Q4 FY2024 Earnings

August 28, 2024

NUTANIX

Safe Harbor

Non-GAAP Financial Measures and Other Key Performance Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, this presentation includes the following non-GAAP financial and other key performance measures: non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP operating margin, free cash flow, Annual Contract Value Billings (or ACV Billings), Annual Recurring Revenue (or ARR), and Average Contract Duration. In computing non-GAAP financial measures, we exclude certain items such as stock-based compensation and the related income tax impact, costs associated with our acquisitions (such as amortization of acquired intangible assets, income tax-related impact, and other acquisition-related costs), costs related to the impairment and early exit of operating lease-related assets, restructuring charges, litigation settlement accruals and legal fees related to certain litigation matters, the amortization and conversion of the debt discount and issuance costs related to convertible senior notes, interest expense related to convertible senior notes, gains on divestitures, and other non-recurring transactions and the related tax impact. Non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, and non-GAAP operating margin are financial measures which we believe provide useful information to investors because they provide meaningful supplemental information regarding our performance and liquidity by excluding certain expenses and expenditures such as stock-based compensation expense that may not be indicative of our ongoing core business operating results. Free cash flow is a performance measure that we believe provides useful information to our management and investors about the amount of cash generated by the business after 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 has provided useful information to our management and investors during our transition to a subscription-based business model as it has allowed us to better track the topline growth of our business during the transition 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 takes into account variability in term lengths. We use these non-GAAP financial and key performance measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. However, these non-GAAP financial and key performance measures have limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP operating margin, and free cash flow are not substitutes for gross margin, operating expenses, operating income (loss), operating margin, or net cash provided by (used in) operating activities, respectively. There is no GAAP measure that is comparable to ACV Billings, ARR, or Average Contract Duration, so we have not reconciled the ACV Billings, ARR, or Average Contract Duration data included in this presentation to any GAAP measure. In addition, other companies, including companies in our industry, may calculate non-GAAP financial measures and key performance measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures and key performance measures as tools for comparison. We urge you to review the reconciliation of our non-GAAP financial measures and key performance measures to the most directly comparable GAAP financial measures included below in the tables captioned “Reconciliation of GAAP to Non-GAAP Profit Measures” and “Reconciliation of GAAP Net Cash Provided By Operating Activities to Non-GAAP Free Cash Flow,” and not to rely on any single financial measure to evaluate our business. This presentation also includes the following forward-looking non-GAAP financial measures as part of our first quarter fiscal 2025 outlook and/or our fiscal 2025 outlook: non-GAAP gross margin, non-GAAP operating margin, and free cash flow. We are unable to reconcile these forward-looking non-GAAP financial measures to their most directly comparable GAAP financial measures without unreasonable efforts, as we are currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact the GAAP financial measures for these periods but would not impact the non-GAAP financial measures.

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Forward Looking Statements

This presentation contains express and implied forward-looking statements, including, but not limited to, statements regarding: our business momentum and prospects; our plan to continue innovating towards our goal of being the leading platform for running applications and managing data, anywhere; our focus on delivering sustainable, profitable growth; our first quarter fiscal 2025 outlook; and our fiscal 2025 outlook.

These forward-looking statements are not historical facts and instead are based on our current expectations, estimates, opinions, and beliefs. Consequently, you should not rely on these forward-looking statements. The accuracy of these forward-looking statements depends upon future events and involves risks, uncertainties, and other factors, including factors that may be beyond our control, that may cause these statements to be inaccurate and cause our actual results, performance or achievements to differ materially and adversely from those anticipated or implied by such statements, including, among others: the inherent uncertainty or assumptions and estimates underlying our projections and guidance, which are necessarily speculative in nature; any failure to successfully implement or realize the full benefits of, or unexpected difficulties or delays in successfully implementing or realizing the full benefits of, our business plans, strategies, initiatives, vision, objectives, momentum, prospects and outlook; our ability to achieve, sustain and/or manage future growth effectively; the rapid evolution of the markets in which we compete, including the introduction, or acceleration of adoption of, competing solutions, including public cloud infrastructure; failure to timely and successfully meet our customer needs; delays in or lack of customer or market acceptance of our new solutions, products, services, product features or technology; macroeconomic or geopolitical uncertainty; our ability to attract, recruit, train, retain, and, where applicable, ramp to full productivity, qualified employees and key personnel; factors that could result in the significant fluctuation of our future quarterly operating results (including anticipated changes to our revenue and product mix, the timing and magnitude of orders, shipments and acceptance of our solutions in any given quarter, our ability to attract new and retain existing end-customers, changes in the pricing and availability of certain components of our solutions, and fluctuations in demand and competitive pricing pressures for our solutions); our ability to form new or maintain and strengthen existing strategic alliances and partnerships, as well as our ability to manage any changes thereto; our ability to make share repurchases; and other risks detailed in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023 filed with the U.S. Securities and Exchange Commission, or the SEC, on September 21, 2023 and our subsequent Quarterly Reports on Form 10-Q filed with the SEC. Additional information will be set forth in our Annual Report on Form 10-K for the fiscal year ended July 31, 2024, which should be read in conjunction with this presentation and the financial results included herein. Our SEC filings are available on the Investor Relations section of our website at ir.nutanix.com and on the SEC's website at www.sec.gov. These forward-looking statements speak only as of the date of this presentation and, except as required by law, we assume no obligation, and expressly disclaim any obligation, to update, alter or otherwise revise any of these forward-looking statements to reflect actual results or subsequent events or circumstances.

Q4 and FY'24 Company Highlights

Delivered Outperformance Across All Q4'24 and FY'24 Guided Metrics	FY'24 Revenue of $2.15 billion was up 15% year-over-year and FY'24 Free Cash Flow (FCF) was $598 million, almost 3x higher than FY'23.
Strong FY'24 Rule of 40 Score	FY'24 Revenue growth of 15% plus a FY'24 FCF Margin of 28% resulted in a Rule of 40 score of 43.
Strong New Logo Performance	Added 670 new logos in Q4'24 - the highest in 3 years - benefiting from go-to-market leverage from partners and new programs.
Posted First Annual GAAP Operating Profit in FY'24	Reported first full-year positive GAAP operating profit of $8 million in FY'24 - another important milestone for the Company.

Note: See Appendix for a GAAP to Non-GAAP reconciliation of free cash flow.

Management Commentary

"Our fourth quarter was a solid finish to a fiscal year that showed good progress on our financial model with solid top line growth and sharp year-over-year improvement in profitability. In fiscal 2024, we also made notable progress on partnerships, signing new or enhanced agreements with Cisco, NVIDIA and Dell, and continued to innovate towards our goal of being the leading platform for running applications and managing data, anywhere.

Rajiv Ramaswami
President and Chief Executive Officer
Nutanix

"Our fiscal 2024 results demonstrated a good balance of top and bottom line performance with 22% year-over-year ARR growth, strong free cash flow generation and our first full year of positive GAAP operating income. We remain focused on delivering sustainable, profitable growth.

Rukmini Sivaraman
Chief Financial Officer
Nutanix

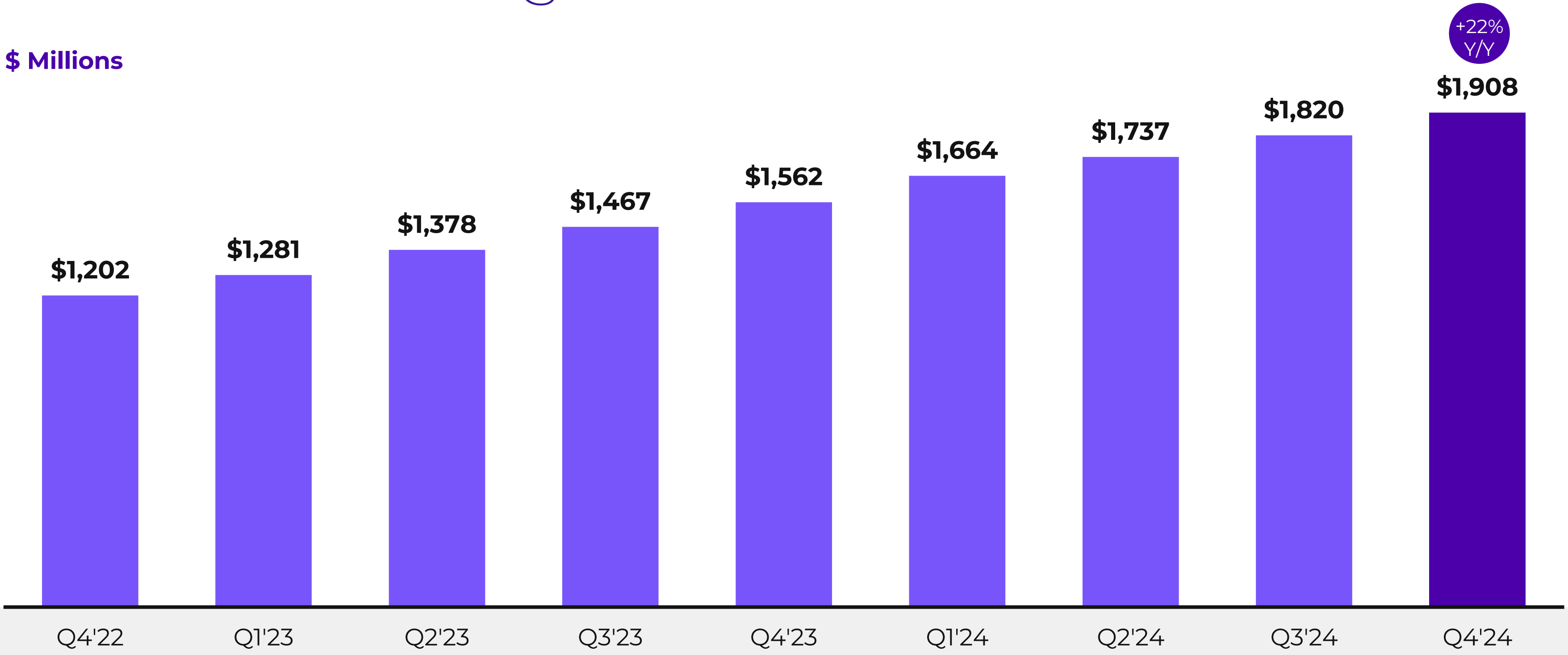
Note: See Appendix for a GAAP to Non-GAAP reconciliation of free cash flow. See Appendix for definition of Annual Recurring Revenue (ARR). There is no GAAP measure that is comparable to ARR, so the Company has not reconciled ARR in this presentation to any GAAP measure.

Q4 FY2024 Financial Summary

	Q4'24 Results	Y/Y Change	Q4'24 Guidance
ACV Billings	$338.0M	21%	$295 – $305M
Annual Recurring Revenue	$1.91B	22%	N/A
Average Contract Duration	3.1 Years	0.1 Year	N/A
Revenue	$548.0M	11%	$530 – $540M
Non-GAAP Gross Margin	86.9%	110 bps	85% to 86%
Non-GAAP Operating Expenses	$405.5M	12%	N/A
Non-GAAP Operating Income	$70.5M	$6.9M	N/A
Non-GAAP Operating Margin	12.9%	0% pts	9% to 10%
Non-GAAP Net Income per Share (Diluted)	$0.27	$0.03	N/A
Free Cash Flow	$224.3M	$178.8M	N/A

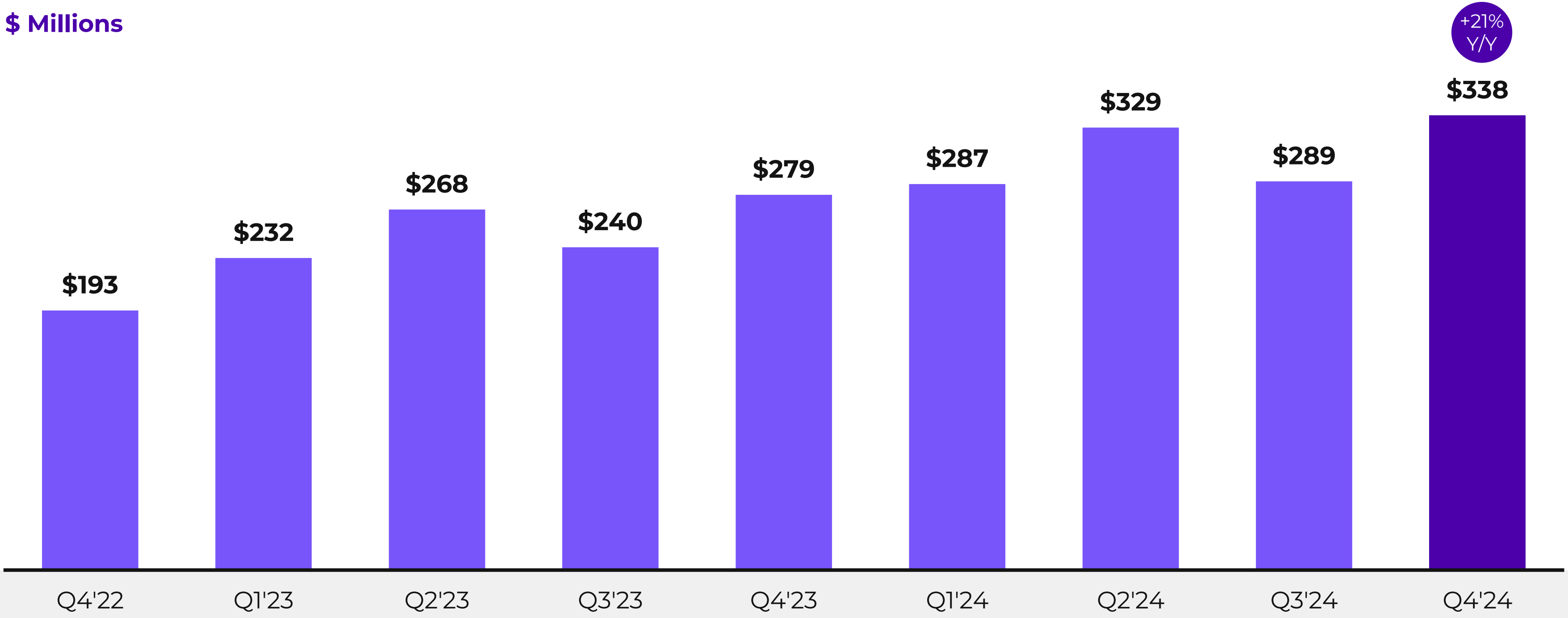
Note: See Appendix for GAAP to Non-GAAP reconciliations, as well as definitions of ACV, ACV Billings, Annual Recurring Revenue, and Average Contract Duration. There is no GAAP measure that is comparable to ACV Billings or Annual Recurring Revenue, so the Company has not reconciled ACV Billings and Annual Recurring Revenue in this presentation to any GAAP measure.

Annual Recurring Revenue



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

ACV Billings

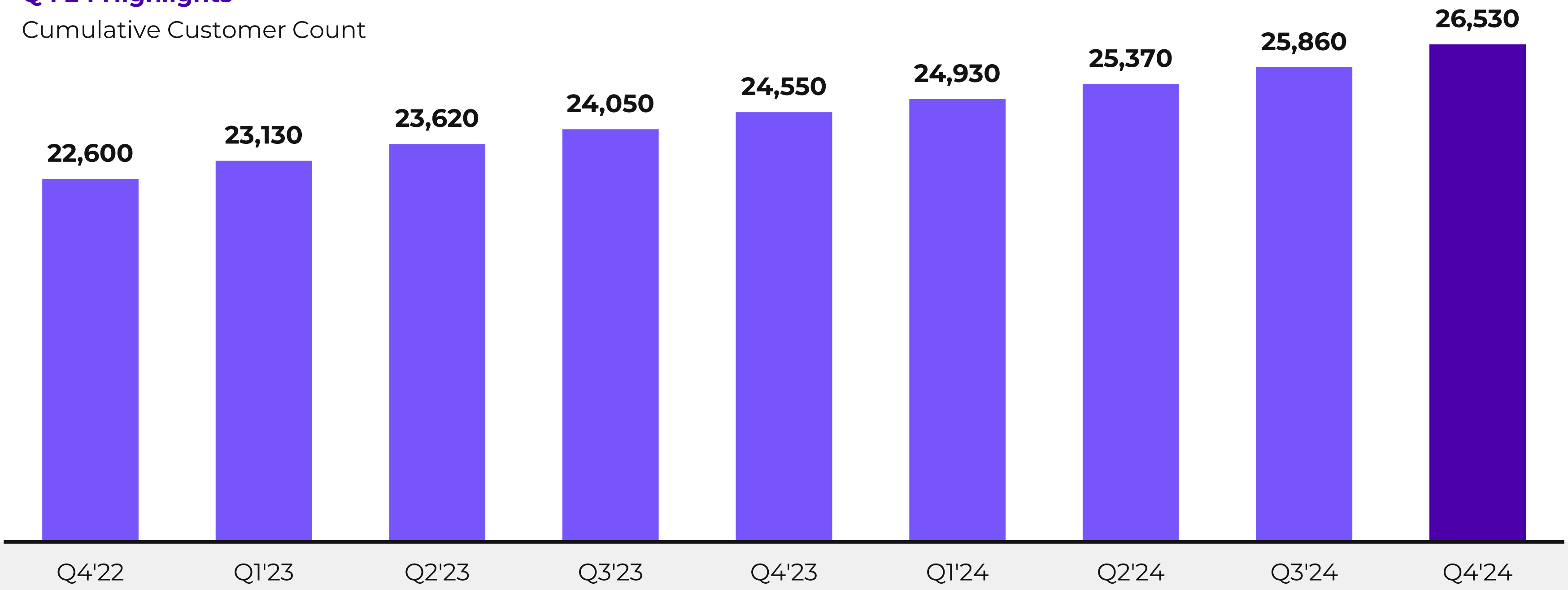


Note: ACV Billings exclude amounts related to professional services and hardware. See Appendix for definition of ACV Billings. There is no GAAP measure that is comparable to ACV Billings, so the Company has not reconciled ACV Billings in this presentation to any GAAP measure.

Customer Growth

Q4’24 Highlights

Cumulative Customer Count



Note: The cumulative customer count reflects standard adjustments/consolidation to certain customer accounts within our system of record and is rounded to the nearest 10.

Q1’25 Financial Guidance

	Q1’25 Guidance
Revenue	$565 – $575M
Non-GAAP Operating Margin	14.5% to 15.5%
Weighted Average Shares Outstanding (Diluted)[(1)]	~287M

1. See endnote 1 in the Appendix.
Note: Q1’25 guidance is as of August 28, 2024.

FY'25 Financial Guidance

	FY'25 Guidance
Revenue	$2.435 – $2.465B
Non-GAAP Operating Margin	15.5% to 17.0%
Free Cash Flow	$540 – $600M

Guidance Commentary:

1. As previously mentioned at the Company's 2023 Investor Day, the Company is streamlining its metrics by not guiding or disclosing ACV Billings starting in FY25. ACV Billings was intended as a transitional metric during the Company's subscription evolution, and the Company believes that now is the time to evolve away from that metric. The Company is also no longer guiding to Non-GAAP Gross Margin, which was previously useful as the Company navigated its business model changes leading to significant improvements in Non-GAAP Gross Margin. The Company will continue to guide to Revenue, Non-GAAP Operating Margin and Free Cash Flow on an annual basis; and to guide to Revenue and Non-GAAP Operating Margin for the subsequent quarter.
2. Moving on to assumptions in the Company's guidance, the Company is seeing continued and significant land and expand opportunities for its solutions. However, the Company continues to see a higher mix of larger deals in its pipeline, which is driving greater variability in its land and expand bookings. These larger opportunities often involve strategic decisions and C-suite approvals, causing them to take longer to close, and to have greater variability in timing, outcome and deal structure. And as the Company mentioned previously, it has continued to see a modest elongation of average sales cycles relative to historical levels.
3. The guidance assumes that renewals will continue to perform well in FY25.
4. The full-year guidance assumes that average contract duration would be flat to slightly lower compared to FY24, as renewals continue to grow as a percentage of the Company's billings.
5. The Non-GAAP Operating Margin guidance assumes incremental, prudent investments in Sales & Marketing and R&D, targeted towards addressing the Company's large market opportunity. It also factors in the annualized run-rate of the incremental investments the Company made in FY24. It also assumes a $20-25 million headwind in operating expenses relative to FY24, from payments related to one of the Company's partnership agreements: specifically, there was about $44 million of this benefit to the R&D operating expense line in FY24, and the Company anticipates it to be $20-25 million in FY25.
6. The Free Cash Flow guidance reflects an approximately $30 million headwind relative to FY24, from lower interest income as a result of the Company's lower invested cash, due to the cash payment on the conversion of the 2026 convertible notes. The Company expects Free Cash Flow in FY25 to also benefit from approximately $30 million in non-recurring payments related to a partnership agreement, similar to the benefit in FY24. It is expected to tail off towards the end of FY25.

Note: FY'25 guidance is as of August 28, 2024.

Appendix

Nutanix Reporting Model

Product Type	Product Mix	Contract Duration	Revenue Recognized
Subscription	Term-based Subscription	1, 3, or 5 Years	Upfront
	SaaS Subscription	Monthly up to 5 Years	Ratable
	Support and Entitlements	1, 3, or 5 Years	Ratable
Professional Services	Professional Services for All Nutanix Offerings	Various	As Performed
Other Non-Subscription Product			
Non-Portable Software	Software License Attached to Appliance	Life of the Device (LoD)	Upfront
Pass-Through Hardware	Pass-Through Hardware Cost	N/A	Upfront

Endnote and Definitions

Endnote

1. Weighted average share count used in computing diluted non-GAAP net income per share.

Definitions

Annual Contract Value, or **ACV**, is defined as the total annualized value of a contract. The total annualized value for a contract is calculated by dividing the total value of the contract by the number of years in the term of such contract, using, where applicable, an assumed term of five years for life-of-device contracts that do not have a specified term. Excludes amounts related to professional services and hardware. **ACV Billings**, for any given period, is defined as the sum of the ACV for all contracts billed during the given period. The Company will discontinue reporting ACV Billings beginning with the Company's first quarter fiscal 2025 financial results.

Annual Recurring Revenue, or **ARR**, for any given period, is defined as the sum of ACV for all subscription contracts in effect as of the end of a specific period. For the purposes of this calculation, we assume that the contract term begins on the date a contract is booked, unless the terms of such contract prevent us from fulfilling our obligations until a later period, and irrespective of the periods in which we would recognize revenue for such contract. Excludes all life-of-device contracts.

Average Contract Duration, 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.

Note: ACV and ACV Billings are performance measures that the Company believes provide useful information to its management and investors as they allow the Company 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. ARR is a performance measure that the Company believes provides useful information to its management and investors as it allows the Company to better track the topline growth of its subscription business because it takes into account variability in term lengths. There is no GAAP measure that is comparable to ACV, ACV Billings, or ARR so the Company has not reconciled the ACV, ACV Billings, or ARR numbers included in this presentation to any GAAP measure.

Transition to Net Share Settlement

During Q2'24, Nutanix began funding withholding taxes due on the vesting of employee RSUs by net share settlement rather than our previous "sell-to-cover" approach.

What Does This Mean?

- When employee RSUs vest each quarter, Nutanix withholds shares that would be otherwise deliverable to the employee having a value equal to the minimum amount necessary to satisfy withholding taxes due on the vesting of employee RSUs and Nutanix uses its cash to pay these withholding taxes on the employees' behalf.

- Historically, Nutanix's sell-to-cover approach involved selling a portion of the newly-vested shares in the open market to cover withholding taxes due on the vesting of employee RSUs.

How are Shareholders Affected by This Change?

- **No open market sales of shares** - shares to cover withholding taxes of employee RSU vesting are no longer sold in the open market post the RSU vesting date.
- **Fewer shares outstanding** - the shares purchased from employees to cover their tax withholding are retired, resulting in a lower share count than if the sell-to-cover method were used.
- **Free cash flow not affected** - cash outflows to pay withholding taxes related to net share settlement are reflected in cash flows from financing activities and therefore do not affect the calculation of free cash flow.
- **Quarterly cash outflow will vary** - in Q3'24 and Q4'24, net share settlement resulted in cash outflows of $58 million and $50 million, respectively. We would expect cash outflows from net share settlement to vary in future quarters depending on the number of employee RSUs vesting and the then market price of shares.

GAAP to Non-GAAP Reconciliations

	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	FY'24
Gross Margin (GAAP)	83.7%	84.0%	85.6%	84.8%	85.2%	84.9%
Stock-Based Compensation Expense	1.7	1.7	1.6	1.6	1.6	1.6
Amortization of Intangible Assets	0.4	0.2	0.1	0.1	0.1	0.2
Gross Margin (Non-GAAP)	85.8%	85.9%	87.3%	86.5%	86.9%	86.7%
Operating Expenses (GAAP)	$425.1	$434.8	$446.6	$456.5	$479.2	$1,817.1
Stock-Based Compensation Expense	(64.2)	(75.0)	(77.1)	(74.3)	(73.4)	(299.7)
Amortization of Intangible Assets	(0.1)	–	(0.1)	(0.1)	(0.1)	(0.3)
Restructuring Charges	–	–	0.2	–	–	0.2
Litigation-Related Costs	(0.2)	–	–	(1.7)	(0.2)	(2.0)
Other	–	–	(0.2)	–	–	(0.2)
Operating Expenses (Non-GAAP)	$360.6	$359.8	$369.4	$380.4	$405.5	$1,515.1
(Loss) Income from Operations (GAAP)	$(11.4)	$(5.7)	$37.1	$(11.5)	$(12.2)	$7.6
Stock-Based Compensation Expense	72.6	84.0	86.0	82.3	81.6	333.8
Amortization of Intangible Assets	2.2	1.2	0.8	0.8	0.9	3.7
Restructuring Charges	–	–	(0.2)	–	–	(0.2)
Litigation-Related Costs	0.2	–	–	1.7	0.2	2.0
Other	–	–	0.2	–	–	0.2
Income from Operations (Non-GAAP)	$63.6	$79.5	$123.9	$73.3	$70.5	$347.1

Note: All amounts in millions, except percentages.

GAAP to Non-GAAP Reconciliations

	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	FY'24
Net (Loss) Income (GAAP)	$(13.3)	$(15.9)	$32.8	$(15.6)	$(126.1)	$(124.8)
Stock-Based Compensation Expense	72.6	84.0	86.0	82.3	81.6	333.8
Amortization of Intangible Assets	2.2	1.2	0.8	0.8	0.9	3.7
Restructuring Charges	–	–	(0.2)	–	–	(0.2)
Litigation-Related Costs	0.2	–	–	1.7	0.2	2.0
Amortization and Conversion of Debt Discount and Issuance Costs	16.3	16.3	16.6	16.9	119.5	169.4
Gain on Frame Divestiture	(11.0)	–	–	–	–	-
Other	–	0.9	0.1	(0.1)	(0.2)	0.8
Income Tax-Related Adjustments	0.5	0.3	0.2	(0.8)	(0.2)	(0.5)
Net Income (Non-GAAP)	$67.5	$86.8	$136.3	$85.2	$75.7	$384.2
Net Cash Provided by Operating Activities	$58.3	$145.5	$186.4	$96.3	$244.7	$672.9
Purchases of Property and Equipment	(12.8)	(13.0)	(23.8)	(18.0)	(20.4)	(75.2)
Free Cash Flow (Non-GAAP)	$45.5	$132.5	$162.6	$78.3	$224.3	$597.7

	Q4'23	Q4'24
Weighted Average Shares Outstanding (Basic)	238M	248M
Weighted Average Shares Outstanding (Diluted)	286M	285M

Note: All amounts in millions.

Thank You