Q3 FY2023 Earnings

May 24, 2023

NUTANIX

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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 (loss), non-GAAP operating margin, non-GAAP net income per share, 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), 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, and other non-recurring transactions and the related tax impact. Non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP operating margin, and non-GAAP net income per share 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 (loss), non-GAAP operating margin, non-GAAP net income per share, and free cash flow are not substitutes for gross margin, operating expenses, operating loss, operating margin, net 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 Q4’23 financial guidance and/or our FY’23 financial guidance: non-GAAP gross margin and non-GAAP operating margin. 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 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 fourth quarter fiscal 2023 outlook, our fiscal 2023 outlook, our expectations regarding sustainable, profitable growth); our expectations regarding the incremental ongoing annual impact to operating expenses of the third-party software usage matter; our plans to implement remedial measures, including remedial measures to address the identified material weakness and strengthen our overall internal control over financial reporting; our plans for, and the timing of, any current and future business model transitions, including our ongoing transition to a subscription-based business model, our ability to manage, complete or realize the benefits of such transitions successfully and in a timely manner, and the short-term and long-term impacts of such transitions 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, our ability to remediate the identified material weakness; matters arising out of or relating to the Audit Committee investigation (including risks associated with litigation and any regulatory investigations and proceedings); 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; 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, and our Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2023 filed with the SEC on May 24, 2023. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 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 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.

Q3 FY2023 Company Highlights

Delivers Outperformance Across All Fiscal Q3'23 Guided Metrics	ACV Billings of $240 million were up 17% year-over-year and revenue of $449 million was up 11% year-over-year.
Announced Webcast Information for Investor Day 2023	Investor Day 2023 will be held in New York City on September 26, 2023. The event will be webcast live beginning at 12:30 p.m. ET / 9:30 a.m. PT. Registration is available here.
Nutanix Unifies Data Services Across Hybrid Multicloud Environments	Announced new capabilities in the Nutanix Cloud Platform to enable customers to integrate data management of containerized and virtualized applications on-premises, on public cloud, and at the edge.
Announced Nutanix Central, A Cloud to Edge Management Solution	Announced Nutanix Central, a cloud-delivered solution that provides a single console for visibility, monitoring, and management across public cloud, on-premises, hosted or edge infrastructure.
Project Beacon: Vision for Hybrid Multicloud Platform-as-a-Service	Announced Project Beacon, a multi-year effort to deliver a portfolio of data-centric Platform as a Service (PaaS) level services available natively anywhere – including on Nutanix or on native public cloud.

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 business performed well in the third quarter against an uncertain macro backdrop, as the value proposition of our cloud platform continued to resonate with customers. We are also pleased to have completed the Audit Committee investigation regarding third-party software usage and to have filed our Form 10-Q for our second quarter of fiscal 2023.

Rajiv Ramaswami
President and Chief Executive Officer
Nutanix

"Our third quarter results continued to demonstrate a good balance of growth and profitability, resulting in year-to-date ACV billings growth exceeding 20%, combined with strong year-to-date free cash flow generation. We continue to execute on our growing base of subscription renewals and remain focused on sustainable, profitable growth.

Rukmini Sivaraman
Chief Financial Officer
Nutanix

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.

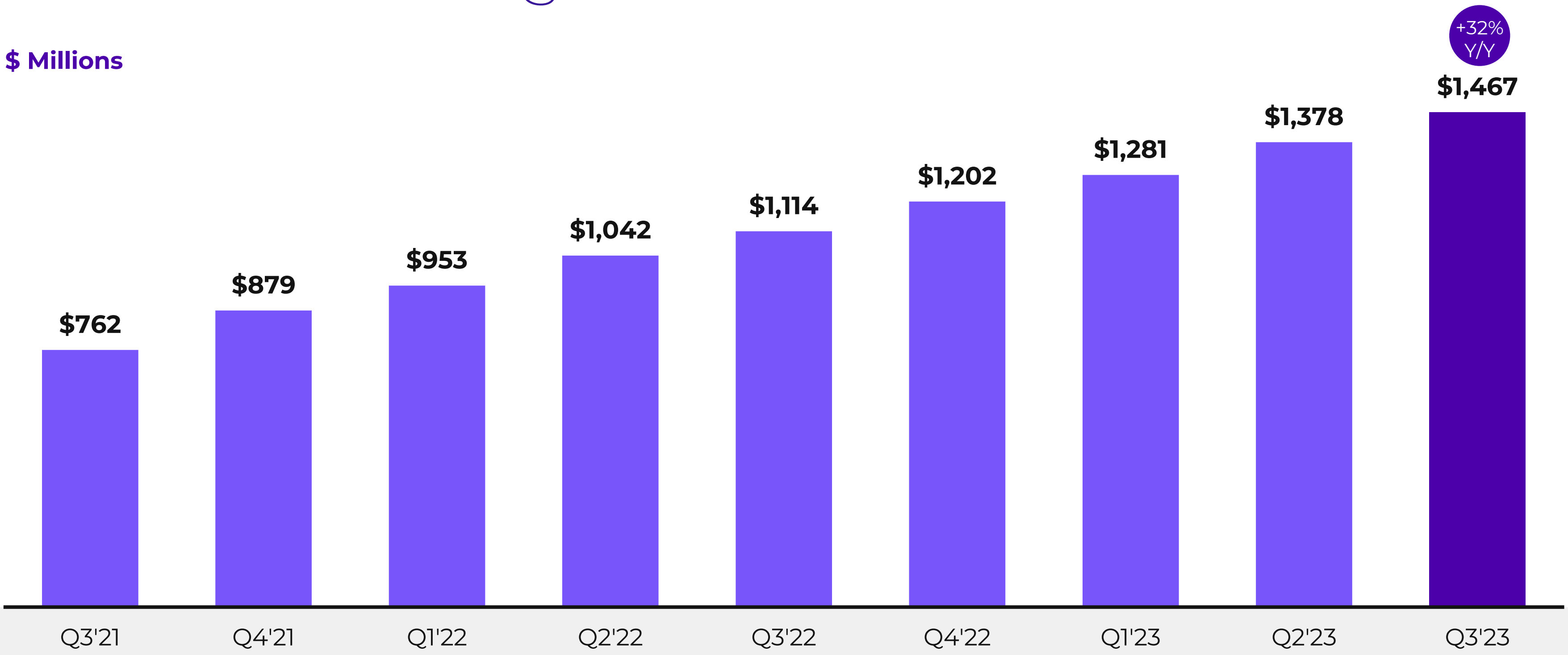
Q3 FY2023 Financial Summary[1]

	Q3'23 Results	Y/Y Change	Q3'23 Guidance
ACV Billings	$239.8M	17%	$220–$225M
Annual Recurring Revenue	$1.47B	32%	N/A
Average Contract Term	3.0 Years	(0.2) Year	N/A
Revenue	$448.6M	11%	$430–$440M
Non-GAAP Gross Margin	84.0%	70 bps	N/A
Non-GAAP Operating Expenses	$359.8M	5%	N/A
Non-GAAP Operating Income	$17.2M	$23.0M	N/A
Non-GAAP Operating Margin	3.8%	5.2% pts	N/A
Non-GAAP Net Income per Share (Diluted)	$0.08	$0.13	N/A
Free Cash Flow	$52.7M	$72.8M	N/A

1. See endnote 1 in the Appendix.

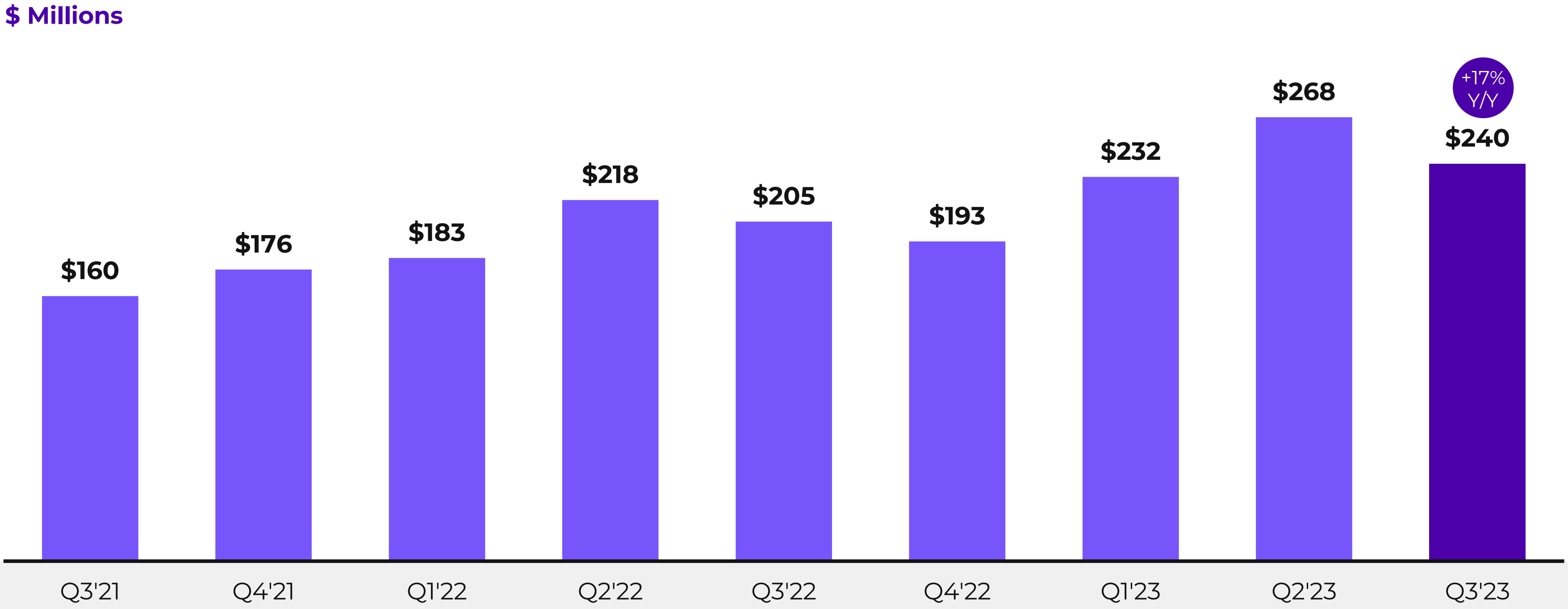
Note: See Appendix for GAAP to Non-GAAP reconciliations, as well as definitions of ACV, ACV Billings, Annual Recurring Revenue, and Average Contract Term. There is no GAAP measure that is comparable to ACV Billings or Annual Recurring Revenue, so the Company has not reconciled ACV Billings and Annual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

Annual Recurring Revenue



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

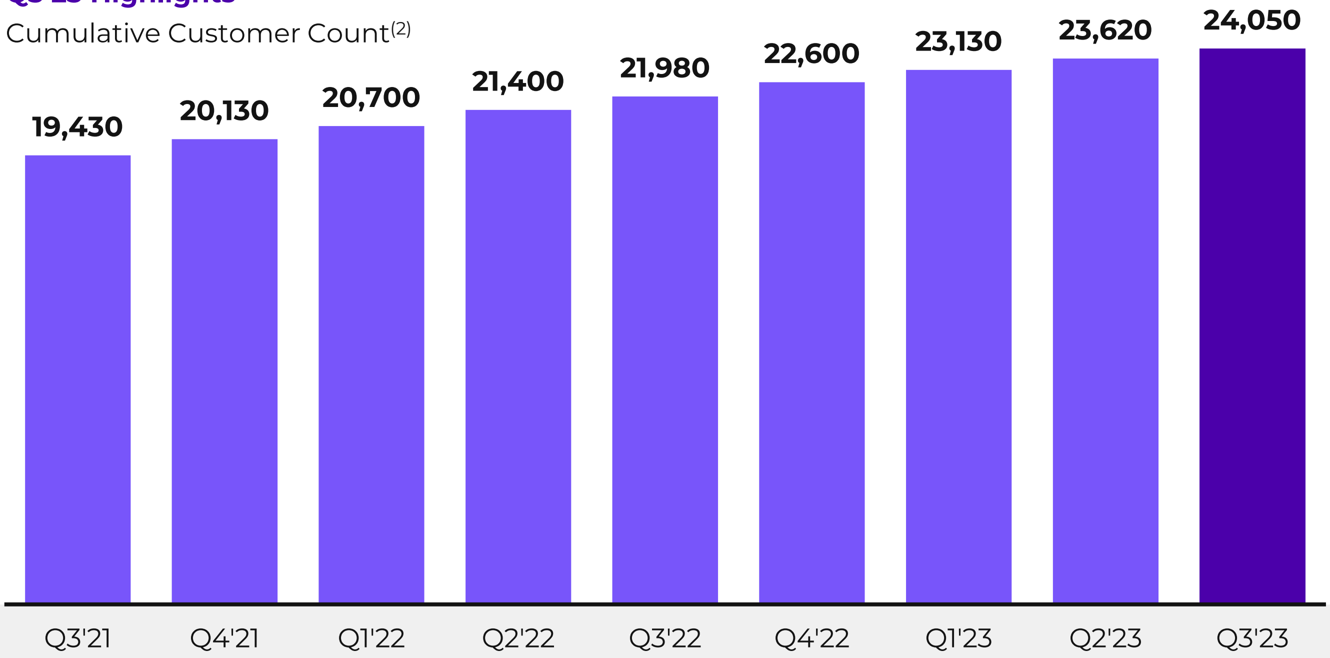


Note: ACV Billings exclude amounts related to professional services and hardware. See Appendix for definition of ACV Billings. There is no GAAP measure that is comparable to ACV Billings, so the Company has not reconciled ACV Billings in this presentation to any GAAP measure.

Customer Growth

Q3'23 Highlights

Cumulative Customer Count[2]



9%
Total Customers Y/Y Growth

24.0[2]
G2K Lifetime ACV Repeat Purchase Multiple

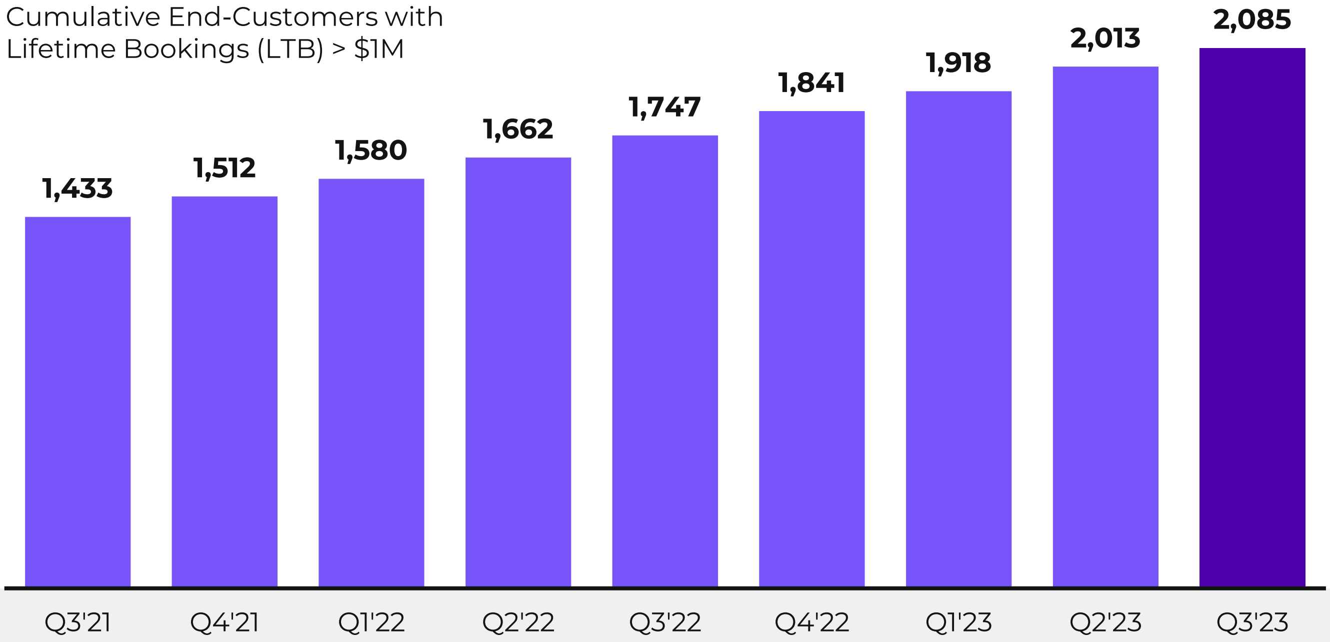
90 NPS
7-Year Average

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.

Over $1M Customer Growth

Q3'23 Highlights

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



1,442 Customers $1–$3M in LTB — **+18% Y/Y**

301 Customers $3–$5M in LTB — **+19% Y/Y**

209 Customers $5–$10M in LTB — **+20% Y/Y**

133 Customers >$10M in LTB — **+30% Y/Y**

Q4'23 Financial Guidance

	Q4'23 Guidance
ACV Billings	$240 – $250M
Revenue	$470 – $480M
Non-GAAP Gross Margin	~84%
Non-GAAP Operating Margin	9% to 10%
Weighted Average Shares Outstanding (Diluted)	~282M

Note: Q4'23 guidance is as of May 24, 2023. 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. We are unable to reconcile 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.

FY'23 Financial Guidance

	FY'23 Guidance
ACV Billings	\$915 – \$925M
Revenue	\$1.84 – \$1.85B
Non-GAAP Gross Margin	~84%
Non-GAAP Operating Margin	6% to 7%
Free Cash Flow	\$125 – \$135M

Note: FY'23 guidance is as of May 24, 2023. 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. We are unable to reconcile 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.

Modeling Assumptions:

1. The Company is seeing continued new and expansion opportunities for its solutions despite the uncertain macro environment. However, similar to last quarter, the Company has seen a modest elongation of sales cycles likely due to increased deal inspection. The Company's FY'23 new and expansion ACV performance remains impacted by some of these macro dynamics, and is performing slightly below expectations entering the year and what the Company believes its longer term potential is. The Company has considered this dynamic in its updated guidance. The renewals business continues to perform well; however, it tends to be at a lower aggregate average contract duration compared to its new and expansion business. The Company's relative economics on renewals have also continued to improve over time as the renewals team has improved their execution.
2. Similar to the Company's comments last quarter, the full-year guidance assumes that contract durations would decrease slightly compared to FY'22.
3. As stated previously, Non-GAAP operating margin outlook for FY'23 is 6% to 7%. Excluding the one-time expenses related to the third-party software review, this range would have been 7% to 8%.
4. The updated free cash flow guidance of \$125-135 million includes the impact of the following non-recurring items totaling about \$65 million:

- approximately \$10 million of cash usage in Q3'23 for non-recurring tax obligations related to a portion of the Company's employee RSUs vesting, which is non-recurring because it was due to the delayed filing of the Company's 10-Q;
- approximately \$31 million in net cash outflow expected in Q4'23, from the previously mentioned litigation settlement;
- approximately \$15 million for legal and advisory services related to the third-party software review across Q3'23 and Q4'23;
- and a \$11 million estimated payment in Q4'23 for the potential resolution with the third-party software vendors.

Appendix

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Nutanix Reporting Model

Product Type	Product Mix	Term	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
Non-Portable Software	Software License Attached to Appliance	Life of the Device (LoD)	Upfront
Professional Services	Professional Services for All Nutanix Offerings	Various	As Performed
Pass-Through Hardware	Pass-Through Hardware Cost	N/A	Upfront

Endnote and Definitions

Endnote

1. This earnings presentation corrects a prior version published on May 24, 2023. Subsequent to the issuance of its third quarter earnings presentation issued on May 24, 2023, Nutanix, Inc. determined that a total of $10.2 million of withholding taxes due upon the vesting of certain employee RSUs which were satisfied by net share settlement on a one-time basis was incorrectly recorded as expense for the fiscal quarter ended April 30, 2023 ($9.3 million of which was incorrectly recorded as operating expense and $0.9 million of which was incorrectly recorded as cost of revenue) instead of a reduction to additional paid-in capital as of April 30, 2023. This corrected earnings presentation reflects corrections to address this error.

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.

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.

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, or ARR so the Company has not reconciled the ACV, ACV Billings, or ARR numbers included in this presentation to any GAAP measure.

GAAP to Non-GAAP Reconciliations

	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23
Gross Margin (GAAP)	80.2%	79.3%	81.0%	82.2%	81.6%
Stock-Based Compensation Expense	2.3	2.4	1.7	2.1	1.9
Amortization of Intangible Assets	0.8	0.9	0.7	0.5	0.5
Gross Margin (Non-GAAP)	83.3%	82.6%	83.4%	84.8%	84.0%
Operating Expenses (GAAP)	$(416.5)	$(439.4)	$(431.8)	$(456.2)	$(424.8)
Stock-Based Compensation Expense	(75.4)	(71.0)	(73.5)	(75.0)	(64.5)
Amortization of Intangible Assets	(0.7)	(0.7)	(0.3)	(0.2)	(0.2)
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	1.6	–	–	(38.2)	(0.3)
Operating Expenses (Non-GAAP)	$(342.0)	$(356.1)	$(351.5)	$(342.5)	$(359.8)
Loss from Operations (GAAP)	$(92.7)	$(133.8)	$(80.7)	$(56.5)	$(58.6)
Stock-Based Compensation Expense	84.5	80.1	81.0	85.3	72.9
Amortization of Intangible Assets	4.0	4.1	3.1	2.7	2.6
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	(1.6)	–	–	38.2	0.3
(Loss) Income from Operations (Non-GAAP)	$(5.8)	$(37.8)	$10.2	$70.0	$17.2

Note: All amounts in millions, except percentages.

GAAP to Non-GAAP Reconciliations

	Q3’22	Q4’22	Q1’23	Q2’23	Q3’23
Net Loss (GAAP)	$(112.0)	$(151.3)	$(99.5)	$(70.8)	$(71.0)
Stock-Based Compensation Expense	84.5	80.1	81.0	85.3	72.9
Amortization of Intangible Assets	4.0	4.1	3.1	2.7	2.6
Early Exit of Leased-Related Assets	–	0.6	0.9	0.8	–
Restructuring Charges	–	11.2	5.9	(0.5)	–
Amortization of Debt Discount & Issuance Costs	15.3	15.5	15.7	15.9	16.2
Litigation settlement accrual and legal fees	(1.6)	–	–	38.2	0.3
Income Tax-Related Adjustments	(0.9)	1.0	0.5	0.5	0.7
Net (Loss) Income (Non-GAAP)	$(10.7)	$(38.8)	$7.6	$72.1	$21.7
Net Cash Provided by (Used in) Operating Activities	$(3.2)	$38.0	$66.5	$74.1	$74.5
Purchase of Property and Equipment	(16.9)	(14.8)	(19.7)	(11.1)	(21.8)
Free Cash Flow (Non-GAAP)	$(20.1)	$23.2	$45.8	$63.0	$52.7

	Q3’22	Q3’23
Weighted Shares Outstanding (Basic)	222M	234M
Weighted Shares Outstanding (Diluted)	222M	282M

Note: All amounts in millions, except percentages.

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Thank You