

NUTANIX™

Q1 FY'17 Investor Presentation

November 29, 2016



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

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial and other key performance measures: billings, adjusted gross margin percentages, non-GAAP net loss, pro forma non-GAAP net loss per share, and free cash flow. In computing these non-GAAP financial measures, we exclude certain items such as stock-based compensation and the related income tax impact, costs associated with our acquisitions (such as amortization of acquired intangible assets, revaluation of contingent consideration, income tax related impact, and other acquisition-related costs), loss on debt extinguishment, and changes in the fair value of our preferred stock warrant liability. Billings is a performance measure which our management believes 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 we 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. Free cash flow is a performance measure that our management believes provides useful information to 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 (used in) provided by operating activities less purchases of property and equipment. 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. Our management believes that these non-GAAP financial measures 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. 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. Billings, adjusted gross margin percentages, non-GAAP net loss, pro forma non-GAAP net loss per share, and free cash flow are not substitutes for total revenue, gross profit, net loss, net loss per share, or net cash (used in) provided by operating activities, respectively. In addition, other companies, including companies in our industry, may calculate non-GAAP financial measures and key performance measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures and key performance measures as tools for comparison. We urge you to review the reconciliation of our non-GAAP financial measures and key performance measures to the most directly comparable GAAP financial measures included below in the tables captioned “Reconciliation of Revenue to Billings,” “Reconciliation of GAAP to Non-GAAP Results of Operations,” and “Reconciliation of GAAP Net Cash (Used In) Provided By Operating Activities to Non-GAAP Free Cash Flow,” and not to rely on any single financial measure to evaluate our business.

### **Forward Looking Statements**

This presentation contains express and implied forward-looking statements, including but not limited to statements relating to our long-term financial model targets and our plans to achieve those targets. 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 such forward-looking statements depends upon future events, and involves risks, uncertainties and other factors 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 rapid evolution of the markets in which we compete; our ability to sustain or manage future growth effectively; factors that could result in the significant fluctuation of our future quarterly operating results, including, among other things, our revenue mix, the timing and magnitude of orders, shipments and acceptance of our solutions in any given quarter, our ability to attract new and retain existing end-customers, and fluctuations in demand and competitive pricing pressures for our solutions; delays in or lack of customer or market acceptance of our new product features or technology; the introduction, or acceleration of adoption of, competing solutions, including public cloud infrastructure; and other risks detailed in our prospectus filed with the SEC on September 30, 2016 pursuant to Rule 424(b) under the Securities Act of 1933, as amended. Additional information will also be set forth in our Form 10-Q that will be filed for the quarter ended October 31, 2016, which should be read in conjunction with these financial results. Our SEC filings are available on the Investor Relations section of the company’s 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 this presentation and, except as required by law, we assume no obligation to update forward-looking statements to reflect actual results or subsequent events or circumstances.

# > Q1 FY2017 KEY HIGHLIGHTS

## MARKET



- > **\$100B+** TAM

## GROWTH



- > **\$240M** billings, up **87%** YoY
- > **\$167M** total revenue, up **90%** YoY
- > **\$375M** in deferred revenue, up **161%** YoY

## CUSTOMERS



- > **4,473** customers, up **109%** YoY
- > **376** Global 2000 customers
- > **65%** of bookings from repeat customers
- > **256** customers with **>\$1M** in lifetime bookings
- > **34%** of bookings from international customers

## BALANCE SHEET



- > **\$347M** in cash & ST inv.
- > DSO of **81 days**, weighted average DSO of **24** days
- > **No** inventory

## LIQUIDITY



- > Positive cash flow from operations of **\$4M**
- > Free cash flow of **-\$8M**

See appendix for reconciliation of Billings and Free Cash Flow to comparable GAAP metrics.

# Q1 FISCAL YEAR 2017 FINANCIAL RESULTS

	Q1'17	Q4'16	Q/Q Change	Q1'16	Y/Y Change
Revenue	\$166.8	\$139.8	19%	\$87.8	90%
Billings*	\$239.8	\$206.6	16%	\$128.3	87%
Gross Margin*	60.9%	61.3%	-0.4	60.5%	0.4
Operating Loss*	-\$44.4	-\$43.3	-3%	-\$31.8	-40%
Net Loss Per Share* **	-\$0.37	-\$0.39	\$0.02	-\$0.27	-\$0.10
Cash Flow from Operations	\$4.2	\$2.4	75%	-\$5.6	175%
Free Cash Flow*	-\$7.8	-\$6.5	-20%	-\$15.3	49%

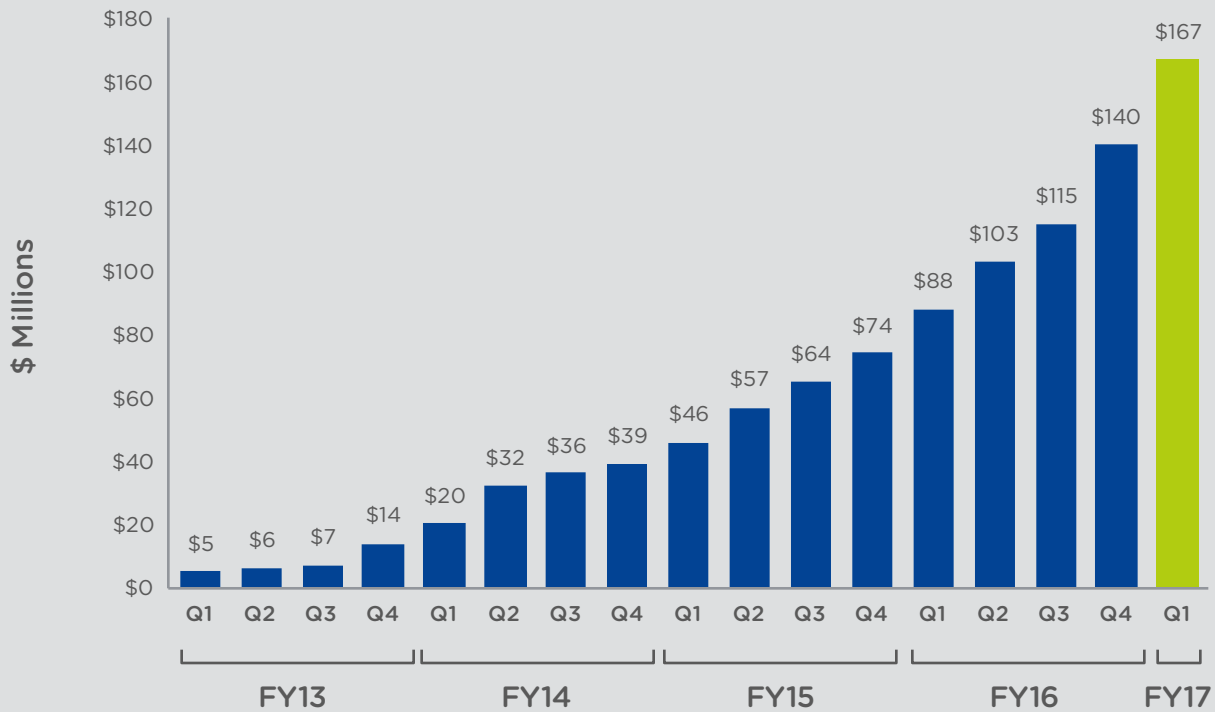
\* Indicates Non-GAAP results or financial metric - see GAAP to Non-GAAP/metric reconciliations in appendix of this presentation.

\*\*Assumes conversion of all preferred shares to common shares in prior periods.

Note: All amounts in millions, except for EPS and margin %.

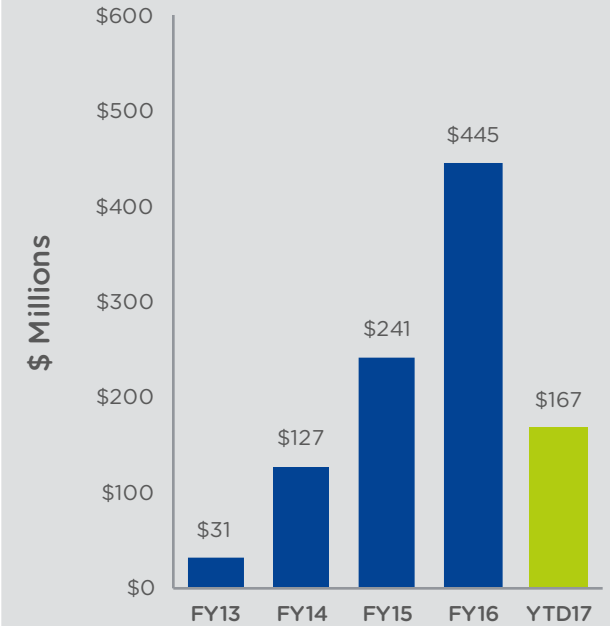
# STRONG REVENUE GROWTH

## By Quarter



YoY Growth %	--	663	213	270	330	468	448	186	132	76	79	90	91	81	78	89	90
QoQ Growth %	25	23	16	108	45	63	12	9	18	23	14	15	18	17	12	22	19

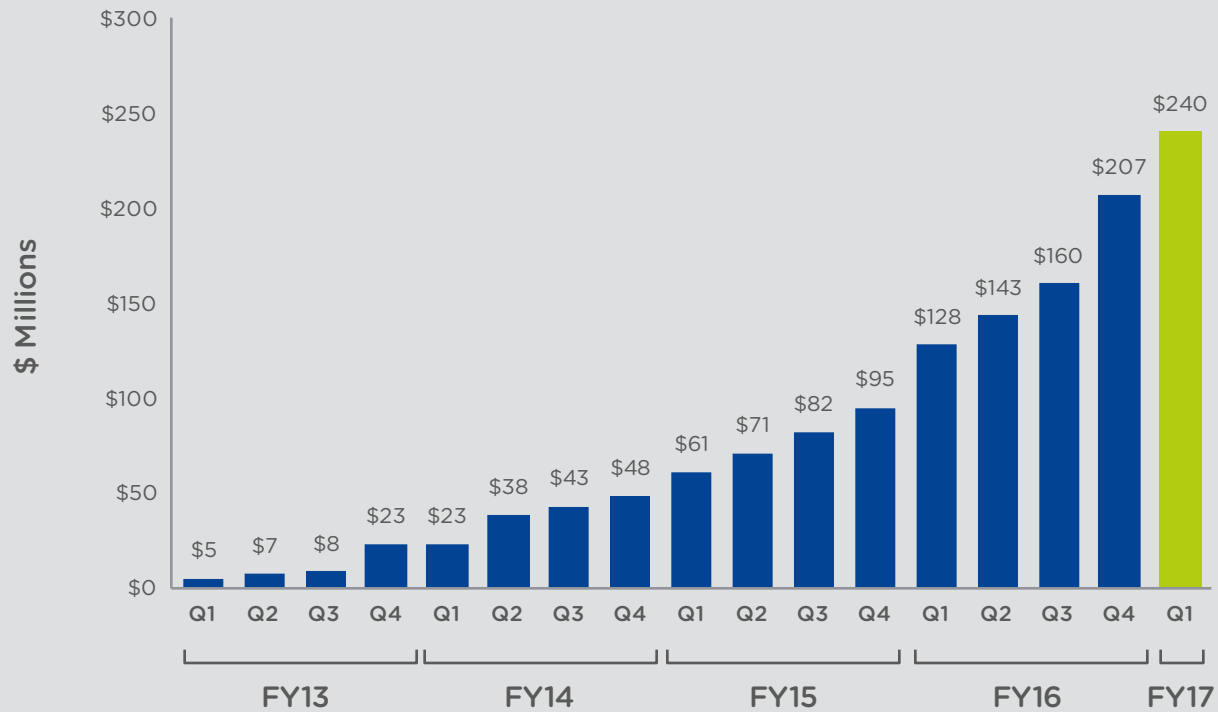
## By Fiscal Year



YoY Growth %	364	316	90	84	N/A
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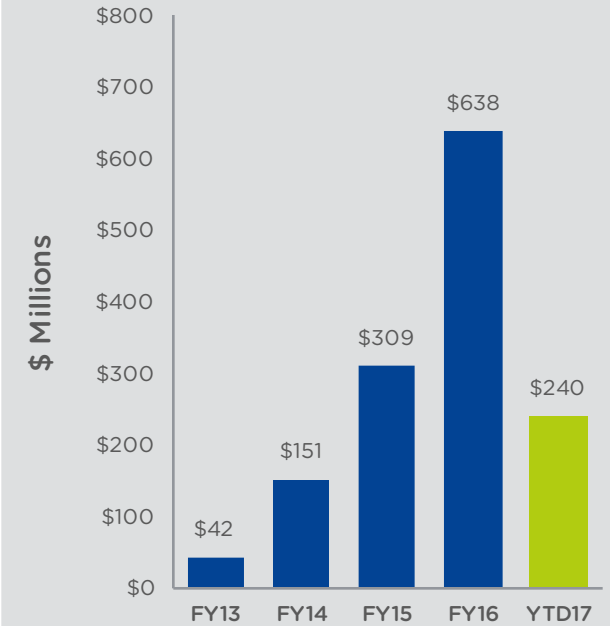
# CONTINUOUS BILLINGS GROWTH

## By Quarter



YoY Growth %	--	--	--	--	360	443	438	109	165	87	91	98	110	101	95	118	<b>88</b>
QoQ Growth %	68	40	14	188	0	65	13	12	27	16	15	16	35	12	12	29	<b>16</b>

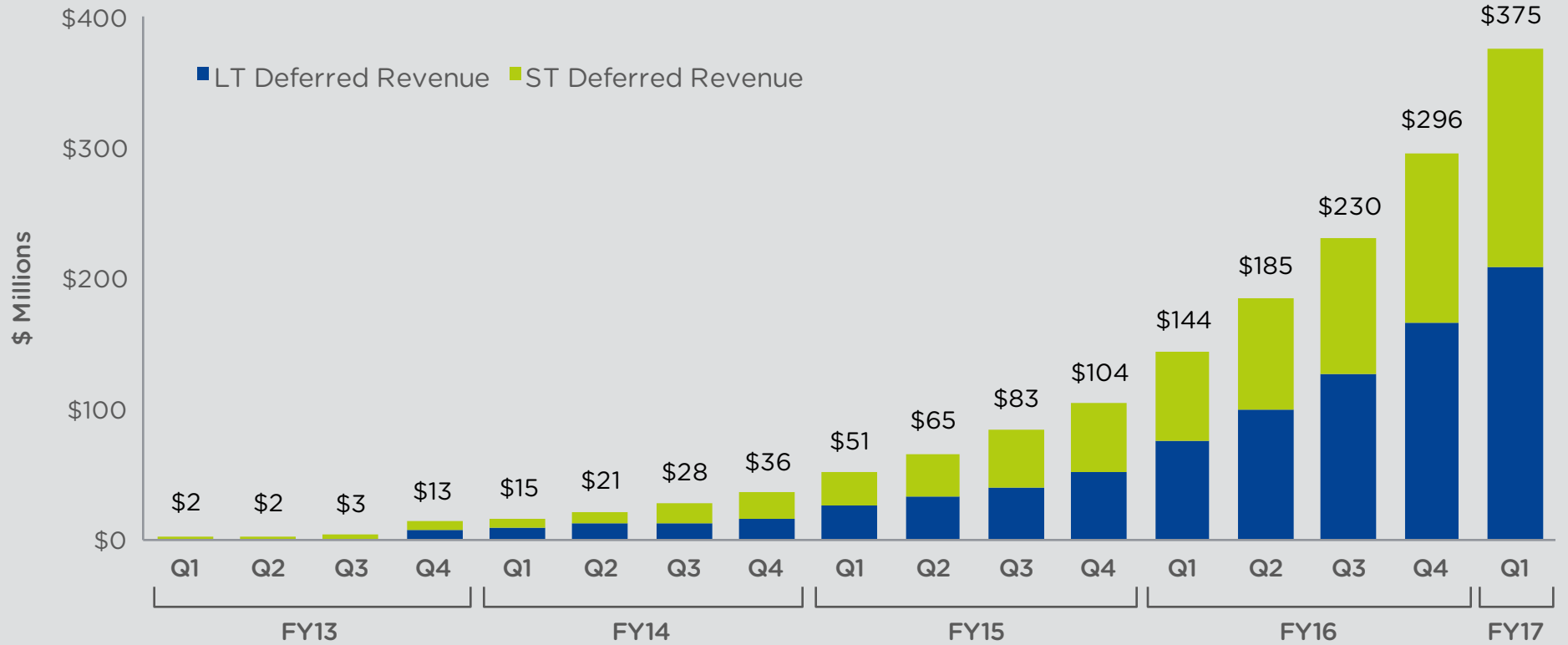
## By Fiscal Year



YoY Growth %	--	260	105	106	N/A
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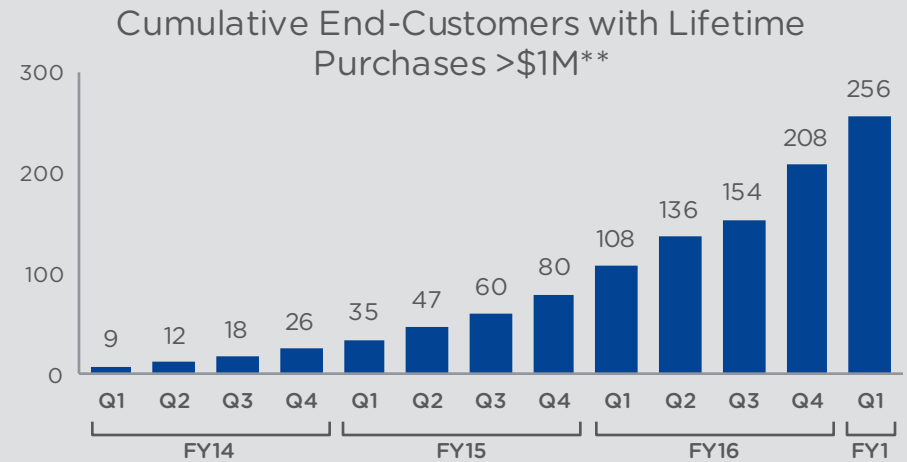
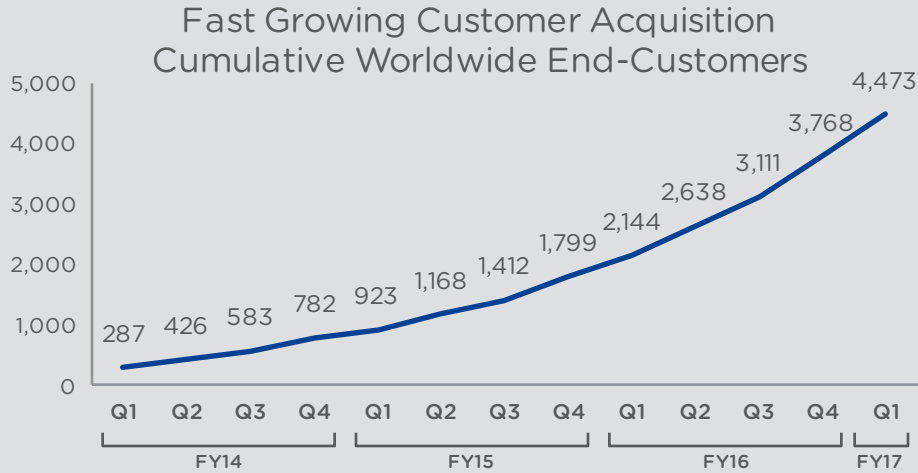
See Appendix for reconciliation of Billings to GAAP Revenue

# DEFERRED REVENUE BUILDS FOR THE FUTURE

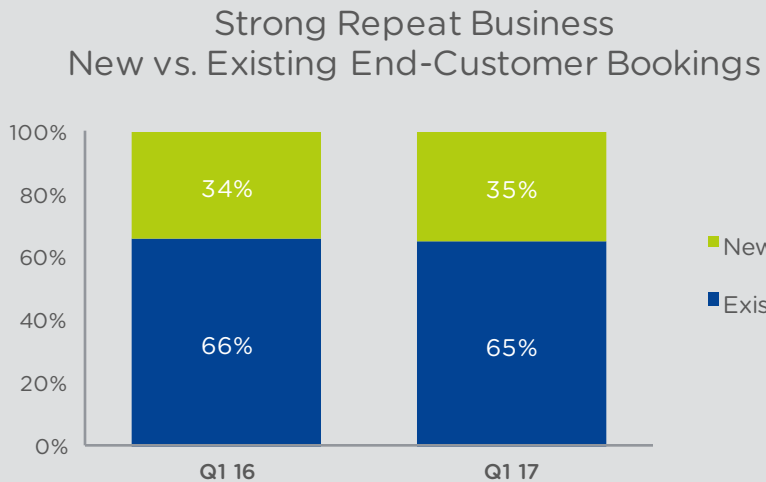


ST Deferred Revenue	\$2	\$2	\$3	\$6	\$6	\$9	\$16	\$20	\$26	\$33	\$44	\$53	\$69	\$86	\$103	\$130	\$166
LT Deferred Revenue	--	--	--	\$7	\$9	\$12	\$12	\$16	\$25	\$32	\$39	\$51	\$75	\$99	\$127	\$166	\$209

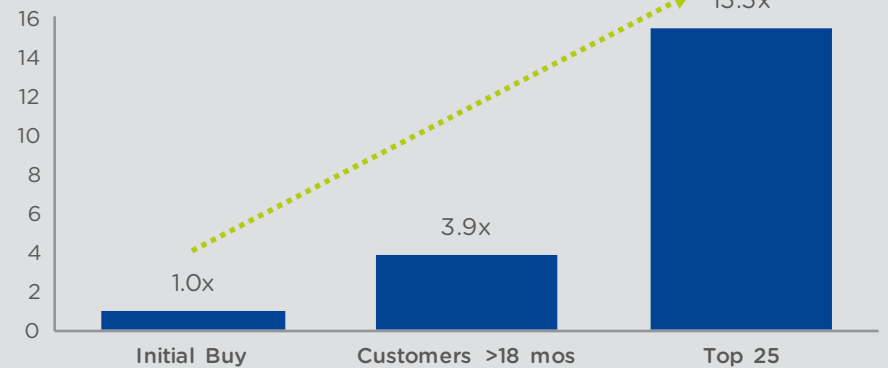
# CUSTOMER GROWTH METRICS SHOW STRONG IMPROVEMENT



\*\*Based on bookings.



### Total Lifetime Purchase Multiples\* \*\*



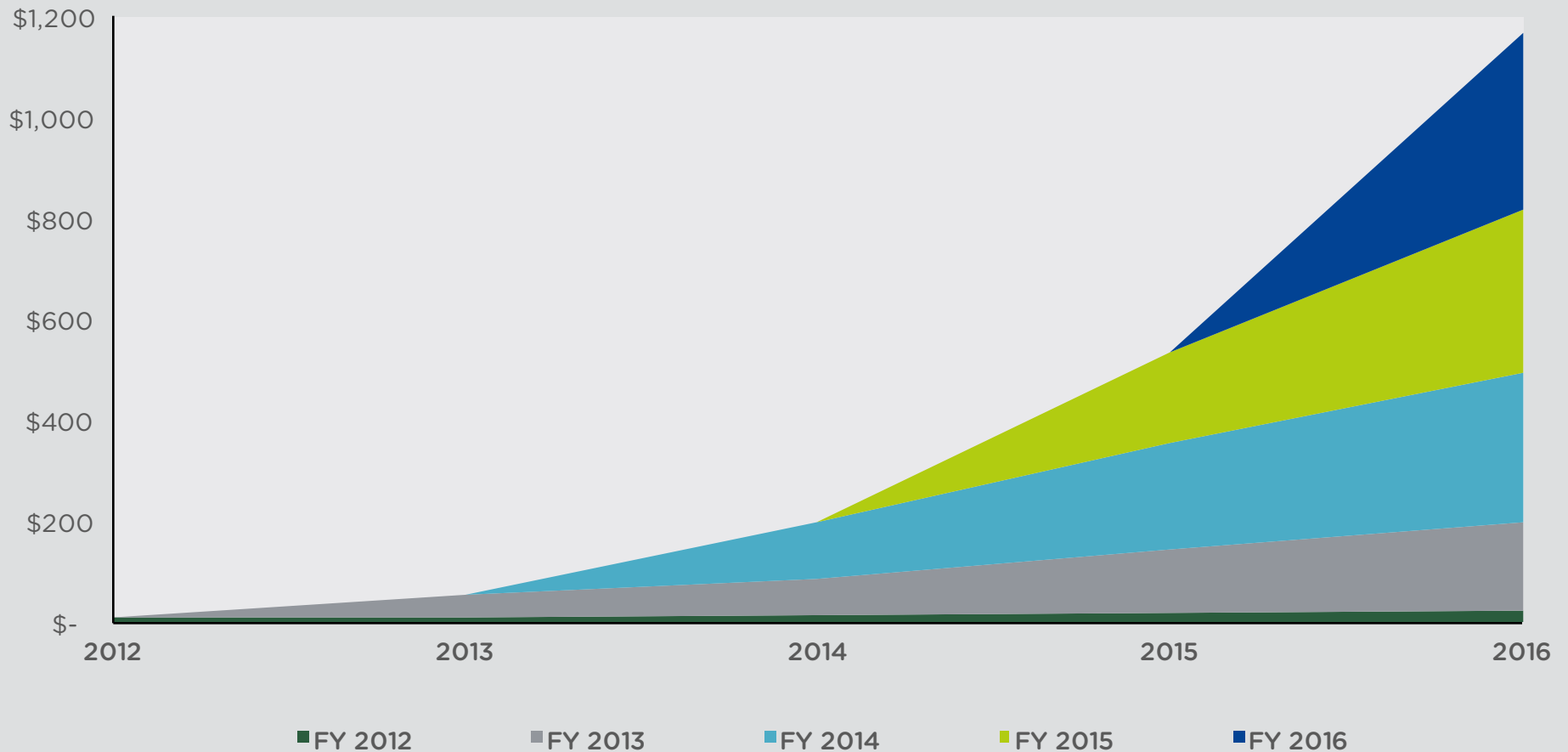
\* Multiples represent Total Lifetime Purchase / Initial Purchase.

\*\*Top 25 is from IPO class of investors, for comparability.



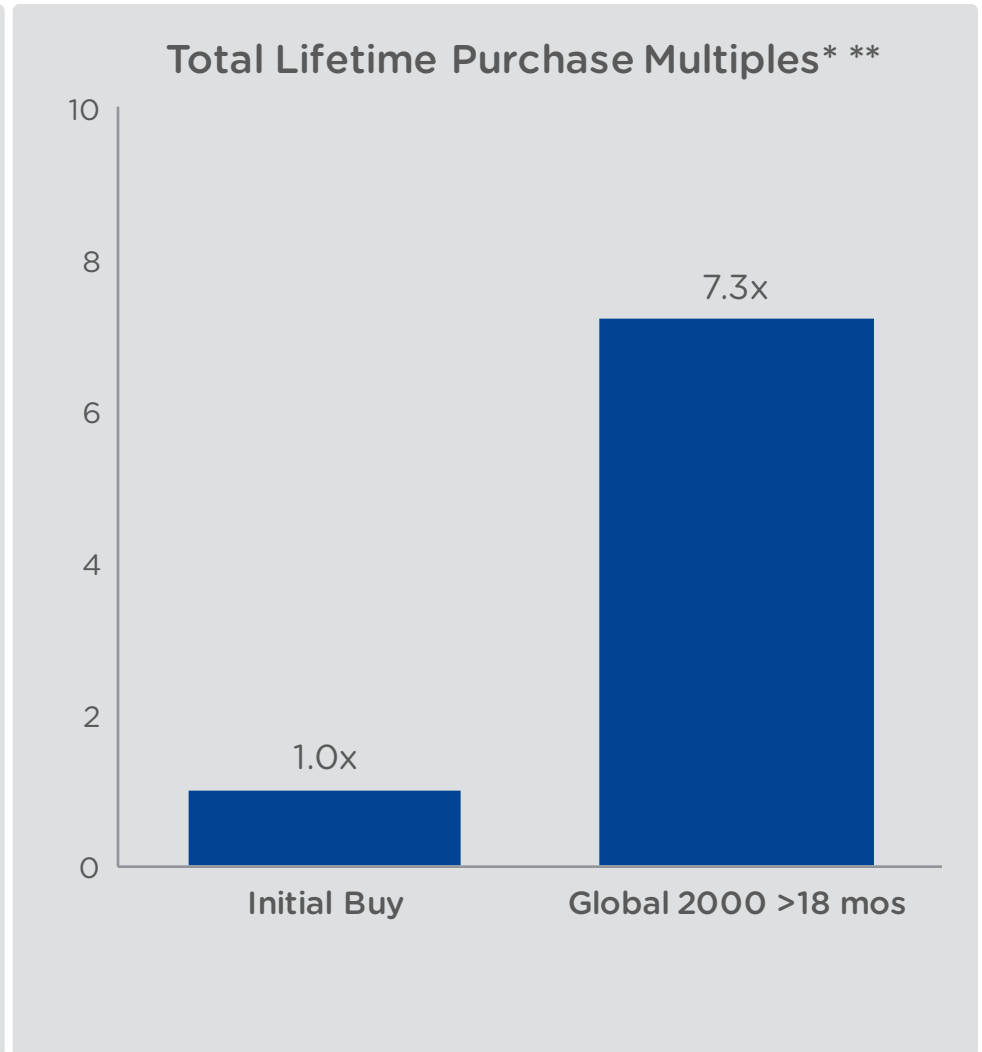
# CUSTOMER COHORT BOOKING CAPACITY COMPOUNDING

Cumulative Bookings by End-Customer Cohort\*



\*Classified according to the fiscal year in which an end-customer made its first purchase.

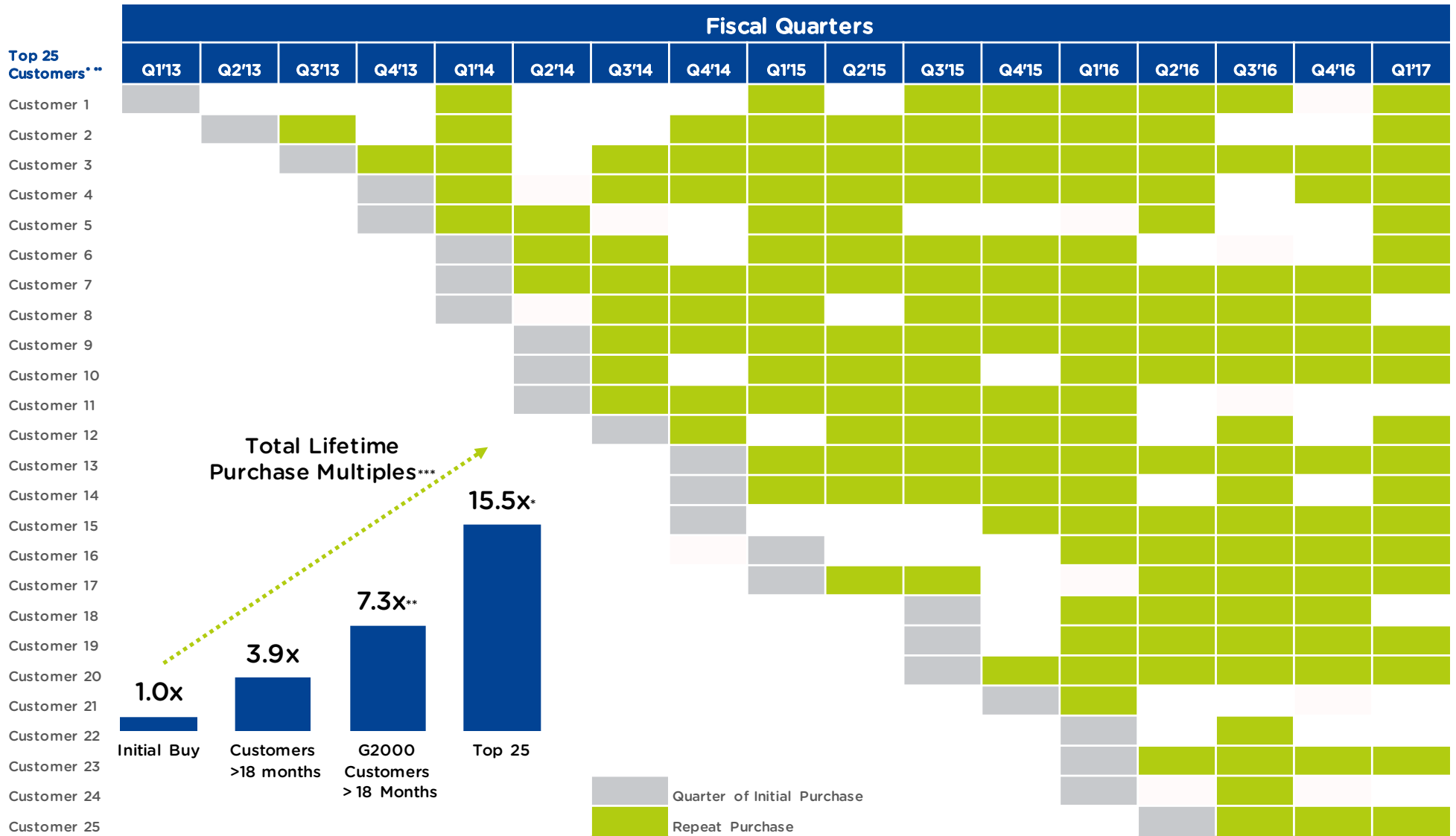
# STRONG GROWTH IN THE GLOBAL 2000



\*Reflects yearly update of the members of the Global 2000 list as reported by Forbes. Global 2000 status is updated each fiscal year and historical data is Revised to reflect the updated status.

\*\*Multiples represent Total Lifetime Purchase / Initial Purchase.

# LAND AND EXPAND STRATEGY AND EXECUTION

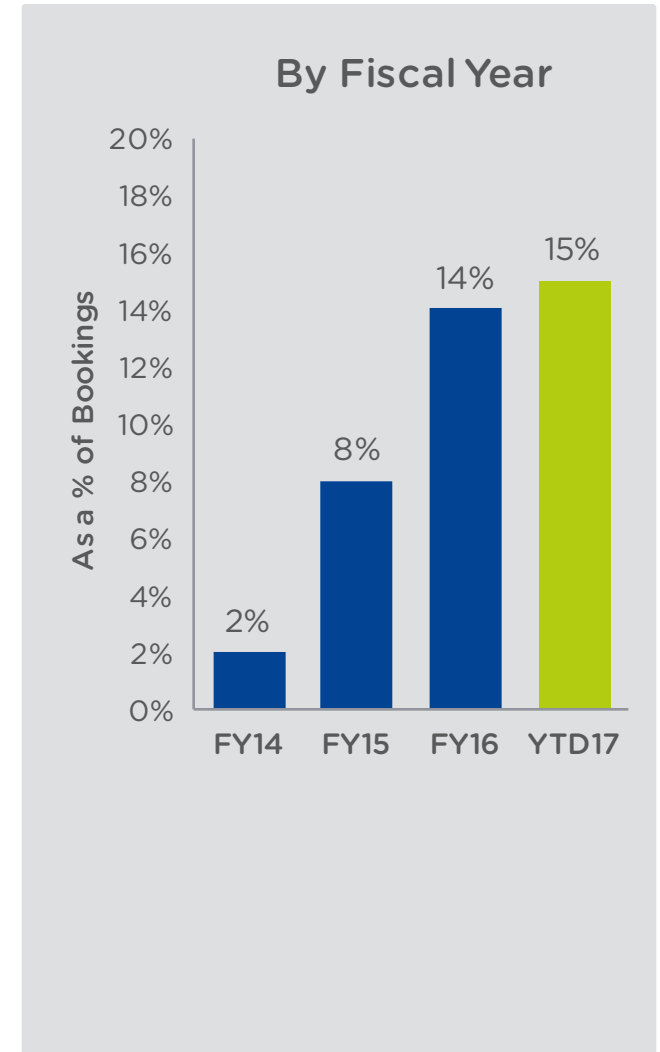
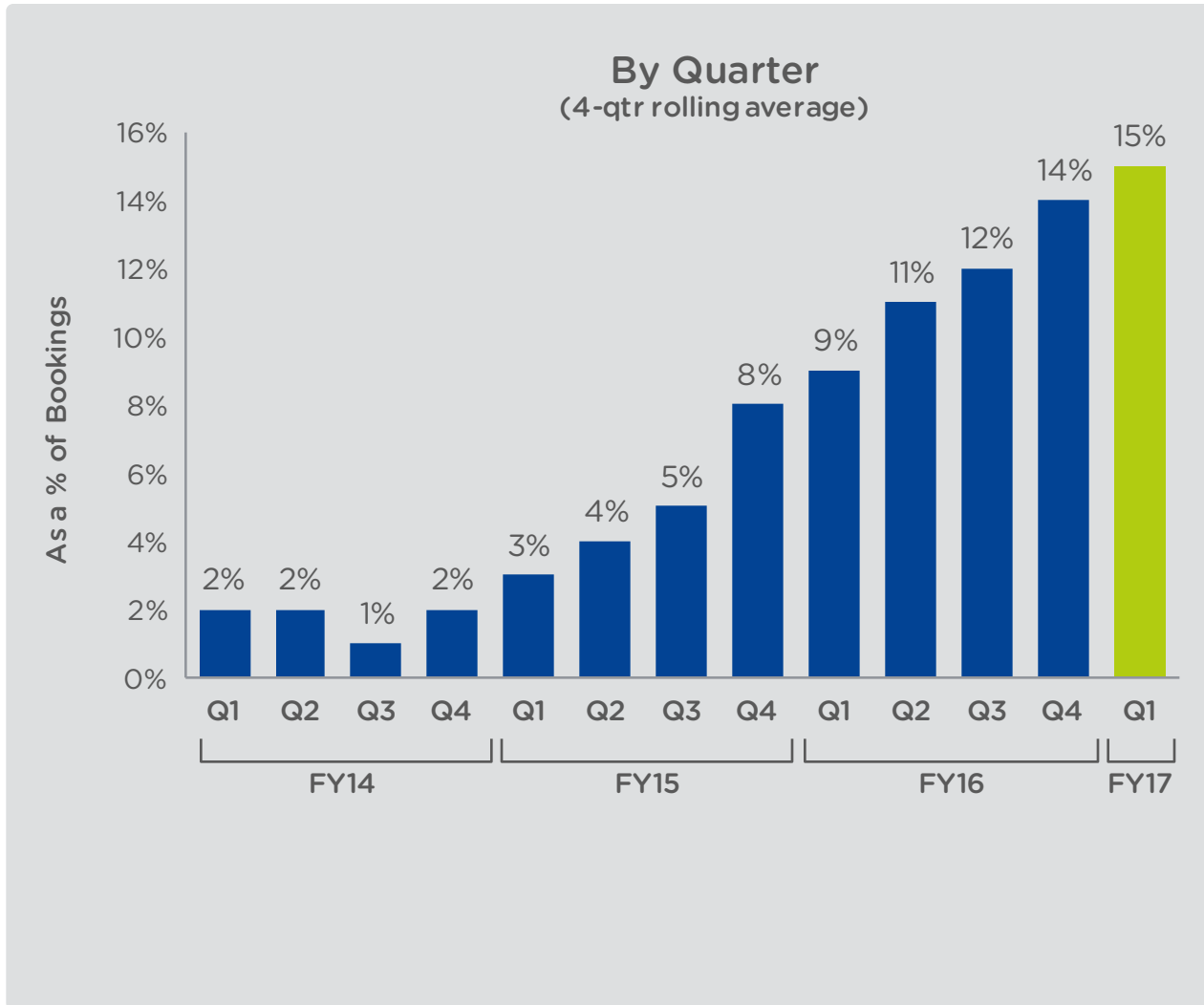


\* Top 25 lifetime purchases by End-Customers, sorted by initial first purchase quarter; excludes LX.

\*\* Reflects yearly update of the members of the Global 2000 list as reported by Forbes. Global 2000 status is updated each fiscal year and historical data is revised to reflect the updated status.

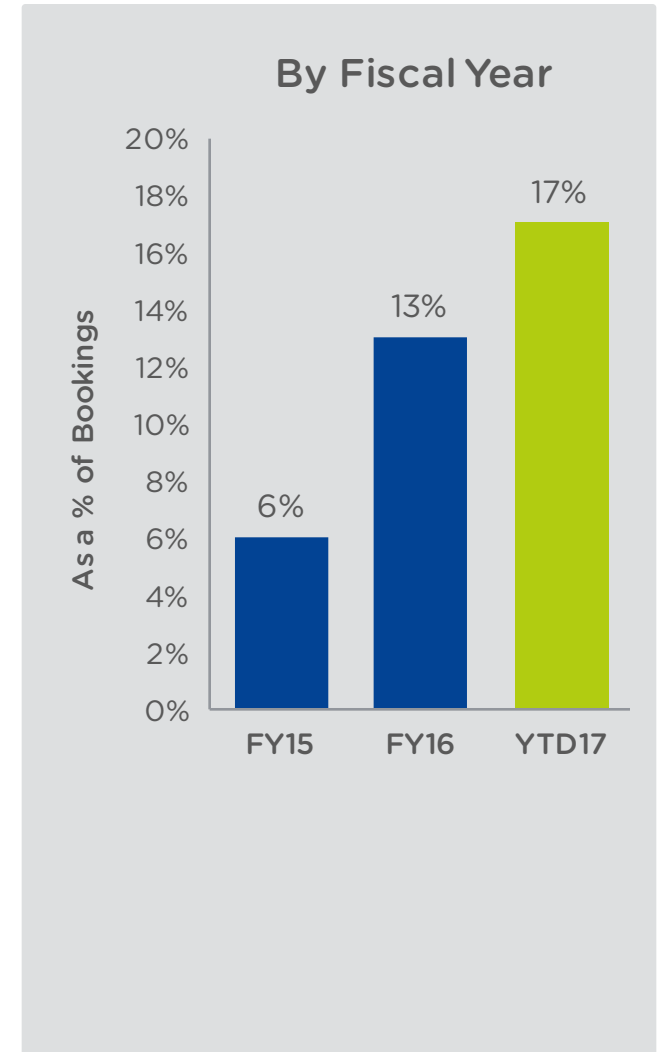
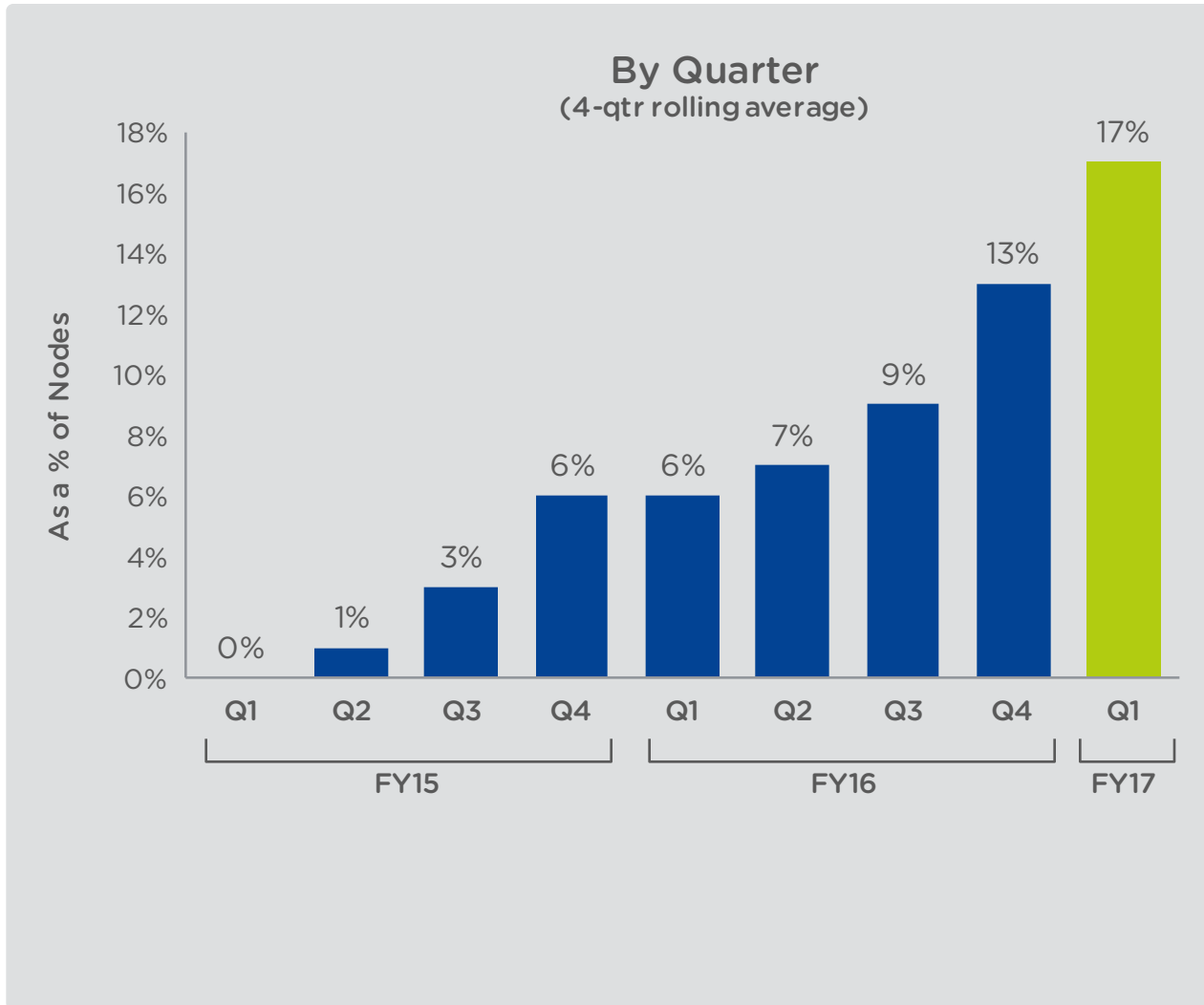
\*\*\*Multiples represent Total Lifetime Purchase/Total Initial Purchase.

# INCREASING SOFTWARE CONTENT



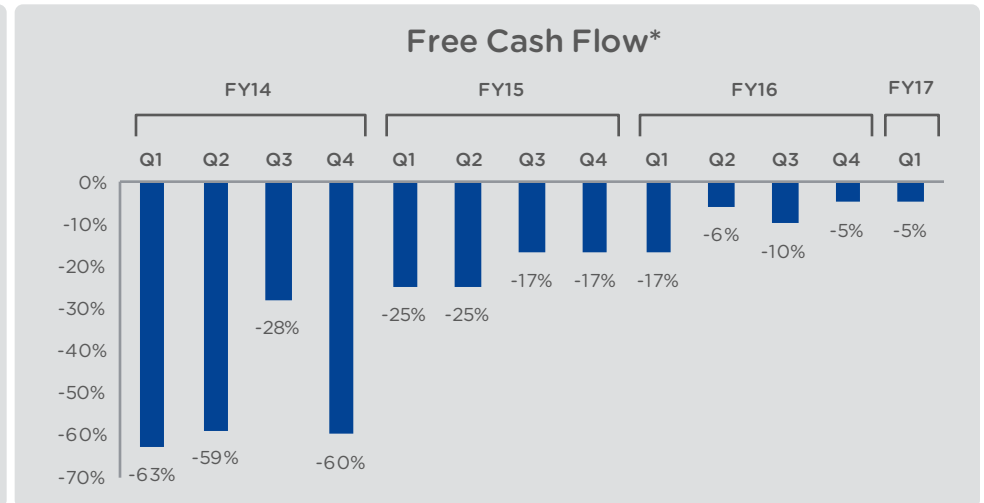
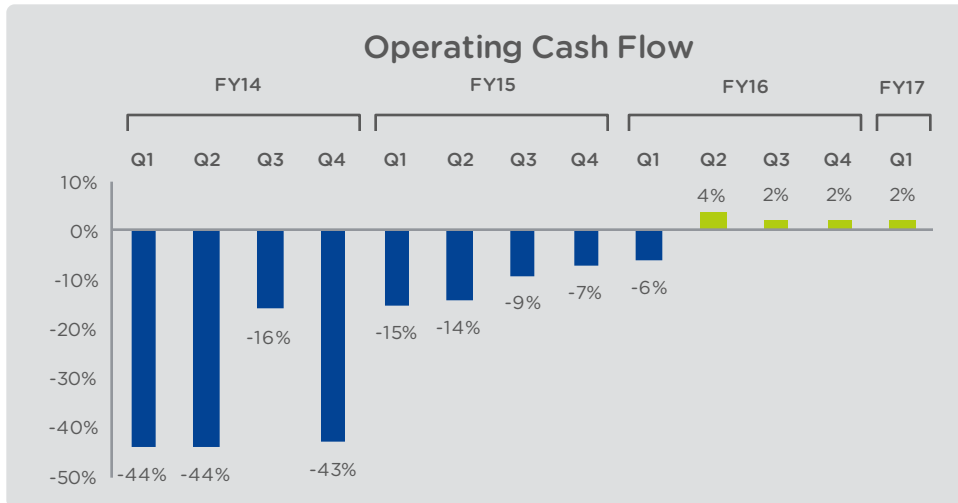
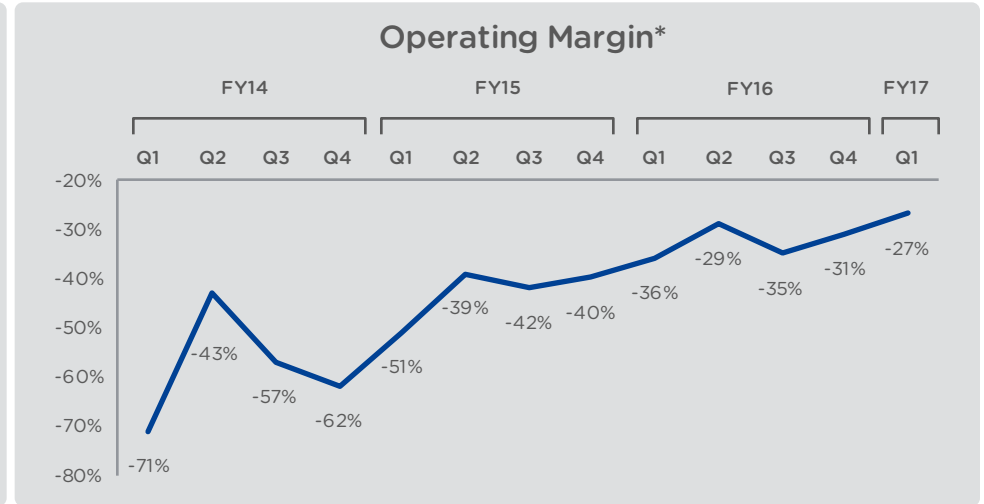
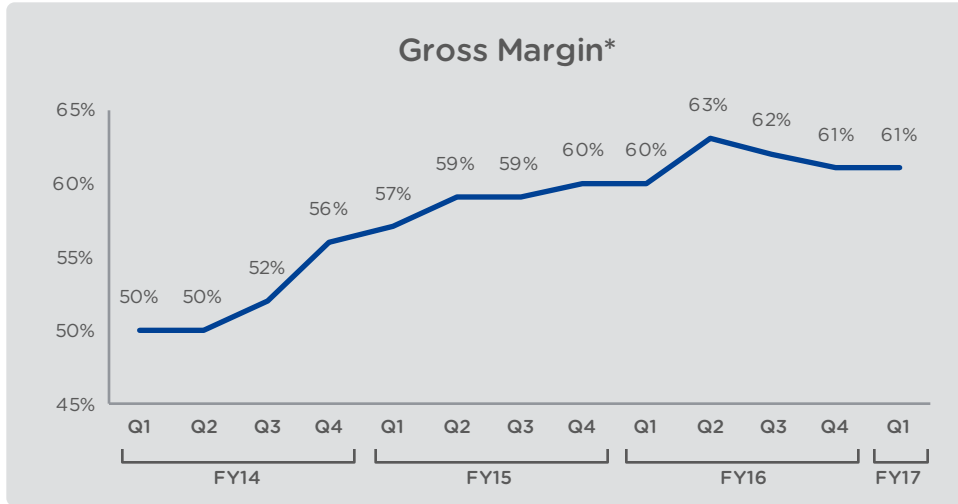
Note: Approx. 2/3 of OEM bookings are classified as software, approximately 1/3 is classified as support.

# STeady AHV ADOPTION, AS A % of NODES



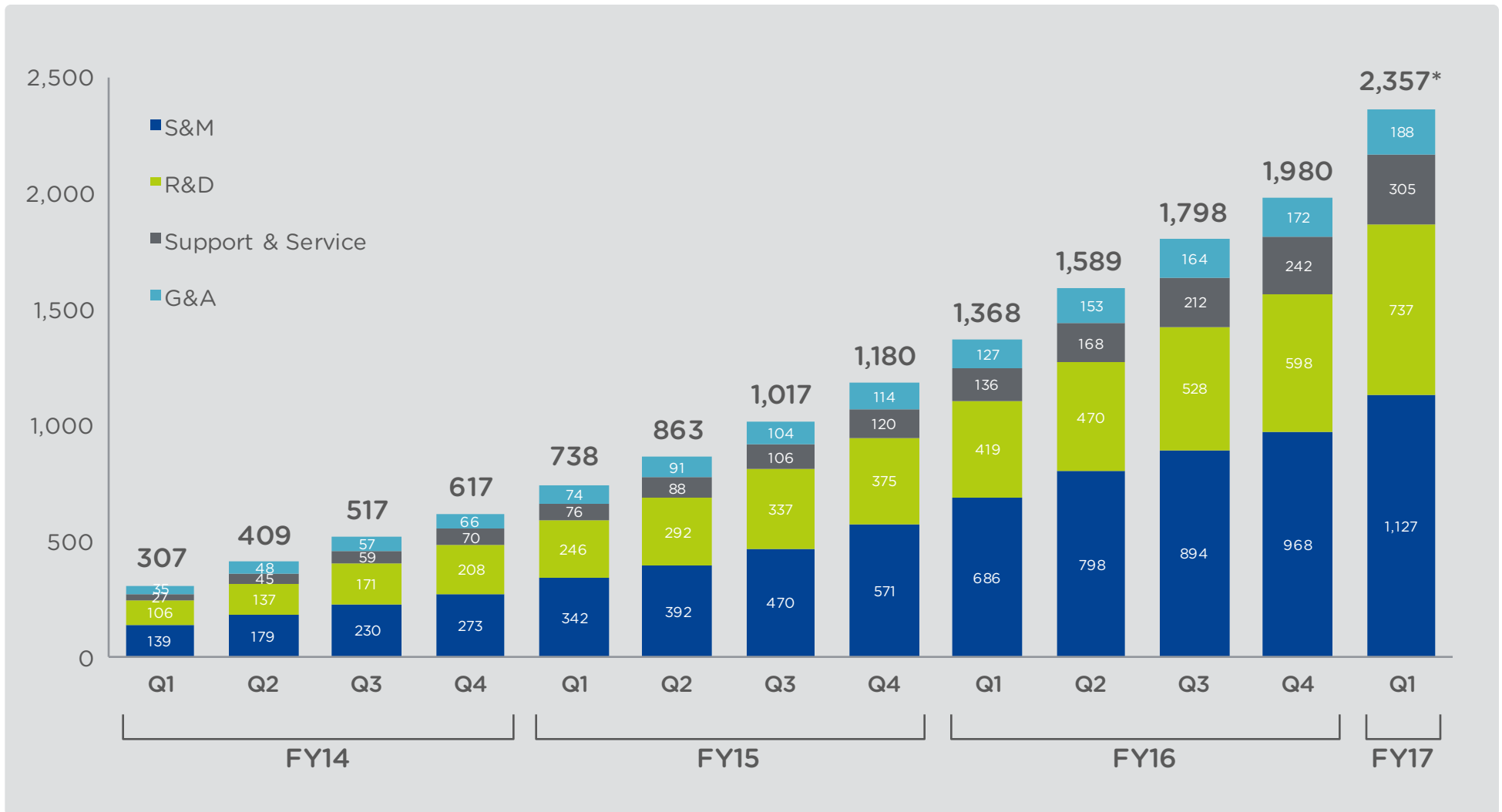
# IMPROVING OPERATIONAL LEVERAGE

Percentages Indicated as a % of Revenue



\*Non-GAAP metrics shown. See appendix of this presentation for a reconciliations of GAAP to Non-GAAP metrics.

# FUNDING HEADCOUNT RESOURCES FOR THE FUTURE



\*Q1 FY17 additions include 112 employees from the PernixData and Calm.io acquisitions.

# BALANCE SHEET STRENGTHENED BY RECENT IPO

\$ Millions	Q1'17 Actual	Q4'16 Actual	Q/Q Change	Q1'16 Actual	Y/Y Change
Cash and ST Investments	\$347.1	\$112.3*	209%	\$136.2	155%
Accounts Receivable	\$147.7	\$110.7	33%	\$48.1	207%
Days Sales Outstanding**	81	73	8 days	50	31 days
Weighted Days Sales Outstanding	24	31	-7 days	32	-8 days
Total Deferred Revenue	\$375.4	\$296.5	27%	\$144.1	161%


\* Does not include proceeds from senior notes.

\*\*Calculated using revenue and ending accounts receivable

Note: In millions, except Days Sales Outstanding.



# TARGET FINANCIAL MODEL

	FY2014	FY2015	FY2016	YTD FY2017	How We Get There 	Target Long-term Model
Gross Margin (non-GAAP) <sup>1</sup>	52%	59%	62%	61%	Revenue mix shifts more toward software - ELAs, Term-based Software upgrades, OEM	63%-65%
R&D as % of Revenue (non-GAAP) <sup>1</sup>	28%	28%	25%	25%	Top line growth, optimize engineering cost structure	13%-15%
S&M as % of Revenue (non-GAAP) <sup>1</sup>	71%	64%	63%	57%	Sales force maturity driving full productivity, increased OEM and channel leverage and improved customer acquisition costs	29%-32%
G&A as % of Revenue (non-GAAP) <sup>1</sup>	10%	8%	7%	6%	Top line growth, cost efficiencies through scale	5%-6%
Non-GAAP Operating Margin (non-GAAP) <sup>1</sup>	-57%	-42%	-33%	-27%	-	15%-18%
Long-Term Tax Rate	-	-	-	-	Profitability and maintain current domestic and international revenue splits	15%-20%

<sup>1</sup>See appendix for reconciliation.



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GAAP to NON-GAAP  
RECONCILIATIONS



# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND KEY PERFORMANCE MEASURES--2014

	Q1	Q2	Q3	Q4	Total
<b>Billings</b>					
Revenue	\$ 19.8	\$ 32.2	\$ 36.0	\$ 39.1	\$ 127.1
Change in deferred revenue	3.0	5.4	6.8	8.8	24.0
Total billings	\$ 22.8	\$ 37.6	\$ 42.8	\$ 47.9	\$ 151.1
<b>Reconciliation of GAAP to Non-GAAP</b>					
Gross profit - GAAP	\$ 9.9	\$ 16.0	\$ 18.6	\$ 21.7	\$ 66.2
Gross margin - GAAP	50 %	50 %	52 %	55 %	52 %
Stock-based compensation expense	-	-	0.1	0.2	0.3
Amortization of intangibles	-	-	-	-	-
Gross profit - Non-GAAP	\$ 9.9	\$ 16.0	\$ 18.7	\$ 21.9	\$ 66.5
Gross margin - Non-GAAP	50 %	50 %	52 %	56 %	52 %
Sales and marketing - GAAP	\$ 16.0	\$ 20.5	\$ 25.6	\$ 30.9	\$ 93.0
Stock-based compensation expense	(0.3)	(0.4)	(0.6)	(0.9)	(2.2)
Amortization of intangibles	-	-	-	-	-
Sales and marketing - Non-GAAP	\$ 15.7	\$ 20.1	\$ 25.0	\$ 30.0	\$ 90.8
Research and development - GAAP	\$ 6.4	\$ 7.7	\$ 10.9	\$ 13.0	\$ 38.0
Stock-based compensation expense	(0.4)	(0.4)	(0.6)	(0.8)	(2.2)
Research and development - Non-GAAP	\$ 6.0	\$ 7.3	\$ 10.3	\$ 12.2	\$ 35.8
General and administrative - GAAP	\$ 2.4	\$ 2.6	\$ 4.1	\$ 4.4	\$ 13.5
Stock-based compensation expense	(0.1)	(0.2)	(0.3)	(0.6)	(1.2)
Change in fair value of contingent consideration	-	-	-	-	-
Acquisition related costs	-	-	-	-	-
General and administrative - Non-GAAP	\$ 2.3	\$ 2.4	\$ 3.8	\$ 3.8	\$ 12.3
Operating expenses - GAAP	\$ 24.8	\$ 30.8	\$ 40.6	\$ 48.3	\$ 144.5
Stock-based compensation expense	(0.8)	(1.0)	(1.5)	(2.3)	(5.6)
Change in fair value of contingent consideration	-	-	-	-	-
Acquisition related costs	-	-	-	-	-
Amortization of intangibles	-	-	-	-	-
Operating expenses - Non-GAAP	\$ 24.0	\$ 29.8	\$ 39.1	\$ 46.0	\$ 138.9
Loss from operations - GAAP	\$ (14.9)	\$ (14.8)	\$ (22.0)	\$ (26.6)	\$ (78.3)
Operating Margin - GAAP	(75)%	(46)%	(61)%	(68)%	(62)%
Stock-based compensation expense	0.8	1.0	1.6	2.5	5.9
Change in fair value of contingent consideration	-	-	-	-	-
Acquisition related costs	-	-	-	-	-
Amortization of intangibles	-	-	-	-	-
Loss from operations - Non-GAAP	\$ (14.1)	\$ (13.8)	\$ (20.4)	\$ (24.1)	\$ (72.4)
Operating Margin - Non-GAAP	(71)%	(43)%	(57)%	(62)%	(57)%
Net loss - GAAP	\$ (15.3)	\$ (15.8)	\$ (23.5)	\$ (29.4)	\$ (84.0)
Stock-based compensation expense	0.8	1.0	1.6	2.5	5.9
Change in fair value of contingent consideration	-	-	-	-	-
Acquisition related costs	-	-	-	-	-
Amortization of intangibles	-	-	-	-	-
Loss on debt extinguishment	-	-	-	-	-
Warrant MTM	0.2	0.4	1.3	2.4	4.3
Income tax-related adjustments	-	-	-	-	-
Net loss - Non-GAAP	\$ (14.3)	\$ (14.4)	\$ (20.6)	\$ (24.5)	\$ (73.8)
Net cash (used in) provided by operating activities	\$ (8.8)	\$ (14.3)	\$ (5.8)	\$ (16.9)	\$ (45.7)
Purchases of PPE	(3.7)	(4.7)	(4.2)	(6.4)	(19.0)
Free cash flow	\$ (12.4)	\$ (19.0)	\$ (10.0)	\$ (23.3)	\$ (64.7)
	(63)%	(59)%	(28)%	(60)%	(51)%

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND KEY PERFORMANCE MEASURES--2015

	Q1	Q2	Q3	Q4	Total
<b>Billings</b>					
Revenue	\$ 46.0	\$ 56.8	\$ 64.5	\$ 74.1	\$ 241.4
Change in deferred revenue	14.7	14.2	17.6	20.6	67.1
Total billings	\$ 60.7	\$ 71.0	\$ 82.1	\$ 94.7	\$ 308.5
<b>Reconciliation of GAAP to Non-GAAP</b>					
Gross profit - GAAP	\$ 26.2	\$ 33.0	\$ 37.5	\$ 43.8	\$ 140.5
Gross margin - GAAP	57 %	58 %	58 %	59 %	58 %
Stock-based compensation expense	0.2	0.3	0.3	0.3	1.1
Amortization of intangibles	-	-	-	-	-
Gross profit - Non-GAAP	\$ 26.4	\$ 33.3	\$ 37.8	\$ 44.1	\$ 141.6
Gross margin - Non-GAAP	57 %	59 %	59 %	60 %	59 %
Sales and marketing - GAAP	\$ 33.1	\$ 37.2	\$ 42.8	\$ 48.8	\$ 161.9
Stock-based compensation expense	(1.1)	(1.4)	(1.9)	(2.1)	(6.5)
Amortization of intangibles	-	-	-	-	-
Sales and marketing - Non-GAAP	\$ 32.0	\$ 35.8	\$ 40.9	\$ 46.7	\$ 155.4
Research and development - GAAP	\$ 14.3	\$ 16.7	\$ 19.8	\$ 22.7	\$ 73.5
Stock-based compensation expense	(1.1)	(1.3)	(1.4)	(1.6)	(5.4)
Research and development - Non-GAAP	\$ 13.2	\$ 15.4	\$ 18.4	\$ 21.1	\$ 68.1
General and administrative - GAAP	\$ 5.4	\$ 5.3	\$ 6.4	\$ 6.8	\$ 23.9
Stock-based compensation expense	(0.8)	(1.0)	(1.0)	(1.3)	(4.1)
Change in fair value of contingent consideration	-	-	-	-	-
Acquisition related costs	-	-	-	-	-
General and administrative - Non-GAAP	\$ 4.6	\$ 4.3	\$ 5.4	\$ 5.5	\$ 19.8
Operating expenses - GAAP	\$ 52.8	\$ 59.2	\$ 69.0	\$ 78.3	\$ 259.3
Stock-based compensation expense	(3.0)	(3.7)	(4.3)	(5.0)	(16.0)
Change in fair value of contingent consideration	-	-	-	-	-
Acquisition related costs	-	-	-	-	-
Amortization of intangibles	-	-	-	-	-
Operating expenses - Non-GAAP	\$ 49.8	\$ 55.5	\$ 64.7	\$ 73.3	\$ 243.3
Loss from operations - GAAP	\$ (26.6)	\$ (26.2)	\$ (31.5)	\$ (34.5)	\$ (118.8)
Operating Margin - GAAP	(58)%	(46)%	(49)%	(47)%	(49)%
Stock-based compensation expense	3.2	4.0	4.6	5.3	17.1
Change in fair value of contingent consideration	-	-	-	-	-
Acquisition related costs	-	-	-	-	-
Amortization of intangibles	-	-	-	-	-
Loss from operations - Non-GAAP	\$ (23.4)	\$ (22.2)	\$ (26.9)	\$ (29.2)	\$ (101.7)
Operating Margin - Non-GAAP	(51)%	(39)%	(42)%	(39)%	(42)%
Net loss - GAAP	\$ (28.5)	\$ (27.8)	\$ (32.6)	\$ (37.2)	\$ (126.1)
Stock-based compensation expense	3.2	4.0	4.6	5.3	17.1
Change in fair value of contingent consideration	-	-	-	-	-
Acquisition related costs	-	-	-	-	-
Amortization of intangibles	-	-	-	-	-
Loss on debt extinguishment	-	-	-	-	-
Warrant MTM	1.7	1.5	0.9	2.1	6.2
Income tax-related adjustments	-	-	-	-	-
Net loss - Non-GAAP	\$ (23.6)	\$ (22.3)	\$ (27.1)	\$ (29.8)	\$ (102.8)
Net cash (used in) provided by operating activities	\$ (6.9)	\$ (7.7)	\$ (5.7)	\$ (5.4)	\$ (25.7)
Purchases of PPE	(4.5)	(6.4)	(5.2)	(7.2)	(23.3)
Free cash flow	\$ (11.4)	\$ (14.1)	\$ (11.0)	\$ (12.6)	\$ (49.0)
	(25)%	(25)%	(17)%	(17)%	(20)%

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND KEY PERFORMANCE MEASURES--2016

	Q1	Q2	Q3	Q4	Total
<b>Billings</b>					
Revenue	\$ 87.8	\$ 102.7	\$ 114.6	\$ 139.8	\$ 444.9
Change in deferred revenue	40.5	40.7	44.9	66.8	192.9
<b>Total billings</b>	<b>\$ 128.3</b>	<b>\$ 143.4</b>	<b>\$ 159.5</b>	<b>\$ 206.6</b>	<b>\$ 637.8</b>
<b>Reconciliation of GAAP to Non-GAAP</b>					
Gross profit - GAAP	\$ 52.7	\$ 64.8	\$ 71.2	\$ 85.4	\$ 274.1
Gross margin - GAAP	60 %	63 %	62 %	61 %	62 %
Stock-based compensation expense	0.4	0.3	0.4	0.3	1.4
Amortization of intangibles	-	-	-	-	-
Gross profit - Non-GAAP	\$ 53.1	\$ 65.1	\$ 71.6	\$ 85.7	\$ 275.5
Gross margin - Non-GAAP	60 %	63 %	62 %	61 %	62 %
Sales and marketing - GAAP	\$ 58.6	\$ 66.2	\$ 75.8	\$ 87.9	\$ 288.5
Stock-based compensation expense	(2)	(2.0)	(2.0)	(1.9)	(8.0)
Amortization of intangibles	-	-	-	-	-
Sales and marketing - Non-GAAP	\$ 56.5	\$ 64.2	\$ 73.8	\$ 86.0	\$ 280.5
Research and development - GAAP	\$ 23.8	\$ 26.0	\$ 31.4	\$ 35.1	\$ 116.3
Stock-based compensation expense	(1.6)	(1.6)	(1.5)	(1.5)	(6.2)
Research and development - Non-GAAP	\$ 22.2	\$ 24.4	\$ 29.9	\$ 33.6	\$ 110.1
General and administrative - GAAP	\$ 7.4	\$ 7.8	\$ 8.8	\$ 10.3	\$ 34.3
Stock-based compensation expense	(1.3)	(1.0)	(1.2)	(1.0)	(4.5)
Change in fair value of contingent consideration	-	-	-	-	-
Acquisition related costs	-	-	-	-	-
General and administrative - Non-GAAP	\$ 6.1	\$ 6.8	\$ 7.6	\$ 9.3	\$ 29.8
Operating expenses - GAAP	\$ 89.8	\$ 100.0	\$ 116.0	\$ 133.3	\$ 439.1
Stock-based compensation expense	(5.0)	(4.6)	(4.7)	(4.4)	(18.7)
Change in fair value of contingent consideration	-	-	-	-	-
Acquisition related costs	-	-	-	-	-
Amortization of intangibles	-	-	-	-	-
Operating expenses - Non-GAAP	\$ 84.8	\$ 95.4	\$ 111.3	\$ 128.9	\$ 420.4
Loss from operations - GAAP	\$ (37.1)	\$ (35.2)	\$ (44.8)	\$ (47.9)	\$ (165.0)
Operating Margin - GAAP	(42)%	(34)%	(39)%	(34)%	(37)%
Stock-based compensation expense	5.4	4.9	5.1	4.7	20.1
Change in fair value of contingent consideration	-	-	-	-	-
Acquisition related costs	-	-	-	-	-
Amortization of intangibles	-	-	-	-	-
Loss from operations - Non-GAAP	\$ (31.7)	\$ (30.3)	\$ (39.7)	\$ (43.2)	\$ (144.9)
Operating Margin - Non-GAAP	(36)%	(30)%	(35)%	(31)%	(33)%
Net loss - GAAP	\$ (38.5)	\$ (33.3)	\$ (46.8)	\$ (49.9)	\$ (168.5)
Stock-based compensation expense	5.4	4.9	5.1	4.7	20.1
Change in fair value of contingent consideration	-	-	-	-	-
Acquisition related costs	-	-	-	-	-
Amortization of intangibles	-	-	-	-	-
Loss on debt extinguishment	-	-	-	-	-
Warrant MtM	0.7	(26)	1.3	(1.4)	(20)
Income tax-related adjustments	-	-	-	-	-
Net loss - Non-GAAP	\$ (32.4)	\$ (31.0)	\$ (40.4)	\$ (46.6)	\$ (150.4)
Net cash (used in) provided by operating activities	\$ (5.6)	\$ 4.5	\$ 2.4	\$ 2.4	\$ 3.6
Purchases of PPE	(9.6)	(10.4)	(13.4)	(8.9)	(42.3)
Free cash flow	\$ (15.3)	\$ (5.9)	\$ (11.0)	\$ (6.5)	\$ (38.7)
	(17)%	(6)%	(10)%	(5)%	(9)%
Pro forma basic and diluted EPS - GAAP	\$ (0.32)	\$ (0.28)	\$ (0.39)	\$ (0.41)	\$ (1.40)
Stock-based compensation expense	0.05	0.04	0.04	0.04	0.17
Change in fair value of contingent consideration	-	-	-	-	-
Acquisition related costs	-	-	-	-	-
Amortization of intangibles	-	-	-	-	-
Loss on debt extinguishment	-	-	-	-	-
Warrant MtM	0.01	(0.02)	0.01	(0.01)	(0.02)
Income tax-related adjustments	-	-	-	-	-
Pro forma basic and diluted EPS - Non-GAAP	\$ (0.27)	\$ (0.26)	\$ (0.33)	\$ (0.39)	\$ (1.25)

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND KEY PERFORMANCE MEASURES--2017

	Q1	Q2	Q3	Q4	Total
<b>Billings</b>					
Revenue	\$ 166.8				\$ 166.8
Change in deferred revenue	73.0				73.0
<b>Total billings</b>	<b>\$ 239.8</b>				<b>\$ 239.8</b>
<b>Reconciliation of GAAP to Non-GAAP</b>					
Gross profit - GAAP	\$ 97.0				\$ 97.0
Gross margin - GAAP	58 %				58 %
Stock-based compensation expense	4.3				4.3
Amortization of intangibles	0.2				0.2
Gross profit - Non-GAAP	\$ 101.6				\$ 101.6
Gross margin - Non-GAAP	61 %				61 %
Sales and marketing - GAAP	\$ 128.8				\$ 128.8
Stock-based compensation expense	(33.9)				(33.9)
Amortization of intangibles	(0.2)				(0.2)
Sales and marketing - Non-GAAP	\$ 94.7				\$ 94.7
Research and development - GAAP	\$ 75.3				\$ 75.3
Stock-based compensation expense	(34.0)				(34.0)
Research and development - Non-GAAP	\$ 41.3				\$ 41.3
General and administrative - GAAP	\$ 29.4				\$ 29.4
Stock-based compensation expense	(18.5)				(18.5)
Change in fair value of contingent consideration	(0.2)				(0.2)
Acquisition related costs	(0.7)				(0.7)
General and administrative - Non-GAAP	\$ 10.0				\$ 10.0
Operating expenses - GAAP	\$ 233.4				\$ 233.5
Stock-based compensation expense	(86.4)				(86.4)
Change in fair value of contingent consideration	(0.2)				(0.2)
Acquisition related costs	(0.7)				(0.7)
Amortization of intangibles	(0.2)				(0.2)
Operating expenses - Non-GAAP	\$ 146.0				\$ 146.0
Loss from operations - GAAP	\$ (136.4)				\$ (136.4)
Operating Margin - GAAP	(82)%				(82)%
Stock-based compensation expense	90.7				90.7
Change in fair value of contingent consideration	0.2				0.2
Acquisition related costs	0.7				0.7
Amortization of intangibles	0.4				0.4
Loss from operations - Non-GAAP	\$ (44.4)				\$ (44.4)
Operating Margin - Non-GAAP	(27)%				(27)%
Net loss - GAAP	\$(162.2)				\$(162.2)
Stock-based compensation expense	90.7				90.7
Change in fair value of contingent consideration	0.2				0.2
Acquisition related costs	0.7				0.7
Amortization of intangibles	0.4				0.4
Loss on debt extinguishment	3.3				3.3
Warrant MtM	21.1				21.1
Income tax-related adjustments	(2.1)				(2.1)
Net loss - Non-GAAP	\$ (47.8)				\$ (47.8)
Net cash (used in) provided by operating activities	\$ 4.2				\$ 4.2
Purchases of PPE	(11.9)				(11.9)
Free cash flow	\$ (7.8)				\$ (7.8)
	(5)%				(5)%
Pro forma basic and diluted EPS - GAAP	\$ (1.26)				\$ (1.26)
Stock-based compensation expense	0.71				0.71
Change in fair value of contingent consideration	0.00				-
Acquisition related costs	0.01				0.01
Amortization of intangibles	0.00				-
Loss on debt extinguishment	0.03				0.03
Warrant MtM	0.16				0.16
Income tax-related adjustments	(0.02)				(0.02)
Pro forma basic and diluted EPS - Non-GAAP	\$ (0.37)				\$ (0.37)

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