NUTANIX

Q1 EARNINGS FY2023

November 30, 2022

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 (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 these non-GAAP financial measures and key performance 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, 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 Q2'23 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.

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 second quarter fiscal 2023 outlook, our fiscal 2023 outlook, our expectations regarding our focus on driving towards sustainable, profitable growth); 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; the timing and potential impact of the COVID-19 pandemic on the global market environment and the IT industry, as well as on our business, operations and financial results, including the changes we have made or anticipate making in response to the COVID-19 pandemic, our ability to manage our business during the pandemic, and the position we anticipate being in following the pandemic; 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; 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; the timing, breadth, and impact of the COVID-19 pandemic on our business, operations, and financial results, as well as the impact on our customers, partners, and end markets; 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. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2022, 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.

Q1 Fiscal 2023 Company Highlights

Reports 27% YoY ACV Billings Growth and Achieves Positive Non-GAAP Operating Income: ACV Billings of $232 million were up 27% year-over-year. Achieved positive quarterly Non-GAAP operating income for the first time.

Nutanix Cloud Clusters (NC2) on Microsoft Azure: Nutanix announced the general availability of NC2 on Microsoft Azure, extending its hybrid cloud environment to Microsoft Azure dedicated bare metal nodes.

Nutanix Named a Visionary in the 2022 Gartner® Magic Quadrant™ for Distributed File Systems and Objects Storage for the Second Year: Nutanix was named a Visionary in the Gartner October 2022 Magic Quadrant for Distributed File Systems and Objects Storage. This marks the second consecutive year the Company has been recognized in this report.

Nutanix Accelerates Kubernetes Adoption in the Enterprise: Nutanix announced broad support for leading Kubernetes container platforms, built-in infrastructure as code capabilities, and enhanced data services for modern applications. These new features allow DevOps teams to accelerate application delivery with the performance, governance, and flexibility of the Nutanix Cloud Platform while allowing customers to maintain control of their IT operating costs.

Note: See Appendix for definitions of ACV Billings and ACV. There is no GAAP measure that is comparable to ACV Billings or ACV, so the Company has not reconciled the ACV Billings and ACV numbers in this presentation to any GAAP measure.

Management Commentary

Rajiv Ramaswami, President and Chief Executive Officer

“We delivered a solid first quarter financial performance against an uncertain macro backdrop, reflecting the value our customers see in the Nutanix Cloud Platform and the strength of our subscription-based business model. We also made important progress towards realizing our hybrid multicloud vision with the general availability of Nutanix Cloud Clusters (NC2) on Microsoft Azure and enhancements to our platform to accelerate the adoption of Kubernetes at scale in the enterprise.”

Rukmini Sivaraman, Chief Financial Officer

“Our first quarter results reflect continued progress on our subscription-based business model with 27% year-over-year ACV billings growth and achievement of positive quarterly non-GAAP operating income for the first time. We continue to see good execution on our building base of subscription renewals and remain focused on driving towards sustainable, profitable growth.”

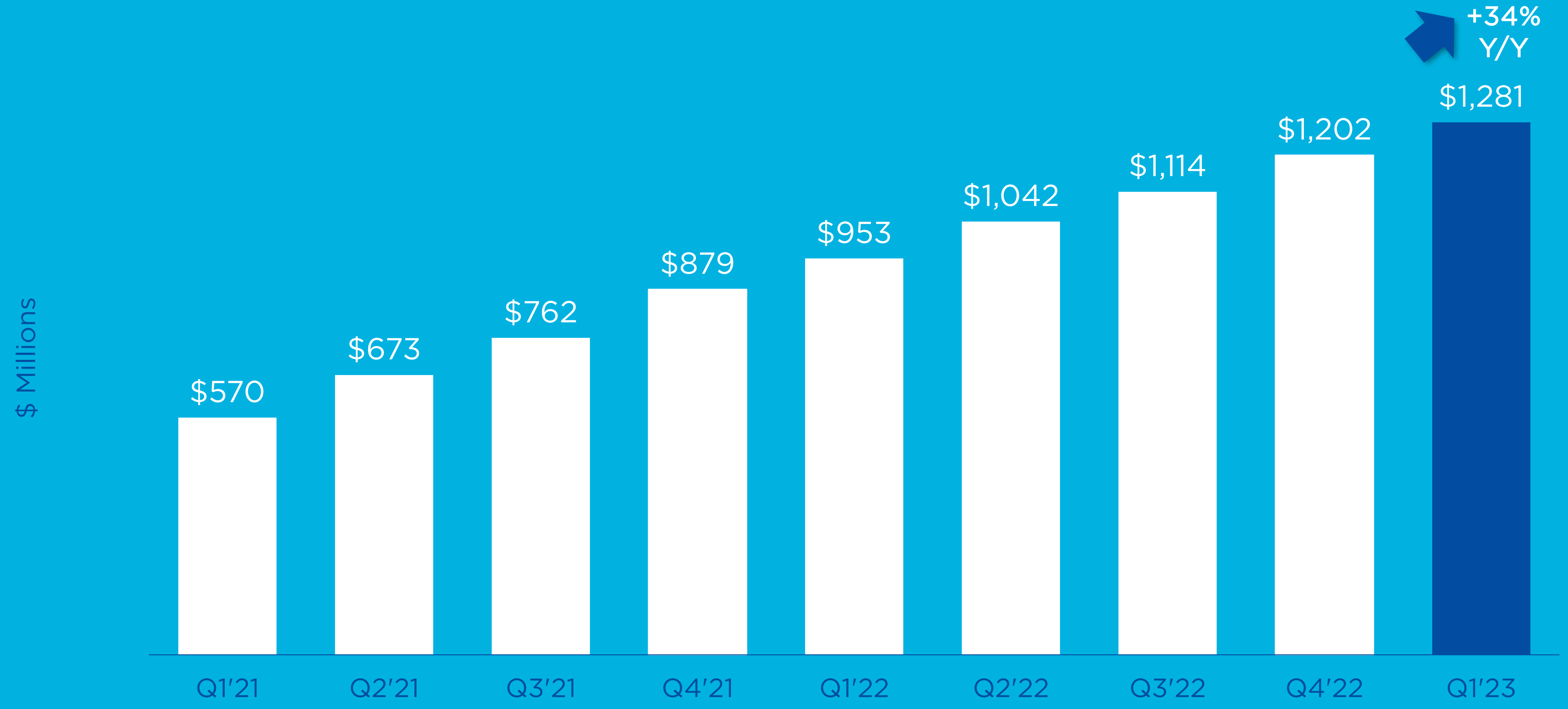
Note: See Appendix for definitions of ACV Billings and ACV. There is no GAAP measure that is comparable to ACV Billings or ACV, so the Company has not reconciled the ACV Billings and ACV numbers in this presentation to any GAAP measure.

Q1’23 Financial Summary

	Q1’23 Results	Y/Y Change	Q1’23 Guidance
ACV Billings	$231.9M	27%	$210 - $215M
Annual Recurring Revenue	$1.28B	34%	N/A
Average Contract Term	3.0 Years	(0.1) Year	N/A
Revenue	$433.6M	15%	$410 - $415M
Non-GAAP Gross Margin	83.4%	130 bps	~82%
Non-GAAP Operating Expenses	$351.1M	(0.4)%	$360 - $365M
Non-GAAP Operating Income	$10.6M	$52.5M	N/A
Non-GAAP Operating Margin	2.4%	13.5% pts	~(6)%
Non-GAAP Net Income Per Share	$0.03	$0.25	N/A
Free Cash Flow	$45.8M	$47.7M	N/A

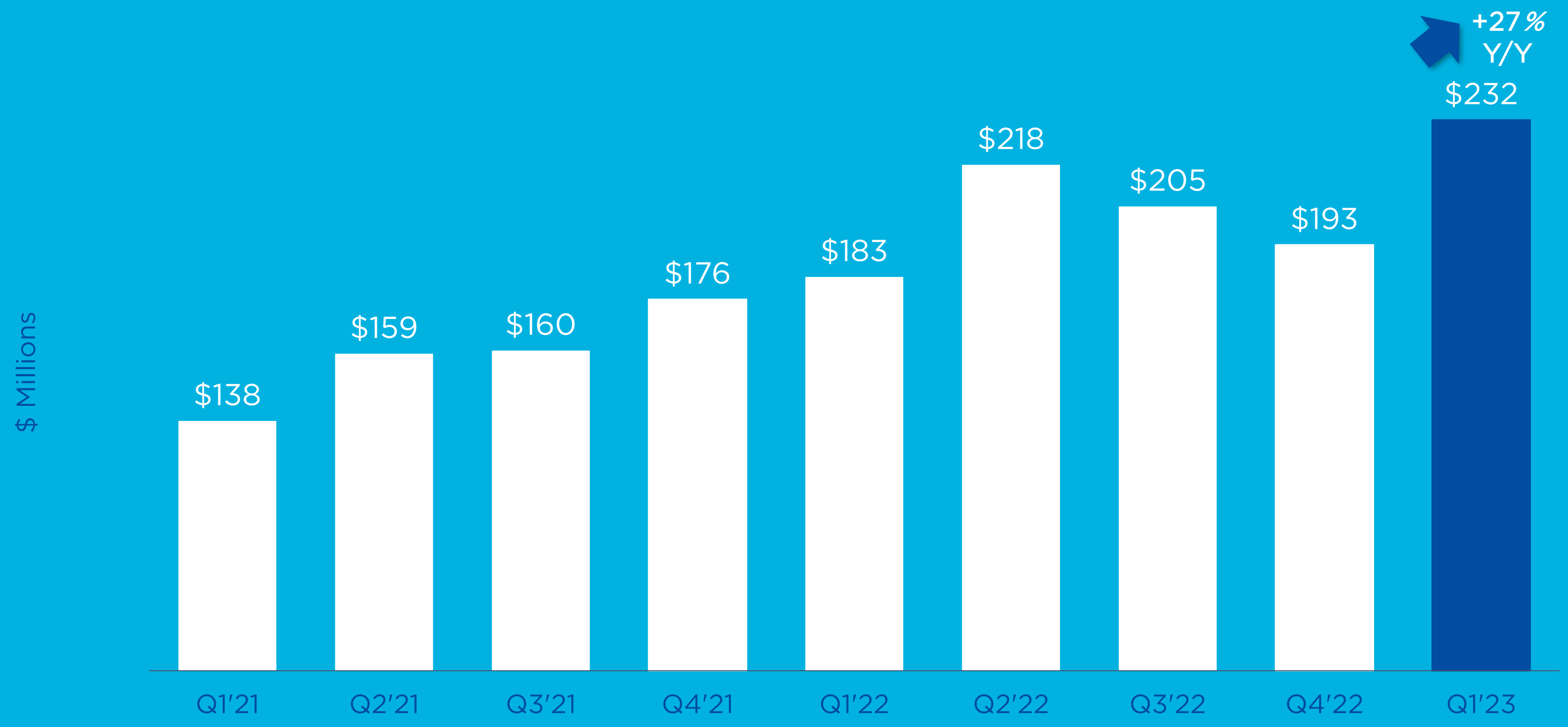
Note: See Appendix for GAAP to Non-GAAP reconciliations, as well as definitions of ACV Billings, Annual Recurring Revenue, and Average Contract Term. There is no GAAP measure that is comparable to ACV, ACV Billings or Annual Recurring Revenue, so the Company has not reconciled the ACV, ACV Billings,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

ACV Billings

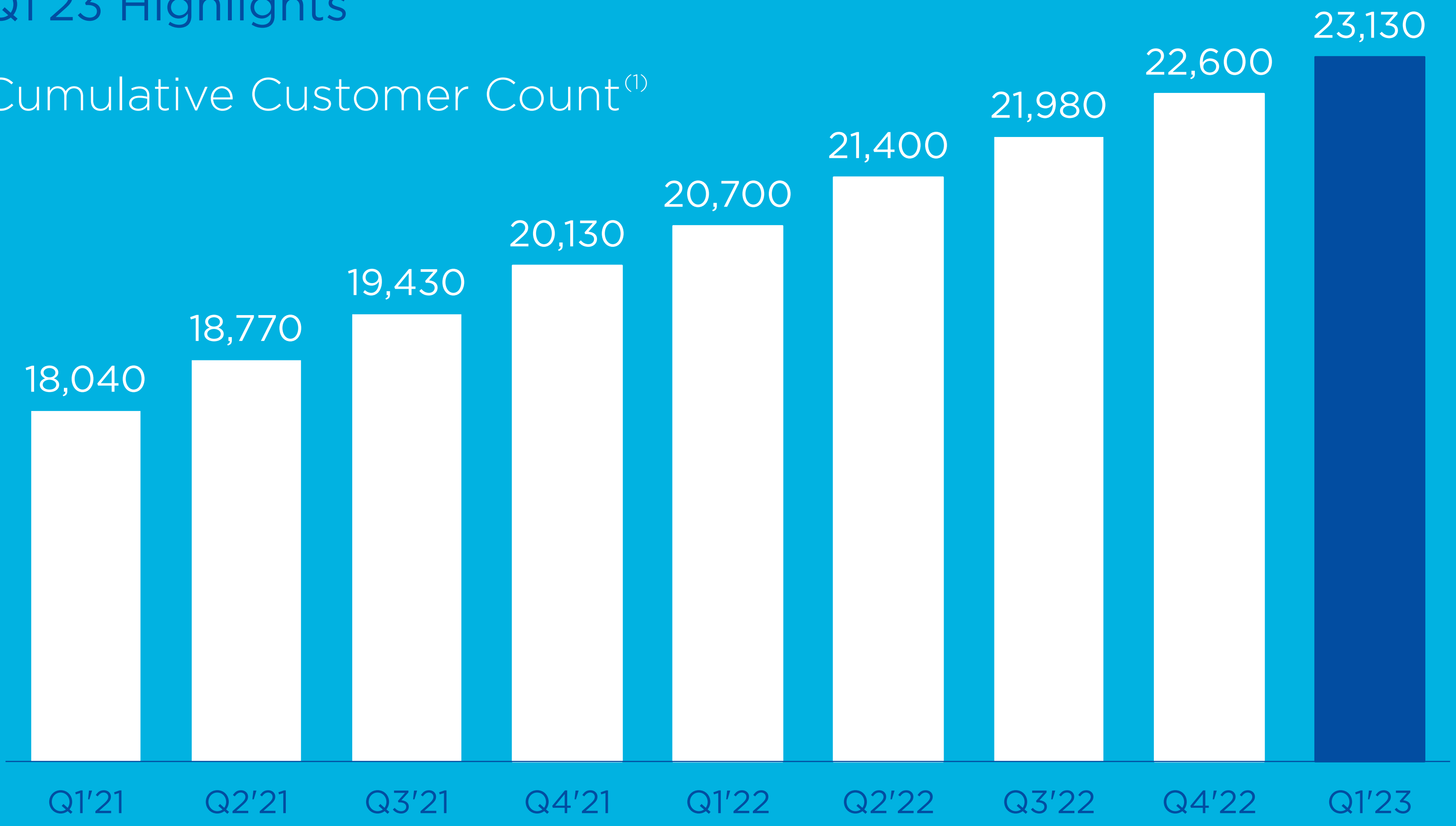


Note: ACV Billings exclude amounts related to professional services and hardware. See Appendix for definitions of ACV and ACV Billings. There is no GAAP measure that is comparable to ACV or ACV Billings, so the Company has not reconciled the ACV and ACV Billings numbers in this presentation to any GAAP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

Customer Growth

Q1'23 Highlights

Cumulative Customer Count[1]



12%

Total Customers Y/Y Growth

21.3[2]

G2K Lifetime ACV Repeat Purchase Multiple

90 NPS

7-Year Average

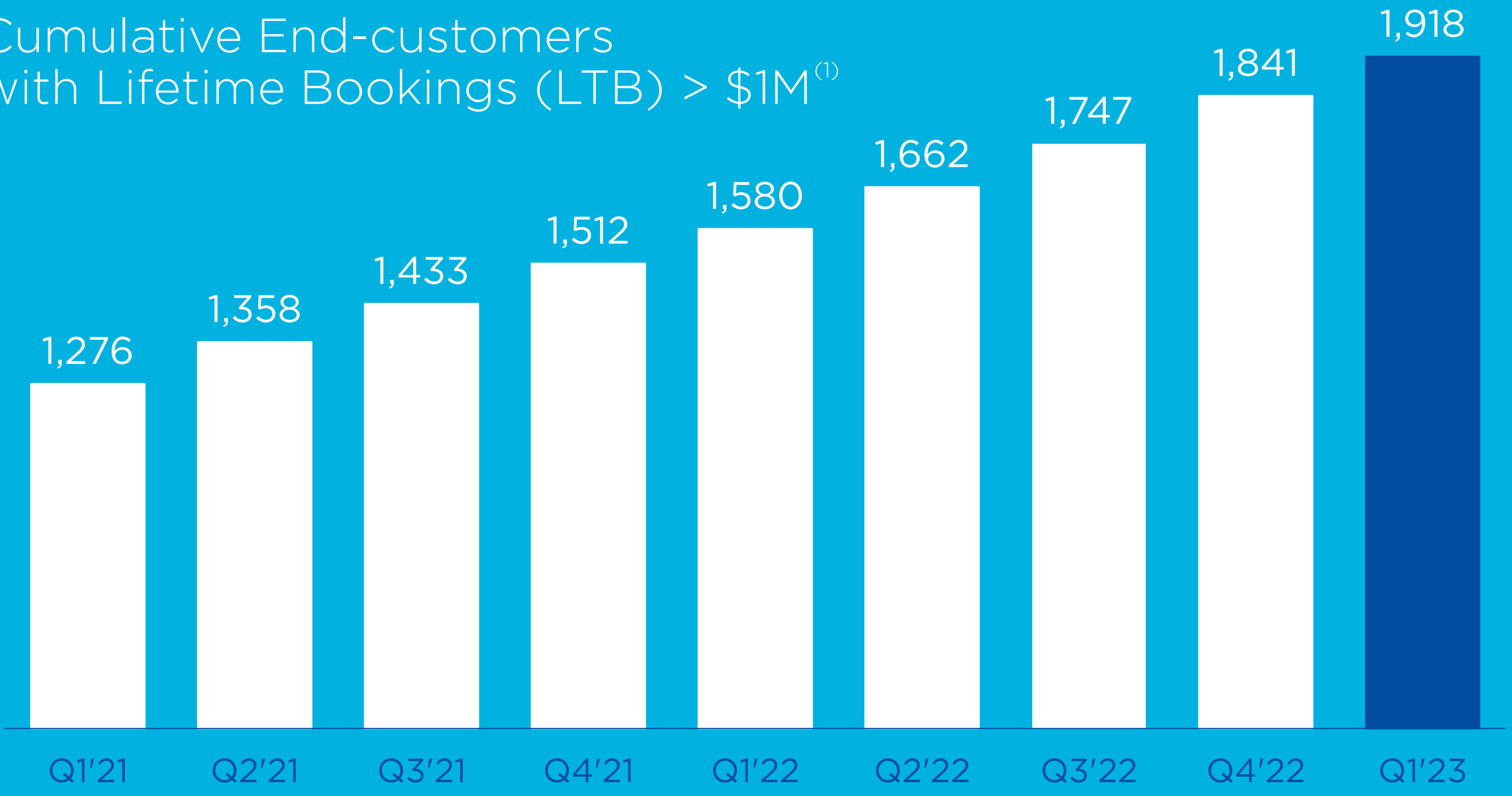
(1) The cumulative total customer count reflects standard adjustments/consolidation to certain customer accounts within our system of record and is rounded to the nearest 10.

(2) See endnote 1 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

Q1’23 Highlights

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



1,341
Customers
$1-$3M in LTB
+20% Y/Y

280
Customers
$3-$5M in LTB
+28% Y/Y

181
Customers
$5-$10M in LTB
+21% Y/Y

116
Customers
>$10M in LTB
+18% Y/Y

(1) Measured in TCV Bookings. See Appendix for definition of TCV Bookings. There is no GAAP measure that is comparable to TCV Bookings, so the Company has not reconciled the TCV Bookings numbers in this presentation to any GAAP measure.

Q2'23 Financial Guidance

	Q2'23 Guidance
ACV Billings	$245 - $250M
Revenue	$460 - $470M
Non-GAAP Gross Margin	82% to 83%
Non-GAAP Operating Margin	5% to 10%
Non-GAAP Weighted Average Shares Outstanding	Approximately 279M

Modeling Assumptions:

1. The topline guidance for Q2'23 assumes that supply chain dynamics for the Company's server partners would remain more or less the same compared to Q1'23. It also assumes that contract durations would stay approximately flat in Q2'23 compared to Q1'23.
2. The revenue guidance includes about $10 million of revenue benefit from the decline in % of orders with future start dates over the last few months. Said differently, the Company expects to recognize more license revenue in Q2'23 than is deferred, similar to the dynamic the Company saw in Q1'23. Over time as the Company's partners' supply chain constraints resolve and the Company's future start date percentage normalizes, the Company would expect this dynamic to normalize as well.

Note: Q2'23 guidance is as of November 30, 2022. See Appendix for GAAP to Non-GAAP reconciliations, as well as definitions of ACV and ACV Billings. There is no GAAP measure that is comparable to ACV or ACV Billings, so the Company has not reconciled the ACV and ACV Billings numbers in this presentation to any GAAP measure.

FY’23 Financial Guidance

	FY’23 Guidance
ACV Billings	$895 - $900M
Revenue	$1.77 - $1.78B
Non-GAAP Gross Margin	82% to 83%
Non-GAAP Operating Margin	2% to 4%

Modeling Assumptions:

1. The Company’s total fiscal year ACV Billings are not derived from the simple addition of the four fiscal quarters. For the reported quarterly ACV Billings, the Company annualizes any deal that is less than one year in term length, and the yearly ACV Billings calculations eliminate any duplication that happens with the renewal of a deal that occurs within the period, and is less than one year in duration. Based on this methodology, over the last three fiscal years, the sum of the four fiscal quarters of ACV Billings have exceeded the adjusted annual ACV Billings by 6 to 7%. The Company encourages investors to account for this distinction during the modeling process.

2. Similar to the Company’s comments last quarter, the FY’23 guidance assumes that contract durations would decrease slightly compared to FY’22. The FY’23 Revenue guidance also assumes that the percentage of orders with future start dates would remain more or less the same in Q2’23 compared to Q1’23 and would start to ease slightly in the second half of the fiscal year.

3. The demand for the Company’s solutions continues and the Company is seeing continued new and expansion opportunities. However, the Company has started to see some anecdotal evidence of increased inspection on deals, which the Company believes is likely related to the more uncertain macroeconomic backdrop, and which could potentially lead to an increase in sales cycles; the Company has considered this dynamic and the uncertain macroeconomic environment in its guidance. The Company expects the significant majority of its growth in ACV Billings for FY’23 will come from growth in renewals ACV billings, with the uncertainty in the macroeconomic environment factored into its expectations for new and expansion ACV billings. At the same time, the Company’s continued focus on expense management and operating discipline enables the Company to increase its operating margin and free cash flow outlook for the year.

4. The Company expects to deliver about $100-$125 million of free cash flow for FY’23, an increase from its prior expectations of $75-$100 million.

5. The Company expects to see a low-double-digit percentage decline quarter-over-quarter in ACV billings in Q3’23, followed by a low-double-digit percentage increase quarter-over-quarter in Q4’23.

Note: FY’23 guidance is as of November 30, 2022. See Appendix for GAAP to Non-GAAP reconciliations, as well as definitions of ACV Billings and ACV. There is no GAAP measure that is comparable to ACV Billings or ACV, so the Company has not reconciled the ACV Billings and ACV numbers in this presentation to any GAAP measure.

Appendix

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. 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 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.

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

GAAP to Non-GAAP Reconciliations

	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Gross margin (GAAP)	78.5%	80.6%	80.2%	79.3%	81.0%
Stock-based compensation expense	2.7	2.4	2.3	2.4	1.7
Amortization of intangible assets	0.9	0.8	0.8	0.9	0.7
Gross margin (Non-GAAP)	82.1%	83.8%	83.3%	82.6%	83.4%
Operating expenses (GAAP)	$(434.3)	$(427.5)	$(416.2)	$(439.1)	$(431.4)
Stock-based compensation expense	80.3	78.2	75.4	71.0	73.5
Amortization of intangible assets	0.7	0.7	0.7	0.7	0.3
Early exit of lease-related assets	-	-	-	0.6	0.9
Restructuring charges	-	-	-	11.0	5.6
Other	0.7	1.3	(1.6)	-	-
Operating expenses (Non-GAAP)	$(352.6)	$(347.3)	$(341.7)	$(355.8)	$(351.1)
Loss from operations (GAAP)	$(137.3)	$(94.4)	$(92.3)	$(133.4)	$(80.3)
Stock-based compensation expense	90.5	88.0	84.5	80.1	81.0
Amortization of intangible assets	4.2	4.0	4.0	4.1	3.1
Early exit of lease-related assets	-	-	-	0.6	0.9
Restructuring charges	-	-	-	11.2	5.9
Other	0.7	1.3	(1.6)	-	-
(Loss) income from operations (Non-GAAP)	$(41.9)	$(1.1)	$(5.4)	$(37.4)	$10.6

Note: All amounts in millions, except percentages.

GAAP to Non-GAAP Reconciliations

	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Net loss (GAAP)	$(419.9)	$(115.1)	$(111.6)	$(151.0)	$(99.1)
Stock-based compensation expense	90.5	88.0	84.5	80.1	81.0
Amortization of intangible assets	4.2	4.0	4.0	4.1	3.1
Early exit of lease-related assets	-	-	-	0.6	0.9
Restructuring charges	-	-	-	11.2	5.9
Amortization of debt discount and issuance costs	14.8	15.2	15.3	15.5	15.7
Change in fair value of derivative liability	198.0	-	-	-	-
Loss on debt extinguishment	64.9	-	-	-	-
Income tax-related adjustments	0.3	0.5	(0.9)	1.0	0.5
Other	0.7	1.3	(1.6)	-	-
Net (loss) income (Non-GAAP)	$(46.5)	$(6.1)	$(10.3)	$(38.5)	$8.0
Net cash provided by (used in) operating activities	$6.9	$25.7	$(3.2)	$38.0	$66.5
Purchases of property and equipment	(8.8)	(8.5)	(16.9)	(14.8)	(19.7)
Free cash flow (Non-GAAP)	$(1.9)	$17.2	$(20.1)	$23.2	$45.8

	Q1'22	Q1'23
Weighted shares outstanding – basic	215M	229M
Weighted shares outstanding – diluted	215M	275M

Note: All amounts in millions, except percentages.

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THANK YOU