reps, our projections for net retention rate through FY2027, our projections for ACV billings and ARR through FY2027, our projections for average contract duration through FY2027, our projections for total billings and revenue through FY2027, our projections for non-GAAP operating income, non-GAAP operating margin, free cash flow and free cash flow margin through FY2027, our projections for sales and marketing cost as a percentage of revenue through FY2027 and the expected renewal mix and cost of renewals, our projections for expenses, our projections for the scaling phase of our subscription journey); and our capital allocation plans (including share repurchases).

These forward-looking statements are not historical facts and instead are based on our current expectations, estimates, opinions, and beliefs. Consequently, you should not rely on these forward-looking statements. The accuracy of these forward-looking statements depends upon future events and involves risks, uncertainties, and other factors, including factors that may be beyond our control, that may cause these statements to be inaccurate and cause our actual results, performance or achievements to differ materially and adversely from those anticipated or implied by such statements, including, among others: the inherent uncertainty of assumptions and estimates underlying our projections and guidance, which are necessarily speculative in nature; any failure to successfully implement or realize the full benefits of, or unexpected difficulties or delays in successfully implementing or realizing the full benefits of, our business plans, goals, strategies, initiatives, vision, mission, and objectives; our ability to achieve, sustain and/or manage future growth effectively; macroeconomic or geopolitical uncertainty, including supply chain issues; the competitive market and our ability to compete effectively; our ability to attract, recruit, train, retain, and, where applicable, ramp to full productivity, qualified employees and key personnel; failure to timely and successfully meet our customer needs; delays in or lack of customer or market acceptance of our products, services, product features or technology; the rapid evolution of the markets in which we compete; our ability to attract new and retain existing end-customers; fluctuations in demand and competitive pricing pressures for our solutions; the introduction, or acceleration of adoption of, competing solutions, including public cloud infrastructure; our ability to form new or maintain and strengthen existing, strategic alliances and partnerships, as well as our ability to manage any changes thereto; the impact of a pandemic or major public health concern; and our ability to make share repurchases; and other risks detailed in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023 filed with the SEC on September 21, 2023, which should be read in conjunction with these presentations and the accompanying oral commentaries. Nutanix's SEC filings are available on the Investor Relations section of our website at [ir.nutanix.com](http://ir.nutanix.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov). These forward-looking statements speak only as of the date of Nutanix's 2023 Investor Day and, except as required by law, we assume no obligation, and expressly disclaims any obligation, to update, alter or otherwise revise any of the forward-looking statements included in these presentations and the accompanying oral commentaries to reflect actual results or subsequent events or circumstances.

## Market Opportunity Data

The following presentations and the accompanying oral commentaries include estimates of the size of our total addressable market 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. If our third-party or internally generated data prove to be inaccurate or we make errors in our assumptions based on that data, our actual market may be more limited than our estimates. In addition, these inaccuracies or errors may cause us to misallocate capital and other critical business resources, which could harm our business. Even if our total addressable market meets our size estimates and experiences growth, we may not continue to grow our share of the market.

## 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 whether separate fees will be charged for any future products, product enhancements and/or functionality which may ultimately be made available. Nutanix may, in our own discretion, choose to charge separate fees for the delivery of any future products, product enhancements and/or functionality which are ultimately made available.

## Trademark Disclaimer

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# Agenda

<b>11:45 – 12:30</b>	<b>Check-in/Lunch</b>
<b>12:30 – 12:35</b>	<b>Introduction</b> Rich Valera, VP, Investor Relations
<b>12:35 – 1:15</b>	<b>Strategy Update and Technology Roadmap</b> Rajiv Ramaswami, President & CEO
<b>1:15 – 1:30</b>	<b>Q&amp;A</b> Rajiv Ramaswami, President & CEO
<b>1:30 – 1:45</b>	<b>Break</b>
<b>1:45 – 2:15</b>	<b>Go To Market</b> Mandy Dhaliwal, Chief Marketing Officer / Andrew Brinded, Chief Revenue Officer
<b>2:15 – 2:55</b>	<b>Financial Update</b> Rukmini Sivaraman, Chief Financial Officer
<b>2:55 – 3:25</b>	<b>Q&amp;A Panel</b> All Presenters
<b>3:25 – 4:25</b>	<b>Cocktail Hour</b> All Presenters

# **Investor Day 2023**

## **CEO Session**

**NUTANIX**

# At Investor Day 2021, We Said...



## Strong Topline Growth

**25% ACV Billings CAGR  
FY21-FY23**



## Clear Path to Profitability

**\$50-\$150M of  
Free Cash Flow in FY23**



## Hybrid Multicloud Vision

**Hybrid Multicloud is the  
Preferred Deployment**

# ...And We Delivered



## Strong Topline Growth

25% ACV Billings CAGR  
FY21-FY23

Actual

**27%**

ACV Billings  
CAGR  
FY21-FY23



## Clear Path to Profitability

\$50-\$150M of  
Free Cash Flow in FY23

**\$207M**

Positive  
Free Cash Flow  
in FY23



## Hybrid Multicloud Vision

Hybrid Multicloud is the  
Preferred Deployment



Nutanix Hybrid Multicloud  
Offering Available on AWS  
and Azure



# Why Nutanix?



**Well Positioned to  
Benefit from  
Hybrid Multicloud & AI**



**Targeting ~20% ARR  
CAGR and Expanding  
Profitability**



**Continuing  
Disciplined  
Execution Focus**

# Aligned with Top CIO Priorities



Modernize  
**Infrastructure**



Run  
**Modern Apps & AI**



Extend  
**Across Clouds**



Enable  
**Portable Apps**

# One Software Platform for All Apps and Data Anywhere

Enterprise Apps

Cloud Native Apps

AI/ML

Databases

Desktops



# One Software Platform for All Apps and Data Anywhere

Enterprise Apps

Cloud Native Apps

AI/ML

Databases

Desktops

## Nutanix Cloud Platform

Unified Storage Services

Database Services

Cloud Infrastructure

Cloud Management



FUJITSU



Lenovo

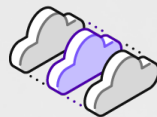


# Why We Win



## One Unified Platform

For All Apps and Data



## Freedom of Choice

Any Server, Any Hypervisor,  
Any Cloud – No Lock-in



## 1-Click Simplicity

Consumer-Like Experience  
to Manage Data Center



## Customer Delight

NPS Score of 90+



## Lower Total Cost of Ownership

ROI Benefits

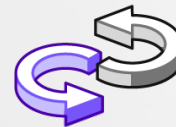
# Our Time is Now



**Customers Prefer  
Hybrid Multicloud**



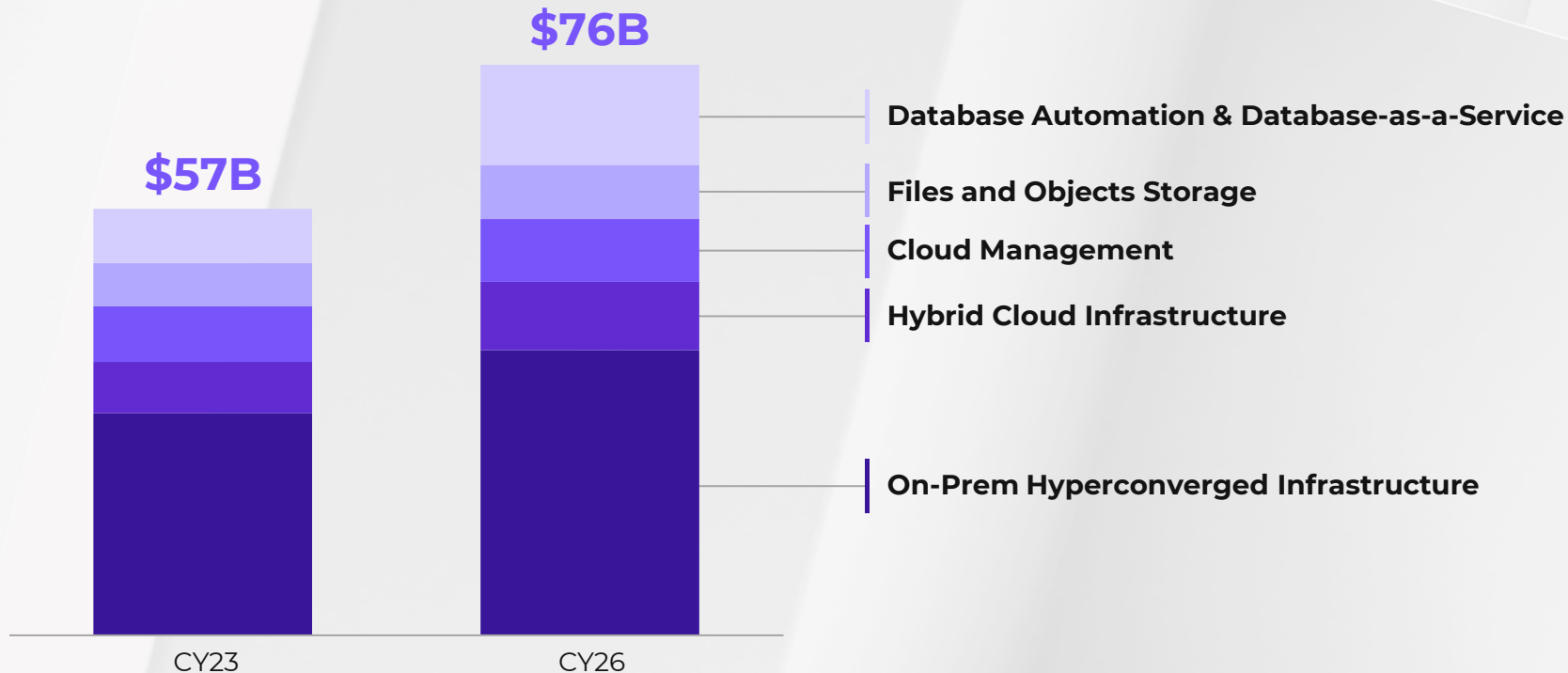
**Growing Partner  
Ecosystem**



**Changing Competitive  
Landscape**

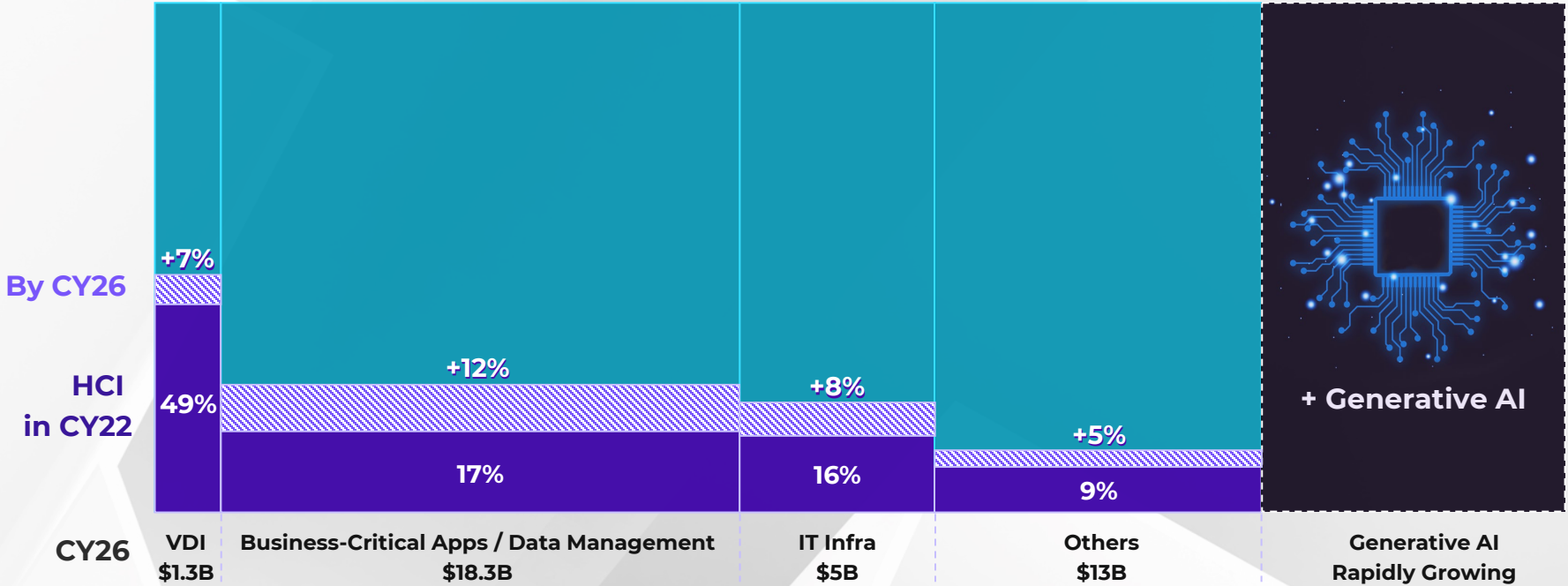
# Large and Growing Market

Total Addressable Market (TAM)



# Room for Growth Across All Workloads

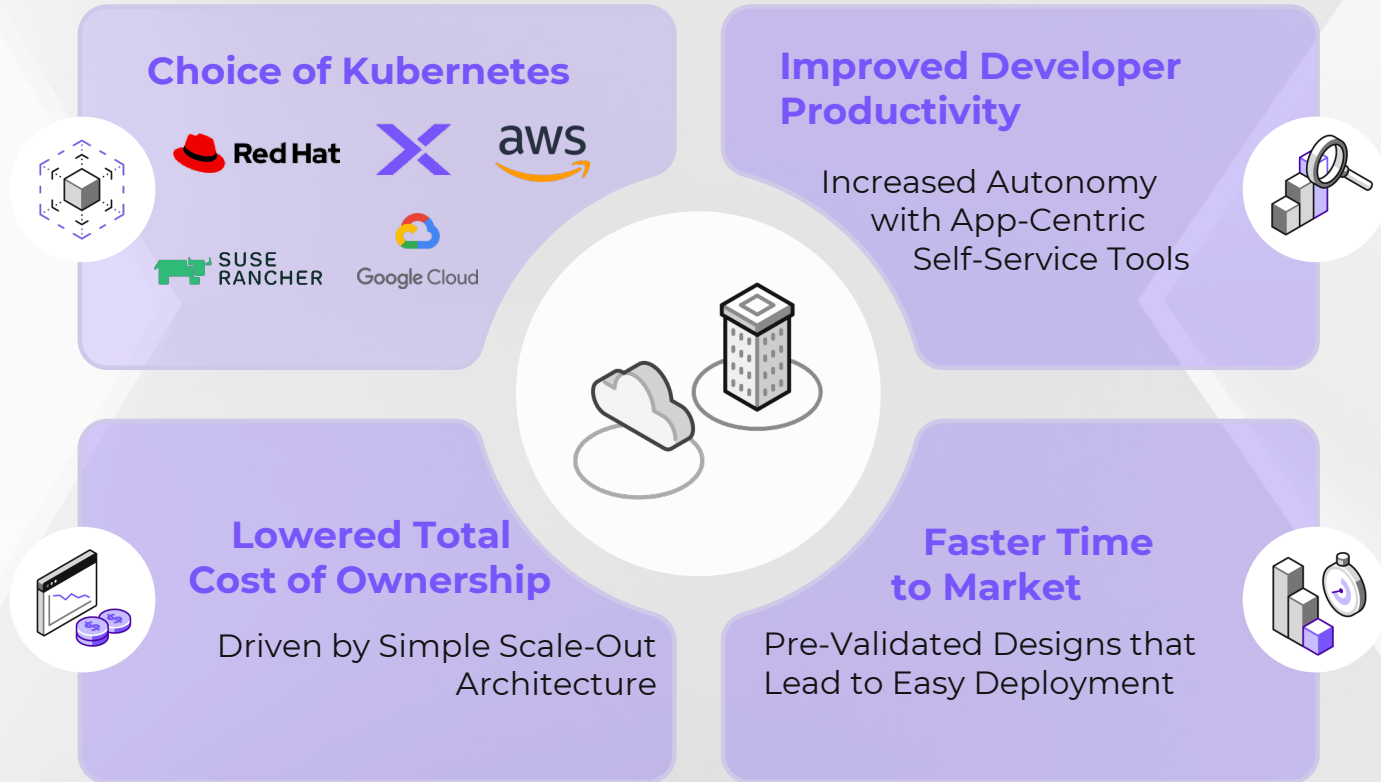
Total Addressable Market (TAM)



Business-Critical Apps/Data Management: Critical apps including ERM, CRM, SCM, etc. Data management including BI, structured and unstructured data management, databases.  
 IT Infra: General purpose workloads including system infrastructure, networking, and security.  
 Others: Content and collaboration, non-generative AI, text/media, app dev and test.  
 Source: Bain Capital, with adjustments made to reflect only those applicable to our business.



# Well-Positioned for Modern Apps



# Case Study: Micron

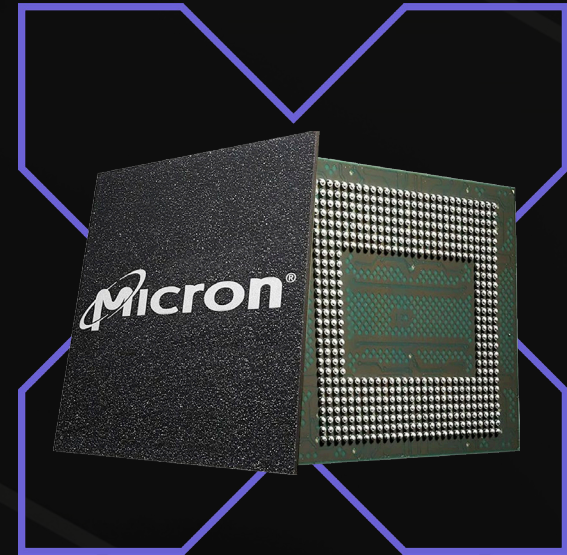
**Customer Need:** Modernize Manufacturing Apps and Infrastructure to Reduce TCO and Enhance Agility

**Nutanix Solution:** Nutanix Cloud Platform for Kubernetes-based Applications

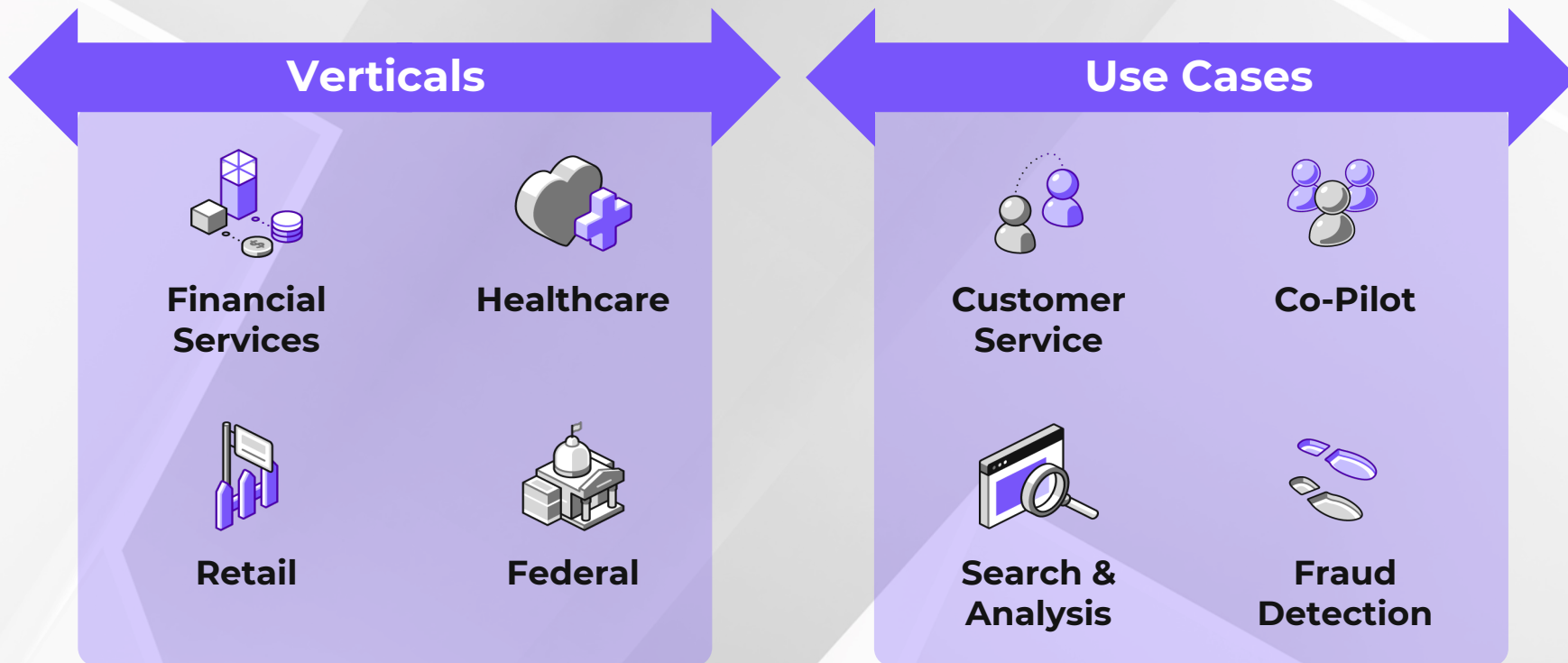
“

Nutanix's **secure, resilient, and scalable** cloud platform allows us to **modernize our manufacturing environment** and move away from traditional compute and storage.


**Anand Bahl, Chief Information Officer at Micron**



# Generative AI is Changing the World



# Generative AI will be Deployed Everywhere



**Public Cloud**  
Generative AI Models Trained in Public Cloud on Large Open Datasets

Deploy & Update From Cloud  
Fine-Tune with Proprietary Data On-Prem



**AI at the Core**  
AI-Ready Platform for Fine-Tuning Models on Proprietary Datasets



**Core**

Deploy & Update to Edge



**AI at the Edge**  
Run Apps With Compact AI Inferencing



**Edge**



**Edge**

# What Nutanix Delivers for AI



## Full AI Stack

Deploy Curated Set of LLMs Using Leading Open Source AI Frameworks



## Delivered Anywhere

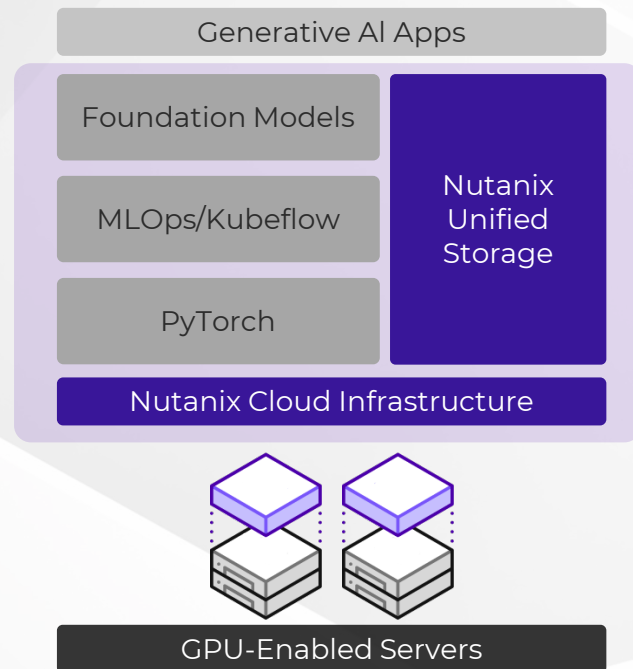
From Small-Scale Edge to Large-Scale Private Cloud



## Built-in Data Services

Fine-Tune and Run GPTs While Maintaining Control of Data and Apps

## GPT-in-a-Box



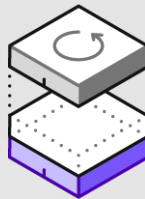
# Extending Platform to Public Cloud

## Primary Use Cases



### Migration

Move and Run Any App  
to Any Cloud Without  
Refactoring or Rearchitecting



### Disaster Recovery

Quickly Build-Out Disaster  
Recovery Sites in Any Public  
Cloud Region



### Expansion

Rapidly Burst into Public  
Cloud for Seasonal Demand  
& Geographic Expansion

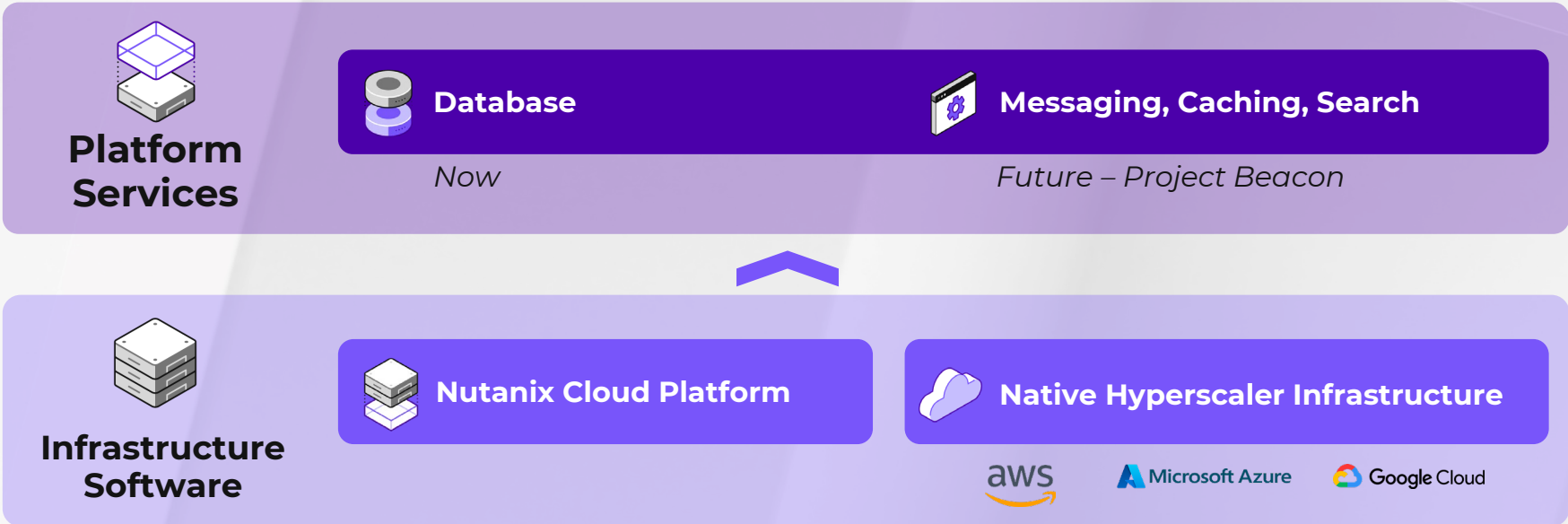
# Case Study: Fortune 500 Financial Services

**Customer Need:** Reduce Data Center Footprint by Shifting Some Workloads to the Public Cloud

**Nutanix Solution:** Nutanix Cloud Platform on Microsoft Azure, Purchased on Azure Marketplace



# Vision: Build Apps Once and Run Anywhere



**This Vision Will Open Up a New Market Opportunity**



The background is dark gray with several large, overlapping, semi-transparent geometric shapes in a slightly lighter shade of gray, creating a modern, architectural feel. The shapes are primarily triangles and polygons of various sizes and orientations.

# NUTANIX

Investor Day 2023

# Poised for Continued Growth

**Total Customers<sup>1,2</sup>**

**24,550**

+500 New Customers<sup>3</sup>

**Net Retention Rate<sup>1</sup>**

**123%**

**Global 2000 Customers<sup>1</sup>**

**1,000+**

**Lifetime Expansion<sup>1</sup>**

**26x**

For Global 2000<sup>4</sup>

(1) As of Q4 FY23.

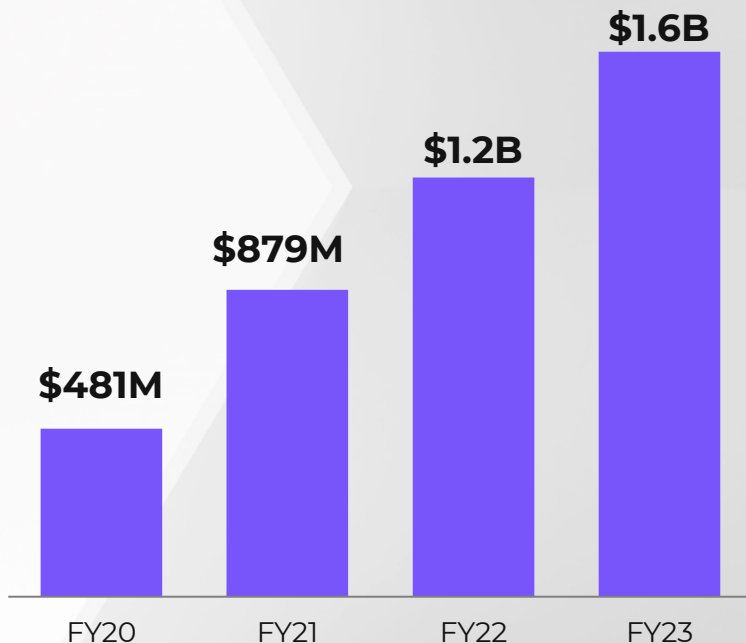
(2) Cumulative worldwide end-customer count reflects standard adjustments to certain customer accounts within our system of record; rounded to nearest 10.

(3) Between Q3 FY23 and Q4 FY23.

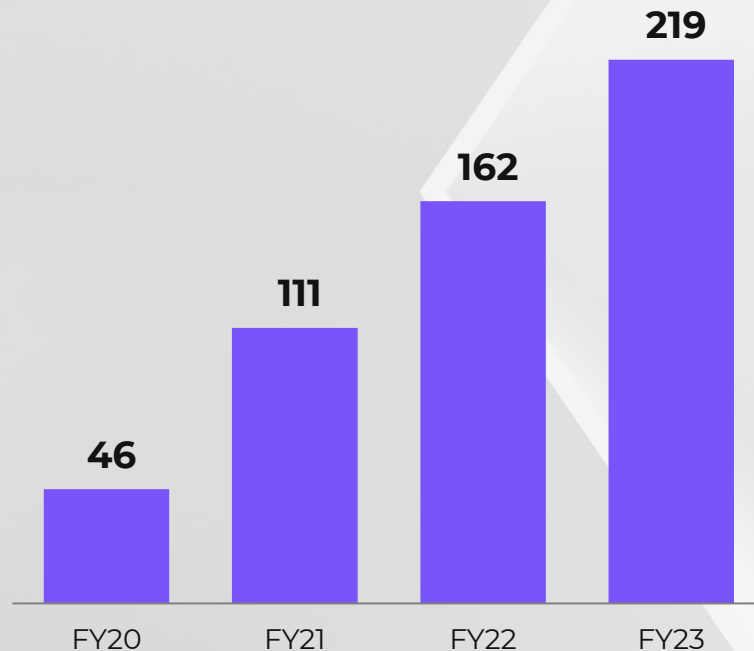
(4) ACV of total lifetime purchase divided by ACV of initial purchase for G2K customers that have been customers for >18 months.

# ARR Highlights Robust Subscription Business

ARR



Customer Count with \$1M+ ARR



# Relentless Focus on Go-To-Market Priorities



## **Strengthen GTM Engine**

Talent, Coverage,  
Quality of Sale



## **Capture New Workloads**

Business-Critical Apps,  
Modern Workloads and AI



## **Drive Hybrid Multicloud Adoption**

Hybrid Multicloud  
Customer Traction

# Driving to \$3B ARR by FY2027



**Strong ARR Growth  
of ~20% CAGR<sup>1</sup>  
Expected from  
FY23–FY27**



**Free Cash Flow  
Generation of  
~\$800M<sup>1</sup> Expected  
by FY27**



**Driving Towards  
Rule-of-40+  
Company by FY27**



**Stock-Based  
Compensation  
Expected to be <10%  
of Revenue by FY27**

<sup>1</sup>Represents mid-point of projected ranges.

# Why Nutanix?



**Well Positioned to  
Benefit from  
Hybrid Multicloud & AI**



**Targeting ~20% ARR  
CAGR and Expanding  
Profitability**



**Continuing  
Disciplined  
Execution Focus**

# Q&A

# Appendix



# Key Metric Definitions

Key Metric	Definition
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. ACV Billings, for any given period, is defined as the sum of the ACV for all contracts billed during the given period.
ACV Billings	ACV Billings, for any given period, is defined as the sum of the ACV for all contracts billed during the given period. ACV Billings is the sum of New ACV Billings and Renewals ACV Billings.
Annual Recurring Revenue (ARR)	Annual Recurring Revenue, 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.

# Key Metric Definitions

Key Metric	Definition
Net Retention Rate (NRR)	Net Retention Rate, or NRR is calculated on an annual basis by dividing ARR at the end of the period by the ARR of the same group of customer at the beginning of that 12-month period.
Rule of 40	Sum of revenue growth rate plus free cash flow margin should be greater than or equal to 40%.
Total Cost of Ownership (TCO)	Total Cost of Ownership, or TCO includes direct and indirect costs of owning, operating, and maintaining IT infrastructure. Includes hardware, software, facilities, telecom, services, and people.