

# Corporate Overview

August 2023

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, non-GAAP net income per share (diluted), free cash flow, Annual Contract Value Billings (or ACV Billings), Annual Recurring Revenue (or ARR), and Average Contract Term. 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 change in fair value of the derivative liability, the amortization of the debt discount and issuance costs, interest expense related to convertible senior notes, loss on debt extinguishment, 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, non-GAAP operating margin, and non-GAAP net income per share (diluted) 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 it allows 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 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, non-GAAP net income per share (diluted), and free cash flow are not substitutes for gross margin, operating expenses, operating income or loss, operating margin, net income or loss per share, 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 Term, so we have not reconciled the ACV Billings, ARR, or Average Contract Term 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 tables captioned "GAAP to Non-GAAP Reconciliations" included in the appendix hereto, 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 Q1'24 financial guidance and/or our FY'24 financial guidance: 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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# Safe Harbor

## Forward Looking Statements

This presentation and the accompanying oral commentary contain express and implied forward-looking statements, including, but not limited to, statements regarding: our business plans, strategies, initiatives, vision, objectives, and outlook (including our growth plan) as well as our ability to execute thereon successfully and in a timely manner and the benefits and impact thereof on our business, operations, and financial results (including our first quarter fiscal 2024 outlook, our fiscal 2024 outlook, and our plans for share repurchases); the impact of our transition to a subscription-based business model, our ability to manage, complete or realize the benefits of such transition successfully and in a timely manner, and the short-term and long-term impacts of such transition on our business, operations and financial results; the competitive market, including our competitive position and ability to compete effectively, the competitive advantages of our products, our projections about our market share and opportunity, and the effects of increased competition in our market; our ability to attract new end customers and retain and grow sales from our existing end customers; our customer needs and our response to those needs; our ability to form new, and maintain and strengthen existing, strategic alliances and partnerships and address macroeconomic supply chain shortages, including our relationships with our channel partners and original equipment manufacturers, and the impact of any changes to such relationships on our business, operations and financial results; the benefits and capabilities of our platform, solutions, products, services and technology, including the interoperability and availability of our solutions with and on third-party platforms; our plans and expectations regarding new solutions, products, services, product features and technology, including those that are still under development or in process; our plans regarding, and the timing and success of, our customer, partner, industry, analyst, investor and employee events and the impact thereof on our business, operations, and financial results; and our decision to use new or different metrics, or to make adjustments to the metrics we use, to supplement our financial reporting, and the impact thereof.

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: 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, and objectives; our ability to achieve, sustain and/or manage future growth effectively; delays or unexpected accelerations in our current and future business model transitions; our ability to resolve the third-party software usage matter within estimates; our ability to remediate the previously disclosed material weakness; matters arising out of the previously disclosed completed Audit Committee investigation (including litigation and regulatory risks); 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, including supply chain issues; factors that could result in the significant fluctuation of our future quarterly operating results, including, among other things, anticipated changes to our revenue and product mix, including changes as a result of our transition to a subscription-based business model, 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, attrition among sales representatives or other employees; issues related to strategic alliances and partnerships; our ability to make share repurchases, including the possibility that the share repurchase program may be suspended or discontinued; and other risks detailed in our Annual Report on Form 10-K for the fiscal year ended July 31, 2022 filed with the U.S. Securities and Exchange Commission, or the SEC, on September 21, 2022, our Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2022 filed with the SEC on December 7, 2022, our Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2023 filed with the SEC on May 24, 2023, and our Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2023 filed with the SEC on June 2, 2023. Additional information will also be set forth in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023, 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](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, 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.

# NUTANIX

**Leader in a Fast-Growing HCI Market**

Addressing \$30B<sup>1</sup> TAM by FY25

**Substantial Opportunity in Adjacent Markets**

\$30B<sup>1</sup> TAM in Adjacent Markets by FY25

**One Platform for Hybrid Multicloud**

Offering Unparalleled Simplicity Across Private and Public Clouds

**Best-In-Class NPS of 90**

Helps Drive Strong Retention Rates

**Go-To-Market Leverage**

via Renewals, Solutions, Partnerships and Digital Marketing



See Section Titled "Market Opportunity Data" in Appendix for Additional Details Regarding the Market Opportunity Data Above.

(1) Total Addressable Market in 2025

# Our Future

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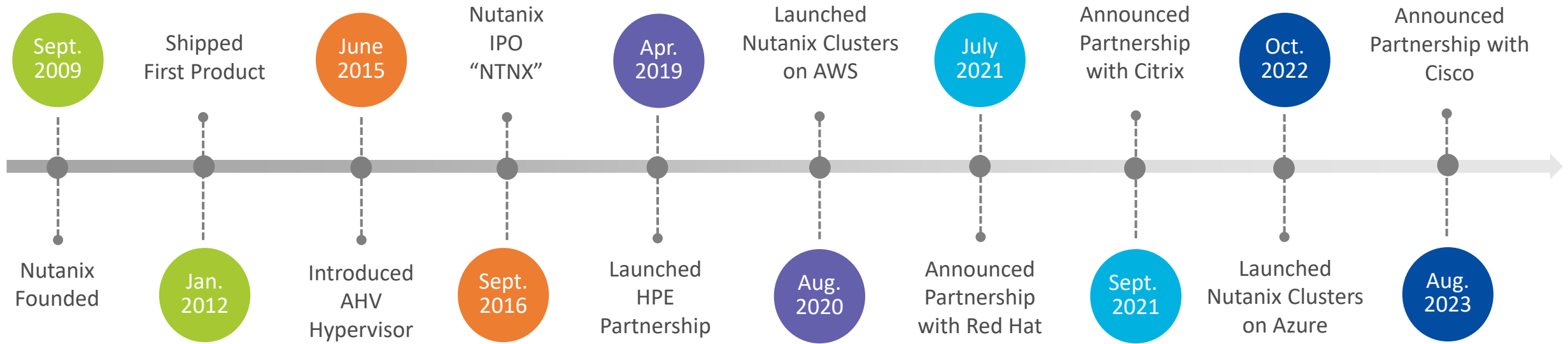
## Our Vision

We make hybrid multicloud simple and free customers to focus on achieving their business outcomes

## Our Mission

Delight customers with an open hybrid multicloud platform with rich data services to run and manage any application, anywhere

# A Decade of Progress



# Nutanix's Evolution

On-Prem	▶	Hybrid Multicloud
Great Products	▶	At-Scale Solutions
Do It Yourself	▶	Leverage Partnerships
Land and Expand	▶	Land, Adopt, Expand, Renew
Physical-First Marketing	▶	Digital-First Marketing
Spend to Fuel Growth	▶	Disciplined Investments
Opportunity Diversity	▶	Diversity as Differentiator

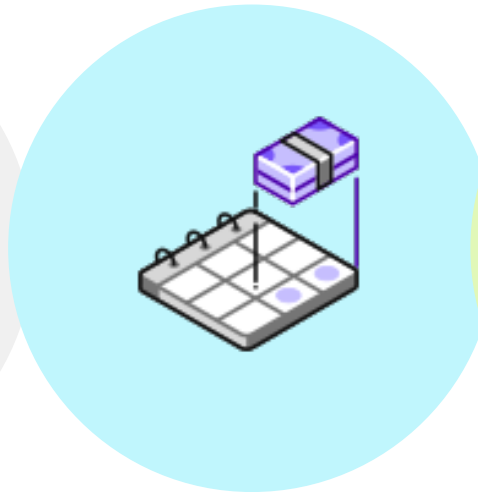
# Proven Business Outcomes



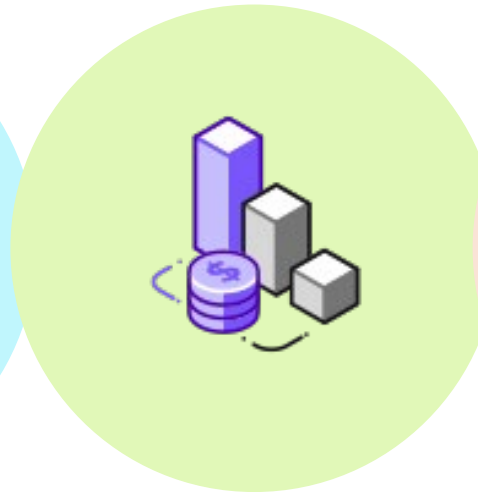
**43%**  
Lower  
Five-Year TCO



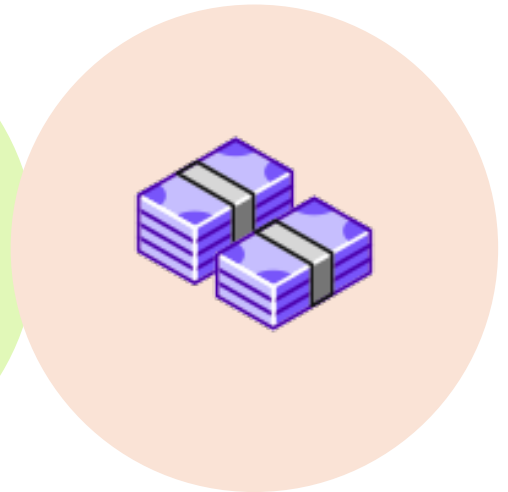
**97%**  
Less  
Unplanned  
Downtime



**12**  
Months to  
Payback



**356%**  
Five-Year ROI



**\$7.6M**  
Revenue  
Gained or  
Protected per  
Year



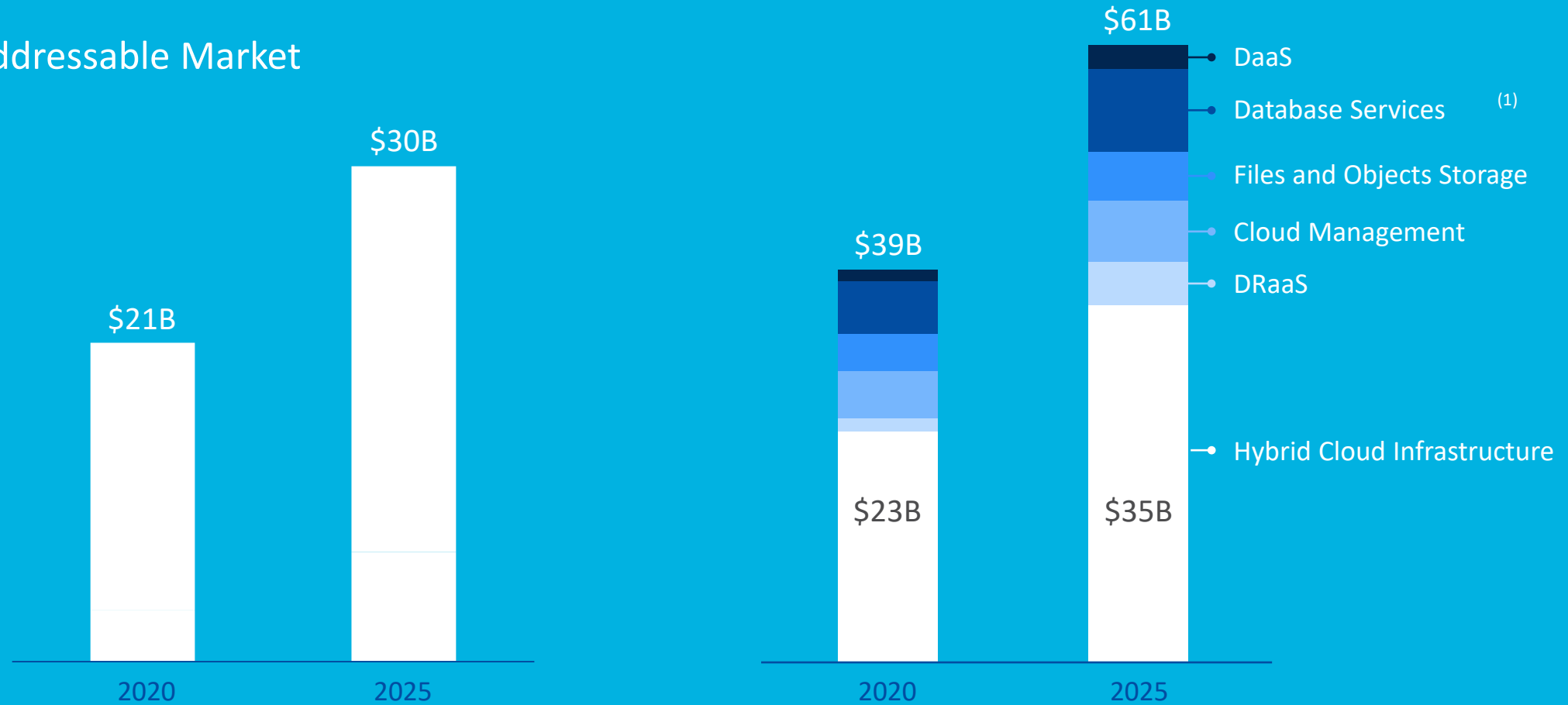
# Leader in Fast-Growing HCI Market

Gartner Magic Quadrant for HCI Nov 2021



# Addressing a Large Core and Adjacent TAM

## HCI Addressable Market

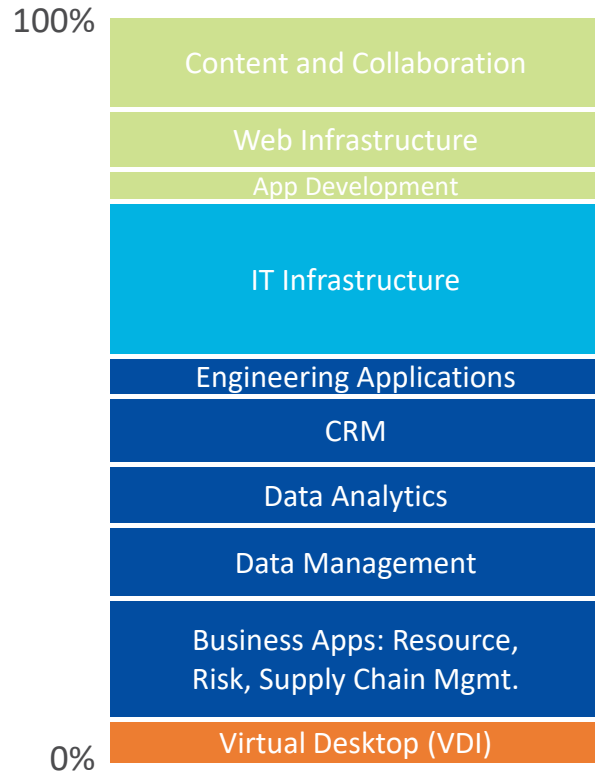


Core Hybrid Cloud TAM expected to reach \$35B by FY25  
Adjacent Market TAM expected to reach \$26B by FY25

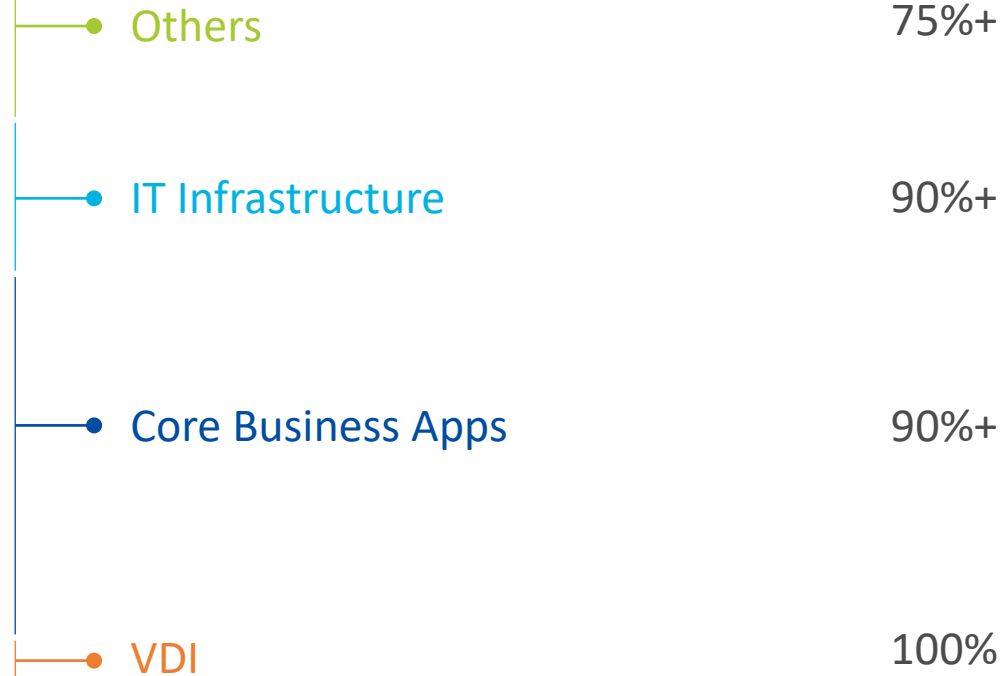
See Section Titled "Market Opportunity Data" in Appendix for Additional Details.  
(1) Database services includes Database automation and Database-as-a-Service.

# Core HCI: A Platform for All Workloads

Private Cloud Workloads by Type



HCI Addressability



Opportunity for Legacy Architecture Displacement as HCI Addresses More Workloads

## We Pioneered HCI – Breaking Down IT Silos



### Datacenter Consolidation

Compute, Storage, and Network

1-Click Private Cloud

## We're Now Doing the Same in Hybrid Multicloud – Breaking Down Cloud Silos



### Cloud Consolidation

Private and Public Clouds

1-Click Hybrid Multicloud

Delivering on Our Vision of Making Clouds Invisible

# Why Nutanix Wins



**Data Centricity**  
Variety of Storage Types  
High Performance  
Data Mobility  
Built-In Security



**Power of Simplicity**  
1-Click Operations  
Zero Downtime  
Secure HCI Platform  
Self-Service IaaS  
Multicloud App Automation



**Customer Experience**  
NPS Score of 90  
7-year Average



**Choice**  
Choice of Hypervisor  
Choice of Hardware  
Choice of Cloud  
Portable Licenses



# Moved from Products to Solutions

## Focused Solutions

For HCI,  
Cloud Management,  
Database Services,  
Unified Storage,  
EUC

## Simplified Packaging, Metering and Pricing

Benefits Customers  
and Sales Reps

## Delivery Options

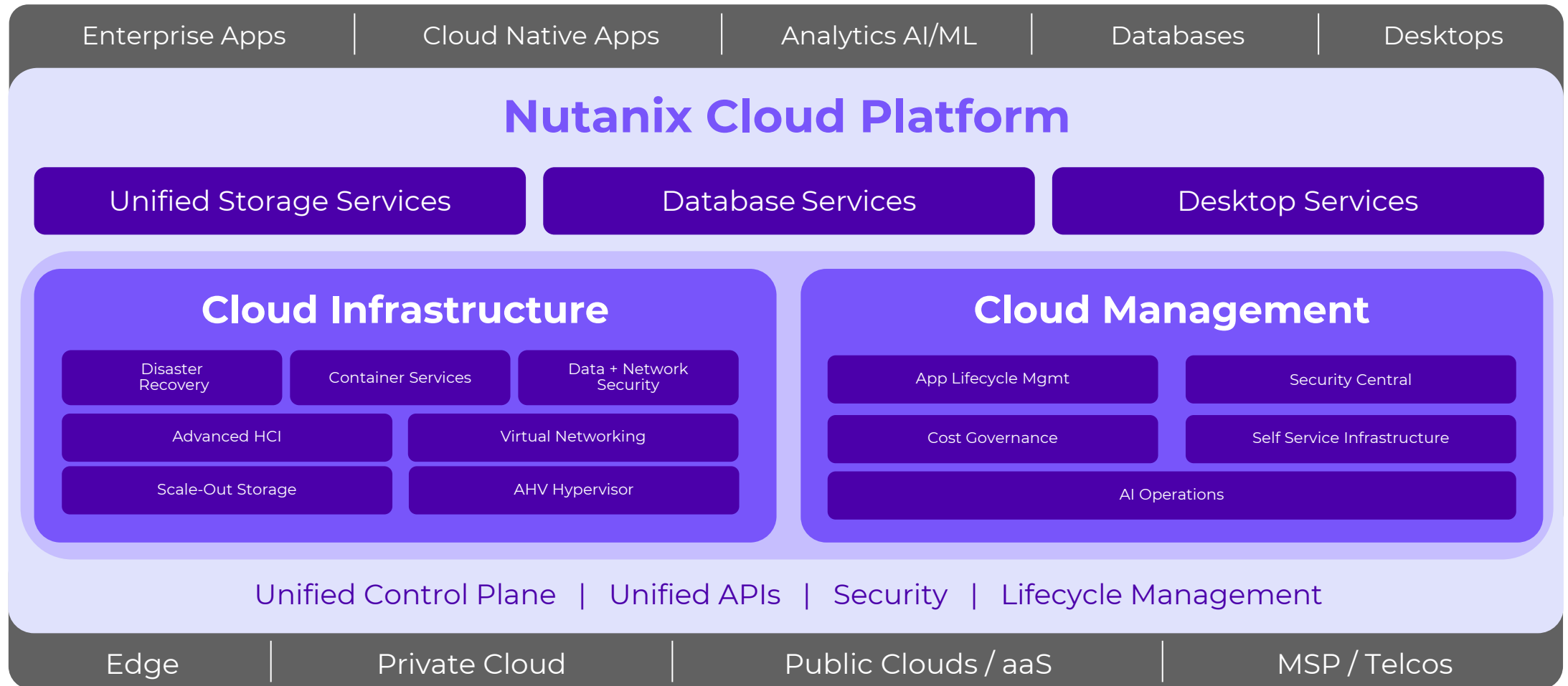
Private Cloud,  
Public Cloud and  
as-a-Service

## Aligned R&D Investments

Focusing  
on Fewer,  
Bigger Bets

Shift to Solutions Facilitates Selling and Consumption of Nutanix Cloud Platform

# One Platform for Hybrid Multicloud



# Benefiting From Efficient Subscription Go-To-Market



**Move to ACV**  
**Term Compression Improves Deal Economics**



**New ACV Productivity**  
**Increased Solution Selling and Partner Leverage**



**Subscription Renewals**  
**80% Lower Acquisition Cost at Industry Comparable GRR**



**Marketing Efficiency**  
**Digital Lead-Gen and Automation, e.g., Test Drive**





# Leverage Through Strategic Partners



750+  
Solutions  
validated  
on AHV  
Hypervisor

## Data Protection

Acronis  
arcserve®  
COHESITY  
COMMAVAULT®  
HYCU  
rubrik  
UNITRENDS  
veeam  
VERITAS®

## Network & Security

Check Point  
SOFTWARE TECHNOLOGIES LTD  
cisco  
CROWDSTRIKE  
FORTINET®  
JUNIPER  
NETWORKS  
McAfee™  
paloalto®  
NETWORKS  
Symantec.  
TREND  
MICRO

## Desktop Virtualization

citrix  
teradici®  
NVIDIA.  
IGEL®  
vmware®

## Management & Operations

ANSIBLE  
bmc  
FLEXera  
PowerShell  
servicenow.  
splunk >  
Terraform

## Apps / DevOps

CLOUDERA  
NVIDIA.  
RANCHER®  
Red Hat  
SAP  
suse

## Verticals

milestone Genetec™ AVEVA Epic MEDITECH

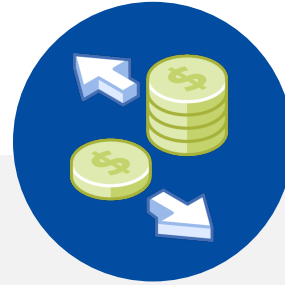


# Low-Cost Renewals Driving GTM Efficiency



## 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

Best-In-Class NPS of 90 Helps Drive Strong Retention Rates



# Shift Towards Digital Marketing Driving GTM Efficiency

Higher Quality Pipeline and Conversion with Lower Spend



Marketing Spend



Pipeline Quality



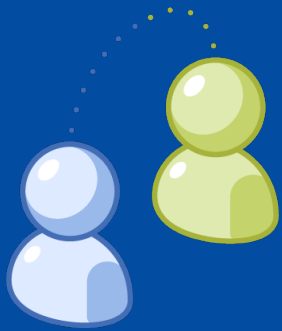
Cost of Pipeline



Conversion Rate



# Continuing to Obsess Over Customers



**24,550**  
Proven and Trusted  
by Customers<sup>1</sup>



**4.7**  
Gartner Peer Insights Score  
(4.7 out of 5)<sup>2</sup>



**90**  
Industry Leading Net  
Promoter Score



**25.8x**  
G2K Lifetime ACV Repeat  
Purchase Multiple<sup>3</sup>

Data as of 7/31/23; NPS is Calculated on a 7-year average

See Appendix for Definition of ACV

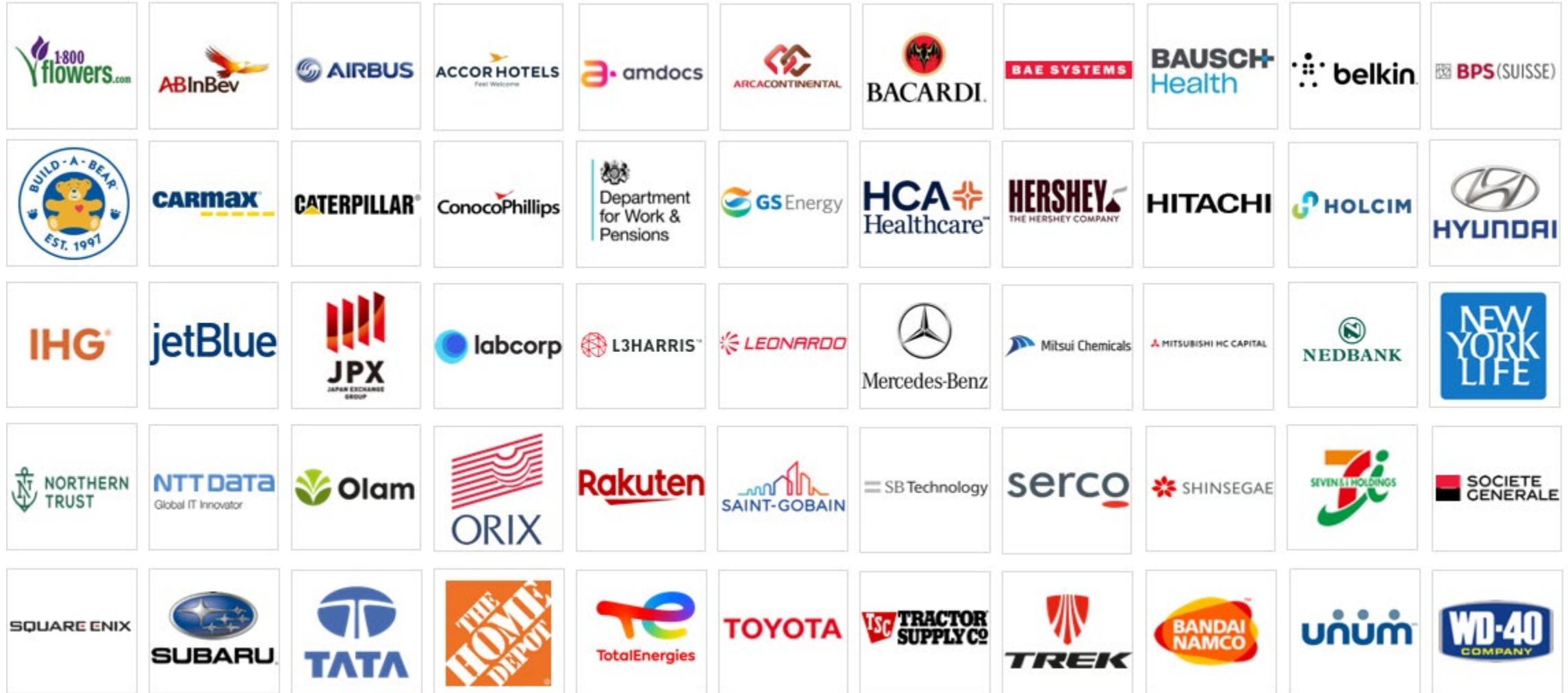
(1) See Endnote 1 in the Appendix

(2) Gartner Peer Insights ratings and reviews as of May 30, 2023. Click [here](#) for more details.

(3) See Endnote 2 in the Appendix



# Powering the World's Leading Brands Since 2009



# Customer Case Studies



“We needed to implement a highly agile application virtualization that would enable us to speedily add new applications in line with changes in the business environment. With Nutanix, we were able to quickly build a platform that enables flexible scaling out, thereby avoiding excessive initial investment.”

– Hisashi Kobayashi, IT Infrastructure Department, Group DX Strategy and Planning Division, Seven & i Holdings Co., Ltd.

[Learn More](#)



“Nutanix not only converges technologies, their software has enabled us to converge infrastructure, teams, and opportunities. By combining IT specialists into a single operations group, we can now see our end-to-end environment, work collaboratively, and make better decisions for the business.”

– Kevin Priest, Senior Director, The Home Depot

[Learn More](#)



“One of the key advantages is simplicity, since we manage all the clusters from a single console, and we are capable of automating critical activities such as loading security patches. Another great benefit we have experienced is scalability. In any relevant multinational company, the possibility of dynamically cope with the demand based on business needs has unquestionable value.”

– Francisco Javier Mollá, I&O Global Manager of Service Delivery for EMEA at Holcim Group

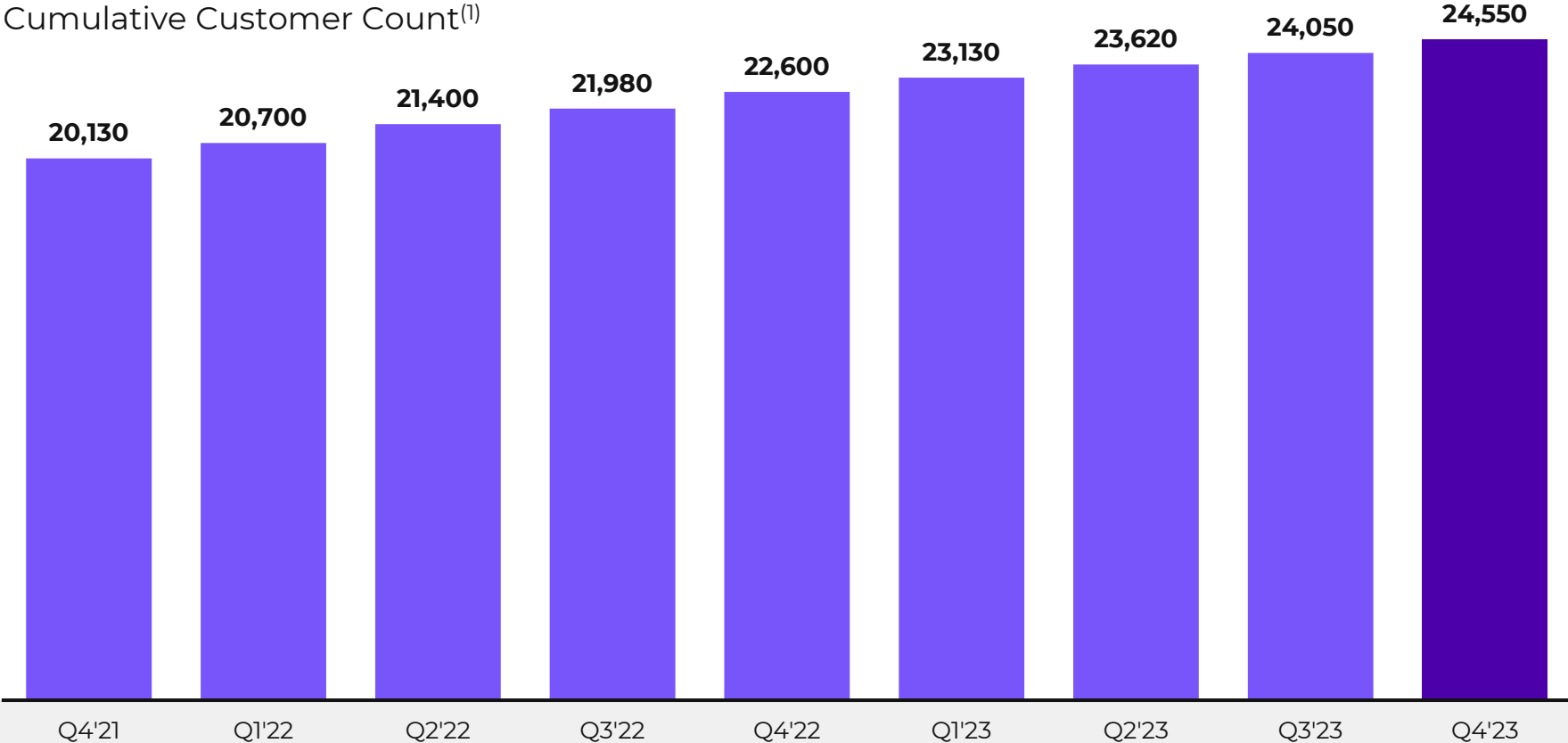
[Learn More](#)



# Customer Growth

## Q4'23 Highlights

Cumulative Customer Count<sup>(1)</sup>



**9%**  
Total Customers  
Y/Y Growth

**25.8<sup>(2)</sup>**  
G2K Lifetime ACV Repeat  
Purchase Multiple

**90 NPS**  
7-Year Average

1. The cumulative customer count reflects standard adjustments/consolidation to certain customer accounts within our system of record and is rounded to the nearest 10.  
2. See endnote 2 in the Appendix. See Appendix for definition of ACV. There is no GAAP measure that is comparable to ACV so the Company has not reconciled the ACV numbers in this presentation to any GAAP measure.

# An Experienced Leadership Team



**Rajiv Ramaswami**

President & CEO



**Mandy Dhaliwal**

Chief Marketing Officer



**Andrew Brinded**

Chief Revenue Officer



**David Sangster**

Chief Operating Officer



**Rukmini Sivaraman**

Chief Financial Officer



**Shyam Desirazu**

Head of Engineering



**Anja Hamilton**

Chief People Officer



**Tarkan Maner**

Chief Commercial Officer



**Tyler Wall**

Chief Legal Officer



**Thomas Cornely**

SVP, Product Management





# Q4 FY2023 Company Highlights

## **Delivers Outperformance Across All Fiscal Q4'23 Guided Metrics**

ACV Billings of \$279 million were up 44% year-over-year and revenue of \$494 million was up 28% year-over-year.

## **Nutanix Simplifies Customer Adoption of Generative AI with New Nutanix GPT-in-a-Box**

Announced Nutanix GPT-in-a-Box, a solution allowing customers to easily size, configure, and purchase AI-ready infrastructure to fine-tune and run generative pre-trained transformers and large language models.

## **Partnership with Cisco to Simplify Hybrid Multicloud and Fuel Business Transformation**

Announced Global Strategic Partnership with Cisco to accelerate customers' hybrid multicloud adoption, foster innovation, and provide seamless customer experience.

## **Board of Directors Authorizes Share Repurchase**

Nutanix Board of Directors authorized the repurchase of up to \$350 million of Nutanix shares.

## **Mark Templeton Appointed to Board of Directors**

Announced the appointment of Mark Templeton, an experienced technology leader with deep industry expertise, to the Board of Directors.



Note: See Appendix for definitions of ACV Billings and ACV. 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.

# Management Commentary

“

Our fourth quarter capped off a fiscal year that showed healthy year-over-year top line growth and sharp year-over-year improvements in profitability and free cash flow. Our consistent execution over the course of the year against an uncertain macro backdrop is a testament to the benefits of our subscription model, as well as the value our customers see in the Nutanix Cloud Platform as they look to modernize their IT footprints and implement hybrid multicloud operating models.



**Rajiv Ramaswami**

President and Chief Executive Officer  
Nutanix

“

Our fiscal year 2023 results demonstrated a good balance of growth and profitability and further strengthened our balance sheet. In conjunction with our earnings release, we're pleased to announce that our Board of Directors has authorized the repurchase of up to \$350 million of our stock, which we see as a reflection of confidence in the Company's long-term market opportunity and financial outlook.



**Rukmini Sivaraman**

Chief Financial Officer  
Nutanix

# Q4 FY2023 Financial Summary

	Q4'23 Results	Y/Y Change	Q4'23 Guidance
ACV Billings	\$278.7M	44%	\$240-\$250M
Annual Recurring Revenue	\$1.56B	30%	N/A
Average Contract Term	3.0 Years	(0.2) Years	N/A
Revenue <sup>(3)</sup>	\$494.2M	28%	\$470-\$480M
Non-GAAP Gross Margin	85.8%	320 bps	~84%
Non-GAAP Operating Expenses	\$360.6M	1%	N/A
Non-GAAP Operating Income	\$63.6M	\$101.4M	N/A
Non-GAAP Operating Margin	12.9%	22.7% pts	9 – 10%
Non-GAAP Net Income per Share (Diluted)	\$0.24	\$0.41	N/A
Free Cash Flow	\$45.5M	\$22.3M	N/A

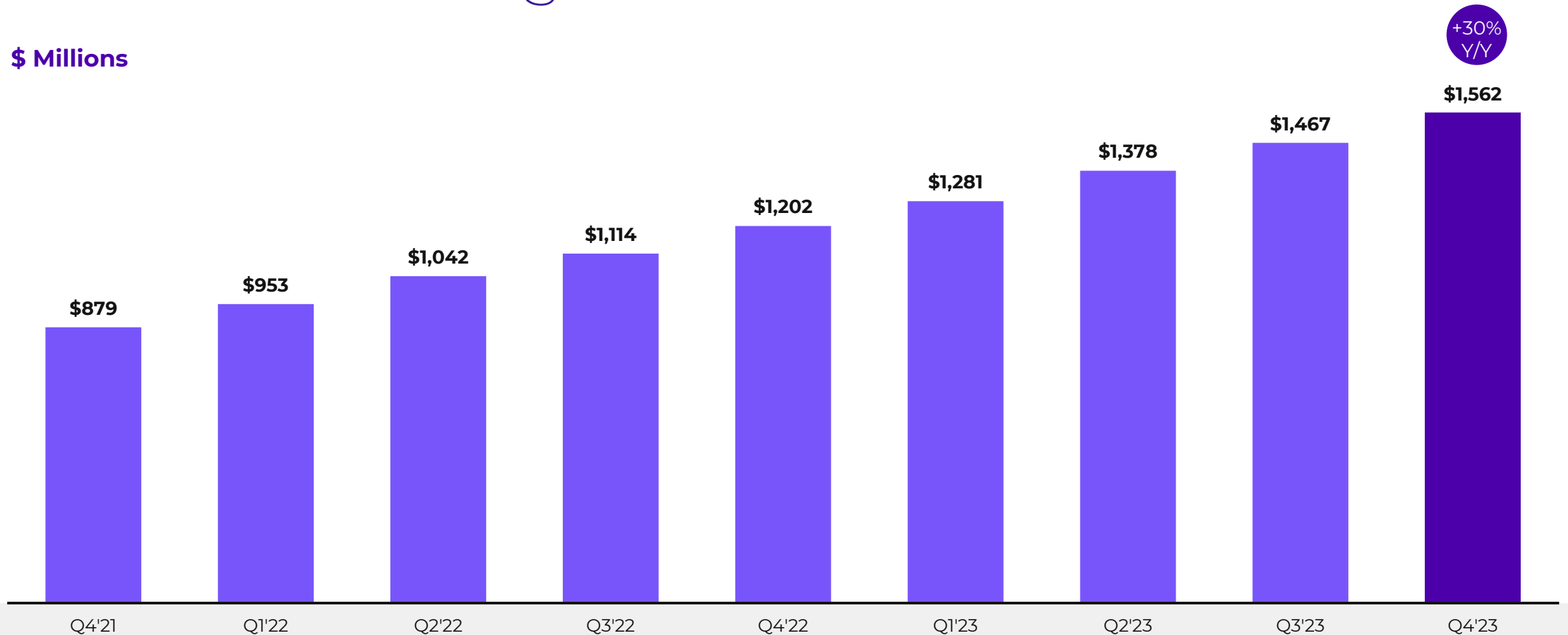
See endnote 3 in the Appendix.

Note: See Appendix for GAAP to Non-GAAP reconciliations, as well as definitions of ACV, ACV Billings, Annual Recurring Revenue, and Average Contract Term. 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

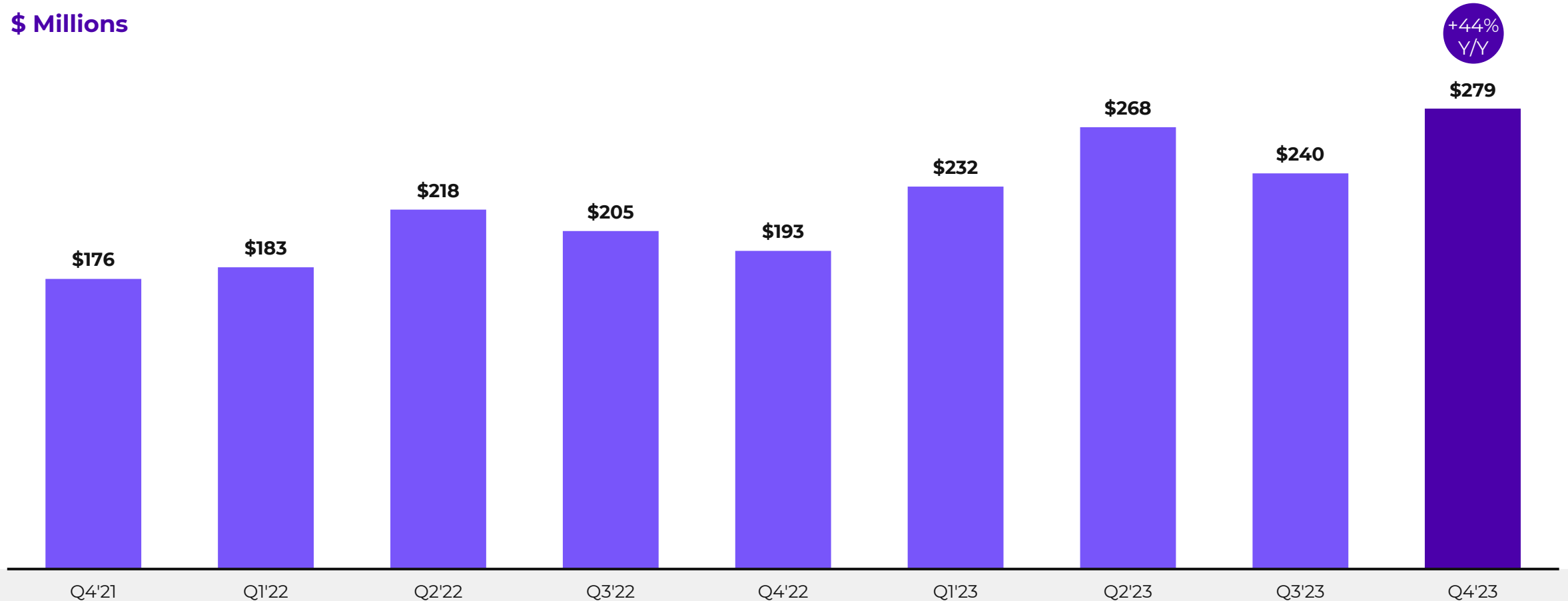
\$ Millions



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

\$ Millions

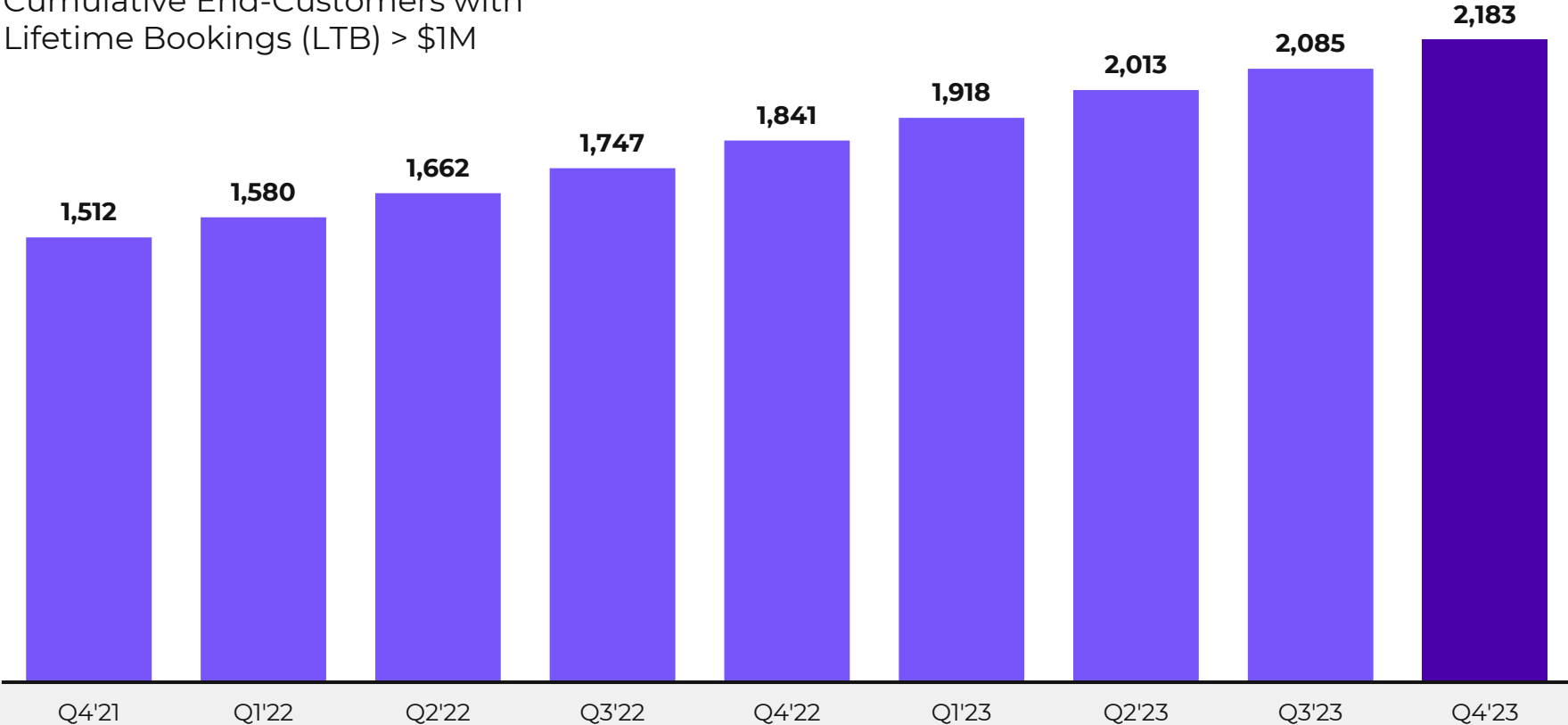


Note: ACV Billings exclude amounts related to professional services and hardware. See Appendix for definition of ACV Billings. There is no GAAP measure that is comparable to ACV Billings, so the Company has not reconciled ACV Billings in this presentation to any GAAP measure.

# Over \$1M Customer Growth

## Q4'23 Highlights

Cumulative End-Customers with Lifetime Bookings (LTB) > \$1M



<b>1,498</b> Customers \$1-\$3M in LTB	<b>+17%</b> Y/Y
<b>326</b> Customers \$3-\$5M in LTB	<b>+20%</b> Y/Y
<b>217</b> Customers \$5-\$10M in LTB	<b>+22%</b> Y/Y
<b>142</b> Customers >\$10M in LTB	<b>+29%</b> Y/Y

# Nutanix Core Values

## HUNGRY

To Be the Best



- Be **Ambitious** to achieve our dreams
- Be **Courageous** to do what matters
- Be **Tenacious** to keep customers happy

## HUMBLE

In How We Think and Act



- Be **Empathetic** to employees, customers, partners
- Be **Respectful** of differences
- Be **Appreciative** of others

## HONEST

To Do the Right Thing



- Be **Authentic** and true
- Be **Credible** – walk your talk
- Be **Transparent** for stronger collaboration

# Appendix



# Endnotes and Market Opportunity Data

## Endnote

1. Cumulative total 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 lifetime ACV repeat purchase multiple is defined as ACV of total lifetime purchase divided by ACV of initial purchase, for G2K customers that have been customers for over 18 months. G2K customers are customers who are listed on the Global 2000 list as reported and updated annually by Forbes.
3. Revenue was negatively impacted by a year-over-year decline in the average contract term, including as a result of Nutanix's transition to a subscription-based business model.

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## 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 the Company's own internal estimates and research. While the Company believes these third-party studies, publications, surveys and other data are reliable as of the date hereof, they have not been independently verified, and the Company makes no representation as to the adequacy, fairness, accuracy, or completeness of any information obtained from third-party sources.

The Company believes the Company's overall market is composed of Adjacent Markets and Hybrid Cloud Market. The Company 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 the Company's Adjacent Markets included in this presentation are the Company's estimates derived from IDC and Gartner forecasts regarding the component markets with adjustments, some of which are based on the Company's internal assumptions and market experience and knowledge, made to focus only on the segments of the applicable markets that the Company believes are applicable to the Company's business. The Company defines Hybrid Cloud Market as being composed of HCI Market and Public Cloud Market. The TAM data for the Company's Hyperconverged Infrastructure Market, or HCI Market, and Public Cloud Market included in this presentation are the Company's 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 the Company's internal assumptions and market experience and knowledge, made to focus only on the segments of the applicable markets that the Company believes are applicable to the Company's business.

# Definitions

# Endnote and Definitions

## Definitions

**ACV Billings**, for any given period, is defined as the sum of the ACV for all contracts billed during the given period. **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.

**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.

**Average Contract Term**, represents the dollar-weighted term, calculated on a billing's 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.

**New ACV** is defined as the ACV pertaining to sales to a new customer, or any up-sell / expansion sales to an existing customer.

**Total Contract Value Bookings**, or **TCV Bookings**, for any given period is defined as the total software and support contracts booked during such period, which excludes amounts associated with pass-through hardware sales during the period.

Note: ACV and ACV Billings are performance measures that the Company believes provides 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 it takes 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, ARR, New ACV, or TCV Bookings so the Company has not reconciled the ACV, ACV Billings, ARR, New ACV, or TCV Bookings numbers included in this presentation to any GAAP measure.

# GAAP to Non-GAAP Reconciliations

	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
Gross Margin (GAAP)	79.3%	81.0%	82.2%	81.6%	83.7%
Stock-Based Compensation Expense	2.4	1.7	2.1	1.9	1.7
Amortization of Intangible Assets	0.9	0.7	0.5	0.5	0.4
Gross Margin (Non-GAAP)	82.6%	83.4%	84.8%	84.0%	85.8%
Operating Expenses (GAAP)	\$(439.4)	\$(431.8)	\$(456.2)	\$(424.8)	\$(425.1)
Stock-Based Compensation Expense	(71.0)	(73.5)	(75.0)	(64.5)	(64.2)
Amortization of Intangible Assets	(0.7)	(0.3)	(0.2)	(0.2)	(0.1)
Early Exit of Leased-Related Assets	(0.6)	(0.9)	(0.8)	–	–
Restructuring Charges	(11.0)	(5.6)	0.5	–	–
Litigation settlement accrual and legal fees	–	–	(38.2)	(0.3)	(0.2)
Operating Expenses (Non-GAAP)	\$(356.1)	\$(351.5)	\$(342.5)	\$(359.8)	\$(360.6)
Loss from Operations (GAAP)	\$(133.8)	\$(80.7)	\$(56.5)	\$(58.6)	\$(11.4)
Stock-Based Compensation Expense	80.1	81.0	85.3	72.9	72.6
Amortization of Intangible Assets	4.1	3.1	2.7	2.6	2.2
Early Exit of Lease-Related Assets	0.6	0.9	0.8	–	–
Restructuring Charges	11.2	5.9	(0.5)	–	–
Litigation settlement accrual and legal fees	–	–	38.2	0.3	0.2
(Loss) Income from Operations (Non-GAAP)	\$(37.8)	\$10.2	\$70.0	\$17.2	\$63.6

Note: All amounts in millions, except percentages.



# GAAP to Non-GAAP Reconciliations

	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
Net Loss (GAAP)	\$(151.3)	\$(99.5)	\$(70.8)	\$(71.0)	\$(13.3)
Stock-Based Compensation Expense	80.1	81.0	85.3	72.9	72.6
Amortization of Intangible Assets	4.1	3.1	2.7	2.6	2.2
Early Exit of Leased-Related Assets	0.6	0.9	0.8	–	–
Restructuring Charges	11.2	5.9	(0.5)	–	–
Litigation Settlement Accrual & Legal Fees	–	–	38.2	0.3	0.2
Amortization of Debt Discount & Issuance Costs	15.5	15.7	15.9	16.2	16.3
Gain on Frame Divestiture	–	–	–	–	(11.0)
Income Tax-Related Adjustments	1.0	0.5	0.5	0.7	0.5
Net (Loss) Income (Non-GAAP)	\$(38.8)	\$7.6	\$72.1	\$21.7	\$67.5
Net Cash Provided by (Used in) Operating Activities	\$38.0	\$66.5	\$74.1	\$74.5	\$58.3
Purchase of Property and Equipment	(14.8)	(19.7)	(11.1)	(21.8)	(12.8)
Free Cash Flow (Non-GAAP)	\$23.2	\$45.8	\$63.0	\$52.7	\$45.5

	Q4'22	Q4'23
Weighted Shares Outstanding (Basic)	225M	238M
Weighted Shares Outstanding (Diluted)	225M	286M

Note: All amounts in millions, except percentages.



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Thank You