

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended July 31, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to

Commission File Number: 001-37883

NUTANIX, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

27-0989767

(I.R.S. Employer
Identification No.)

1740 Technology Drive, Suite 150

San Jose, CA 95110

(Address of principal executive offices, including zip code)

(408) 216-8360

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Trading symbol(s)

Name of each exchange on which registered

Class A Common Stock, \$0.000025 par value per share

NTNX

Nasdaq Global Select Market

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of January 31, 2024 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$13.7 billion, based upon the closing sale price of such stock on the Nasdaq Global Select Market. The registrant has no non-voting common equity.

As of August 31, 2024, the registrant had 265,214,643 shares of Class A common stock, \$0.000025 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

As noted herein, certain information called for by Parts II and III is incorporated by reference to specified portions of the registrant's definitive proxy statement to be filed in conjunction with the registrant's 2024 annual meeting of stockholders, which is expected to be filed not later than 120 days after the registrant's fiscal year ended July 31, 2024.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains express and implied forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which statements involve substantial risks and uncertainties. Other than statements of historical fact, all statements contained in this Annual Report on Form 10-K including statements regarding our future results of operations and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "potentially," "estimate," "continue," "anticipate," "plan," "intend," "could," "would," "expect," or words or expressions of similar substance or the negative thereof, that convey uncertainty of future events or outcomes are intended to identify forward-looking statements. Forward-looking statements included in this Annual Report on Form 10-K include, but are not limited to, statements regarding:

- our investment in developing our platform with new features, services and solutions to expand our market opportunity in both core and adjacent markets;
- our investment in our long-term growth, including dedicating significant resources to our continued research and development efforts and growing our global research and development and engineering teams;
- our intent to grow our base of end customers by investing in sales and marketing, leveraging our network of channel partners and original equipment manufacturers ("OEMs"), growing our business internationally, and extending our platform to address new customer segments;
- our intent to grow our sales with our channel partners and OEMs by attracting and engaging new channel and OEM partners around the globe;
- our expectations regarding the competitive market, including our ability to compete effectively, the competitive advantages of our products, the effects of increased competition in our market, and our expansion into adjacent markets;
- the recent evolution of our sales pipeline and its expected effect on our ability to land new customers and expand sales to existing customers;
- expected sales productivity;
- our vision to enable developers to build modern container-based applications once and run them anywhere through Project Beacon;
- improving our operating cash flow performance, including by focusing on go-to-market efficiencies and taking steps to manage our expenses;
- fluctuations in our overall spending, including sales and marketing, research and development, and general and administrative expenses;
- our intent and measures to reduce our overall sales and marketing spend as a percentage of revenue;
- sustaining profitable growth;
- fluctuations in hardware revenue and cost of product revenue;
- fluctuations in our operating and free cash flow during the next 12 months;
- the adequacy of our current facilities to meet our needs for the immediate future;
- our ability to stay in compliance with laws and regulations that currently apply or may become applicable to our business both in the United States and internationally;

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- the sufficiency of our cash, cash equivalents and short-term investments and net cash provided by operating activities to meet anticipated cash needs;
- our expectations that neither our operating results nor cash flows would be materially affected by any sudden change in interest rates; and
- anticipated trends, opportunities and challenges in our business and in the markets in which we operate.

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs in light of the information currently available to us. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in Part I, Item 1A. "Risk Factors" in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment and new risks emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and trends discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or events and circumstances reflected in the forward-looking statements will be achieved or will occur. The forward-looking statements in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation, and expressly disclaim any obligation, to update, alter or otherwise revise or publicly release the results of any revision to these forward-looking statements to reflect new information or the occurrence of unanticipated or subsequent events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements.

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PART I

ITEM 1. Business

Overview

Nutanix, Inc. ("we," "us," "our," or "Nutanix") is a global leader in cloud software, offering organizations a single platform for running applications and managing data, anywhere. Our vision is to make hybrid multicloud deployments simple and free customers to focus on achieving their business outcomes. Our mission is to delight customers with an open hybrid multicloud platform with rich data services to run and manage any application, anywhere.

Our Nutanix Cloud Platform is designed to enable organizations to build a hybrid multicloud infrastructure, providing a consistent cloud operating model with a single platform for running applications and managing data in core data centers, at the edge, and in public clouds, all while supporting a variety of hypervisors and container platforms. Nutanix Cloud Platform supports a wide variety of workloads with varied compute, storage, and network requirements, including business-critical applications, data platforms (including SQL and NoSQL databases and business intelligence applications), general-purpose workloads (including system infrastructure, networking, and security), end-user computing and virtual desktop infrastructure services, enterprise artificial intelligence ("AI") workloads (including machine learning ("ML") and generative AI workloads), and cloud native applications (including modern, containerized applications).

We originally pioneered hyperconverged infrastructure ("HCI") to break down legacy silos by merging compute, storage and networking into a single, easy-to-use, software-defined data center platform. We continued to innovate and developed Nutanix AHV, our native hypervisor that offers enterprise-grade virtualization and built-in Kubernetes support. To provide our customers with more choice, we further engineered our software solutions to run on a variety of server platforms, decoupling our software from Nutanix-branded hardware appliances and powering a variety of on-premises private cloud deployments, as part of our previously-completed transition from a hardware company to a software company. To provide our customers with the flexibility to choose their preferred license levels and durations based on their specific business needs, we reshaped our licensing by completing a transition to a subscription-based business model. In addition to making hybrid multicloud deployments simple, we have a further long-term vision to enable developers to build modern container-based applications once and run them anywhere through Project Beacon, our multi-year effort to provide consistent Kubernetes platform management and data-centric platform services across clouds.

Our business is organized into a single operating and reportable segment. We operate a subscription-based business model, meaning one in which our products, including associated support and entitlement arrangements, are sold with a defined duration. For more information, see the section titled "Components of Our Results of Operations" included in Part II, Item 7, as well as Note 2 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Nutanix Cloud Platform

Nutanix Cloud Platform delivers a rich set of software products, solutions and services to enable our customers to simply run and manage their private cloud, public and managed cloud and hybrid multicloud environments. Nutanix Cloud Platform's scale-out architecture, enterprise-grade data services and freedom of infrastructure choice enable organizations to standardize on Nutanix Cloud Platform as a single cloud platform to run a wide variety of workloads.

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Nutanix Cloud Infrastructure (NCI) is a distributed HCI for enterprise IT applications. NCI software combines compute, storage, and networking resources from a cluster of servers into a single logical pool with integrated resiliency, security, performance, and simplified administration. NCI includes the following underlying features and services:

- **Nutanix AOS** is the scale-out storage technology that makes HCI possible, delivering enterprise-grade capabilities via a highly distributed software architecture that runs across clusters of servers. Nutanix AOS includes integrated snapshots, replication, and disaster recovery that can be used with block, file, and object storage and for both virtual machines and containers.
- **Nutanix AHV** is our mature enterprise hypervisor - a modern and secure virtualization solution designed to power virtual machines and containers for application and cloud native workloads.
- **Nutanix Data Services for Kubernetes** simplifies and unifies provisioning and operating cloud native applications by extending enterprise data services to containerized apps.
- **Flow Network Security** is a stateful, distributed firewall providing microsegmentation to secure network traffic between applications.
- **Flow Virtual Networking** provides rich software-defined networking with multi-tenant isolation, self-service provisioning, and IP address preservation.
- **Nutanix Cloud Clusters (NC2)** enables organizations to run applications on a unified infrastructure platform across on-premises and multiple public clouds, all operated as a single cloud. NC2 empowers IT operators to place workloads in their clouds of choice without migration or operational hurdles, delivering flexibility and freedom from cloud lock-in.
- **Nutanix Central** unifies the control of Nutanix's hybrid multicloud infrastructure, providing global visibility and simplified governance through a single console with federated access and seamless navigation across on-premises deployments and public cloud deployments via NC2.
- **Nutanix Prism** is the unified control plane and UI that provides intuitive, consumer-grade management for end-to-end IT infrastructure management and operations.

Nutanix Cloud Manager (NCM) is a unified management solution for providing intelligent operations, self-service and orchestration, security compliance and visibility, and control of cloud costs. NCM includes the following underlying features and services:

- **NCM Intelligent Operations** optimizes capacity, proactively detects performance anomalies, and automates operational tasks with ease and confidence.
- **NCM Self-Service and Orchestration** streamlines how teams manage, deploy, and scale applications across hybrid clouds with self-service, automation, and centralized role-based governance.
- **NCM Cost Governance** drives financial accountability with intelligent resource sizing and accurate visibility into cloud metering and chargeback.
- **Nutanix Security Central** is a software-as-a-service-based security dashboard that unifies cloud security operations to help organizations simplify security planning and microsegmentation policy definitions.

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Nutanix Unified Storage (NUS) is a software-defined data services platform that uniquely consolidates access and management of siloed block, file, and object storage into a single platform. Powered by rich data services such as analytics, ransomware protection, lifecycle management, and data protection, NUS enables organizations to adapt to fast-changing applications' needs and shift their management focus from data storage to more strategic global data management. NUS includes the following underlying features and services:

- **Nutanix Files Storage** is a simple and secure software-defined scale-out file storage solution, enabling organizations to store, manage, and scale unstructured data by consolidating storage silos onto a single platform, while keeping it secure with integrated cybersecurity and ransomware protection.
- **Nutanix Objects Storage** is a simple, scale-out S3-compatible object storage solution for modern cloud native and big data applications, offering intuitive operations, high performance, security, and flexibility for multicloud deployments.
- **Nutanix Volumes Block Storage** is an enterprise-class, software-defined storage solution that exposes storage resources directly to virtualized guest operating systems or physical hosts using the iSCSI protocol.
- **Nutanix Data Lens** is a cloud-based cyber resilience service offering proactive defense and a global view of analytics for file and object environments that can identify and inform users of malware attacks, such as ransomware, on the NUS platform.

Nutanix Database Service (NDB) is a comprehensive solution for managing diverse database environments and delivering database-as-a-service functionality across on-premises and public cloud environments. NDB automates database lifecycle management and integrates with cloud native development processes.

Nutanix Kubernetes Platform (NKP) creates a consolidated orchestration and management environment for large-scale Kubernetes environments and simplifies Kubernetes management and deployment across different development environments. NKP is designed to address the needs of platform engineering teams by enabling them to simply deploy, secure, manage, and upgrade Cloud Native Computing Foundation compliant Kubernetes environments supporting production applications in core data centers, at the edge, or natively in public clouds.

GPT-in-a-Box is a turnkey AI solution for organizations wanting to implement generative AI applications in the enterprise while maintaining control of their private data and applications. GPT-in-a-Box simplifies the deployment of AI applications with pre-certified GPU-enabled hardware from our hardware ecosystem, a full user interface, and integration with NVIDIA and an expanding AI partner ecosystem to support a choice of large language models.

Delivery of Our Solutions

Nutanix Cloud Platform can be deployed in core data centers, at the edge, or in public clouds, running on a variety of qualified hardware platforms (including our Nutanix-branded NX hardware line), in popular public cloud environments such as Amazon Web Services ("AWS") and Microsoft Azure ("Azure") through NC2, or, in the case of our cloud-based software and software-as-a-service ("SaaS") offerings, via hosted service. Our subscription term-based licenses are sold separately or can also be sold alongside configured-to-order appliances. Our subscription term-based licenses typically have durations ranging from one to five years. Our cloud-based SaaS subscriptions have durations extending up to five years. Our customers generally purchase their qualified hardware platforms for deployment of our software from one of our channel partners or original equipment manufacturers ("OEMs").

Nutanix Cloud Platform typically includes one or more years of support and entitlements, which provides customers with the right to software upgrades and enhancements as well as technical support. Purchases of term-based licenses and SaaS subscriptions have support and entitlements included within the subscription fees and are not sold separately. Purchases of non-portable software are typically accompanied by the purchase of separate support and entitlements.

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Our Partners

We have established relationships with our channel, OEM, ecosystem and cloud partners, all of which help to drive the sale and adoption of our solutions with our end customers. Our solutions can be purchased through one of our channel partners or OEMs.

Channel Partners. Our channel partners sell our solutions to end customers, and in certain cases, may also deliver our solutions to end customers through a managed or integrated offering. Our Elevate Partner Program simplifies engagement for our partner ecosystem using a consistent set of tools, resources, and marketing platforms. Our channel partners include distributors, resellers, managed service providers, telcos, and global systems integrators. Our top two distributors to our end customers represented 48%, 48% and 47% of our total revenue for fiscal 2022, 2023 and 2024, respectively.

OEM Partners. Our OEM partners typically pre-install our software on hardware appliances and sell to end customers as an appliance. Our OEM partners can also sell our offerings as software-only to our end customers. Our software is installed on hardware from Cisco Systems, Inc. ("Cisco"), Dell Technologies ("Dell"), Fujitsu Technology Solutions GmbH ("Fujitsu"), Hewlett Packard Enterprise ("HPE"), and Lenovo Group Ltd. ("Lenovo"), as part of the Cisco Compute Hyperconverged with Nutanix family, Dell XC series (including the recently announced Dell XC Plus), Fujitsu XF series, HPE DX series appliances, and Lenovo Converged HX series, respectively. HPE also delivers our software with HPE DX series servers as a service through the HPE GreenLake offering. Some of our OEM partners also sell associated support offerings. We also have ongoing collaborations with Dell to develop a new solution involving the integration of our platform and Dell PowerFlex (which will be the first external storage supported and integrated with Nutanix AHV and our platform) as well as with Cisco to certify Cisco UCS blade servers to enable organizations to repurpose existing deployed servers that are qualified to run Nutanix AHV.

Ecosystem Partners. We have developed relationships with a broad range of leading technology companies that help us deliver world-class solutions to our customers. Through the Technology Alliance Partner and AI Partner arms of our Elevate Partner Program, our developer, application, networking and security, data protection, hardware, and infrastructure partners receive access to resources that allow them to validate and integrate their products with Nutanix solutions and engage in joint sales training and enablement. Such integrations enable a simpler deployment and consumption experience for our customers in their environments and increase adoption of our platform. We have also developed and announced strategic technology partnerships that bring together best-in-class solutions across the ecosystem into integrated offerings and demonstrated interoperability and support for our customers, including partnerships with Citrix Systems, Inc., Intel Corporation, NVIDIA, and Red Hat, Inc. In addition, we work closely with our technology partners through co-marketing and lead generation activities in an effort to broaden our marketing reach and help us win new customers while retaining existing ones.

Cloud Partners. Our partnerships with public cloud providers help us to realize our vision of a hybrid multicloud. The deployment of Nutanix Cloud Clusters on AWS extends the availability of our core HCI software, along with all of our solutions, to bare metal Amazon Elastic Compute Cloud ("EC2") instances on AWS. We also have a partnership with Microsoft Corporation ("Microsoft") to offer a hybrid cloud solution on Microsoft Azure by extending Nutanix Cloud Clusters to Azure environments.

Our Support Programs

Product Support. We offer varying levels of software support to our customers based on their needs. We also offer hardware support for customers who purchase the Nutanix-branded NX configured-to-order hardware appliances.

Professional Services. We provide consulting and implementation services to customers through our professional services team for assessment, design, deployment, and optimizing of their Nutanix environments. We typically provide these services at the time of initial installation to help the customer with configuration and implementation.

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Our End Customers

We have end customers across a broad range of industries, such as automotive and other transportation, consumer goods, education, energy, financial services, healthcare, manufacturing, media, public sector, retail, technology, and telecommunications. We also sell to service providers, which use Nutanix Cloud Platform to provide a variety of cloud-based services to their customers. We had a broad and diverse base of over 26,000 end customers as of July 31, 2024, including approximately 1,060 Global 2000 enterprises. We define the number of end customers as the number of end customers for which we have received an order by the last day of the period, excluding partners to which we have sold products for their own demonstration purposes. A single organization or customer may represent multiple end customers for separate divisions, segments, or subsidiaries, and the total number of end customers may contract due to mergers, acquisitions, or other consolidation among existing end customers.

Growth Strategy

Key elements of our current growth strategy include:

- **Landing new end customers.** We intend to continue to grow our customer footprint through targeted investments in sales and marketing, our network of channel partners, and strengthening our OEM partnerships. We believe that our evolving platform and product portfolio will help enable us to address a larger customer base.

- **Expanding sales to existing end customers.** Our end customers typically deploy our technology initially for a specific project or application. Our sales teams and channel partners then target follow-on sales opportunities to drive additional purchases through new applications and products. We believe this land-and-expand strategy will help enable us to expand our footprint within our existing customer base.

- **Driving renewals and retention in existing end customers.** In addition to our land-and-expand strategy, as part of our subscription-based business model, we intend to continue to focus on adoption and renewals among our existing customer base. Our focus on adoption drives customer value and stickiness, and our renewals are associated with lower sales costs, as compared to landing new end customers or expanding sales to existing end customers.

- **Building on our hybrid multicloud vision.** We intend to continue investing in our vision to make Nutanix Cloud Platform the platform of choice to run applications and data anywhere. We believe our platform can enable customers to accelerate their strategic initiatives to modernize legacy IT infrastructure, modernize applications, and accelerate the deployment of enterprise AI.

- **Deepening engagement with channel, OEM, cloud, and ecosystem partners.** We have established strong partnerships, and driven commercial success with several major channel, OEM, cloud, and ecosystem partners. We intend to continue to attract and engage new channel and OEM partners around the globe while also selling our software for deployment on qualified hardware or hosted services. We also intend to continue to expand our partnerships with OEM, cloud, and ecosystem partners to provide our customers with more freedom of choice.

- **Driving profitable growth.** We intend to continue to invest in our growth, while balancing such growth against our operating expenses. By maintaining this balance, we believe we will be able to sustain profitable growth. Key drivers of profitable growth include a growing renewals base, leverage from our partners and alliances, and a continued focus on improving sales, marketing, and research and development efficiencies.

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Sales and Marketing

Sales. We primarily engage with our end customers through our global sales force who directly interact with key IT decision makers while also providing sales development, opportunity qualification and support to our channel partners. We have established relationships with our channel partners, who represent many of the key resellers and distributors of data center infrastructure software and systems in each of the geographic regions where we operate. We also engage our end customers through our OEM partners, which license our software and package it with their hardware and sell through their direct sales forces and channel partners. We expect to continue leveraging our relationships with our channel and OEM partners, and deepening relationships with our cloud and ecosystem partners, to reach our end customers.

Marketing. Our marketing team enables our global sales force and sales via our partner ecosystem. Our marketing focuses on educating our customers, prospects, partners, media and analysts, and influencers about the benefits and business outcomes our cloud software platform and solutions can deliver. The breadth of our product portfolio allows us to engage multiple buyer and user personas across the organization, including senior executives, IT professionals, and developers. Over the past year, we have focused on raising awareness for our newly updated brand identity and new strategic narrative that highlights our evolution in corporate positioning from being the pioneer and a leader in HCI to now bringing one platform to solve the market's toughest challenges in operating hybrid multicloud environments. We enhanced this narrative to include the value of the platform for enterprise AI and cloud native workloads throughout the year as well. We engage buyers through a variety of outbound and inbound marketing programs that include email, digital marketing, corporate and third-party events that generate customer and prospect awareness - including our annual user event, .NEXT, in-person and virtual demand generation activities, social media outreach, media and analyst relations activities, learning certifications, community programs, platform test drives, thought leadership, and our website. Our robust community empowers customers and partners to share and discuss best practices for leveraging our solutions as well as network with peers. We foster strategic marketing partnerships with our ecosystem of technology, channel, OEM, system integrator, and service provider partners to expand market reach, increase brand awareness, and drive business growth. Through our unified Elevate Partner Program, we offer qualified partners access to market development funds, co-branded marketing campaigns, joint demand programs, and comprehensive learning paths.

Research and Development

Our research and development efforts are focused primarily on improving current technology, developing new technologies in current and adjacent markets, and supporting existing end customer deployments. Our research and development teams primarily consist of distributed systems software and user interface engineers. A large portion of our research and development team is based in San Jose, California. We also maintain research and development centers in India, North Carolina, Washington, Serbia, Germany, and the United Kingdom. We plan to dedicate significant resources to our continued research and development efforts and intend to continue to grow our global research and development and engineering teams to enhance our solutions, improve integration with new and existing ecosystem partners and broaden the range of IT infrastructure technologies that we converge into our platform. We believe that these investments will contribute to our long-term growth, although they may adversely affect our profitability in the near term.

Manufacturing

We do not manufacture any hardware. The Nutanix-branded NX series appliances are manufactured by Super Micro Computer, Inc. ("Supermicro"). Supermicro designs, assembles and tests the Nutanix-branded NX series appliances and it procures the components used in the NX series appliances directly from third-party suppliers. Our agreement with Supermicro automatically renews annually in May for successive one-year periods thereafter, with the option to terminate upon each annual renewal. Distributors handle fulfillment and shipment for certain end customers, but do not hold inventory.

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Competition

We operate in the intensely competitive IT infrastructure market and compete primarily with companies that sell software and hardware to build and operate private clouds, integrated systems and standalone storage and servers, as well as providers of public cloud infrastructure solutions. These markets are characterized by constant change and rapid innovation. We face competition from, among others:

- software providers that offer a broad range of virtualization, infrastructure and management products to build and operate enterprise and hybrid clouds, such as VMware by Broadcom;
- providers of public cloud infrastructure and SaaS-based offerings, such as AWS, Google Cloud, Oracle Cloud, and Azure; and
- traditional IT systems vendors, such as Dell, HPE, Hitachi Data Systems ("Hitachi"), International Business Machines ("IBM"), Lenovo, Pure Storage, Inc. ("Pure Storage"), NetApp, Inc. ("NetApp"), and Huawei Technologies Co., Ltd. ("Huawei"), that offer integrated systems that include bundles of servers, storage and networking solutions, as well as a broad range of standalone server and storage products.

As the market in which we compete continues to develop, we expect it will continue to attract new companies as well as existing larger vendors. Some of our competitors may also expand their product offerings, acquire competing businesses, sell at lower prices, bundle with other products and capabilities (including artificial intelligence, machine learning, and generative AI capabilities), provide closed technology platforms, partner with other companies to develop joint solutions, or otherwise attempt to gain a competitive advantage. Furthermore, as we expand our product offerings, we may expand into new markets, and we may encounter additional competitors in such markets. Additionally, as companies increasingly offer competing solutions, they may be less willing to cooperate with us as an OEM or otherwise.

We believe the principal competitive factors in our market include:

- platform features and capabilities;
- system scalability, performance and resiliency;
- management and operations, including provisioning, troubleshooting, analytics, automation, and upgrades;
- total cost of ownership over the lifetime of the technology;
- customer freedom of choice over, and product interoperability with, third-party applications, infrastructure software, infrastructure systems, and platforms and public clouds;
- application mobility across disparate silos of enterprise computing, including public and private cloud infrastructure; and
- quality of customer experience, including ease-of-use, support and professional services.

We are also venturing into a number of markets that are adjacent to our core HCI market, both through the expansion in hybrid multicloud environments as well as through our addition of new functionality and features in our platform and through portfolio products. These adjacent markets include areas such as Kubernetes management and data and platform services, cloud disaster recovery, data governance and compliance, cloud management, files and object storage, and database automation and database-as-a-service. Competitors in these markets include large, sophisticated companies that may have more experience or longer operating histories in these markets as well as new entrants.

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We believe that we are positioned favorably against our competitors based on these factors. However, many of our competitors have substantially greater financial, technical and other resources, greater brand recognition, larger sales forces and marketing budgets, a larger existing customer base, broader distribution, and larger and more mature intellectual property portfolios.

Intellectual Property

Our success depends in part upon our ability to protect and use our core technology and intellectual property. We rely on patents, trademarks, copyrights and trade secret laws, confidentiality procedures, and employee nondisclosure and invention assignment agreements to protect our intellectual property rights. As of July 31, 2024, we had 513 U.S. patents that have been issued and 168 non-provisional patent applications pending in the United States. Our issued U.S. patents expire between 2033 and 2044. We also leverage some open source software in most of our products. See Item 1A, "Risk Factors," for further discussion of risks related to protecting our intellectual property.

Facilities

Our corporate headquarters are located in San Jose, California where, under lease agreements that expire through May 2030, we currently lease approximately 215,000 square feet of space. We also maintain offices in North America, Europe, Asia Pacific, the Middle East, Latin America, and Africa. We lease all of our facilities and do not own any real property. We believe that our facilities are adequate to meet our needs for the immediate future and that, should it be needed, we would lease suitable additional space to accommodate our operations.

Government Regulation

Our business activities are subject to various federal, state, local, and foreign laws, rules and regulations. Compliance with these laws, rules and regulations has not had, and is not expected to have, a material effect on our capital expenditures, results of operations or competitive position as compared to prior periods. Nevertheless, compliance with existing or future governmental regulations, including, but not limited to, those pertaining to global trade, acquisitions, data protection and data privacy, employment and labor, and taxes could have a material impact on our business in subsequent periods. See Item 1A, "Risk Factors," for further discussion of risks related to the potential impact of government regulation on our business.

Employees and Human Capital

We had approximately 7,150 employees worldwide as of July 31, 2024. None of our employees in the United States are represented by a labor organization or are a party to any collective bargaining arrangement. In certain European countries in which we operate, we are subject to, and comply with, local labor law requirements in relation to the establishment of works councils and/or industry-wide collective bargaining agreements. We are often required to consult and seek the consent or advice of these works councils. We have never had a work stoppage and we consider our relationship with our employees to be good.

We understand the importance of human capital and prioritize building our culture, talent development, compensation and benefits, and diversity and inclusion. Our human capital resources objectives include identifying, recruiting, retaining, and incentivizing talent, as well as promoting the development and integration of our existing and new employees, advisors and consultants. The principal purposes of our equity and cash incentive plans are to attract, retain and reward personnel through stock-based and cash-based compensation awards to drive stockholder value and the success of our company by motivating such individuals to perform to the best of their abilities and achieve our objectives.

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Diversity, Equity, Inclusion and Belonging

At Nutanix, we believe that our differences make us stronger: our diverse backgrounds, experiences and perspectives when shared, make us a more innovative and resilient team, and we can better delight and serve our customers when our teams reflect the diversity of the businesses and communities we serve.

We believe that fostering diversity, equity, inclusion, and belonging ("DEIB") will help us create and maintain a dynamic culture that achieves business results. DEIB efforts at Nutanix have been aimed at attracting, developing, and retaining the best diverse talent by facilitating an irresistible employee experience. To further support this objective, we have implemented a number of initiatives, including expanding our employee resource groups, continuing our company-wide diversity training and overall education efforts, as well as developing and implementing allyship, advocacy, and mentorship programs.

Total Rewards

We believe a robust, equitable, and competitive Total Rewards portfolio is essential to attracting and retaining diverse talent that moves Nutanix forward. We design reward and recognition programs that resonate wherever our talent sits in the world. Our reward programs are carefully crafted to offer physical, mental/emotional, and financial support to our employees and their families. We regularly review our programs and encourage employee feedback about the rewards they value most. We tailor rewards programs specifically based on local market practice and the competitive landscape and we provide a range of globally available support programs such as an Employee Assistance Program, online health engagement, and child development support.

Health, Wellness, and Safety

The health and safety of employees and others on our property are a top priority. We also focus on compliance with all health and safety laws applicable to our business. To that end, appropriate requirements are implemented, as needed, in order to comply with public health or safety obligations. In addition, we work with our employees and facilities management at our office locations to ensure that work areas are kept safe and free of hazardous conditions. Employees are required to be conscientious about workplace safety. In compliance with applicable laws, and to promote the concept of a safe workplace, we maintain an Injury and Illness Prevention Program. We also continue to support the well-being and continued development of our employees by offering well-being days, during which all employees may enjoy private time away from work requirements.

Growth and Development

We challenge our employees to constantly learn, continuously improve, and eternally evolve -- and to that end we invest resources to foster a learning culture throughout our company and to empower our employees to drive their own personal and professional growth by equipping them with onboarding and learning programs. Our learning programs include digital learning, speed coaching, customized learning workshops, management enablement and skills training for current, new and future managers, training on diversity, inclusion, and belonging, language learning programs, and employee wellness programs. We believe that by empowering our employees as they strive to grow personally and professionally, we will be able to build a flexible and resilient workforce and maintain and nurture a robust pipeline of talent to fuel our future growth and strategy.

We recognize and value the continuous evolution and refinement of our company culture, while staying true to our Core Values – which ask each employee to operate with a mindset of remaining Hungry, Humble, Honest, and always acting with Heart. For fiscal 2024, we introduced a rebranding of our Culture Principles, developed with input from employees in every function, region, and level of Nutanix. These Culture Principles are encapsulated as follows:

- We obsess about our customers' success

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- We work as one team
- We own it
- We think long-term

Each of these Culture Principles aligns with our Core Values and represents the beliefs that help inform all kinds of decisions at our company – from how we hire, to how we develop our products and services, to how we work with our customers.

Information about Segment and Geographic Areas

The segment and geographic information required herein is contained in Note 13 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Corporate Information

We were incorporated in Delaware in September 2009 as Nutanix, Inc. Our principal executive offices are located at 1740 Technology Drive, Suite 150, San Jose, California 95110, and our telephone number is (408) 216-8360. We have operations throughout North America, Europe, Asia Pacific, the Middle East, Latin America, and Africa. Our website address is www.nutanix.com. Information contained on or accessible through our website is neither a part of this Annual Report on Form 10-K nor incorporated by reference herein, and any references to our website and the inclusion of our website address in this Annual Report on Form 10-K are intended to be inactive textual references only.

Available Information

Our website is located at www.nutanix.com and our investors relations website is located at ir.nutanix.com. We file reports with the Securities and Exchange Commission ("SEC"), which maintains an internet site (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers, including us, that file electronically with the SEC. This Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are made available free of charge on the investor relations portion of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We also provide a link to the section of the SEC's website at www.sec.gov that has, or will have, all of our public filings, including this Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, all amendments to those reports, our Proxy Statements, and other ownership-related filings. We use our investor relations website as well as social media as channels of distribution for important company information. For example, webcasts of our earnings calls and certain events we participate in or host with members of the investment community are on our investor relations website. Additionally, we announce investor information, including news and commentary about our business and financial performance, SEC filings, notices of investor events, and our press and earnings releases, on our investor relations website. It is possible that the information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media and others interested in our company to review the information we post on social media channels listed on our investor relations website. Investors and others can receive notifications of new information posted on our investor relations website in real time by signing up for email alerts and RSS feeds. Further corporate governance information, including our corporate governance guidelines, board committee charters and code of business conduct and ethics, is also available on our investor relations website under the heading "Governance Documents." Information contained on or accessible through our websites is neither a part of nor incorporated by reference into this Annual Report on Form 10-K or any other report or document we file with or furnish to the SEC, and any references to our websites and the inclusion of our website addresses in this Annual Report on Form 10-K are intended to be inactive textual references only.

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Item 1A. Risk Factors

You should carefully consider the risks and uncertainties described below, together with all of the other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and related notes, before making a decision to invest in our securities. The risks and uncertainties described below are not the only ones we face; additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect our business. If any of the following risks occur, our business, financial condition, operating results, cash flows, and prospects could be materially harmed. In that event, the price of our securities could decline, and you could lose part or all of your investment. In addition, the global macroeconomic environment remains uncertain, which may adversely impact our business, operating results, cash flows, and prospects.

Summary Risk Factors

Our business and an investment in our securities are subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows, and prospects. These risks are discussed more fully below and include, but are not limited to, risks related to:

Risks Related to Our Business and Industry

- our ability to achieve our business plans, vision, and objectives, including our growth and go-to-market strategies, successfully and in a timely manner;
- macroeconomic or geopolitical conditions, industry trends, and technological developments, including disruptions and delays in global supply chains;
- the competitive market, including our competitive position, advantages and ability to compete effectively, and ability to increase our market share;
- our ability to capitalize on new opportunities resulting from a change in ownership of one of our main competitors;
- our ability to predict future financial performance from our historical financial performance;
- our ability to address customer needs and expand or maintain our customer base;
- our platform, solutions, products, services, and technology, including their interoperability and availability with and on third-party platforms and technologies, any undetected defects in our solutions, and current and future product roadmaps, including expanding our artificial intelligence-related capabilities;
- 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 reliance on key manufacturers, suppliers or other vendors; and
- any business model transitions.

Risks Related to Cybersecurity and Intellectual Property

- the occurrence of security breaches, improper access to or disclosure of our data or user data, and other cyber incidents or undesirable activity on our platform; and
- our ability to obtain, maintain, protect, and enforce our intellectual property rights.

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Risks Related to Employee Matters

- our reliance on key personnel and ability to attract, train, incentivize, retain, and/or ramp to full productivity, qualified employees and key personnel.

Risks Related to Financial, Accounting, Regulatory, Tax, and Other Legal Matters

- our ability to maintain an effective system of internal controls;
- any changes to, or failure to comply with, laws and regulations, as well as the impact of and any regulatory investigations and enforcement actions and other legal proceedings; and
- complex and evolving U.S. and foreign privacy, data use and data protection, content, competition, consumer protection, and other laws and regulations.

Risks Related to Our Convertible Notes

- our ability to service our outstanding convertible notes, including the sufficiency of our cash, or our ability to raise necessary funds, to settle conversions of the notes, repay the notes at maturity, or repurchase the notes upon a fundamental change; and
- the impact of certain provisions of our outstanding convertible notes on our financial condition and operating results, as well as the value of the notes and the price of our securities.

Risks Related to Ownership of our Securities

- any volatility and decline in the market price and/or trading volume of our securities, including as a result of financial or industry analyst reports or a lack thereof;
- any dilutive impact of actual or perceived sales of substantial amounts of our securities in the public markets and/or the conversion of our outstanding convertible notes;
- any limitations on the ability of holders of our securities to influence corporate matters due to certain provisions of our organizational documents or under Delaware law;
- restrictions on our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, or employees; and
- our plans regarding payment of any future dividends.

General Risk Factors

- investors' and other stakeholders' expectations of our performance relating to environmental, social and governance factors.

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Risks Related to Our Business and Industry

We have a history of losses, and we may not be able to maintain profitability on a non-GAAP basis or achieve profitability on a GAAP basis in the future.

We have incurred GAAP net losses in all annual periods since our inception, and we may continue to incur GAAP net losses for the foreseeable future. We experienced GAAP net losses of \$798.9 million, \$254.6 million and \$124.8 million for fiscal 2022, 2023 and 2024, respectively. As of July 31, 2024, we had an accumulated deficit of \$4.8 billion. In addition to the investments we expect to continue to make to grow our business, we also incur and expect to continue incurring significant additional legal, accounting and other expenses as a public company. While we generated net income on a non-GAAP basis in fiscal 2023 and fiscal 2024, if we fail to increase our revenue and manage our expenses, we may not be able to continue to generate net income on a non-GAAP basis or achieve net income on a GAAP basis in the future.

Adverse or uncertain macroeconomic or geopolitical conditions or reduced IT spending by our end customers may adversely impact our business, revenues and profitability.

Our business, operations and performance are dependent in part on worldwide market, economic and financial conditions and events that may be outside of our control, such as global, regional, and local economic developments, fiscal, monetary and tax policies, high inflation, rising interest rates, recession, political and social unrest, uncertainty surrounding the 2024 U.S. elections, terrorist attacks, hostilities or the perception that hostilities may be imminent, military conflict, war, including the ongoing war in Ukraine and related sanctions as well as measures taken in response to such sanctions, the ongoing military conflict in the Middle East, malicious human acts, climate change, natural disasters (including extreme weather), pandemics or other major public health concerns, and other similar events, and the impact these conditions and events have on the overall demand for enterprise computing infrastructure solutions and on the economic health and general willingness of our current and prospective end customers to purchase our solutions and to continue spending on IT in general. The global macroeconomic environment has been, and may continue to be, inconsistent, challenging and unpredictable due to pandemics, international trade disputes or tensions, tariffs, including those imposed by the U.S. government on Chinese imports to the United States, restrictions on sales and technology transfers, rising interest and inflation rates, uncertainties related to changes in public policies such as domestic and international regulations and fiscal and monetary stimulus measures, taxes, or international trade agreements, actual or potential government shutdowns, elections and any related political instability, geopolitical turmoil and civil unrests, instability in the global credit markets, and other disruptions to global and regional economies and markets.

These macroeconomic challenges and uncertainties have, and may continue to, put pressure on global economic conditions and overall IT spending and may cause our end customers to modify spending priorities or delay or abandon purchasing decisions, thereby lengthening sales cycles and potentially lowering prices for our solutions, and may make it difficult for us to forecast our sales and operating results and to make decisions about future investments, any of which could materially harm our business, operating results and financial condition.

The enterprise IT market is rapidly changing and expanding, and we expect competition to continue to intensify in the future from both established competitors and new market entrants.

We operate in the intensely competitive enterprise IT infrastructure market and compete primarily with companies that sell software and hardware to build and operate enterprise clouds, integrated systems and standalone storage and servers, as well as providers of public cloud infrastructure solutions. These markets are characterized by constant change and rapid innovation. We face competition from, among others:

- software providers that offer a broad range of virtualization, infrastructure and management products to build and operate enterprise and hybrid clouds, such as VMware, Inc. ("VMware") by Broadcom Inc. ("Broadcom");

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- providers of public cloud infrastructure and SaaS-based offerings, such as AWS, Google Cloud, Oracle Cloud, and Azure; and
- traditional IT systems vendors, such as Dell, HPE, Hitachi, IBM, Lenovo, Pure Storage, NetApp, and Huawei, that offer integrated systems that include bundles of servers, storage and networking solutions, as well as a broad range of standalone server and storage products.

As the market in which we compete continues to develop, we expect it will continue to attract new companies as well as existing larger vendors. Some of our competitors may also expand their product offerings, acquire competing businesses, sell at lower prices, bundle with other products and capabilities (including artificial intelligence, machine learning, and generative AI capabilities), provide closed technology platforms, partner with other companies to develop joint solutions, or otherwise attempt to gain a competitive advantage. Furthermore, as we expand our product offerings, we may expand into new markets, and we may encounter additional competitors in such markets. Additionally, as companies increasingly offer competing solutions, they may be less willing to cooperate with us as an OEM or otherwise.

Many of our existing competitors have, and some of our potential competitors may have, competitive advantages over us, such as longer operating histories, significantly greater financial, technical, marketing, or other resources, stronger brand awareness and name recognition, larger intellectual property portfolios, and broader global presence and distribution networks. They may be able to devote greater resources to the promotion and sale of products and services than we can, and they may offer heavy discounts, forcing us to compete aggressively on pricing. Moreover, our current or potential competitors may be acquired by third parties with greater available resources and the ability to initiate or withstand substantial price competition, such as the acquisition of VMware by Broadcom in November 2023. Furthermore, some of our competitors have access to larger customer bases and supply a wide variety of products to, and have well-established relationships with, our current and prospective end customers. Some of these competitors have in the past and may in the future take advantage of their existing relationships with end customers, distributors or resellers to provide incentives to such current or prospective end customers that make their products more economically attractive or to interfere with our ability to offer our solutions to our end customers. Our competitors may also be able to offer products or functionality similar to ours at a more attractive price, such as by integrating or bundling their solutions with their other product offerings or those of technology partners or establishing cooperative relationships with other competitors, technology partners or other third parties. Some potential end customers have preferred, and in the future may continue to prefer, to purchase from their existing suppliers rather than a new supplier, especially given the significant investments that they have historically made in their legacy infrastructures. Some of our competitors may also have stronger or broader relationships with technology partners than we do, which could make their products more attractive than ours. We have also ventured into a number of markets that are adjacent to our core HCI market, both through the expansion of HCI in hybrid multicloud environments as well as through our emerging products, and some of our competitors in these adjacent markets have more experience with those markets and more resources targeted at penetration of those markets than we do. As a result, we cannot assure you that our solutions will compete favorably, and any failure to do so could adversely affect our business, operating results and prospects.

In addition, in recent years, an increasing number of customers have been allocating their IT spending toward artificial intelligence, machine learning, and generative AI capabilities. The IT infrastructure market for artificial intelligence, machine learning, and generative AI workloads is also expected to be an intensely competitive and rapidly evolving market.

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We may not be able to capitalize on new opportunities resulting from a change in ownership of one of our main competitors.

We believe that our opportunity to increase market share has grown since one of our main competitors, VMware, was acquired by Broadcom in November 2023. As a result of the acquisition and subsequent changes made by Broadcom to VMware's product portfolio and pricing, an increasing number of VMware customers have been exploring potential alternatives to VMware's virtualization and cloud infrastructure solutions. However, a variety of factors may adversely affect the timing and our ability to capitalize on opportunities with these prospective customers. For example, many of these prospective customers may not be ready to consider adoption of our platform until a future year as a result of having multi-year contracts with VMware or a need to wait for their next hardware refresh. In addition, Broadcom may respond competitively to our pursuit of these opportunities, and we may not be able to compete effectively. If we are unable to capitalize on these opportunities in a timely manner, our business and operating results could be adversely affected.

The markets in which we compete are rapidly evolving, which make it difficult to forecast end customer adoption rates and demand for our solutions.

The markets in which we compete are rapidly evolving. Accordingly, our future financial performance will depend in large part on the allocation of spending in traditional IT markets and on our ability to adapt to new market demands. Currently, sales of our solutions are dependent in large part upon replacement of spending in traditional markets, including x86 servers, storage systems and virtualization software. In addition, as we continue to develop new solutions designed to address new market demands, sales of our solutions will in part depend on capturing new spending in these markets, including public cloud, hybrid cloud and cloud native services. Moreover, in recent years, an increasing number of customers have been allocating their IT spending toward artificial intelligence, machine learning, and generative AI capabilities. The IT infrastructure market for artificial intelligence, machine learning, and generative AI workloads is expected to be an intensely competitive and rapidly evolving market, and our future financial performance may depend on our ability to adapt to, and capture new spending, in this market. If the markets in which we compete experience a shift in customer demand, or if customers in these markets focus their new spending on, or shift their existing spending to, public cloud solutions or other solutions that do not interoperate with our solutions more quickly or more extensively than expected, our solutions may not compete as effectively, if at all. It is also difficult to predict end customer demand or adoption rates for our solutions or the future growth of our market.

In addition, we have estimated the size of our total addressable and serviceable available markets based on internally generated data and assumptions, as well as data published by third parties, which we have not independently verified. While we believe these estimates are reasonable, such information is inherently imprecise and subject to a high degree of uncertainty. If our third-party or internally generated data prove to be inaccurate or we make errors in our assumptions based on that data, our actual market may be more limited than our estimates. In addition, these inaccuracies or errors may cause us to misallocate capital and other critical business resources, which could harm our business. Even if our total addressable market meets our size estimates and experiences growth, we may not continue to grow our share of the market.

If end customers do not adopt our solutions, our ability to grow our business and operating results may be adversely affected.

Traditional IT infrastructure architecture is entrenched in the data centers of many of our end customers because of their historical financial investment in existing IT infrastructure architecture and the existing knowledge base and skill sets of their IT administrators. As a result, our sales and marketing efforts often involve extensive efforts to educate our end customers as to the benefits and capabilities of our solutions, particularly as we introduce new products and continue to pursue large organizations as end customers. If we fail to achieve market acceptance of our solutions, our ability to grow our business and our operating results will be adversely affected.

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As we target some of our sales efforts at larger enterprise customers, we may face greater costs, longer sales cycles, greater competition, increased pricing pressure, deployment and customization challenges, and less predictability in our ability to close sales, and we may have to delay revenue recognition for some complex transactions, all of which could harm our business and operating results.

In recent quarters, our sales pipeline has evolved to include a higher mix of larger deal opportunities. Sales to these end customers involve risks that may not be present, or that are present to a lesser extent, with sales to smaller end customers. These risks include:

- longer sales cycles and the associated risk that substantial time and resources may be spent on a potential end customer that elects not to purchase our solutions;
- competition from companies that traditionally target larger enterprises, service providers and government entities and that may have pre-existing relationships or purchase commitments from such end customers;
- increased purchasing power and leverage held by large end customers in negotiating contractual arrangements with us; and
- more stringent requirements in our support service contracts, including demand for quicker support response times and penalties for any failure to meet support requirements.

Large organizations often undertake a significant evaluation process that results in a lengthy sales cycle. Although we have a channel sales model, our sales representatives typically engage in direct interaction with our prospective end customers as well as our distributors and resellers. We typically provide evaluation products to these end customers and may spend substantial time, effort and money in our sales efforts to these prospective end customers. In addition, product purchases by large organizations are frequently subject to budget constraints, multiple approvals and unanticipated administrative, processing and other delays. Finally, large organizations typically have longer implementation cycles, require greater product functionality and scalability, require a broader range of services, demand that vendors take on a larger share of risks, require acceptance provisions that can lead to a delay in revenue recognition, expect greater payment flexibility, and may also have a greater ability to resist any attempts to pass on increases in our operating and procurement costs. Given these variables, it can be difficult for us to estimate when an expected sale from a large organization, service provider or government entity may occur, and our ability to accurately forecast our future operating results may be adversely affected. If we fail to realize an expected sale from a large end customer in a particular quarter or at all, our business and operating results could be adversely affected. All of these factors can add further risk to business conducted with these end customers.

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Our sales cycles can be long and unpredictable, and our sales efforts require considerable time and expense. As a result, it can be difficult for us to predict when, if ever, a particular customer will choose to purchase our solutions, which may cause our operating results to fluctuate significantly.

Our sales efforts involve educating our end customers about the uses and benefits of our solutions, including their technical capabilities and cost saving potential. End customers often undertake an evaluation and testing process that can result in a lengthy sales cycle. Increasing competition and the emergence of new hyperconverged infrastructure product offerings and consumption models often result in customers evaluating multiple vendors at the same time, which can further lengthen the sales cycle. We spend substantial time and resources on our sales efforts without any assurance that our efforts will produce any sales. Platform purchases are frequently subject to budget constraints, multiple approvals and unanticipated administrative, processing and other delays. In addition, because our platform is deployed on a hardware platform and many prospective customers have invested in legacy three-tier infrastructures consisting of separate servers, storage systems, and storage area networks, customers may not be ready to consider adopting our platform unless and until they are due for a hardware refresh, which occurs at intervals. These factors and the legacy relationships that our end customers have with existing IT vendors sometimes lead to unpredictable sales cycles, which make it difficult for us to predict when end customers may purchase solutions from us. The unpredictable nature of our sales cycles may be increased in future periods as we continue to focus our sales efforts more heavily on major accounts and large deals. Our business and operating results will be significantly affected by the degree to which and speed with which organizations adopt our solutions. In addition, in recent quarters, our sales pipeline has evolved to include a higher mix of larger deal opportunities. Because larger deal opportunities often take longer to close and require more levels of review from the customer's executive team, involve greater competition, and have greater variability in timing, outcome and deal structure, this recent trend is expected to drive greater variability in our ability to land new end customers and expand sales to existing end customers, and our top-line results may be adversely affected.

We have experienced significant growth in prior periods, and we may not be able to sustain or manage any future growth effectively.

We have expanded our overall business and operations significantly in prior periods. Our employee headcount has increased significantly since our inception. We anticipate that our operating expenses will increase in the long term as we scale our business, including in developing and improving our new and existing solutions, expanding our sales and marketing capabilities and global coverage, and in providing general and administrative resources to support our growth. In addition, as we continue to grow our business in the long term, we must effectively train, integrate, develop, motivate, and retain a large number of new employees, as well as existing employees who are promoted or moved into new roles, while maintaining the effectiveness of our business execution. The failure to manage these changes could significantly delay the achievement of our strategic objectives. In particular, our success depends heavily on our ability to ramp new sales teams in a fast and effective manner and retain those sales teams. In recent years, we have also seen higher-than-normal attrition among our sales representatives and while we are actively recruiting additional sales representatives, it will take time to replace, train, and ramp them to full productivity, and if we are unable to do so, we may not be able to achieve our growth targets. We must also continue to improve and expand our IT and financial infrastructure, management systems and product management and sales processes. We expect that our future growth will continue to place a significant strain on our management, operational and financial resources, and we may not be able to sustain or manage any future growth effectively. We may make investments or otherwise incur costs associated with future growth that may not translate into billings or revenues or otherwise result in the realization of their anticipated benefits within the expected timeframe or at all, and the return on these investments may be lower, if any, or may develop more slowly than we expect.

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If we are unable to sustain or manage our growth effectively, we may not be able to take advantage of market opportunities. We also may fail to satisfy end customers' requirements, maintain product quality, execute on our business plan, or respond to competitive pressures, any of which could adversely affect our business, operating results, financial condition, and prospects.

Our continued focus on growth may negatively impact our ability to achieve or maintain profitability in the near term.

We intend to continue balancing our growth against our operating expenses. However, maintaining this balance may negatively impact our ability to achieve, or subsequently maintain, profitability on a GAAP basis in the near term. Further, expenditures related to expanding our research and development efforts, sales and marketing efforts, infrastructure and other such investments may not ultimately grow our business, billings or revenue or result in future profitability. If we are ultimately unable to achieve or maintain profitability at the level anticipated by analysts and our stockholders, the price of our securities may decline, potentially significantly.

Our historical financial performance, including revenue growth, may not be indicative of our future performance.

Our historical financial performance, including revenue growth, may not be indicative of our future performance. Over the years, we've undergone several business model transitions, including our transition to focus on software-only sales and our transition to a subscription-based business model. These transitions can make it difficult to compare our current results against our historical results. For example, our recently completed transition to a subscription-based model resulted in impacts to our revenue in the short term compared to our historical results. The revenue we recognize from subscription sales, even if recognized upfront, may in some instances have a lower total dollar value than those associated with licenses for the life of the device because they may be of a shorter term than the life of the device. This may also make it difficult to rapidly increase our revenue in any period through additional sales.

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If other IT vendors do not cooperate with us to ensure that our solutions interoperate with their products, including by providing us with early access to their new products or information about their new products, our product development efforts may be delayed or impaired, our solutions could become less attractive to end customers resulting in a decline in sales, and our business, operating results and prospects may be adversely affected, which could adversely affect our business, operating results and prospects.

Our solutions provide a platform on which software applications and hypervisors from different software providers run. As a result, our solutions must interoperate with our end customers' existing hardware and software infrastructure, specifically their networks, servers, software, and operating systems, as well as the applications that they run on this infrastructure, which may be manufactured and provided by a wide variety of vendors and OEMs. In addition to ensuring that our solutions interoperate with these hardware and software products initially, we must occasionally update our software to ensure that our solutions continue to interoperate with new or updated versions of these hardware and software products. Current or future providers of hardware, software applications, hypervisors, or data management tools could make changes that would diminish the ability of our solutions to interoperate with them, and significant additional time and effort may be necessary to ensure the continued compatibility of our solutions, which might not be possible at all. Even if our solutions are compatible with those of other providers, if they do not certify or support our solutions for their systems or cooperate with us to coordinate troubleshooting and hand off of support cases, end customers may be reluctant to buy our solutions, which could decrease demand for our solutions and harm our ability to achieve a return on the investments and resources that we have dedicated to ensuring compatibility. Developing solutions that interoperate properly requires substantial partnering, capital investment and employee resources, as well as the cooperation of the vendors or developers of the software applications and hypervisors both with respect to product development and product support. Vendors may not provide us with early or any access to their technology and products, assist us in these development efforts, certify our solutions, share with or sell to us any application programming interfaces ("APIs"), formats, or protocols we may need, or cooperate with us to support end customers. If they do not provide us with the necessary access, assistance or proprietary technology on a timely basis or at all, we may experience product development delays or be unable to ensure the compatibility of our solutions with such new technology or products. To the extent that vendors develop products that compete with ours, they have in the past, and may again in the future, withhold their cooperation, decline to share access, certify our solutions or sell or make available to us their proprietary APIs, protocols or formats or engage in practices to actively limit the functionality, or compatibility, and certification of our products. If any of the foregoing occurs, our product development efforts may be delayed or impaired, our solutions could become less attractive to end customers resulting in a decline in sales, and our business, operating results and prospects may be adversely affected.

If we fail to successfully execute on our plan to sell more cloud services, which are sold on a ratable subscription-basis, our results of operations could be adversely affected.

We have sold and anticipate selling more of our products and services as cloud-based offerings - which include offerings hosted on public cloud infrastructure as well as part of our own Nutanix Cloud Platform - on a ratable subscription basis. While cloud-based offerings currently make up a small portion of our business, selling these offerings has required, and will continue to require, a considerable investment of resources and will continue to divert resources and increase costs, especially in cost of license and other revenues, in any given period. We have also made, and intend to continue to make, investments in the supporting infrastructure for such cloud-based offerings that we host and may not recoup the costs of such investments. Such investments of resources may also not improve our long-term growth and results of operations. Further, the increase in some costs associated with our cloud-based services may be difficult to predict over time, especially in light of our lack of historical experience with the costs of delivering cloud-based versions of our solutions.

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We believe our plan has certain advantages; however, it also presents a number of risks to us including, but not limited to, the following:

- arrangements entered into on a ratable subscription basis may delay when we can recognize revenue, even when compared to similar term-based subscription sales, which we currently recognize upfront, and can require up-front costs, which may be significant;
- since revenue is recognized ratably over the term of the customer agreement, any decrease in customer purchases of our ratable subscription-based products and services will not be fully reflected in our operating results until future periods. This will also make it difficult for us to increase our revenue through additional ratable subscription sales in any given period;
- cloud-based ratable subscription arrangements are generally under short-term agreements. Accordingly, our customers generally have no long-term obligation to us and may cancel their subscription at any time, even if our customers are satisfied with our cloud-based subscription products; and
- there is no assurance that the cloud-based solutions we offer on a ratable subscription basis, including new products that we may introduce, will receive broad marketplace acceptance.

If we fail to properly execute on our plan to sell more of our products and services as cloud-based offerings on a ratable subscription basis, our business and operating results would be adversely affected, and the price of our securities could decline.

If we fail to develop or introduce new or enhanced solutions on a timely or cost-effective basis, our ability to attract and retain end customers could be impaired and our brand, reputation and competitive position could be harmed.

We operate in a dynamic environment characterized by rapidly changing technologies and industry standards and technological obsolescence. We will need to continue to create valuable software solutions and integrate these solutions across hardware platforms. To compete successfully, we must design, develop, market, and sell new or enhanced solutions that provide increasingly higher levels of performance, capacity, scalability, security, interoperability, application mobility, and reliability and meet the cost expectations of our end customers. The introduction of new products by our competitors, the market acceptance of products based on new or alternative technologies, including AI capabilities, or the emergence of new industry standards could render our existing or future solutions obsolete or less attractive to end customers. Any failure to anticipate or develop new or enhanced solutions or technologies, including AI capabilities, in a timely or cost-effective manner in response to technological shifts, could result in decreased revenue and harm to our business and prospects. Any new feature or application that we develop or acquire may not be introduced in a timely or cost-effective manner and may not achieve broad market acceptance and investments in research and development or efforts to optimize our engineering cost structure may not be successful. In particular, if we fail to timely release new products, technology or services that we previously announced, our brand and reputation could be harmed. For example, in May 2023 we announced Project Beacon, our multi-year effort that aims to decouple applications and their data from the underlying infrastructure and deliver a portfolio of data-centric platform-as-a-service-level and cloud native block and file storage services available natively anywhere, including on Nutanix Cloud Platform or on public clouds. If we fail to introduce new or enhanced solutions that meet the needs of our end customers, such as Project Beacon, or penetrate new markets in a timely fashion, we may lose market share and our business, operating results and prospects could be adversely affected.

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Developments or improvements in enterprise IT infrastructure technologies may materially and adversely affect the demand for our solutions.

Significant developments in enterprise IT infrastructure technologies, such as advances in storage, virtualization, containers, networking, disaster recovery, edge computing, management software, and public cloud and hybrid cloud infrastructure solutions, may materially and adversely affect our business, operating results and prospects in ways we do not currently anticipate. Any failure by us to develop new or enhanced technologies or processes, to react to changes or advances in existing technologies or to correctly anticipate these changes or advances as we create and invest in our product roadmap, could materially delay our development and introduction of new solutions, which could result in the loss of competitiveness of our solutions, decreased revenue and a loss of market share to competitors. In addition, public cloud infrastructure offers alternatives to the on-premises infrastructure deployments that our platform currently primarily supports. Various factors could cause the rate of adoption of public cloud infrastructure to increase, including decreases in the price of public cloud offerings, increased interoperability with on-premises infrastructure solutions that compete with our solutions, and improvements in the ability of public cloud providers to deliver reliable performance, enhanced security, better application compatibility, and more precise infrastructure control. In addition, the rate of adoption of public cloud infrastructure could increase due to increased customer interest in artificial intelligence, machine learning, and generative AI capabilities that may be offered by public cloud providers. Any of these factors could make our platform less competitive as compared to the public cloud and could materially and adversely affect the demand for our solutions.

Investing in our AI capabilities introduces risks, which, if realized, could adversely impact our business.

We have made, and plan on continuing to make, investments in our artificial intelligence capabilities in our business, products, and services, including efforts to make our Nutanix Cloud Platform the platform of choice for customers deploying machine learning and artificial intelligence workloads. As part of these efforts, we offer GPT-in-a-Box, which addresses the challenges that enterprises face when adopting generative AI and AI/ML applications by providing our full-stack software-defined AI-ready platform with services designed to facilitate customers' deployment of their generative AI workloads. AI technologies are complex and rapidly evolving, and we face significant competition from other companies as well as an evolving regulatory landscape. The introduction of AI technologies into new or existing products may result in new or enhanced governmental or regulatory scrutiny, litigation, privacy, confidentiality or security risks, ethical concerns, legal liability, or other complications that could adversely affect our business, reputation, or financial results. For example, the European Union has adopted the AI Act and in the United States, new AI-related laws and rulemakings are underway or being proposed at the federal, state, and local levels. The AI Act and any other new laws or regulations could require us to comply with various requirements depending on the nature and categorization of AI. This may result in expending resources and additional costs to comply with these requirements or change our business practices, which could harm our business.

The intellectual property ownership and license rights, including copyright, surrounding AI technologies has not been fully addressed by laws or regulations, and the use or adoption of third-party AI technologies into our business operations, products and services may result in exposure to claims of copyright infringement or other intellectual property misappropriation, as well as potential liability to customers.

AI technologies may use algorithms, datasets, or training methodologies that may be flawed or contain deficiencies that may be difficult to detect during testing. AI technologies, including generative AI, may create content that appears correct but is factually inaccurate, flawed or biased. Use of such content may be to the detriment of the user, or it may lead to discriminatory or other adverse outcomes, which may expose us to brand or reputational harm, competitive harm, and/or legal liability. The use of AI technologies presents emerging ethical and social issues that may result in brand or reputational harm, competitive harm, and/or legal liability.

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Our growth depends on our existing end customers renewing or upgrading their subscriptions and support and entitlement agreements and making additional purchases of software licenses and software upgrades, and the failure of our end customers to do so could harm our business and operating results.

Our future success depends on our existing end customers renewing or upgrading their subscription and support and entitlement agreements and making additional purchases of software licenses and software upgrades. If our end customers do not renew or upgrade their subscription and support and entitlement agreements and/or purchase additional software licenses or software upgrades, our revenue may decline, and our operating results may be harmed. In order for us to maintain or improve our operating results, we depend on our existing end customers renewing their subscription agreements as well as their support and entitlement agreements or purchasing additional solutions. End customers may choose not to renew their subscription agreements or support and entitlement agreements, or purchase additional solutions, because of several factors, such as dissatisfaction with our platform, solutions, support, or prices (including relative to competitive offerings), reductions in our end customers' spending levels or other causes outside of our control. If our existing end customers do not purchase new solutions or renew or upgrade their subscription agreements or support and entitlement agreements, our revenue may grow more slowly than expected or may decline, and our business and operating results may be adversely affected.

We rely primarily on indirect sales channels for the distribution of our solutions, and disruption within these channels could adversely affect our business, operating results and cash flows.

We primarily sell our solutions through indirect sales channels, including channel partners, such as distributors, our OEMs, value added resellers, and system integrators. Our OEMs may in turn distribute our solutions through their own networks of channel partners with whom we have no direct relationships.

We rely, to a significant degree, on our channel partners to select, screen and maintain relationships with their distribution networks and to distribute our solutions in a manner that is consistent with applicable law, regulatory requirements and our quality standards. If our channel partners or a partner in their distribution network violates applicable law or regulatory requirements or misrepresents the functionality of our solutions, our reputation and brand could be damaged, and we could be subject to potential liability. Additionally, if we are unable to establish relationships with strong channel partners in key growth regions, our ability to sell our solutions in these regions may be adversely affected. Our agreements with our channel partners are non-exclusive, meaning our channel partners may offer end customers the products of several different companies, including products that compete with ours. If our channel partners do not effectively market and sell our solutions, choose to use greater efforts to market and sell their own products or those of our competitors, or fail to meet the needs of our end customers, our business, operating results and prospects may be adversely affected. Our channel partners may cease marketing our solutions with limited or no notice and with little or no penalty. The loss of a substantial number of our channel partners, together with our inability to replace them, or the failure to recruit additional channel partners or establish an alternative distribution network could materially and adversely affect our business and operating results. Sales through our top two distributors to our end customers represented 47% of our total revenue for fiscal 2024. In addition, if a channel partner offers its own products or services that are competitive to our solutions, is acquired by a competitor or reorganizes or divests its reseller business units, our revenue derived from that partner may be adversely impacted or eliminated altogether.

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Recruiting and retaining qualified channel partners and training them in the use of our technologies requires significant time and resources. If we fail to devote sufficient resources to support and expand our network of channel partners, our business may be adversely affected. Maintaining strong indirect sales channels for our products and effectively leveraging our channel partners and OEMs is important to our growth strategy, and the failure to effectively manage these relationships may lead to higher costs and reduced revenue. Although we believe that this transition will make our sales channels more efficient and broader reaching in the long term in these markets, there is no guarantee that this new distribution model will increase our sales in the short term or allow us to sustain our gross margins. Any potential delays or confusion during the transition process to our new partners may negatively affect our relationship with our existing end customers and channel partners and may cause us to lose prospective end customers or additional business from existing end customers or cause a decline in renewal rates with existing end customers. Upon completion of the transition to the new sales model, we will be more reliant on fewer channel partners, which may reduce our contact with our end customers making it more difficult for us to establish brand awareness, ensure proper delivery and installation of our software, support ongoing end customer requirements, estimate end customer demand, respond to evolving end customer needs, and obtain subscription renewals from end customers.

Substantially all of our sales to government entities have been made indirectly through our channel partners. Government entities may have statutory, contractual or other legal rights to terminate contracts with our channel partners for convenience or due to a default, and, in the future, if the portion of government contracts that are subject to renegotiation or termination at the election of the government are material, any such termination or renegotiation may adversely impact our future operating results. Additionally, we sometimes rely on our channel partners to satisfy certain regulatory obligations that we would otherwise have to satisfy if we sold directly to the government entities, and our channel partners may be unable or unwilling to satisfy these obligations in the future. In the event of such termination or change, it may be difficult for us to arrange for another channel partner to sell our solutions to these government entities in a timely manner, and we could lose sales opportunities during the transition. Governments routinely investigate and audit government contractors' (including subcontractors') administrative processes, and any unfavorable audit could result in the government refusing to continue buying our solutions, our channel partners changing their business models or refusing to continue to sell our solutions under current models, a reduction of revenue or fines, or civil or criminal liability if the audit uncovers improper or illegal activities.

If our indirect distribution channel is disrupted, particularly if we are reliant on a fewer number of channel partners, or if we are required to directly satisfy certain regulatory obligations imposed by government entities as a result of our efforts to expand our sales to government entities, we may be required to devote more time and resources to distribute our solutions directly and support our end customers, which may not be as effective and could lead to higher costs, reduced revenue and growth that is slower than expected.

Our operating results may fluctuate significantly, which could make our future results difficult to predict and could cause our operating results to fall below expectations.

Our operating results may fluctuate due to a variety of factors, many of which are outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful. If our revenue or operating results in any particular period fall below investor expectations, the price of our securities would likely decline. Factors that are difficult to predict and that could cause our operating results to fluctuate include, but are not limited to:

- the timing and magnitude of orders (including the start dates thereof), shipments and acceptance of our solutions in any quarter;
- subscription renewal rates with end customers and the duration thereof;

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- the timing of subscription renewals, such as subscription renewals that occur earlier than expected, which may have the effect of moving expected bookings and revenue from future periods to the current period;
- our ability to attract new end customers and retain and increase sales to existing end customers;
- disruptions in our sales channels or shifts in our relationships with important channel partners and OEMs;
- the timing of revenue recognition for our sales;
- reductions in end customers' budgets for information technology purchases;
- delays in end customers' purchasing cycles or deferments of end customers' purchases in anticipation of new products or updates from us or our competitors;
- fluctuations in demand and competitive pricing pressures for our solutions;
- the lengths of our contract durations;
- the mix of solutions sold, and the mix of revenue between product and support, entitlements and other services;
- our ability to develop, introduce and ship in a timely manner new solutions and product enhancements that meet customer requirements, and market acceptance of such new solutions and product enhancements;
- the timing of product releases or upgrades or announcements by us or our competitors;
- any change in the competitive dynamics of our markets, including consolidation or partnerships among our competitors or partners, new entrants or discounting of prices;
- the amount and timing of expenses to grow our business and the extent to which we are able to take advantage of economies of scale or to leverage our relationships with OEM or channel partners;
- the costs associated with acquiring new businesses and technologies and the follow-on costs of integrating and consolidating the results of acquired businesses;
- the amount and timing of stock-based compensation expenses incurred as a result of granting equity awards to attract, retain, and motivate employees and key personnel;
- our ability to control the costs of our solutions and their key components, or to pass along any cost increases to our end customers;
- general economic, industry and market conditions and other events that may be outside of our control, such as political and social unrest, terrorist attacks, hostilities, war, malicious human acts, climate change, natural disasters (including extreme weather), supply chain disruption or shortages, pandemics or other major public health concerns, and other similar events; and
- future accounting pronouncements and changes in accounting policies.

The occurrence of any one of these risks could negatively affect our operating results in any particular quarter, which could cause the price of our securities to decline.

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Because a significant portion of our revenue is recognized ratably over the term of the contractual service period, downturns or upturns in sales are not immediately reflected in full in our results of operations.

Subscription revenue accounts for the substantial majority of our revenue, comprising 91%, 93%, and 94% of our total revenue for fiscal 2022, 2023, and 2024, respectively. A significant portion of our subscription revenue is revenue from software entitlement and support subscriptions and SaaS offerings, which is recognized ratably over the contractual service period. As a result, a significant portion of our revenue that we report for each fiscal quarter represents the recognition of deferred revenue from subscription agreements entered into during previous fiscal quarters. Consequently, any decline in new or renewed subscriptions in any one fiscal quarter will not be fully or immediately reflected in our revenue for that fiscal quarter. However, any such decline will negatively affect our revenue for future quarters. Accordingly, the effect of significant downturns in sales, our failure to achieve our internal sales targets, a decline in the market acceptance of our services, or a decrease in retention rates may not be fully reflected in our operating results until future periods. Our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as a significant portion of our revenue from additional sales must be recognized over the applicable subscription duration.

Our gross margins are impacted by a variety of factors and may be subject to variation from period to period.

Our gross margins may be affected by a variety of factors, including fluctuations in the pricing of our products (including as a result of competitive pricing pressures or increases in component pricing), the degree to which we are successful in selling the value of incremental feature improvements and upgrades, changes in the cost of components of our hardware appliances, customer renewal rates and the degree to which renewals drive our top-line growth, changes in the mix between direct versus indirect sales, changes in the mix of products sold, and the timing and amount of recognized and deferred revenue, particularly as a result of our subscription-based business model. If we are unable to manage these factors effectively, our gross margins may decline, and fluctuations in gross margin may make it difficult to manage our business and to achieve or maintain profitability, which could adversely affect our business and operating results.

Because our business depends on manufacturers of hardware, including our OEM partners, to timely and cost-effectively produce and ship the hardware on which our software runs, we are susceptible to supply chain disruptions, delays, quality events, and pricing fluctuations, which have adversely affected, and could further adversely affect, our business.

Our business depends on manufacturers (including Supermicro and our OEM partners) to produce the hardware platforms on which our software runs (including both the Nutanix-branded NX series appliances and the various third-party appliances that are included on our hardware compatibility list) as well as various products that are beyond our control or the control of such manufacturers, which exposes us to direct and indirect risks beyond our control, including reduced control over quality assurance, product costs, product availability, supply chain disruptions and delays, and potential reputational harm and brand damage. We may not be able to discover, manage, and/or remediate such risks in a timely manner or at all. Key components of the servers on which our software runs have in the past been, and may in the future be, affected by chip shortages. Furthermore, fulfilling orders for NX series appliances or other hardware appliances on which our software runs may not be a priority for such manufacturers in guiding their business decisions and operational commitments. If we fail to manage our relationships with such manufacturers effectively, or if such manufacturers experience delays, disruptions or increased manufacturing lead times, component lead-time disruptions, capacity constraints, or quality control problems in their operations or are unable to address our or our end customers' requirements for or concerns about timely delivery, our ability to sell our solutions to our end customers could be severely impaired due to the lack of availability of certified hardware appliances, and our customers' ability, or willingness, to consume our software may be materially impacted or delayed, which could adversely affect our business and operating results, competitive position, brand and reputation, as well as our relationships with affected customers.

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In particular, we rely substantially on Supermicro to manufacture, as well as assemble and test, the Nutanix-branded NX series appliances. Our agreement with Supermicro automatically renews for successive one-year periods, with the option to terminate upon each annual renewal, and does not contain any minimum long-term commitment to manufacture NX-branded appliances. If we are required to change the manufacturer or contract manufacturers for the assembly and testing of our NX-branded appliances, we may lose revenue, incur increased costs and damage our channel partner and end customer relationships. We may also decide to switch or bring on additional contract manufacturers for the assembly and testing of our NX-branded appliances in order to better meet our needs. Switching to or bringing on a new OEM partner or contract manufacturer and commencing production is expensive and time-consuming and may cause delays in order fulfillment at our existing OEM partners and contract manufacturers or cause other disruptions.

Our agreement with Supermicro does not contain any price assurances, and increases in component costs, without a corresponding increase in the price of our NX series solutions, could reduce the amount that an end customer pays for our software, thereby adversely affecting our billings and revenue. Furthermore, we may need to increase our component purchases, manufacturing capacity and internal test and quality functions if we experience increased demand. The inability of Supermicro or other manufacturers to produce adequate supplies of hardware appliances could cause a delay in customers' ability to consume our software and our order fulfillment, and our business, operating results and prospects, would be adversely affected. As of July 31, 2024, we had approximately \$85.2 million in the form of guarantees to our contract manufacturers related to certain components.

There are a limited number of suppliers, and in some cases single-source suppliers, for several key components in our NX-branded appliances as well as other hardware appliances that our software is certified to operate on (including hardware appliances from our OEM partners), and any delay or disruption in the availability or quality of these components could delay shipments of the NX-branded appliances and damage our channel partner or end customer relationships, or cause our customers to delay purchasing our software.

We rely on a limited number of suppliers, and in some cases single-source suppliers, for several key hardware components of the Nutanix-branded NX series appliances. These components are generally purchased on a purchase order basis through Supermicro, and we do not have long-term supply contracts with these suppliers. This reliance on key suppliers exposes us to risks, including reduced control over product quality, production and component costs, timely delivery, and capacity. It also exposes us to the potential inability to obtain an adequate supply of required components because we do not have long-term supply commitments, and replacing some of these components would require a lengthy product qualification process. Furthermore, we extensively test and qualify the components that are used in NX-branded appliances and other appliances on our hardware compatibility list, including hardware appliances from our OEM partners, to ensure that they meet certain quality and performance specifications. If the supply of certain components is disrupted or delayed, or if there is a need to replace existing suppliers on the qualified hardware configuration, there can be no assurance that additional supplies or components can serve as adequate replacements for the existing components, will be available when required or that supplies will be available on terms that are favorable, and it may require modifying our solutions to interoperate with the replacement components. Any of these developments could extend the lead times, increase the costs of the components or costs of product development, cause us to miss market windows for product launch and adversely affect our business, operating results and financial condition.

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We generally maintain minimal inventory for repairs and a number of evaluation and demonstration units, and generally acquire components only as needed. We do not enter into long-term supply contracts for these components. As a result, our ability to respond to channel partner or end customer orders efficiently may be constrained by the then-current availability, terms and pricing of these components. The technology industry has experienced component shortages and delivery delays in the past, including a global chip shortage, and there may be shortages or delays of critical components in the future as a result of strong demand in the industry, component availability constraints, or other factors. If we or our suppliers inaccurately forecast demand for our solutions or we ineffectively manage our enterprise resource planning processes, our suppliers may have inadequate inventory, which could increase the prices we must pay for substitute components or result in our inability to meet demand for our solutions, as well as damage our channel partner or end customer relationships.

If the suppliers of the components of compatible hardware appliances increase prices of components, experience delays, disruptions, capacity constraints, quality control problems in their manufacturing operations or adverse changes to their financial condition, our ability to ship appliances to our channel partners or end customers in a timely manner and at competitive prices could be impaired, and our customers' ability to acquire hardware on which to run our software could be impaired, and our competitive position, brand, reputation, and operating results could be adversely affected. Qualifying a new component is expensive and time-consuming. If we are required to change key suppliers, we may lose revenue and damage our channel partner or end customer relationships which could adversely impact our revenue and operating results.

We rely upon third parties for the warehousing and delivery of appliances and replacement parts for support, and we therefore have less control over these functions than we otherwise would.

We outsource the warehousing and delivery of appliances and spare parts to a third-party logistics provider for spares and service parts fulfillment. In addition, some of our support offerings commit us to replace defective parts in our appliances as quickly as four hours after the initial customer support call is received, which we satisfy by storing replacement parts inventory in various third-party supply depots in strategic worldwide locations. As a result of relying on third parties, we have reduced control over shipping and logistics transactions and costs, quality control, security, and the supply of replacement parts for support. Consequently, we may be subject to shipping disruptions and unanticipated costs as well as failures to provide adequate support for reasons that are outside of our direct control. If we are unable to have appliances or replacement products shipped in a timely manner, end customers may seek to cancel their contracts with us, we may suffer reputational harm, and our business, operating results and prospects may be adversely affected.

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Our ability to sell our solutions is dependent in part on ease of use and the quality of our technical support, and any failure to offer high-quality technical support would harm our business, operating results and financial condition.

Once our solutions are deployed, our end customers depend on our support organization to resolve any technical issues relating to our solutions. Furthermore, because of the emerging nature of our solutions, our support organization often provides support for and troubleshoots issues for products of other vendors running on our solutions, even if the issue is unrelated to our solutions. There is no assurance that we can solve issues unrelated to our solutions, or that vendors whose products run on our solutions will not challenge our provision of technical assistance to their products. Our ability to provide effective support is largely dependent on our ability to attract, train and retain personnel who are not only qualified to support our solutions, but also well versed in some of the primary applications and hypervisors that our end customers run on our solutions. Furthermore, as we have international operations, our support organization faces additional challenges, including those associated with delivering support, training and documentation in languages other than English. In addition, as we continue to evolve our product portfolio, which may include additional solutions, our ability to provide high-quality support will become more difficult and will involve more complexity. Any failure to maintain high-quality installation and technical support, or a market perception that we do not maintain high-quality support, could harm our reputation and brand, adversely affect our ability to sell our solutions to existing and prospective end customers, and could harm our business, operating results and financial condition.

Our solutions are highly technical and may contain undetected defects, which could cause data unavailability, unauthorized access to, loss, or corruption that might, in turn, result in liability to our end customers and harm to our reputation, brand and business.

Our solutions are highly technical and complex and are often used to store information critical to our end customers' business operations. Our solutions may contain undetected errors, defects or security vulnerabilities that could result in data unavailability, unauthorized access to, loss, corruption, or other harm to our end customers' data, including personal or identifying information regarding their employees, customers, and suppliers, as well as their finance and payroll data, and other sensitive business information. In addition, as we expand our platform and introduce new cloud-based products that may hold more of our customers' data, any undetected or unresolved errors, defects or security vulnerabilities may result in data unavailability, unauthorized access to, loss, corruption, or other harm to our end-customers' data. Some errors or defects in our solutions may only be discovered after they have been installed and used by end customers. In addition, we may make certain commitments to our OEMs regarding the time frames within which we will correct any security vulnerabilities in our software. If any hardware or software errors, defects or security vulnerabilities are discovered in our solutions after commercial release, a number of negative effects in our business could result, including but not limited to:

- lost revenue or lost OEM or other channel partners or end customers;
- delays in developing and deploying patches and other remedial measures to adequately address vulnerabilities, if any;
- increased costs, including warranty expense and costs associated with end customer support as well as development costs to remedy the errors or defects;
- delays, cancellations, reductions, or rescheduling of orders or shipments;
- product returns or discounts; and
- damage to our reputation and brand.

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In addition, we could face legal claims for breach of contract, product liability, tort, or breach of warranty. While many of our contracts with end customers contain provisions relating to warranty disclaimers and liability limitations, these provisions might not be upheld or might not provide adequate protection if we face such legal claims. Defending a lawsuit, regardless of its merit, could be costly and may divert management's attention and adversely affect the market's perception of us and our solutions. In addition, our business liability insurance coverage could prove inadequate with respect to a claim and future coverage may be unavailable on terms favorable or acceptable to us or at all. These product-related issues could result in claims against us and our business could be adversely impacted.

Our business depends, in part, on sales to government organizations, and significant changes in the contracting or fiscal policies of such government organizations could have an adverse effect on our business and operating results.

We derive a portion of our revenue from contracts with federal, state, local, and foreign governments, and we believe that the success and growth of our business will continue to depend on our successful procurement of government contracts. Government contracts may require the maintenance of certain security clearances for facilities and employees. However, demand is often unpredictable from government organizations, and there can be no assurance that we will be able to maintain or grow our revenue from the public sector. Government agencies are subject to budgetary processes and expenditure constraints that could lead to delays or decreased capital expenditures in IT spending, particularly in light of continued uncertainties about government spending levels, such as recent changes to, or failure to appoint new, government leaders. The budget and approval process for government agencies also experiences a longer sales cycle relative to our other end customers, and it may be difficult for us to accurately forecast the impact of these contracts on our future operating results. If government organizations reduce or shift their capital spending patterns, our business, operating results and prospects may be harmed. Factors that could impede our ability to maintain or increase the amount of revenue derived from government contracts, include, but are not limited to:

- public sector budgetary cycles and funding authorizations;
- changes in fiscal or contracting policies;
- decreases in available government funding;
- changes in government programs or applicable requirements;
- the adoption of new laws or regulations or changes to existing laws or regulations;
- potential delays or changes in the government appropriations or other funding authorization processes; and
- higher expenses associated with, or delays caused by, diligence and qualifying or maintaining qualification as a government vendor.

The occurrence of any of the foregoing could cause governments and governmental agencies to delay or refrain from purchasing our solutions in the future or otherwise have an adverse effect on our business, operating results and prospects.

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Our international operations expose us to additional risks, and failure to manage those risks could adversely affect our business, operating results and cash flows.

We derive a significant portion of our revenue from end customers and channel partners outside the United States. We derived approximately 44%, 44% and 45% of our total revenue from our international customers based on bill-to location for fiscal 2022, 2023, and 2024, respectively. We are continuing to adapt to and develop strategies to address international markets but there is no guarantee that such efforts will have the desired effect. As of July 31, 2024, approximately 59% of our full-time employees were located outside of the United States. We expect that our international activities will continue to grow over the foreseeable future as we continue to pursue opportunities in existing and new international markets, which will require significant management attention and financial resources. We are subject to risks associated with having significant worldwide operations, including, but not limited to:

- business practices may differ from those in the United States and may require us in the future to include terms other than our standard terms in customer, channel partner, employee, consultant, and other contracts;
- political, economic and social instability or uncertainty around the world, including the results and impact of the United Kingdom's separation from the European Union, commonly known as "Brexit";
- potential changes in trade relations arising from policy initiatives implemented by, or statements made by, the U.S. government, which has been critical of existing and proposed trade agreements;
- the potential impact of tariffs or other trade restrictions imposed by, or threatened to be imposed by, the U.S. government, such as the tariffs imposed on Chinese imports to the United States;
- greater difficulty in enforcing contracts, judgments and arbitration awards in international courts, and in collecting accounts receivable and longer payment and collection periods;
- greater risk of unexpected changes in regulatory practices, tariffs and tax laws and treaties;
- risks associated with trade restrictions and foreign legal requirements, including the importation, certification and localization of our solutions required in foreign countries;
- greater risk of a failure of foreign employees, partners, distributors, and resellers to comply with both U.S. and foreign laws, including antitrust regulations, the U.S. Foreign Corrupt Practices Act of 1977, as amended ("FCPA"), the United Kingdom Bribery Act of 2010 ("UK Bribery Act"), U.S. or foreign sanctions regimes and export or import control laws, and any trade regulations ensuring fair trade practices;
- heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of, or irregularities in, financial statements;
- requirements to comply with foreign privacy, data protection and information security laws and regulations and the risks and costs of noncompliance, including without limitation any new or evolving laws and regulations relating to the use of data in AI;
- increased expectations from foreign customers and other stakeholders about our performance relating to environmental, social and governance factors (such as climate-related performance), and requirements to comply with foreign sustainability standards or initiatives, including new sustainability standards or initiatives in the European Union;
- reduced or uncertain protection for intellectual property rights in some countries;

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- impediments to the flow of foreign exchange capital payments and receipts due to exchange controls instituted by certain foreign governments;
- increased expenses incurred in establishing and maintaining corporate entities, office space and equipment for our international operations;
- difficulties in managing and staffing international offices and increased travel, infrastructure and legal and regulatory compliance costs associated with multiple international locations, including costs related to additional regulatory reviews or audits, financial accounting and reporting obligations and international cybersecurity requirements;
- greater difficulty in identifying, attracting and retaining local experienced personnel, and the costs and expenses associated with such activities;
- the challenge of managing a development team in geographically disparate locations;
- management communication and integration problems resulting from cultural and geographic dispersion;
- differing employment practices and labor relations issues;
- fluctuations in exchange rates between the U.S. dollar and foreign currencies in markets where we do business; and
- treatment of revenue from international sources for tax purposes and changes in tax laws, regulations or official interpretations, including being subject to foreign tax laws and being liable for paying withholding, income or other taxes in foreign jurisdictions.

As we expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these risks. These factors and other factors could harm our ability to gain future international revenue and, consequently, materially impact our business, operating results and financial condition. The entry into additional international markets will require significant management attention and financial resources. Our failure to successfully manage our international operations and the associated risks effectively could limit the future growth of our business.

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Risks Related to Cybersecurity and Intellectual Property

If we are the victim of a cyber attack or other cybersecurity incident and our networks, computer systems or software solutions are breached or unauthorized access to sensitive or proprietary information, including employee or customer data, otherwise occurs, our business operations may be interrupted, our reputation and brand may be damaged, and we may incur significant liabilities.

Cyber attacks designed to gain access to sensitive or proprietary information by breaching mission critical systems of large organizations are constantly evolving, and high-profile electronic security breaches leading to the unauthorized release of sensitive or proprietary information, including employee and customer information, have occurred at a number of large companies in recent years. Companies in our industry have reported that they have been subject to such cyber attacks, including attacks potentially from nation-state actors, and we could be subject to similar attempted attacks. More generally, computer malware, viruses, social engineering (predominantly spear phishing attacks), and general hacking have become prevalent in our industry, particularly against cloud services, and we and companies like us can suffer security breaches from a variety of causes, whether due to third-party action, software bugs or vulnerabilities or coding errors, physical break-ins, employee error, malfeasance, or otherwise. In addition, retaliatory acts by countries subject to Western sanctions could include cyber attacks that could disrupt the economy or that could also either directly or indirectly impact our operations. We also continue to incorporate AI solutions and features into our platform, which may result in security incidents or otherwise increase cybersecurity risks. Additionally, artificial intelligence and machine learning may increase cybersecurity risks we face through, for example, being used to increase the prevalence or intensity of cyber attacks.

While we regularly face a wide variety of attempted attacks, our preventative and detective security systems and controls have protected us to-date from any such attack having a significant impact on our business. However, there is no assurance that these systems and controls will prevent any future attacks that may have a significant impact on our business. As we transition to offering more cloud-based solutions, as well as those based on our partnerships with third-party public cloud providers, we and our third-party public cloud providers may increasingly be the target of cyber threats.

Because the techniques used and vulnerabilities exploited to obtain unauthorized access or to sabotage systems change frequently, and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or vulnerabilities or implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period.

If any unauthorized access to, or security breach of, our solutions occurs, such an event could result in the loss of data, loss of intellectual property or trade secrets, loss of business, severe reputational or brand damage adversely affecting end customer or investor confidence, regulatory investigations and orders and other enforcement actions, litigation, indemnity obligations, damages for contract breach, and penalties for violation of privacy, data protection and other applicable laws, regulations or contractual obligations. We may also be subject to potentially significant costs for remediation that may include liability for stolen assets or information and repair of system damage that may have been caused or incentives offered to end customers or other business partners in an effort to maintain business relationships after a breach and other liabilities. Additionally, any such event or perceived event could impact our reputation and brand, harm customer confidence, hurt our sales and expansion into existing and new markets, or cause us to lose potential or existing end customers. Any actual, potential or anticipated attack may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants.

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Furthermore, a high-profile security breach suffered, or perceived to have been suffered, by an industry peer may entail a general loss of trust in our industry and thereby have a similar adverse impact on our business and financial performance as a direct breach suffered by us. We could be required to expend significant capital and other resources to alleviate problems caused by such actual or perceived breaches and to remediate our systems, we could be exposed to a risk of loss, litigation or regulatory action and possible liability, and our ability to operate our business may be impaired.

In addition, if the security measures of our end customers, partners, vendors, or suppliers are compromised, even without any actual compromise of our own systems or of our solutions used by such end customers, partners, vendors, or suppliers, we may face negative publicity, reputational harm or brand damage if our end customers, partners, vendors, or suppliers or anyone else incorrectly attributes the blame for such security breaches to us or our solutions. If end customers believe that our solutions do not provide adequate security for the storage of personal or other sensitive or proprietary information or the transmission of such information over the internet, our business will be harmed. End customers' concerns about security or privacy may deter them from using our solutions for activities that involve personal or other sensitive information, which may significantly affect our business and operating results.

Moreover, we have acquired a number of companies, products, services, and technologies over the years. Although we devote significant resources to address any security issues with respect to such acquisitions, we may still inherit additional risks as we integrate these companies, products, services, and technologies into our business and solutions.

Third-party claims that we are infringing intellectual property, whether successful or not, could subject us to costly and time-consuming litigation or expensive licenses, and our business could be harmed.

A number of companies, both within and outside of the enterprise and cloud computing infrastructure industry, hold a large number of patents covering aspects of storage, servers, networking, desktop, security, virtualization, database management, cloud services products, and other technologies relevant to our products. In addition to these patents, participants in these technology and market areas typically also protect their technology through copyrights, as trade secrets and by contractual means. As a result, there is frequent litigation based on allegations of infringement, misappropriation or other violations of intellectual property rights. We have received, and in the future may receive, inquiries from other intellectual property holders and may become subject to allegations and claims, in litigation and outside litigation, that we infringed or are infringing their intellectual property rights, particularly as we expand our presence in the market and face increasing competition. There can be no assurance that we will be successful in defending against these allegations or claims or in reaching a business resolution that is satisfactory to us, which could affect or even preclude our ability to sell our products in the relevant market and subject us to payment of damages and other financial remedies. In addition, parties may claim that the names and branding that we use for our company and our various products and services infringe their trademark rights in certain countries or territories. If such a claim were to prevail, we may have to change the names and branding that we use in the affected countries or territories and we could incur other costs.

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We currently have a number of agreements in effect pursuant to which we have agreed to defend, indemnify and hold harmless our end customers, suppliers and channel and other partners from damages and costs which may arise from allegations of infringement, or actual infringement, by our products and services of third-party patents or other intellectual property rights in the United States and/or in other countries. The scope of these defense and indemnity obligations varies, but may, in some instances, include indemnification for damages and expenses, including attorneys' fees. A claim that our solutions infringe a third party's intellectual property rights, even if untrue, could harm our relationships with our end customers and/or channel partners, may deter future end customers from purchasing our solutions and could expose us to costly litigation and settlement expenses. Even if we are not a party to any litigation between a customer and a third party relating to infringement by our products or services, an adverse outcome in any such litigation could make it more difficult for us to defend our solutions against intellectual property infringement claims in any subsequent litigation in which we are a named party. Any of these results could harm our brand and operating results.

Our defense of intellectual property rights claims brought against us or our end customers, suppliers and channel partners, regardless of whether the claims have merit, could be time-consuming, expensive to litigate or settle, divert management resources and attention, and force us to acquire intellectual property rights and licenses, which may involve substantial royalty or other payments. Further, a party making such a claim, if successful, could secure a judgment that requires us to pay substantial damages. An adverse determination also could prevent us from offering or delivering our products and services to our end customers or channel partners and may require that we procure or develop substitute solutions that do not infringe, which could require significant effort and expense. We may have to seek a license for the technology at issue, which may not be available on terms favorable or acceptable to us or at all, and as a result may significantly increase our operating expenses or require us to restrict our business activities in one or more respects. Any of these events could adversely affect our business, operating results, financial condition, and prospects.

The success of our business depends in part on our ability to protect and enforce our intellectual property rights.

We rely on a combination of patent, copyright, service mark, trademark, and trade secret laws, as well as confidentiality procedures and contractual restrictions and covenants, to establish and protect our proprietary rights, all of which provide only limited protection. Effective patent, trademark, service mark, copyright, and trade secret protection may not be available in every country in which our solutions are available. We cannot be certain that the steps we have taken will prevent unauthorized use of our technology or the reverse engineering of our technology. Moreover, others may independently develop technologies that are competitive to ours and reduce our sales or market advantages, or infringe our intellectual property. A reduction in our market advantages or an inability to adequately protect and enforce our intellectual property and other proprietary rights could seriously harm our business, operating results, financial condition, and prospects.

We cannot assure you that any patents will be issued with respect to our currently pending patent applications in a manner that gives us adequate defensive protection or competitive advantages, if at all, or that any patents issued to us will not be challenged, invalidated or circumvented. We have filed for patents in the United States and in certain international jurisdictions, but such protections may not be available in all countries in which we operate or in which we seek to enforce our intellectual property rights, or may be difficult to enforce in practice. Our currently issued patents and any patents that may be issued in the future with respect to pending or future patent applications may not provide sufficiently broad protection or they may not prove to be enforceable in actions against alleged infringers.

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Protecting against the unauthorized use of our intellectual property, solutions and other proprietary rights is expensive and difficult, particularly internationally. Litigation via court proceedings, arbitrations or similar proceedings may be necessary in the future to enforce or defend our intellectual property rights or to determine the validity and scope of the proprietary rights of others. For example, in March 2024, we announced that we filed a lawsuit in U.S. District Court against Tessell, Inc. ("Tessell") alleging that Tessell engaged in willful copyright and patent infringement (including theft of our source code and intellectual property related to our database service offering) and commenced separate arbitration proceedings against Tessell's founders. Litigation is unpredictable and we may not win a litigation even if there is significant evidence supporting our claims and defenses. Further, these proceedings and any other similar proceedings could result in substantial costs and diversion of management resources, either of which could harm our business, operating results and financial condition. Further, many of our current and potential competitors have the ability to dedicate substantially greater resources to defending intellectual property infringement claims and to enforcing their intellectual property rights than we have. Attempts to enforce our rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against us, or result in a holding that invalidates or narrows the scope of our rights, in whole or in part.

A number of our solutions incorporate software provided under open source licenses which may restrict or impose certain obligations on how we use or distribute our solutions or subject us to various risks and challenges, which could result in increased development expenses, delays or disruptions to the release or distribution of those solutions, inability to protect our intellectual property rights, and increased competition.

Certain significant components of our solutions incorporate or are based upon open source software, and we may incorporate open source software into other solutions in the future. Such open source software is generally licensed under open source licenses, including for example, the GNU General Public License, the GNU Lesser General Public License, MIT License, Apache License, and other open source licenses. The use of open source software subjects us to a number of risks and challenges, including, but not limited to:

- If open source software programmers, most of whom we do not employ, do not continue to develop and enhance open source technologies, our development expenses could increase and our product release and upgrade schedules could be delayed.
- Open source software is open to further development or modification by anyone. As a result, others may develop such software to be competitive with our platform and may make such competitive software available as open source. It is also possible for competitors to develop their own solutions using open source software, potentially reducing the demand for, and putting price pressure on, our solutions.

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- The licenses under which we license certain types of open source software may require that, if we modify and distribute the open source software we receive, we are required to make such modified software and other related proprietary software of ours publicly available without cost and under the same terms. In addition, some open source licenses treat provision of cloud services as triggering the requirement to make proprietary software publicly available. Sometimes, open source licensors may change their license in a way that may require us to change or eliminate the future use of such software, which may impact functionality and induce costs. Accordingly, we monitor our use of open source software in an effort to avoid subjecting our proprietary software to such conditions and others we do not intend. Although we believe that we have complied with our obligations under the various applicable licenses for open source software that we use, our processes used to monitor how open source software is used and what license applies to the open source software could be subject to error. In addition, there is little or no legal precedent governing the interpretation of terms in most of these licenses and licensors sometimes change their license terms. Therefore, any improper usage of open source, including a failure to identify changes in license terms, could result in unanticipated obligations regarding our solutions and technologies, which could have an adverse impact on our intellectual property rights and our ability to derive revenue from solutions incorporating the open source software.
- If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur legal expenses defending against such allegations, or engineering expenses in developing a substitute solution.

If we are unable to successfully address the challenges of integrating offerings based upon open source technology into our business, our business and operating results may be adversely affected and our development costs may increase.

Risks Related to Employee Matters

Our business and growth depend on our ability to attract and retain qualified personnel, including our management team and other key personnel, and the inability to attract, hire, integrate, train, retain, or motivate qualified personnel could harm our business and growth.

Our success and growth depend to a significant degree on the skills and continued services of our management team and other key personnel. If we lose the services of any member of management or any key personnel, we may not be able to locate a suitable or qualified replacement, and we may incur additional expenses to recruit and train a replacement. In recent years, we have experienced changes in our management team resulting from the hiring or departure of executives and other key personnel. While we seek to manage these transitions carefully, these changes may result in a loss of institutional knowledge and may cause disruptions to our business and growth. If we fail to successfully integrate new key personnel into our organization or if key employees are unable to successfully transition into new roles, our business could be adversely affected. In addition, we do not have life insurance policies that cover any of our executive officers or other key employees. The loss of the services of any of our executive officers or key employees, and any failure to have in place and execute an effective succession plan for key executives, could disrupt our business and have a significant negative impact on our operating results, prospects and future growth.

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In addition, our success and growth also depend substantially on our ability to continue to attract, hire, integrate, train, retain, and adequately incentivize qualified and highly skilled personnel, in particular, in sales and engineering. We have invested, and may need to continue to invest, significant amounts of cash and equity to attract and retain employees, and we may never realize returns on these investments. Moreover, ineffective management of any leadership transitions, especially within our sales organization, or the inability of our recently hired sales personnel to effectively ramp to target productivity levels could negatively impact our growth and operating margins. In recent years, we have seen higher-than-normal attrition among our sales representatives and our overall sales headcount being below our targets, which may negatively impact our billings and revenue growth. While we continue to recruit additional sales representatives, it takes time to replace, train, and ramp them to full productivity. Competition for highly skilled personnel, particularly in sales and engineering, is frequently intense, especially in the San Francisco Bay Area, where we are headquartered and have a substantial need for such personnel. This competition for highly skilled personnel results in increased costs in the form of cash and stock-based compensation. Furthermore, the industry in which we operate generally experiences high employee attrition.

Although we have entered into employment offer letters with some of our key personnel, these agreements have no specific duration and constitute at-will employment. Volatility or lack of performance in the price of our securities may also affect our ability to attract and retain our key employees. There is no assurance that we will be able to successfully attract or retain qualified personnel. Additionally, potential changes in U.S. immigration and work authorization laws and regulations may make it difficult to renew or obtain visas for any highly skilled personnel that we have hired or are actively recruiting. Our inability to attract and retain the necessary personnel could adversely affect our business, operating results and financial condition.

Moreover, we believe that a key contributor to our success and our ability to retain highly skilled personnel has been our corporate culture, which we believe fosters innovation, teamwork, and a passion for our products and customers. As we grow and evolve, we may find it difficult to maintain the beneficial aspects of our corporate culture globally. These difficulties may be further amplified by our hybrid-first work model and our globally distributed workforce, which could have a negative impact on our workplace culture and on the execution of our business plans and operations. Any inability to maintain our corporate culture could adversely affect our ability to attract and retain employees, continue to perform at current levels, or execute on our business strategy.

If we do not effectively expand, train, motivate, and retain our sales force, we may be unable to add new end customers or increase sales to our existing end customers and our business will be adversely affected.

Although we have a channel sales model, our sales representatives typically engage in direct interaction with our prospective end customers. Therefore, we continue to be substantially dependent on our sales force to obtain new end customers and sell additional solutions to our existing end customers. There is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of sales personnel to support our growth. New hires require significant training and may take significant time before they achieve full productivity; we estimate based on past experience that our average sales team members typically do not fully ramp and are not fully productive until around the time of the start of their fourth quarter of employment with us. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals, particularly individuals who are focused on sales of our solutions to new and existing large enterprises, service providers and government entities, in the markets where we do business or plan to do business. Hiring sales personnel in new countries also requires additional set up, upfront and ongoing costs that we may not recover if the sales personnel fail to achieve full productivity. In addition, as a result of our rapid growth, a large percentage of our sales force is new to our company and our solutions and therefore less effective than our more seasoned employees.

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If our new sales employees, particularly those focused on sales of our solutions to new and existing large enterprises, service providers and government entities, do not become fully productive on the timelines that we have projected, or if we are unable to ensure that our seasoned sales employees remain productive, our revenue will not increase at anticipated levels and our ability to achieve long-term projections may be negatively impacted. If we are unable to hire, train and maintain sufficient numbers of effective sales personnel, or our new or existing sales personnel are not successful in obtaining new end customers, convincing existing customers to renew their subscription-based purchases, or increasing sales to our existing customer base generally, our business, operating results and prospects will be adversely affected.

If we do not effectively develop, structure and compensate our sales force to focus on the end customers and activities that will primarily drive our growth strategy, our business will be adversely affected.

As indicated above, our growth is dependent in large part on the success of our sales force and in particular our ability to structure our sales force and sales compensation structure in a way that aligns with our growth strategy. As part of our efforts to appropriately structure and compensate our sales force such that their incentives are properly aligned with our growth strategy, we have made changes to our sales processes, sales segmentation, and leadership structures for our global sales teams and may need to make additional changes in the future. Such changes may take longer than anticipated to successfully implement, and we may not be able to realize the full benefits thereof, which may have a material adverse impact on our sales productivity as well as our business and operational results generally. In particular, as indicated above, our growth continues to be substantially dependent on our ability to increase our sales to large enterprises, particularly when those sales result in large orders for our solutions. Competition for sales employees who have the knowledge and experience necessary to effectively penetrate major enterprise accounts is fierce, and we may not be successful in hiring such employees, or hiring them on the timelines we anticipate, which will negatively impact our ability to target and penetrate major enterprise accounts.

Risks Related to Financial, Accounting, Regulatory, Tax, and Other Legal Matters

If we fail to maintain an effective system of internal controls, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act") and the rules and regulations of the Nasdaq Stock Market. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly, and place significant strain on our personnel, systems and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls, internal control over financial reporting and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers.

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As initially disclosed in our Quarterly Report on Form 10-Q filed with the SEC on May 24, 2023, we previously identified control deficiencies that, individually or in the aggregate, constitute a material weakness in our internal control over financial reporting. While our management has since remediated this material weakness and concluded that our internal control over financial reporting was effective as of July 31, 2024, weaknesses in our internal controls may be discovered in the future. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal controls also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we are required to include in our periodic reports we will file with the SEC under Section 404 of the Sarbanes-Oxley Act. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the market price of our securities.

In order to restore, maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting to comply with the SEC rules that implement Sections 302 and 404 of the Sarbanes-Oxley Act, we have expended and anticipate that we may continue to expend significant resources and undertake various actions, including implementing our remediation plan, incurring accounting-related costs, implementing new internal controls and procedures, and providing significant management oversight. Any failure to maintain the adequacy of our internal controls, or consequent inability to produce accurate financial statements on a timely basis could increase our operating costs and could materially impair our ability to operate our business and could have a material and adverse effect on our operating results and could cause a decline in the price of our securities. In addition, if we are unable to continue to meet these requirements, we may not be able to maintain our listing on the Nasdaq Global Select Market.

Any legal proceedings or claims we may be involved in, including securities class action litigation that could result from volatility in our stock price, could be costly and time-consuming to defend and could harm our reputation regardless of the outcome.

We are, and may in the future become, involved in various legal proceedings and claims, including cases involving our IP rights and those of others, commercial matters, employee-related claims, and other actions, including actions that arise in the ordinary course of business. Any litigation, whether meritorious or not, could result in substantial costs, divert our management's attention and resources from our business, and adversely impact our reputation and brand. This could have an adverse effect on our business, operating results and financial condition. While we maintain insurance coverage for certain types of claims, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise. If we are required to make substantial payments or implement significant changes to our operations as a result of legal proceedings or claims, our business, results of operations and financial condition could be adversely affected.

In addition, in the past, we and many companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation and we may become the target of complaints of this type of litigation in the future. For example, following our earnings release in February 2019, the price of our Class A common stock fell significantly and, as a result, multiple class action securities lawsuits were filed against us, as well as multiple shareholder derivative claims, and following our earnings release in March 2023, a class action securities lawsuit was filed against us, as well as a shareholder derivative claim. Any securities litigation matter that may be instituted against us, whether meritorious or not, could result in substantial costs, divert our management's attention and resources from our business, and adversely impact our reputation and brand. This could have an adverse effect on our business, operating results and financial condition.

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Failure to comply with laws and regulations applicable to our business could subject us to fines and penalties and could also cause us to lose end customers in the public sector or negatively impact our ability to contract with the public sector.

Our business is subject to regulation by various federal, state, local, and foreign governmental agencies, including agencies responsible for monitoring and enforcing employment and labor laws, antitrust laws, workplace safety, product safety, environmental laws, consumer protection laws, anti-bribery laws, import/export controls, federal securities laws, and tax laws and regulations. In certain jurisdictions, these regulatory requirements may be more stringent than in the United States. Noncompliance with applicable regulations or requirements could subject us to investigations, sanctions, mandatory product recalls, enforcement actions, disgorgement of profits, fines, damages, and civil and criminal penalties or injunctions. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, reputation, operating results, and financial condition could be adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in third-party professional fees. Enforcement actions and sanctions could harm our business, operating results and financial condition.

In addition, we must comply with laws and regulations relating to the formation, administration and performance of contracts with the public sector, including U.S. federal, state and local governmental organizations, which affect how we and our channel partners do business with governmental agencies. Selling our solutions to the U.S. government, whether directly or through channel partners, also subjects us to certain regulatory and contractual requirements, including meeting the compliance requirements necessary for maintaining any required security clearances for facilities and employees. Failure to comply with these requirements by either us or our channel partners could subject us to investigations, fines and other penalties, which could have an adverse effect on our business, operating results, financial condition, and prospects. As an example, the U.S. Department of Justice ("DOJ") and the General Services Administration ("GSA") have in the past pursued claims against and financial settlements with IT vendors under the False Claims Act and other statutes related to pricing and discount practices and compliance with certain provisions of GSA contracts for sales to the federal government. The DOJ and GSA continue to actively pursue such claims. Violations of certain regulatory and contractual requirements could also result in us being suspended or debarred from future government contracting. Any of these outcomes could have an adverse effect on our revenue, operating results, financial condition, and prospects.

These laws and regulations impose added costs on our business, and failure to comply with these or other applicable regulations and requirements, including noncompliance in the past, could lead to claims for damages from our channel partners, penalties, termination of contracts, loss of exclusive rights in our intellectual property, and temporary suspension or permanent debarment from government contracting. Any such damages, penalties, disruptions, or limitations in our ability to do business with the public sector could have an adverse effect on our business and operating results.

We are subject to governmental regulation and other legal obligations, particularly related to privacy, data protection and information security, and our actual or perceived failure to comply with such obligations could adversely affect our business and operating results. Compliance with such laws could also impair our efforts to maintain and expand our customer base, and thereby decrease our revenue.

Personal privacy, data protection and information security are significant issues in the United States and the other jurisdictions where we offer our solutions. The regulatory framework for privacy and security issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Our handling of data is subject to a variety of global laws and regulations, including regulation by various government agencies, including the U.S. Federal Trade Commission ("FTC") and various state, local and foreign bodies, data protection authorities, and agencies.

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The U.S. federal and various state and foreign governments have adopted or proposed limitations on the collection, use, storage, disclosure, and transfer of personal information of individuals, including end customers and employees. In the United States, the FTC and many state attorneys general are applying federal and state consumer protection laws to the online collection, use and dissemination of data. Additionally, many foreign countries and governmental bodies, including in Australia, Brazil, the European Economic Area ("EEA"), the UK, Switzerland, India, Japan, China, and numerous other jurisdictions in which we operate or conduct our business, have laws and regulations concerning the collection and use of personal information obtained from their residents or by businesses operating within their jurisdiction. These laws and regulations often are more restrictive than those in the United States. For example, the General Data Protection Regulation ("GDPR"), which became effective in May 2018, and the UK General Data Protection regulation, both impose more stringent data protection requirements, provide an enforcement authority which substantially increases compliance costs, and impose large penalties for noncompliance. Such laws and regulations may require companies to implement new privacy and security policies, conduct transfer impact assessments, permit individuals to access, correct and delete personal information stored or maintained by such companies, inform individuals of security breaches that affect their personal information, and, among others, obtain individuals' consent to use personal information for certain purposes. In addition, some countries have enacted, or are currently considering, legislation that imposes local storage and processing of data to avoid any form of transfer to a third country, or other restrictions on transfer and disclosure of personal data outside of that country which may impact our compliance obligations, potentially exposing us to liability, and increase the cost and complexity of delivering our products and services.

We also expect that there will continue to be new proposed laws, regulations, industry standards, and case law concerning privacy, data protection and information security in the United States, the EEA and other jurisdictions, and we cannot yet determine the impact these developments may have on our business. This increases uncertainty and may require us to change our data practices and/or change our technology solutions, business model or processes, which may in turn adversely affect demand for our products.

While the EU-U.S. Data Privacy Framework accepted by the European Commission in July 2023 (as well as the UK Extension to the EU-U.S. DPF and Swiss-U.S. DPF) provides us with a transfer mechanism for data from the EEA, data transfers continue to be scrutinized by regulators in the EEA, the UK and other countries with similar transfer restrictions requiring organizations to ensure that the data is protected to a standard that is "essentially equivalent" to that under the GDPR, UK GDPR, Swiss Federal Data Protection Act, and/or other applicable laws and to document this.

As a result of these and future data transfer developments, we may experience a reluctance from current or prospective customers in the EEA, the UK, Switzerland, and other similar countries to use our products and may find it necessary to make changes to our data transfer mechanisms and handling of personal data, including with respect to the provision of our products and services. This may adversely impact our business, financial condition, and operating results.

In the United States, more states are adopting their own data protection legislation, creating a complex privacy landscape from state to state. California enacted the California Consumer Privacy Act ("CCPA"), which went into effect on January 1, 2020 and, among other things, requires covered companies to provide new disclosures to California consumers and afford such consumers new abilities to opt out of the sale of their personal information. In November 2020, California voters passed the California Privacy Rights Act ("CPRA"), which significantly amended the CCPA and generally expanded consumers' privacy rights and protections with respect to their personal information. Colorado, Virginia, Connecticut, Utah, Florida, Montana, Oregon, and Texas all have passed privacy legislation now in effect. We cannot yet predict the full impact of these laws on our business or operations, but it may continue to require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply.

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Moreover, as a result of current and proposed data protection and privacy laws addressing the use of personal data for marketing purposes, including the European Commission's draft ePrivacy Regulation, which is intended to replace the ePrivacy Directive in the EEA, as well as the CCPA/CPRA and other U.S. state privacy laws, we face an increased difficulty in marketing to current and potential customers, as these laws impact the ability to use internet-based services and tracking technologies, such as cookies, which impacts our ability to spread awareness of our products and services and, in turn, grow a customer base in some regions. We also expect to incur additional costs to comply with the requirements of these laws.

As we begin to offer more cloud-based services, we will increasingly be positioned as a data processor, which imposes additional obligations under the foregoing and other laws and regulations relating to privacy and data protection and may increase our liability exposure by operation of law, contract, or penalties for noncompliance. Additionally, we expect that existing laws, regulations and standards may be interpreted in new manners in the future. Current or future laws, regulations, standards, and other obligations, as well as changes in the interpretation of existing laws, regulations, standards, and other obligations could impair our or our customers' ability to collect, use or disclose information relating to individuals, which could decrease demand for our solutions, require us to restrict our business operations, increase our costs, and impair our ability to maintain and grow our customer base and increase our revenue.

Although we are working to comply with those federal, state and foreign laws and regulations, industry standards, contractual obligations, and other legal obligations that apply to us, those laws, regulations, standards, and obligations are evolving and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another, other requirements or legal obligations, our practices or the features of our solutions. As such, we cannot assure ongoing compliance with all such laws or regulations, industry standards, contractual obligations, and other legal obligations. Any failure or perceived failure by us to comply with federal, state or foreign laws or regulations, industry standards, contractual obligations, or other legal obligations, or any actual or suspected security incident, whether or not resulting in unauthorized access to, or acquisition, release or transfer of personal information or other data, may result in governmental enforcement actions and prosecutions, private litigation, fines and penalties, or adverse publicity and could cause our customers to lose trust in us, which could have an adverse effect on our reputation, brand and business. Any inability to adequately address privacy and security concerns, even if unfounded, or comply with applicable laws, regulations, policies, industry standards, contractual obligations, or other legal obligations could result in additional cost and liability to us, damage our reputation and brand, inhibit sales, and adversely affect our business and operating results.

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Failure to comply with anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended, and similar laws associated with our activities outside of the United States could subject us to penalties and other adverse consequences.

We are subject to the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the UK Bribery Act, and possibly other anti-bribery and anti-money laundering laws in countries in which we conduct activities. We face significant risks if we fail to comply with the FCPA and other anti-corruption laws that prohibit companies and their employees and third-party intermediaries from authorizing, offering or providing, directly or indirectly, improper payments or benefits to foreign government officials, political parties and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person or securing any advantage. In many foreign countries, particularly in countries with developing economies, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other applicable laws and regulations. In addition, we use various third parties to sell our solutions and conduct our business abroad. We or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies, or state-owned or affiliated entities and we can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. We continue to update and implement our FCPA/anti-corruption compliance program and no assurance can be given that all of our employees and agents, as well as those companies to which we outsource certain of our business operations, will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Any violation of the FCPA, other applicable anti-corruption laws and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, and, in the case of the FCPA, suspension or debarment from U.S. government contracts, which could have a material and adverse effect on our reputation, brand, business, operating results, and prospects. In addition, responding to any enforcement action may result in a materially significant diversion of management's attention and resources and significant defense costs and other third-party professional fees.

We are subject to governmental export and import controls that could impair our ability to compete in international markets or subject us to liability if we violate the controls.

Our solutions are subject to U.S. export controls, including the Export Administration Regulations and economic sanctions administered by the Office of Foreign Assets Control, and we incorporate encryption technology into certain of our solutions. These encryption products and the underlying technology may be exported outside of the United States only with the required export authorizations, including by license, a license exception or other appropriate government authorizations.

Furthermore, our activities are subject to the U.S. economic sanctions laws and regulations that prohibit the export of certain products and services without the required export authorizations, including to countries, governments and persons targeted by U.S. embargoes or sanctions. Additionally, the U.S. government has recently been critical of existing trade agreements and may impose more stringent export and import controls. Obtaining the necessary export license or other authorization for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities even if the export license ultimately may be granted. While we take precautions to prevent our solutions from being exported in violation of these laws, including obtaining authorizations for our encryption products, implementing IP address blocking and screenings against U.S. government and international lists of restricted and prohibited persons, we cannot guarantee that the precautions we take will prevent violations of export control and sanctions laws. Violations of U.S. sanctions or export control laws can result in significant fines or penalties and possible incarceration for responsible employees and managers could be imposed for criminal violations of these laws.

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We also note that if our channel partners fail to obtain appropriate import, export or re-export licenses or permits, we may also be adversely affected, through reputational harm as well as other negative consequences including government investigations and penalties. We presently incorporate export control compliance requirements into our channel partner agreements; however, no assurance can be given that our channel partners will be able to comply with such requirements.

Also, various countries, in addition to the United States, regulate the import and export of certain encryption and other technology, including import and export licensing requirements, and have enacted laws that could limit our ability to distribute our solutions or could limit our end customers' ability to implement our solutions in those countries. Changes in our solutions or future changes in export and import regulations may create delays in the introduction of our solutions in international markets, prevent our end customers with international operations from deploying our solutions globally or, in some cases, prevent the export or import of our solutions to certain countries, governments, or persons altogether. From time to time, various governmental agencies have proposed additional regulation of encryption technology, including the escrow and government recovery of private encryption keys. Any change in export or import regulations, economic sanctions or related legislation, increased export and import controls stemming from U.S. government policies, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our solutions by, or in our decreased ability to export or sell our solutions to, existing or potential end customers with international operations. Any decreased use of our solutions or limitation on our ability to export or sell our solutions would adversely affect our business, operating results and prospects.

Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value added or similar taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our operating results.

We do not collect sales and use, value added or similar taxes in all jurisdictions in which we have sales, and we have been advised that such taxes are not applicable to our products and services in certain jurisdictions. Sales and use, value added, and similar tax laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect such taxes may assert that such taxes are applicable. If we are unsuccessful in collecting such taxes from our end customers, we could be held liable for such costs, which may adversely affect our operating results.

Our international operations may subject us to potential adverse tax consequences.

We have expanded our international operations and staff to better support our growth into the international markets. Our corporate structure and associated transfer pricing policies contemplate the business flows and future growth into the international markets, and consider the functions, risks and assets of the various entities involved in the intercompany transactions. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of the various jurisdictions, including the United States, to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions pursuant to the intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a challenge or disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations. Our financial statements could fail to reflect adequate reserves to cover such a contingency.

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Changes in global tax laws could increase our worldwide tax rate and could have a material adverse effect on our business, cash flow, results of operations or financial conditions.

Global tax developments applicable to multinational businesses may have a material impact on our business, cash flow from operating activities, or financial results. The U.S. Department of Treasury has broad authority to issue regulations and interpretative guidance that may significantly impact how we comply with the law, which could affect our results of operations in the period issued. The Organization for Economic Cooperation and Development reached agreement among various countries to implement a minimum 15% tax rate on certain multinational enterprises, commonly referred to as Pillar Two. Many countries continue to announce changes in their tax laws and regulations based on the Pillar Two proposals. The potential effects of Pillar Two may vary depending on specific provisions and rules implemented by each country that adopts Pillar Two. These changes may increase our tax obligations in these countries. In addition, several countries have proposed or enacted Digital Services Taxes, many of which would apply to revenues derived from digital services. We will continue to assess the ongoing impact of these current and pending changes to global tax legislation and the impact on our future financial statements upon the finalization of laws, regulations and additional guidance. In addition, as we continue to evaluate our corporate structure, any changes to the taxation of undistributed foreign earnings could also change our plans regarding reinvestment of such earnings. Due to the large scale of our U.S. and international business activities, many of these enacted and proposed changes to the taxation of our activities could increase our worldwide effective tax rate and have an adverse effect on our operating results, cash flow or financial condition.

We are subject to income taxes as well as non-income-based taxes, in both the U.S. and various foreign jurisdictions. Many judgments are required in determining our worldwide provision for income taxes and other tax liabilities, and we are under audit by various tax authorities, which often do not agree with positions taken by us on our income and non-income-based tax returns. Although we believe that our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our consolidated financial statements and may materially affect our financial results in the period or periods for which such determination is made.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

In general, under Section 382 of the United States Internal Revenue Code of 1986, as amended (the "Code"), a corporation that undergoes an ownership change is subject to limitations on its ability to utilize its pre-change net operating losses ("NOLs"), and other tax attributes to offset future taxable income. An ownership change occurs when a company's "five-percent shareholders" (as defined in Section 382 of the Code) collectively increase their ownership in the company by more than 50 percentage points (by value) over a rolling three-year period. Similar limitations may apply for state tax purposes. If our existing NOLs are subject to limitations arising from previous ownership changes, our ability to utilize NOLs could be limited by Section 382 of the Code. We may experience ownership changes in the future as a result of subsequent shifts in our stock ownership. In addition, at the state level, there may be periods during which the use of net operating losses is suspended or otherwise limited.

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Risks Related to Our Convertible Notes

As of July 31, 2024, we had outstanding \$575.0 million aggregate principal amount of 0.25% convertible senior notes due 2027 (the "2027 Notes").

Servicing the 2027 Notes may require a significant amount of cash, and we may not have sufficient cash or the ability to raise the funds necessary to settle conversions of the 2027 Notes in cash, to repay the 2027 Notes at maturity, or to repurchase the 2027 Notes upon a fundamental change.

Holders of the 2027 Notes will have the right to require us to repurchase all or a portion of their 2027 Notes upon the occurrence of a fundamental change before the applicable maturity date at a repurchase price equal to 100% of the principal amount of such 2027 Notes to be repurchased, plus accrued and unpaid special interest, if any. In addition, upon conversion of the 2027 Notes, unless we elect to deliver solely shares of our Class A common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the 2027 Notes being converted. Moreover, we will be required to repay the 2027 Notes in cash at their maturity unless earlier converted or repurchased. We may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of the 2027 Notes surrendered therefor or pay cash with respect to the 2027 Notes being converted or at their maturity.

In addition, our ability to repurchase the 2027 Notes or to pay cash upon conversions of such 2027 Notes or at their maturity may be limited by law, regulatory authority or agreements governing our future indebtedness. Our failure to repurchase the 2027 Notes at a time when the repurchase is required by the applicable indenture or to pay cash upon conversions of such 2027 Notes or at their maturity as required by the applicable indenture would constitute a default under such indenture. A default under the applicable indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. Moreover, the occurrence of a fundamental change under the applicable indenture could constitute an event of default under any such agreement. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness or to pay cash amounts due upon conversion, upon required repurchase or at maturity of the 2027 Notes.

The 2027 Notes bear interest at a rate of 0.25% per annum, with such interest to be paid semi-annually in arrears on each April 1 and October 1. Our ability to make scheduled payments of interest depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Our business may not be able to generate cash flows from operations in the future that are sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flows, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. Higher prevailing interest rates and/or a tightening supply of credit would adversely affect the terms upon which we would be able to refinance our indebtedness, if at all. As a result, we may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. In addition, any of our future debt agreements may contain restrictive covenants that may prohibit us from adopting any of these alternatives.

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The conditional conversion feature of the 2027 Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the 2027 Notes is triggered, holders of such 2027 Notes will be entitled to convert their 2027 Notes at any time during specified periods at their option. If one or more holders elect to convert their 2027 Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation in cash, which could adversely affect our liquidity. In addition, even if holders of the 2027 Notes do not elect to convert their 2027 Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of such 2027 Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The accounting method for the 2027 Notes, which may be settled in cash, has had, and may continue to have, a material effect on our reported financial results.

On August 1, 2021, we adopted Accounting Standards Update 2020-06. Our adoption of this new standard requires us to use the if-converted method for our diluted earnings per share calculation, the effect of which is that the transaction is accounted for as if all of the outstanding 2027 Notes were to be converted into shares of our Class A common stock, even if the 2027 Notes are not yet then convertible and even if, upon any conversion of the 2027 Notes, we may elect to settle the conversion using cash or a combination of cash and shares of our Class A common stock. As a result, our diluted earnings per share could be adversely affected in the future.

Risks Related to Ownership of Our Securities

The market price of our securities may be volatile and may decline.

The market price of our securities has fluctuated and may continue to fluctuate substantially. The market price of our securities depends on a number of factors, including those described in this "Risk Factors" section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our securities. Factors that could cause fluctuations in the market price of our securities include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the market prices and trading volumes of high technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- changes in financial estimates by any analysts who follow our company, including as a result of any current and future business model transitions, or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in these projections, or any failure to meet or exceed these projections;
- announcements by us or our competitors of new products and solutions or new or terminated significant contracts, commercial relationships or capital commitments;
- public analyst or investor reaction to our press releases, other public announcements and filings with the Securities and Exchange Commission;
- rumors and market speculation involving us or other companies in our industry;

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- actual or anticipated changes or fluctuations in our operating results;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- actual or threatened litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or our solutions, or third-party proprietary rights;
- rumored, announced or completed acquisitions of businesses or technologies of or by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- any major changes in our management or our Board of Directors;
- general economic conditions and slow or negative growth of our markets; and
- other events or factors which may be outside of our control, such as political and social unrest, terrorist attacks, hostilities, war, malicious human acts, climate change, natural disasters (including extreme weather), pandemics or other major public health concerns, and other similar events, or responses to these events.

In addition, the stock market in general, and the market for technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of our securities, regardless of our actual operating performance.

Sales of substantial amounts of our Class A common stock in the public markets, or the perception that they might occur, could reduce the price that our securities might otherwise attain and may dilute your voting power and your ownership interest in us.

Sales of a substantial number of shares of our Class A common stock in the public markets, particularly sales by our directors, executive officers and significant stockholders, or the perception that these sales could occur (including public disclosure of sales contemplated by 10b5-1 trading plans), could adversely affect the market price of our Class A common stock.

We have reserved a substantial number of shares of our Class A common stock for issuance upon vesting or exercise of our equity compensation plans and upon conversion of the 2027 Notes.

We have also registered the offer and sale of all shares of our Class A common stock that we may issue under our equity compensation plans.

We may also issue our shares of Class A common stock or additional securities convertible into shares of our Class A common stock from time to time in connection with a financing, acquisition, investments, or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the market price of our Class A common stock to decline.

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We may fail to meet our publicly announced guidance or other expectations about our business and future operating results, which would cause the price of our securities to decline.

From time to time, we release earnings guidance in our earnings conference calls, earnings releases, investor presentations, or otherwise, regarding our future performance that represents our management's estimates as of the date of release. This guidance includes forward-looking statements based on projections prepared by our management. Projections are based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies on our business, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. Some of those key assumptions relate to the macroeconomic environment, including inflation and interest rates, which are inherently difficult to predict.

We generally state possible outcomes as high and low ranges, which are intended to provide a sensitivity analysis as variables are changed but are not intended to imply that actual results could not fall outside of the suggested ranges. Furthermore, analysts and investors may develop and publish their own projections of our business, which may form a consensus about our future performance. Our actual business results may vary significantly from such guidance or that consensus due to a number of factors, many of which are outside of our control, including those described in this "Risk Factors" section, any of which or combination thereof could materially and adversely affect our business and future operating results. Furthermore, if we make downward revisions of our previously announced guidance, if we withdraw our previously announced guidance, or if our publicly announced guidance of future operating results fails to meet expectations of securities analysts, investors or other interested parties, the price of our securities would decline.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results may vary from our guidance and the variations may be material. In light of the foregoing, investors are urged not to rely upon our guidance in making an investment decision regarding our securities.

Any failure to successfully implement our operating strategy or the occurrence of any of the events or circumstances set forth in this "Risk Factors" section could result in the actual operating results being different from our guidance, and the differences may be adverse and material.

Conversion of the 2027 Notes may dilute the ownership interest of existing stockholders, or may otherwise depress the price of our securities.

The conversion of some or all of the 2027 Notes, to the extent we deliver shares upon conversion thereof, will dilute the ownership interests of existing stockholders, reduce our earnings per share and potentially have an adverse effect on the price of our securities. Any sales in the public market of our Class A common stock issuable upon such conversion could adversely affect prevailing market prices of our securities. In addition, the existence of the 2027 Notes may encourage short selling by market participants because the conversion of the 2027 Notes could be used to satisfy short positions, or anticipated conversion of the 2027 Notes into shares of our Class A common stock could depress the price of our securities.

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We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term stockholder value.

In August 2023, our Board of Directors authorized the repurchase of up to \$350.0 million of our Class A common stock, of which \$218.9 million remained available for future share repurchases under the authorization as of July 31, 2024. The authorization has no fixed expiration date and does not obligate us to repurchase any specified number or dollar value of shares. The timing and amount of share repurchases depend upon prevailing stock prices, business and market conditions, corporate and regulatory requirements, alternative investment opportunities, and other factors. We cannot guarantee that the share repurchase program will be fully consummated or that it will enhance long-term stockholder value. Share repurchases under the program could affect, and increase the volatility of, the price of our Class A common stock and will diminish our cash reserves. In addition, as part of the Inflation Reduction Act signed into law in August 2022, the United States implemented a 1% excise tax on the value of certain stock repurchases by publicly traded companies. This tax could increase the costs to us of any share repurchases. The program may be modified, suspended or discontinued at any time, and any future announcement of a termination of the program could result in a decrease in the price of our Class A common stock.

If financial or industry analysts do not publish research or reports about our business, if they have difficulty understanding our business model, or if they issue inaccurate or unfavorable research regarding our securities, our stock price and trading volume could decline.

The trading market for our securities will be influenced by the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts or the content and opinions included in their reports. In addition, we recently transitioned to a subscription-based business model, which analysts may not have historically reflected, or may not accurately in the future reflect, in their research. The foregoing factors could affect analysts' ability to accurately forecast our results and make it more likely that we fail to meet their estimates. In the event we obtain industry or financial analyst coverage, if any of the analysts who cover us issue an inaccurate or unfavorable opinion regarding our securities, the price of our securities would likely decline. In addition, analyst research or reports may also raise performance expectations that we may not be able to meet. The stock prices of many companies in the high technology industry have declined significantly after those companies have failed to meet, or in some cases failed to significantly exceed, the financial guidance publicly announced by the companies or the expectations of analysts. If our financial results fail to meet (or exceed) our announced guidance or the expectations of analysts or public investors, analysts could downgrade our Class A common stock or publish unfavorable research about us. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause the price of our securities or trading volume to decline, potentially significantly.

Certain provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove members of our Board of Directors or current management and may adversely affect the market price of our securities.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors that are not nominated by the current members of our Board of Directors or take other corporate actions, including effecting changes in our management. These provisions include:

- a classified Board of Directors with three-year staggered terms (which is being phased out so that our Board of Directors will be fully declassified by our 2025 annual meeting of stockholders), which could delay the ability of stockholders to change the membership of a majority of our Board of Directors;

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- the ability of our Board of Directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the exclusive right of our Board of Directors to elect a director to fill a vacancy created by the expansion of our Board of Directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our Board of Directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of our Board of Directors, our lead independent director, our president, our secretary, or a majority vote of our Board of Directors, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the ability of our Board of Directors, by majority vote, to amend our amended and restated bylaws, which may allow our Board of Directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend our amended and restated bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to our Board of Directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time.

Our amended and restated bylaws designate the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America as the exclusive forums for certain disputes between us and our stockholders, which will restrict our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: any derivative action or proceeding brought on our behalf, any action asserting a breach of a fiduciary duty, any action arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. This choice of forum provision does not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction.

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Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated bylaws provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees. If a court were to find either exclusive-forum provision in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

We do not intend to pay dividends in the foreseeable future. As a result, your ability to achieve a return on your investment will depend on appreciation in the price of our Class A common stock.

We have never declared or paid any cash dividends on our Class A common stock. We do not anticipate paying any dividends on our Class A common stock in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board of Directors. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

General Risk Factors

Investors' and other stakeholders' expectations of our performance relating to environmental, social and governance factors may impose additional costs and expose us to new risks.

There is an increasing focus from certain investors, customers, partners, employees, other stakeholders, and regulators concerning environmental, social and governance matters ("ESG"). Some investors may use these non-financial performance factors to guide their investment strategies and, in some cases, may choose not to invest in us if they believe our policies and actions relating to ESG are inadequate. We may face reputational damage in the event that we do not meet the ESG standards set by various constituencies.

As ESG best practices and reporting standards continue to develop, we may incur increasing costs relating to ESG monitoring and reporting and complying with ESG initiatives. For example, the SEC has recently adopted climate change and ESG reporting requirements. Following several legal challenges, the SEC has issued an order staying the implementation of such rules. If the SEC prevails and lifts the stay on implementation, our compliance costs would increase. We may also face greater costs to comply with new ESG standards or initiatives in the European Union. We publish an annual ESG report, which reports, among other things, our greenhouse gas emissions and our efforts to manage our emissions. In addition, our annual ESG report provides highlights of how we are supporting our workforce, including our diversity, equity, inclusion, and belonging efforts. Our disclosures on these matters, or a failure to meet evolving stakeholder expectations for ESG practices and reporting, may potentially harm our reputation and customer relationships. Due to new regulatory standards and market standards, certain new or existing customers, particularly those in the European Union, may impose stricter ESG guidelines or mandates for, and may scrutinize relationships more closely with, their counterparties, including us, which may lengthen sales cycles or increase our costs.

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Furthermore, if our competitors' ESG performance is perceived to be better than ours, potential or current investors may elect to invest with our competitors instead. In addition, in the event that we communicate certain initiatives or goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. If we fail to satisfy the expectations of investors, customers, employees and other stakeholders or our initiatives are not executed as planned, our business, financial condition, results of operations, and prospects could be adversely affected.

Our business is subject to the risks of natural disasters (including extreme weather), pandemics, man-made problems, and other similar events that may be outside of our control.

Significant natural disasters (such as earthquakes, fires, floods, and extreme weather), man-made problems (such as significant power outages, security breaches, acts of terrorism or war, civil unrests, or geopolitical turmoil), and other similar events that may be outside of our control could have an adverse impact on our business and operating results. For example, despite the implementation of network security measures, our networks also may be vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with our solutions. Further, both our corporate headquarters and our contract manufacturer are located in the San Francisco Bay Area, a region known for seismic activity. In addition, natural disasters (including extreme weather) and man-made problems could cause disruptions in our or our end customers' or channel partners' businesses, our suppliers' and manufacturers' operations or the global economy as a whole. Epidemics, pandemics such as the COVID-19 pandemic, other outbreaks of novel diseases or other major public health concerns could also cause disruptions in our or our end customers' or channel partners' businesses, our supply chain, our suppliers' and manufacturers' operations, or the global economy as a whole. We also rely on IT systems to communicate among our workforce and with third parties. Any disruption to our communications, whether caused by a natural disaster or by man-made problems, such as power disruptions, could adversely affect our business. We do not have a formal disaster recovery plan or policy in place and do not currently require that our manufacturing partners have such plans or policies in place. To the extent that any such disruptions result in delays or cancellations of orders or impede our suppliers' or our manufacturers' ability to timely deliver our solutions and product components, or the deployment of our solutions, our business, operating results and financial condition would be adversely affected. We do maintain what we believe are commercially reasonable levels of business interruption insurance. However, such insurance may not adequately cover our losses in the event of a significant disruption in our business.

We may further expand through acquisitions of, or investments in, other companies (or vice versa through divestitures), each of which may divert our management's attention, resulting in additional dilution to our stockholders and consumption of resources that are necessary to sustain and grow our business.

Our business strategy may, from time to time, include acquiring other complementary products, technologies or businesses or divesting certain products. We also may enter into relationships with other businesses in order to expand our solutions, which could involve preferred or exclusive licenses, additional channels of distribution or discount pricing or investments in other companies. Negotiating these transactions can be time-consuming, difficult and expensive, and our ability to close these transactions may be subject to third-party approvals, such as government regulatory approvals, which are beyond our control. Consequently, we can make no assurance that these transactions, once undertaken and announced, will close.

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These kinds of acquisitions, divestitures or investments may result in unforeseen expenditures and operating and integration difficulties, especially if the acquisitions, divestitures or investments are more complex in structure and scope, including due to the geographic location of the acquired company. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, products, personnel, or operations of companies that we may acquire, particularly if the key personnel of the acquired business choose not to work for us. We may have difficulty retaining the customers of any acquired business or the acquired technologies or research and development expectations may prove unsuccessful. Acquisitions or divestitures may also disrupt our ongoing business, divert our resources, require significant management attention that would otherwise be available for development of our business, and may be viewed negatively by our end customers, investors or securities analysts. We may not successfully evaluate or utilize the acquired technology or personnel, or accurately forecast the financial impact of an acquisition or divestiture transaction, including accounting charges. Any acquisition or investment could expose us to unknown liabilities and risks, and we may incur additional costs and expenses necessary to address an acquired company's failure to comply with laws and governmental rules and regulations. Moreover, we cannot assure you that the anticipated benefits of any acquisition or investment would be realized in a timely manner, if at all, or that we would not be exposed to unknown liabilities. In connection with these types of transactions, we may issue additional equity securities that would dilute our stockholders, use cash that we may need in the future to operate our business, incur debt on terms unfavorable to us or that we are unable to repay, incur large charges or substantial liabilities, encounter difficulties integrating diverse business cultures, and become subject to adverse tax consequences, substantial depreciation or deferred compensation charges. These challenges related to acquisitions, divestitures or investments could adversely affect our business, operating results, financial condition, and prospects.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our operating results.

Our sales contracts are denominated in U.S. dollars, and therefore, substantially all of our revenue is not subject to foreign currency risk. However, any relative strengthening of the U.S. dollar would increase the real cost of our solutions to our end customers outside of the United States, which could adversely affect our financial condition and operating results. In addition, an increasing portion of our operating expenses is incurred outside the United States, is denominated in foreign currencies such as the Euro, the Pound Sterling, the Indian Rupee, the Canadian Dollar, and the Australian Dollar, and is subject to fluctuations due to changes in foreign currency exchange rates. In particular, current geopolitical instability and fiscal and monetary policies have caused, and may continue to cause, significant volatility in the currency exchange rates, and such volatility may continue for the foreseeable future. If we become more exposed to currency fluctuations and are not able to successfully hedge against the risks associated with currency fluctuations, our operating results could be adversely affected. Furthermore, such currency fluctuations may also adversely impact our ability to accurately predict our future financial results. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative instruments.

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Item 1B. Unresolved Staff Comments

Not Applicable.

Item 1C. Cybersecurity

Cybersecurity is an important component of our overall enterprise risk management strategy. We are committed to protecting our information systems and data from a wide range of cybersecurity threats, including operational risks, intellectual property theft, fraud, extortion, privacy violations, legal risks, and reputational damage. Our approach integrates comprehensive processes and technologies designed to identify, assess, and mitigate these risks.

Risk Management and Strategy

• **Enterprise Risk Management Integration:** Our cybersecurity program is integrated into our broader enterprise risk management program ("ERM"). This integration is designed to ensure that cybersecurity risks are evaluated alongside other risks to the organization. Our ERM framework is periodically refreshed and involves collaboration with subject matter experts to assess the severity of potential cybersecurity threats and develop appropriate mitigation strategies.

• **Advanced Cybersecurity Processes:** We employ a multi-faceted approach to cybersecurity:

• **Security and Privacy Reviews:** Regular reviews of new features, software, and vendors help us work to identify and address potential risks before they impact our systems.

• **Security Development Lifecycle:** Our internal software development lifecycle process is designed to build our products in part relying upon industry-standard practices and third-party tools and services to test our code and bundled third-party libraries for known security misconfigurations and errors.

• **Vulnerability Management:** We operate a robust vulnerability management program designed to identify and address hardware and software vulnerabilities proactively.

• **Network and System Monitoring:** Our systems are monitored using a range of tools designed to detect suspicious activities and potential breaches in real time.

• **Threat Intelligence Program:** Our threat intelligence program models and researches potential adversaries, enhancing our preparedness against emerging threats.

• **Training and Simulations:** We regularly conduct training and simulations designed to ensure our teams are prepared for a variety of cybersecurity scenarios.

• **Security Ecosystem:** We routinely and regularly engage with consultants, assessors, auditors, and other expert third parties to help us in our understanding, discovery, and response to risks based on their growing impact or likelihood.

• **Frameworks and Standards:** Our cybersecurity practices are designed with reference to industry-standard frameworks, including those from the International Organization for Standardization and the National Institute of Standards and Technology and other internationally recognized standards, which can be found here: <https://www.nutanix.com/trust/compliance-and-certifications>, which link is included as an inactive reference and the content of which is not incorporated by reference into this Annual Report on Form 10-K. We continually work to improve our security controls based on these standards and industry best practices.

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• **Incident Response and Recovery:** We have established a comprehensive Privacy and Cybersecurity Incident Response Program to manage and respond to cybersecurity incidents. This program includes processes for triaging, assessing, escalating, containing, investigating, and remediating incidents. We also maintain procedures to comply with legal obligations and mitigate reputational damage. Regular tabletop exercises help us test and strengthen our incident response capabilities.

• **Vendor Risk Management:** Our vendor risk management program is designed to mitigate risks associated with third-party service providers. This program includes pre-engagement diligence, contractual security provisions, and ongoing monitoring of third-party compliance with our security requirements. We also have an external bug bounty program to identify and address vulnerabilities before they can be exploited.

Information on the cybersecurity risks we face is discussed in Part I, Item 1A, "Risk Factors." We believe that risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected us, including our business strategy, results of operations or financial condition. However, we remain subject to risks from unknown or future cybersecurity threats that could materially affect us, including our business strategy, results of operations or financial condition. We remain vigilant and continue to invest in security technologies and practices to safeguard our systems.

Governance

• **Board and Committee Oversight:** Our Board of Directors (our "Board") plays an active role in overseeing cybersecurity risks. Our Board's Security and Privacy Committee, which is composed entirely of independent directors, assists our Board in its oversight of our management of technology and information security risks and compliance with data protection and privacy laws. This committee regularly reviews our cybersecurity programs and policies as part of our overall risk management and business strategy discussions, and receives regular updates from management on our data security posture, third-party assessments, and progress toward risk-mitigation goals. The committee also reviews incident response plans and any significant cybersecurity threats or incidents. Our Board's Security and Privacy Committee reports quarterly to our Board regarding its activities in overseeing cybersecurity risk management.

• **Management's Role:** Our Chief Information Security Officer ("CISO") leads our global cybersecurity program, overseeing risk identification, evaluation, and response to material security incidents. The CISO partners with a cross-functional leadership team including the Chief Product Security Officer ("CPSO"), Chief Information Officer ("CIO"), and Legal and Privacy Counsel, to develop and implement our overall cybersecurity strategy. This team contributes to the development of policies, monitors evolving risks, manages the overall cybersecurity and privacy programs, and reports on these and related topics to our Board's Security and Privacy Committee. Our CISO has served in various roles in information technology and information security for over 25 years, including previously serving as Chief Information Security Officer at two other companies. He holds an undergraduate degree in computer science. Our CPSO spent most of the first two decades of his career with the U.S. Department of Defense, where he held various roles in information technology and other high-governance technology-driven positions. Over the past ten years, he has built security programs with Nutanix, which has culminated in his current role. He holds an undergraduate degree in computer information systems.

• **Incident Management:** Our Enterprise and Product Security Team manages our incident response efforts. This team assesses incidents' severity, coordinates the response, and communicates with relevant stakeholders. Our Security and Privacy Management Team, including, as appropriate, our CISO, CIO, and CPSO, provides additional expertise and support as needed.

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Item 2. Properties

Our corporate headquarters are located in San Jose, California where, under lease agreements that expire through May 2030, we currently lease approximately 215,000 square feet of space. We also maintain offices in North America, Europe, Asia Pacific, the Middle East, Latin America, and Africa. We lease all of our facilities and do not own any real property. We believe that our facilities are adequate to meet our needs for the immediate future and that, should it be needed, we would lease suitable additional space to accommodate our operations.

Item 3. Legal Proceedings

The information set forth under the "Legal Proceedings" subheading in Note 7 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not Applicable.

[Table of Contents](#)**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities****Market Information for Common Stock**

Our Class A common stock began trading publicly on the NASDAQ Stock Market under the ticker symbol "NTNX" on September 30, 2016. Prior to that time, there was no public market for our Class A common stock. The following table sets forth, for the periods indicated, the high and low sale prices of our Class A common stock as reported on the Nasdaq Global Select Market.

Fiscal Quarter:	Fiscal 2023			Fiscal 2024		
	High	Low	High	Low		
First quarter	\$ 27.40	\$ 15.21	\$ 38.92	\$ 29.11		
Second quarter	\$ 33.32	\$ 25.09	\$ 56.94	\$ 36.54		
Third quarter	\$ 29.52	\$ 23.42	\$ 65.98	\$ 54.43		
Fourth quarter	\$ 30.55	\$ 23.94	\$ 73.37	\$ 47.91		

Holders of Record

As of July 31, 2024, there were 51 holders of record of our Class A common stock. This figure does not include a substantially greater number of "street name" holders or beneficial holders of our common stock whose shares are held of record by banks, brokers and other financial institutions.

Dividend Policy

We have never declared or paid cash dividends on our Class A common stock. We do not anticipate paying any dividends on our Class A common stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our Board of Directors, subject to applicable laws and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our Board of Directors may deem relevant.

Unregistered Sales of Equity Securities and Use of Proceeds

None.

[Table of Contents](#)**Purchases of Equity Securities by the Issuer**

The following table summarizes the share repurchase activity for the three months ended July 31, 2024:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
May 1 - 31, 2024	393	\$ 63.67	393	\$ 218,913
June 1 - 30, 2024	—	—	—	\$ 218,913
July 1 - 31, 2024	—	—	—	\$ 218,913
Total	<u>393</u>		<u>393</u>	

(1) In August 2023, our Board of Directors authorized the repurchase of up to \$350.0 million of our Class A common stock. We may repurchase shares from time to time through open market purchases, in privately negotiated transactions or by other means, including through the use of trading plans intended to qualify under Rule 10b5-1 under the Exchange Act in accordance with applicable securities laws and other restrictions. The timing and amount of share repurchases will depend upon prevailing stock prices, business and market conditions, corporate and regulatory requirements, alternative investment opportunities and other factors. The authorization has no expiration date and may be modified, suspended or discontinued at any time and does not obligate us to repurchase any minimum number of shares.

This table excludes shares withheld from stock awards to settle employee tax withholding obligations related to the vesting of such awards.

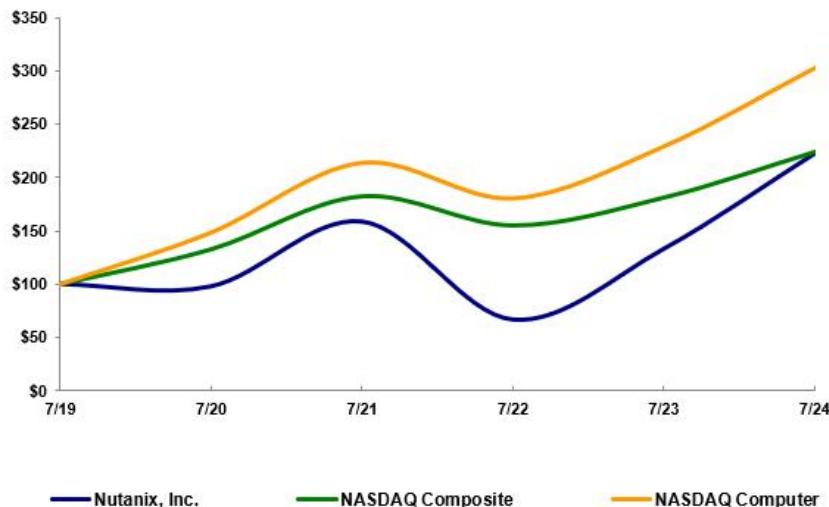
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Stock Performance Graph

The following graph shows a comparison from July 31, 2019 through July 31, 2024 of the cumulative five-year total shareholder return for our Class A common stock based on the closing price on the last day of each respective period. The graph assumes an initial investment of \$100 on July 31, 2019 in the common stock of Nutanix, Inc., the NASDAQ Composite Index and NASDAQ Computer Index and assumes reinvestment of any dividends. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Nutanix, Inc., the NASDAQ Composite Index
and the NASDAQ Computer Index



*\$100 invested on 7/31/19 in stock or index, including reinvestment of dividends.
Fiscal year ending July 31.

	Fiscal Year					
	7/31/19	7/31/20	7/31/21	7/31/22	7/31/23	7/31/24
Nutanix, Inc.	\$ 100.00	\$ 97.75	\$ 158.68	\$ 66.65	\$ 133.04	\$ 222.51
Nasdaq Composite Index	\$ 100.00	\$ 132.78	\$ 182.62	\$ 155.31	\$ 181.43	\$ 224.29
Nasdaq Computer Index	\$ 100.00	\$ 148.33	\$ 213.70	\$ 180.46	\$ 229.05	\$ 302.45

The information on the above graph shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act, and shall not be incorporated by reference into any registration statement or other document filed by us with the SEC, whether made before or after the date of this Annual Report on Form 10-K, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

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Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this item is incorporated herein by reference to our definitive proxy statement for our 2024 annual meeting of stockholders, which will be filed no later than 120 days after the end of our fiscal year ended July 31, 2024.

Item 6. [Reserved]

Management's Discussion and Analysis of Financial Condition and Results of Operations**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis of our financial condition, results of operations and cash flows should be read in conjunction with the consolidated financial statements and the related notes thereto included elsewhere in this Annual Report on Form 10-K. The last day of our fiscal year is July 31. Our fiscal quarters end on October 31, January 31, April 30 and July 31. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" or in other parts of this Annual Report on Form 10-K. See also "Special Note Regarding Forward-Looking Statements" above.

Overview

Nutanix, Inc. ("we," "us," "our," or "Nutanix") is a global leader in cloud software, offering organizations a single platform for running applications and managing data, anywhere. Our vision is to make hybrid multicloud deployments simple and free customers to focus on achieving their business outcomes. Our mission is to delight customers with an open hybrid multicloud platform with rich data services to run and manage any application, anywhere.

Our Nutanix Cloud Platform is designed to enable organizations to build a hybrid multicloud infrastructure, providing a consistent cloud operating model with a single platform for running applications and managing data in core data centers, at the edge, and in public clouds, all while supporting a variety of hypervisors and container platforms. Nutanix Cloud Platform supports a wide variety of workloads with varied compute, storage, and network requirements, including business-critical applications, data platforms (including SQL and NoSQL databases and business intelligence applications), general-purpose workloads (including system infrastructure, networking, and security), end-user computing and virtual desktop infrastructure services, enterprise artificial intelligence ("AI") workloads (including machine learning and generative AI workloads), and cloud native applications (including modern, containerized applications).

We originally pioneered hyperconverged infrastructure to break down legacy silos by merging compute, storage and networking into a single, easy-to-use, software-defined data center platform. We continued to innovate and developed Nutanix AHV, our native hypervisor that offers enterprise-grade virtualization and built-in Kubernetes support. To provide our customers with more choice, we further engineered our software solutions to run on a variety of server platforms, decoupling our software from Nutanix-branded hardware appliances and powering a variety of on-premises private cloud deployments, as part of our previously-completed transition from a hardware company to a software company. To provide our customers with the flexibility to choose their preferred license levels and durations based on their specific business needs, we reshaped our licensing by completing a transition to a subscription-based business model. In addition to making hybrid multicloud deployments simple, we have a further long-term vision to enable developers to build modern container-based applications once and run them anywhere through Project Beacon, our multi-year effort to provide consistent Kubernetes platform management and data-centric platform services across clouds.

Our business is organized into a single operating and reportable segment. We operate a subscription-based business model, meaning one in which our products, including associated support and entitlement arrangements, are sold with a defined duration.

[Table of Contents](#)**NUTANIX, INC.****Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)**

We had a broad and diverse base of over 26,000 end customers as of July 31, 2024, including approximately 1,060 Global 2000 enterprises. We define the number of end customers as the number of end customers for which we have received an order by the last day of the period, excluding partners to which we have sold products for their own demonstration purposes. A single organization or customer may represent multiple end customers for separate divisions, segments, or subsidiaries, and the total number of end customers may contract due to mergers, acquisitions, or other consolidation among existing end customers.

Our solutions are primarily sold through our channel partners or original equipment manufacturers ("OEMs") and delivered directly to our end customers. We have end customers across a broad range of industries, such as automotive, consumer goods, education, energy, financial services, healthcare, manufacturing, media, public sector, retail, technology, and telecommunications. We also sell to service providers, who utilize our platform to provide a variety of cloud-based services to their customers.

We continue to invest in the profitable growth of our business over the long run, including the development of our solutions and investing in sales and marketing to capitalize on our market opportunities, while improving our operating cash flow performance by focusing on creating operational efficiencies throughout our organization, including go-to-market efficiencies, particularly by generating leverage through partnerships. By maintaining this balance, we believe that we can sustain profitable growth.

Key Financial and Performance Metrics

We monitor the following key financial and performance metrics:

	As of and for the Fiscal Year Ended July 31,		
	2022	2023	2024
(in thousands, except percentages and end customer count)			
Total revenue	\$ 1,580,796	\$ 1,862,895	\$ 2,148,816
Year-over-year percentage increase	13.4%	17.8%	15.3%
Total billings	\$ 1,708,641	\$ 2,005,582	\$ 2,407,756
Annual contract value ("ACV") billings	\$ 756,326	\$ 956,810	\$ 1,162,428
Annual recurring revenue ("ARR")	\$ 1,202,438	\$ 1,561,981	\$ 1,907,982
Gross profit	\$ 1,259,640	\$ 1,530,708	\$ 1,824,704
Non-GAAP gross profit	\$ 1,311,662	\$ 1,575,385	\$ 1,862,203
Gross margin	79.7%	82.2%	84.9%
Non-GAAP gross margin	83.0%	84.6%	86.7%
Operating expenses	\$ 1,718,492	\$ 1,737,858	\$ 1,817,141
Non-GAAP operating expenses	\$ 1,398,881	\$ 1,414,389	\$ 1,515,096
Operating (loss) income	\$ (458,852)	\$ (207,150)	\$ 7,563
Non-GAAP operating (loss) income	\$ (87,219)	\$ 160,996	\$ 347,107
Operating margin	(29.0)%	(11.1)%	0.4%
Non-GAAP operating margin	(5.5)%	8.6%	16.2%
Net cash provided by operating activities	\$ 67,543	\$ 272,403	\$ 672,931
Free cash flow	\$ 18,485	\$ 206,999	\$ 597,679
Total end customers ⁽¹⁾	22,600	24,550	26,530

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

[Table of Contents](#)**NUTANIX, INC.****Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)****Disaggregation of Revenue and Billings**

The following table depicts the disaggregation of revenue and billings by type, consistent with how we evaluate our financial performance:

	Fiscal Year Ended July 31,		
	2022	2023 (in thousands)	2024
Disaggregation of revenue:			
Subscription revenue	\$ 1,433,773	\$ 1,730,848	\$ 2,016,776
Professional services revenue	91,744	91,841	100,852
Other non-subscription product revenue ⁽¹⁾	55,279	40,206	31,188
Total revenue	<u>\$ 1,580,796</u>	<u>\$ 1,862,895</u>	<u>\$ 2,148,816</u>
Disaggregation of billings:			
Subscription billings	\$ 1,563,560	\$ 1,868,943	\$ 2,253,633
Professional services billings	89,802	96,433	122,935
Other non-subscription product billings ⁽¹⁾	55,279	40,206	31,188
Total billings	<u>\$ 1,708,641</u>	<u>\$ 2,005,582</u>	<u>\$ 2,407,756</u>

(1)Prior to fiscal 2024, these amounts were presented as separate line items, Non-portable software and Hardware, as described below. Prior period amounts have been updated to conform to the current period presentation.

Subscription revenue — Subscription revenue includes any performance obligation which has a defined term and is generated from the sales of software entitlement and support subscriptions, subscription software licenses and cloud-based software-as-a-service ("SaaS") offerings.

•**Ratable** — We recognize revenue from software entitlement and support subscriptions and SaaS offerings ratably over the contractual service period, the substantial majority of which relate to software entitlement and support subscriptions. These offerings represented approximately \$770.4 million, \$905.8 million and \$1.0 billion of our subscription revenue for fiscal 2022, 2023 and 2024, respectively.

•**Upfront** — Revenue from our subscription software licenses is generally recognized upfront upon transfer of control to the customer, which happens when we make the software available to the customer. These subscription software licenses represented approximately \$663.4 million, \$825.0 million and \$987.8 million of our subscription revenue for fiscal 2022, 2023 and 2024, respectively.

Professional services revenue — We also sell professional services with our products. We recognize revenue related to professional services as they are performed.

Other non-subscription product revenue — Other non-subscription product revenue includes approximately \$49.7 million, \$37.4 million and \$27.9 million of non-portable software revenue for fiscal 2022, 2023 and 2024, respectively, and approximately \$5.6 million, \$2.8 million and \$3.3 million of hardware revenue for fiscal 2022, 2023 and 2024, respectively.

•**Non-portable software revenue** — Non-portable software revenue includes sales of our platform when delivered on a configured-to-order server by us or one of our OEM partners. The software licenses associated with these sales are typically non-portable and can be used over the life of the server on which the software is delivered. Revenue from our non-portable software products is generally recognized upon transfer of control to the customer.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

•Hardware revenue — In the infrequent transactions where the hardware platform is purchased directly from Nutanix, we consider ourselves to be the principal in the transaction and we record revenue and costs of goods sold on a gross basis. We consider the amount allocated to hardware revenue to be equivalent to the cost of the hardware procured. Hardware revenue is generally recognized upon transfer of control to the customer.

Non-GAAP Financial Measures and Key Performance Measures

We regularly monitor total billings, ACV billings, ARR, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP operating margin, free cash flow, and total end customers, which are non-GAAP financial measures and key performance measures, to help us evaluate our growth and operational efficiencies, measure our performance, identify trends in our sales activity, and establish our budgets. We evaluate these measures because they:

- are used by management and our Board of Directors to understand and evaluate our performance and trends, as well as to provide a useful measure for period-to-period comparisons of our core business, particularly as we operate a subscription-based business model;
- are widely used as a measure of financial performance to understand and evaluate companies in our industry; and
- are used by management to prepare and approve our annual budget and to develop short-term and long-term operational and compensation plans, as well as to assess our actual performance against our goals.

Total billings is a performance measure which we believe provides useful information to our management and investors, as it represents the dollar value under binding purchase orders received and billed during a given period. 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 top-line growth of 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 top-line growth of our subscription business because it takes into account variability in term lengths. Non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), and non-GAAP operating margin are performance measures which we believe provide useful information to investors, as 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 management and investors about the amount of cash generated by the business after capital expenditures. 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.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Total billings, ACV billings, ARR, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP operating margin, and free cash flow have limitations as analytical tools and they should not be considered in isolation or as substitutes for analysis of our results as reported under generally accepted accounting principles ("GAAP") in the United States. Total billings, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP operating margin, and free cash flow are not substitutes for total revenue, gross profit, 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 or ARR, so we have not reconciled either ACV billings or ARR numbers included in this Annual Report on Form 10-K 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 and not to rely on any single financial measure to evaluate our business.

We calculate our non-GAAP financial and key performance measures as follows:

Total billings — We calculate total billings by taking the change in deferred revenue less the change in unbilled accounts receivable between the start and end of the period and adding that to total revenue recognized in the same period.

ACV billings — We calculate ACV billings as the sum of the ACV for all contracts billed during the period. **ACV** is defined as the total annualized value of a contract, excluding amounts related to professional services and hardware. We calculate the total annualized value for a contract 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. We will discontinue reporting ACV billings beginning with our first quarter of fiscal 2025.

ARR — We calculate ARR as the sum of ACV for all subscription contracts in effect as of the end of the 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. ARR excludes all life-of-device contracts.

Non-GAAP gross profit and Non-GAAP gross margin — We calculate non-GAAP gross margin as non-GAAP gross profit divided by total revenue. We define non-GAAP gross profit as gross profit adjusted to exclude stock-based compensation expense, amortization of acquired intangible assets, restructuring charges, impairment of lease-related assets, and costs associated with certain other non-recurring transactions. Our presentation of non-GAAP gross profit and non-GAAP gross margin should not be construed as implying that our future results will not be affected by any recurring expenses or any unusual or non-recurring items that we exclude from our calculation of these non-GAAP financial measures.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Non-GAAP operating expenses — We define non-GAAP operating expenses as total operating expenses adjusted to exclude stock-based compensation expense, amortization of acquired intangible assets, restructuring charges, impairment of lease-related assets, litigation settlement accruals and legal fees related to certain non-ordinary course litigation matters, and costs associated with certain other non-recurring transactions. Our presentation of non-GAAP operating expenses should not be construed as implying that our future results will not be affected by any recurring expenses or any unusual or non-recurring items that we exclude from our calculation of this non-GAAP financial measure.

Non-GAAP operating income (loss) and Non-GAAP operating margin — We calculate non-GAAP operating margin as non-GAAP operating income (loss) divided by total revenue. We define non-GAAP operating income (loss) as operating income (loss) adjusted to exclude stock-based compensation expense, amortization of acquired intangible assets, restructuring charges, impairment of lease-related assets, litigation settlement accruals and legal fees related to certain non-ordinary course litigation matters, and costs associated with certain other non-recurring transactions. Our presentation of non-GAAP operating income (loss) and non-GAAP operating margin should not be construed as implying that our future results will not be affected by any recurring expenses or any unusual or non-recurring items that we exclude from our calculation of these non-GAAP financial measures.

Free cash flow — We calculate free cash flow as net cash provided by (used in) operating activities less purchases of property and equipment, which measures our ability to generate cash from our business operations after our capital expenditures.

Total end customers — We define the number of end customers as the number of end customers for which we have received an order by the last day of the period, excluding partners to which we have sold products for their own demonstration purposes. A single organization or customer may represent multiple end customers for separate divisions, segments, or subsidiaries, and the total number of end customers may contract due to mergers, acquisitions, or other consolidation among existing end customers.

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NUTANIX, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

The following table presents a reconciliation of total billings, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP operating margin, and free cash flow to the most directly comparable GAAP financial measures, for each of the periods indicated:

	Fiscal Year Ended July 31,		
	2022	2023	2024
(in thousands, except percentages)			
Total revenue	\$ 1,580,796	\$ 1,862,895	\$ 2,148,816
Change in deferred revenue	127,845	142,687	258,940
Total billings (non-GAAP)	<u>\$ 1,708,641</u>	<u>\$ 2,005,582</u>	<u>\$ 2,407,756</u>
 Gross profit	 \$ 1,259,640	 \$ 1,530,708	 \$ 1,824,704
Stock-based compensation	38,225	34,577	34,107
Amortization of intangible assets	13,579	9,870	3,392
Restructuring charges	218	230	—
Non-GAAP gross profit	<u>\$ 1,311,662</u>	<u>\$ 1,575,385</u>	<u>\$ 1,862,203</u>
 Gross margin	 79.7 %	 82.2 %	 84.9 %
Stock-based compensation	2.4 %	1.9 %	1.6 %
Amortization of intangible assets	0.9 %	0.5 %	0.2 %
Restructuring charges	—	—	—
Non-GAAP gross margin	<u>83.0 %</u>	<u>84.6 %</u>	<u>86.7 %</u>
 Operating expenses	 \$ 1,718,492	 \$ 1,737,858	 \$ 1,817,141
Stock-based compensation	(305,021)	(277,168)	(299,726)
Amortization of intangible assets	(2,604)	(827)	(317)
Restructuring (charges) reversals	(10,957)	(5,073)	194
Early exit of lease-related assets	(597)	(1,726)	—
Litigation settlement accrual and legal fees	(432)	(38,675)	(1,971)
Other	—	—	(225)
Non-GAAP operating expenses	<u>\$ 1,398,881</u>	<u>\$ 1,414,389</u>	<u>\$ 1,515,096</u>
 (Loss) income from operations	 \$ (458,852)	 \$ (207,150)	 \$ 7,563
Stock-based compensation	343,246	311,745	333,833
Amortization of intangible assets	16,183	10,697	3,709
Restructuring charges (reversals)	11,175	5,303	(194)
Early exit of lease-related assets	597	1,726	—
Litigation settlement accrual and legal fees	432	38,675	1,971
Other	—	—	225
Non-GAAP (loss) income from operations	<u>\$ (87,219)</u>	<u>\$ 160,996</u>	<u>\$ 347,107</u>
 Operating margin	 (29.0) %	 (11.1) %	 0.4 %
Stock-based compensation	21.8 %	16.6 %	15.5 %
Amortization of intangible assets	1.0 %	0.6 %	0.2 %
Restructuring charges (reversals)	0.7 %	0.3 %	—
Early exit of lease-related assets	—	0.1 %	—
Litigation settlement accrual and legal fees	—	2.1 %	0.1 %
Other	—	—	—
Non-GAAP operating margin	<u>(5.5) %</u>	<u>8.6 %</u>	<u>16.2 %</u>
 Net cash provided by operating activities	 \$ 67,543	 \$ 272,403	 \$ 672,931
Purchases of property and equipment	(49,058)	(65,404)	(75,252)
Free cash flow (non-GAAP)	<u>\$ 18,485</u>	<u>\$ 206,999</u>	<u>\$ 597,679</u>

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)**Factors Affecting Our Performance**

We believe that our future success will depend on many factors, including those described below. While these areas present significant opportunity, they also present risks that we must manage to achieve successful results. Refer to Part I, Item 1A. "Risk Factors" in this Annual Report on Form 10-K for details. If we are unable to address these challenges, our business and operating results could be materially and adversely affected.

Investment in Profitable Growth

We continue to invest in our growth over the long run, while improving our operating cash flow performance by focusing on creating operational efficiencies throughout our organization, including go-to-market efficiencies, particularly by generating leverage through partnerships. By maintaining this balance, we believe we can sustain profitable growth.

Investment in Sales and Marketing – Our ability to drive top-line growth depends, in large part, on our ability to capitalize on our market opportunity, including our ability to recruit, train and retain sufficient numbers of ramped sales personnel to support our growth. As part of our investment in our growth over the long run, we plan to invest in sales and marketing, including investing in our sales and marketing teams and continuing our focus on opportunities with major accounts, large deals, and commercial accounts, as well as other sales and marketing initiatives to increase our pipeline growth. As we continue to recruit additional sales representatives, it will take time to train and ramp them to full productivity. As a result, our overall sales and marketing expense may fluctuate in the near term. We estimate, based on past experience, that our average sales team members typically become fully ramped up around the start of their fourth quarter of employment with us, and as our newer employees ramp up, we expect their increased productivity to contribute to our revenue growth. As of July 31, 2024, we considered approximately 79% of our global sales team members to be fully ramped, while the remaining approximately 21% of our global sales team members are in the process of ramping up. As we continue to focus some of our newer and existing sales team members on major accounts and large deals, and as we operate our subscription-based business model, it may take longer, potentially significantly, for these sales team members to become fully productive, and there may also be an impact to the overall productivity of our sales team. As part of our overall efforts to improve our free cash flow performance, we have also proactively taken steps to increase our go-to-market productivity and over time, we intend to reduce our overall sales and marketing spend as a percentage of revenue. These measures include improving the efficiency of our demand generation spend, focusing on lower cost renewals, increasing leverage of our channel partners and OEMs, including supporting new OEMs, and optimizing headcount in geographies based on market opportunities.

Investment in Research and Development and Engineering – We also intend, in the long term, to grow our global research and development and engineering teams to enhance our solutions, including our newer subscription-based products, improve integration with new and existing ecosystem partners and broaden the range of technologies and features available through our platform. We continue to invest in our growth by strengthening our core offerings, investing in our solution ecosystem, and taking advantage of emerging opportunities around generative AI and modern applications across hybrid and multicloud environments.

We believe that these investments will contribute to our long-term growth, although they may adversely affect our profitability in the near term.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)***Our Subscription-Based Business Model***

We operate a subscription-based business model to provide our customers with the flexibility to choose their preferred license levels and durations based on their specific business needs. A subscription-based business model means one in which our products, including associated support and entitlement arrangements, are sold with a defined duration. Subscription-based sales consist of subscription term-based licenses and offerings with ongoing performance obligations, including software entitlement and support subscriptions and cloud-based SaaS offerings. Revenue from subscription term-based licenses is generally recognized upfront upon transfer of control to the customer, which happens when we make the software available to the customer. Accordingly, any decline in average contract durations associated with our subscription term-based licenses would negatively impact our top-line results. Revenue from software entitlement and support subscription and cloud-based SaaS offerings is recognized ratably over the contractual service period. Accordingly, any decline in new or renewed subscriptions in any one fiscal quarter may not be fully or immediately reflected in our revenue for that fiscal quarter. For additional information on revenue recognition, see Note 2 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K and "Critical Accounting Estimates" later in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" section.

Market Adoption of Our Products

Hybrid and multicloud paradigms, as well as trends in generative AI and modern applications, have affected IT buyer expectations about the simplicity, agility, scalability, portability, and pay-as-you-grow economics of IT resources. A key focus of our sales and marketing efforts is creating market awareness about the benefits of our platform. This includes our newer products outside of our core hyperconverged infrastructure offering, both as compared to traditional data center architectures, as well as the public cloud, particularly as we continue to pursue large enterprises and mission critical workloads. Our business and operating results will be significantly affected by the degree to and speed with which organizations adopt our platform.

Leveraging Partners

We plan to continue to leverage our relationships with our channel and OEM partners and expand our network of cloud and ecosystem partners, all of which help to drive the adoption and sale of our solutions with our end customers. We sell our solutions primarily through our partners, and our solutions primarily run on hardware platforms that our customers often choose to purchase from our channel or OEM partners. We believe that increasing channel leverage, particularly as we expand our focus on opportunities in commercial accounts, by investing in sales enablement and co-marketing with our channel and OEM partners in the long term will extend and improve our engagement with a broad set of end customers. Our reliance on manufacturers, including our channel and OEM partners, to produce the hardware platforms on which our software runs exposes us to supply chain delays, which could impair our ability to provide services to end customers in a timely manner. Our business and results of operations will be significantly affected by our success in leveraging our relationships with our channel and OEM partners and expanding our network of cloud and ecosystem partners.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)***Customer Acquisition, Retention and Expansion***

Our business and operating results will depend on our ability to obtain new end customers and retain and sell additional solutions to our existing base of end customers. Our ability to obtain new end customers and retain and sell additional solutions to existing customers will in turn depend in part on a number of factors. These factors include our ability to: execute on our business plans, vision, and objectives (including our growth and go-to-market strategies), respond to competitive pressures, effectively maintain existing and future customer relationships, continue to innovate by adding new functionality and improving usability of our solutions in a manner that addresses our end customers' needs and requirements, and optimally price our solutions in light of marketplace conditions, our ability to respond to competitive pressures, manage our costs, and anticipate and manage customer demand. Furthermore, our subscription-based business model and product transitions may cause concerns among our customer base, including concerns regarding changes to pricing over time, and may also result in confusion among new and existing end customers, for example, regarding our pricing models. Such concerns and/or confusion can slow adoption and renewal rates among our current and future customer base.

Our end customers typically deploy our technology for a specific workload initially. After a new end customer's initial order, which includes the product and associated software entitlement and support subscription and services, we focus on expanding our footprint by serving more workloads. We also generate recurring revenue from our software entitlement and support subscription renewals, and given our subscription-focused business model, software and support renewals are having an increasing significance for our future revenue streams as existing subscriptions come up for renewal. We view continued purchases and upgrades as critical drivers of our success. As of July 31, 2024, approximately 76% of our end customers who have been with us for 18 months or longer have made a repeat purchase, which is defined as any purchase activity, including renewals of term-based licenses or software entitlement and support subscription renewals, after the initial purchase. Additionally, end customers who have been with us for 18 months or longer have total lifetime orders, including the initial order, in an amount that is more than 8.7x greater, on average, than their initial order. This number increases to approximately 30.8x, on average, for Global 2000 end customers who have been with us for 18 months or longer as of July 31, 2024. These multiples exclude the effect of one end customer who had a very large and irregular purchase pattern that we believe is not representative of the purchase patterns of all of our other end customers.

More recently, our sales pipeline has evolved to include a higher mix of larger deal opportunities, which often take longer to close and require more levels of review from the customer's executive team, involve greater competition, and have greater variability in timing, outcome and deal structure. We have also seen a modest elongation of average sales cycles compared to historical levels. These trends are expected to drive greater variability in our ability to land new customers and expand sales to existing customers, and our top-line results may be adversely affected.

Components of Our Results of Operations**Revenue**

We generate revenue primarily from the sale of our Nutanix Cloud Platform, sold primarily as subscription term-based licenses, and which can be deployed on a variety of qualified hardware platforms or, in the case of our cloud-based SaaS offerings, via hosted service or delivered pre-installed on a server that is configured to order. Non-portable software licenses are delivered or sold alongside configured-to-order servers and can be used over the life of the associated server.

[Table of Contents](#)**NUTANIX, INC.****Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)**

Our subscription term-based licenses are sold separately, or can be sold alongside configured-to-order servers. Our subscription term-based licenses typically have a term of one to five years. Our cloud-based SaaS subscriptions have terms extending up to five years.

Our customers generally purchase their qualified hardware platforms for deployment of our software from one of our channel partners or OEMs. Our platform typically includes one or more years of support and entitlements, which provides customers with the right to software upgrades and enhancements as well as technical support. Our platform is primarily sold through channel partners and OEMs. Revenue is recognized net of sales tax and withholding tax.

Product revenue — Product revenue primarily consists of software revenue. A majority of our product revenue is generated from the sale of our Nutanix Cloud Platform. We also sell renewals of previously purchased software licenses and SaaS offerings. Revenue from our software products is generally recognized upon transfer of control to the customer, which is typically upon shipment for sales including a server from a partner, upon making the software available to the customer when not sold with a server, or as services are performed with SaaS offerings. In the infrequent transactions where the hardware is purchased directly from Nutanix, we consider ourselves to be the principal in the transaction and we record revenue and costs of goods sold on a gross basis.

Support, entitlements and other services revenue — We generate our support, entitlements and other services revenue primarily from software entitlement and support subscriptions, which include the right to software upgrades and enhancements as well as technical support. The majority of our product sales are sold in conjunction with software entitlement and support subscriptions, with terms ranging from one to five years. Occasionally, we also sell professional services with our products. We recognize revenue from software entitlement and support contracts ratably over the contractual service period, which typically commences upon transfer of control of the corresponding products to the customer. We recognize revenue related to professional services as they are performed.

Cost of Revenue

Cost of product revenue — Cost of product revenue consists of costs paid to OEM partners, hardware costs, personnel costs associated with our operations function, consisting of salaries, benefits, bonuses, and stock-based compensation, cloud-based costs associated with our SaaS offerings, and allocated costs, consisting of certain facilities, depreciation and amortization, recruiting, and information technology costs, allocated based on headcount.

Cost of support, entitlements and other services revenue — Cost of support, entitlements and other services revenue includes personnel and operating costs associated with our global customer support organization, as well as allocated costs. We expect our cost of support, entitlements and other services revenue to increase in absolute dollars as our support, entitlements and other services revenue increases.

Operating Expenses

Our operating expenses consist of sales and marketing, research and development and general and administrative expenses. The largest component of our operating expenses is personnel costs. Personnel costs consist of wages, benefits, bonuses and, with respect to sales and marketing expenses, sales commissions.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Sales and marketing — Sales and marketing expense consists primarily of personnel costs, including sales commissions. Sales and marketing expense also includes costs for promotional activities and other marketing costs, travel expenses, costs associated with demonstration units, including depreciation, and allocated costs. Commissions are deferred and recognized as we recognize the associated revenue. We expect sales and marketing expense to continue, in the long term, to increase in absolute dollars as part of our long-term plans to invest in our growth. However, as part of our overall efforts to improve our operating cash flow performance, we have also proactively taken steps to increase our go-to-market productivity and over time, we intend to reduce our overall sales and marketing spend as a percentage of revenue. As we continue to recruit additional sales representatives, it will take time to train and ramp them to full productivity. As a result, our sales and marketing expense may fluctuate.

Research and development — Research and development ("R&D") expense consists primarily of personnel costs, as well as other direct and allocated costs. We have devoted our product development efforts primarily to enhancing the functionality and expanding the capabilities of our solutions. R&D costs are expensed as incurred, unless they meet the criteria for capitalization. We expect R&D expense, in the long term, to increase in absolute dollars as part of our long-term plans to invest in our future products and services, including our newer subscription-based products, although R&D expense may fluctuate as a percentage of total revenue and on an absolute basis from quarter to quarter.

General and administrative — General and administrative ("G&A") expense consists primarily of personnel costs, which include our executive, finance, human resources, and legal organizations. G&A expense also includes outside professional services, which consists primarily of legal, accounting and other consulting costs, as well as insurance and other costs associated with being a public company and allocated costs. We expect G&A expense, in the long term, to increase in absolute dollars, particularly due to additional legal, accounting, insurance, and other costs associated with our growth, although G&A expense may fluctuate as a percentage of total revenue and on an absolute basis from quarter to quarter.

Other Income (Expense), Net

Other income (expense), net consists primarily of interest income and expense, which includes the amortization of the debt discount and debt issuance costs associated with our previously outstanding 0% convertible senior notes due 2023 (the "2023 Notes"), our previously outstanding 2.50% convertible senior notes due 2026 (the "2026 Notes") and our outstanding 0.25% convertible senior notes due 2027 (the "2027 Notes"), changes in the fair value of the derivative liability associated with the 2026 Notes, non-cash interest expense on the 2026 Notes, the amortization of the debt discount on the 2026 Notes, interest expense related to the conversion of the 2026 Notes in full, interest expense on the 2027 Notes, debt extinguishment costs, interest income related to our short-term investments, and foreign currency exchange gains or losses.

Provision for Income Taxes

Provision for income taxes consists primarily of income taxes for certain foreign jurisdictions in which we conduct business and state income taxes in the United States. We have recorded a full valuation allowance related to our federal and state net operating losses and other net deferred tax assets and a partial valuation allowance related to certain foreign net operating losses due to the uncertainty of the ultimate realization of the future benefits of those assets. Beginning in fiscal 2023, provisions in the U.S. Tax Cuts and Jobs Act of 2017 required us to capitalize and amortize R&D expenditures rather than deducting the costs as incurred. The capitalization of R&D resulted in U.S. taxable income for the fiscal 2024, which was offset by net operating loss carryforwards.

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NUTANIX, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Results of Operations

The following tables set forth our consolidated results of operations in dollars and as a percentage of total revenue for the fiscal years presented. The period-to-period comparison of results is not necessarily indicative of results for future periods.

	Fiscal Year Ended July 31,		
	2022	2023	2024
	(in thousands)		
Revenue:			
Product	\$ 757,623	\$ 912,114	\$ 1,067,948
Support, entitlements and other services	823,173	950,781	1,080,868
Total revenue	1,580,796	1,862,895	2,148,816
Cost of revenue:			
Product ⁽¹⁾⁽²⁾	55,602	51,107	36,441
Support, entitlements and other services ⁽¹⁾	265,554	281,080	287,671
Total cost of revenue	321,156	332,187	324,112
Gross profit	1,259,640	1,530,708	1,824,704
Operating expenses:			
Sales and marketing ⁽¹⁾⁽²⁾	979,075	924,696	977,286
Research and development ⁽¹⁾	572,999	580,961	638,992
General and administrative ⁽¹⁾	166,418	232,201	200,863
Total operating expenses	1,718,492	1,737,858	1,817,141
(Loss) income from operations	(458,852)	(207,150)	7,563
Other expense, net	(320,830)	(26,435)	(108,881)
Loss before provision for income taxes	(779,682)	(233,585)	(101,318)
Provision for income taxes	19,264	20,975	23,457
Net loss	<u>\$ (798,946)</u>	<u>\$ (254,560)</u>	<u>\$ (124,775)</u>

⁽¹⁾ Includes stock-based compensation expense as follows:

Product cost of revenue	\$ 7,379	\$ 7,966	\$ 6,822
Support, entitlements and other services cost of revenue	30,846	26,611	27,285
Sales and marketing	104,592	82,758	80,190
Research and development	143,759	139,073	156,784
General and administrative	56,670	55,337	62,752
Total stock-based compensation expense	<u>\$ 343,246</u>	<u>\$ 311,745</u>	<u>\$ 333,833</u>

⁽²⁾ Includes amortization of intangible assets as follows:

Product cost of revenue	\$ 13,579	\$ 9,870	\$ 3,392
Sales and marketing	2,604	827	317
Total amortization of intangible assets	<u>\$ 16,183</u>	<u>\$ 10,697</u>	<u>\$ 3,709</u>

[Table of Contents](#)**NUTANIX, INC.****Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)**

	2022	2023	Fiscal Year Ended July 31, 2024 (as a percentage of total revenue)
Revenue:			
Product	47.9%	49.0%	49.7%
Support, entitlements and other services	52.1%	51.0%	50.3%
Total revenue	100.0%	100.0%	100.0%
Cost of revenue:			
Product	3.5%	2.7%	1.7%
Support, entitlements and other services	16.8%	15.1%	13.4%
Total cost of revenue	20.3%	17.8%	15.1%
Gross profit	79.7%	82.2%	84.9%
Operating expenses:			
Sales and marketing	61.9%	49.6%	45.5%
Research and development	36.2%	31.2%	29.7%
General and administrative	10.5%	12.5%	9.3%
Total operating expenses	108.6%	93.3%	84.5%
(Loss) income from operations	(28.9)%	(11.1)%	0.4%
Other expense, net	(20.3)%	(1.4)%	(5.1)%
Loss before provision for income taxes	(49.2)%	(12.5)%	(4.7)%
Provision for income taxes	1.2%	1.1%	1.1%
Net loss	<u>(50.4)%</u>	<u>(13.6)%</u>	<u>(5.8)%</u>

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NUTANIX, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Comparison of the Fiscal Years Ended July 31, 2022, 2023 and 2024

Revenue

	Fiscal Year Ended July 31, 2022			Change		Fiscal Year Ended July 31, 2023			Change					
	\$	2022	2023	\$	%	2023	2024	\$	%					
Product	\$	757,623	\$	912,114	\$	154,491	20 %	\$	912,114	\$	1,067,948	\$	155,834	17 %
Support, entitlements and other services		823,173		950,781		127,608	16 %		950,781		1,080,868		130,087	14 %
Total revenue	\$	1,580,796	\$	1,862,895	\$	282,099	18 %	\$	1,862,895	\$	2,148,816	\$	285,921	15 %

	Fiscal Year Ended July 31, 2022			Change		Fiscal Year Ended July 31, 2023			Change					
	\$	2022	2023	\$	%	2023	2024	\$	%					
U.S.	\$	887,141	\$	1,039,294	\$	152,153	17 %	\$	1,039,294	\$	1,189,213	\$	149,919	14 %
Europe, the Middle East and Africa		374,186		471,367		97,181	26 %		471,367		563,281		91,914	19 %
Asia Pacific		274,373		309,138		34,765	13 %		309,138		348,952		39,814	13 %
Other Americas		45,096		43,096		(2,000)	(4) %		43,096		47,370		4,274	10 %
Total revenue	\$	1,580,796	\$	1,862,895	\$	282,099	18 %	\$	1,862,895	\$	2,148,816	\$	285,921	15 %

Product revenue increased year-over-year for both fiscal 2023 and fiscal 2024 due primarily to increases in software revenue resulting from an increased adoption of our products as well as growth in software renewals. Specifically, we saw growth in term-based license revenue, which increased by approximately 24% and 20% year-over-year for fiscal 2023 and fiscal 2024, respectively. The total average contract duration was approximately 3.2 years, 3.0 years and 3.0 years for fiscal 2022, 2023 and 2024, respectively. Total average contract duration represents the dollar-weighted term across all subscription contracts, as well as our limited number of life-of-device contracts, billed during the period, using an assumed term of five years for licenses without a specified term, such as life-of-device licenses.

Support, entitlements and other services revenue increased year-over-year for both fiscal 2023 and fiscal 2024 in conjunction with the growth of our end customer base and the related software entitlement and support subscription contracts and renewals.

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NUTANIX, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Cost of Revenue and Gross Margin

	Fiscal Year Ended July 31,		\$	Change (in thousands, except percentages)	Fiscal Year Ended July 31,		\$	Change (in thousands, except percentages)
	2022	2023			2023	2024		
Cost of product revenue	\$ 55,602	\$ 51,107	\$ (4,495)	(8)%	\$ 51,107	\$ 36,441	\$ (14,666)	(29)%
<i>Product gross margin</i>	92.7%	94.4%			94.4%	96.6%		
Cost of support, entitlements and other services revenue	\$ 265,554	\$ 281,080	\$ 15,526	6%	\$ 281,080	\$ 287,671	\$ 6,591	2%
<i>Support, entitlements and other services gross margin</i>	67.7%	70.4%			70.4%	73.4%		
<i>Total gross margin</i>	79.7%	82.2%			82.2%	84.9%		

Cost of product revenue

Cost of product revenue decreased year-over-year for both fiscal 2023 and fiscal 2024 due primarily to decreases of \$3.7 million and \$6.5 million, respectively, in amortization expense resulting from acquired intangible assets starting to reach the end of their useful lives. Slight fluctuations in hardware revenue and cost of product revenue are anticipated, as we expect to continue selling small amounts of hardware for the foreseeable future.

Product gross margin increased by 1.7 percentage points and 2.2 percentage points in fiscal 2023 and fiscal 2024, respectively, due primarily to product revenue increasing while cost of product revenue decreases.

Cost of support, entitlements and other services revenue

Cost of support, entitlements and other services revenue increased year-over-year for both fiscal 2023 and fiscal 2024 due primarily to higher personnel-related costs, resulting from growth in our global customer support organization. Higher outside services costs also contributed to the increase for fiscal 2024.

Support, entitlements and other services gross margin increased by 2.7 percentage points and 3.0 percentage points fiscal 2023 and in fiscal 2024, respectively, due primarily to support, entitlements and other services revenue growing at a higher rate than personnel-related costs.

[Table of Contents](#)**NUTANIX, INC.****Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)****Operating Expenses****Sales and marketing**

	Fiscal Year Ended July 31,			Fiscal Year Ended July 31,			2024	Change
	2022	2023	\$	Change		2024	\$	Change
				%	(in thousands, except percentages)			
Sales and marketing	\$ 979,075	\$ 924,696	\$ (54,379)	(6)%	\$ 924,696	\$ 977,286	\$ 52,590	6%
Percent of total revenue	61.9%	49.6%			49.6%	45.5%		

Sales and marketing expense decreased year-over-year for fiscal 2023 due primarily to lower personnel-related costs, driven by the 8% decrease in sales and marketing headcount from July 31, 2022 to July 31, 2023, as well as lower marketing costs. The overall decrease in sales and marketing expense was partially offset by higher travel and event-related costs, as meetings and events transitioned from virtual to in-person.

Sales and marketing expense increased year-over-year for fiscal 2024 due primarily to higher personnel-related costs, including commissions expense, resulting from the 6% growth in our sales and marketing headcount from July 31, 2023 to July 31, 2024, partially offset by decreases in outside services costs.

Research and development

	Fiscal Year Ended July 31,			Fiscal Year Ended July 31,			2024	Change
	2022	2023	\$	Change		2024	\$	Change
				%	(in thousands, except percentages)			
Research and development	\$ 572,999	\$ 580,961	\$ 7,962	1%	\$ 580,961	\$ 638,992	\$ 58,031	10%
Percent of total revenue	36.2%	31.2%			31.2%	29.7%		

Research and development expense increased year-over-year for fiscal 2023 due primarily to higher personnel-related costs resulting from the 6% growth in our R&D headcount from July 31, 2022 to July 31, 2023, partially offset by lower stock-based compensation expense resulting from terminations during the period and lower technical costs related to certain partner programs.

Research and development expense increased year-over-year for fiscal 2024 due primarily to higher personnel-related costs, including stock-based compensation expense, resulting from the 19% growth in our R&D headcount from July 31, 2023 to July 31, 2024, partially offset by decreases in technical costs related to certain partner programs.

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NUTANIX, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

General and administrative

	Fiscal Year Ended July 31,			\$	Change %	Fiscal Year Ended July 31,			\$	Change %
	2022	2023				2023	2024			
	(in thousands, except percentages)									
General and administrative	\$ 166,418	\$ 232,201	\$ 65,783	\$	40%	\$ 232,201	\$ 200,863	\$ (31,338)	\$	(13)%
Percent of total revenue	10.5%	12.5%				12.5%		9.3%		

General and administrative expense increased year-over-year for fiscal 2023 due primarily to charges of \$71.0 million for the proposed settlement of the securities class actions, partially offset by \$39.9 million for amounts recoverable under our applicable insurance policies, as well as costs incurred related to the completed Audit Committee investigation. The increase in G&A expense was also due to an increase in personnel-related costs resulting from the 13% growth in our G&A headcount from July 31, 2022 to July 31, 2023. For additional information regarding the securities class actions, refer to Note 7 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

General and administrative expense decreased year-over-year for fiscal 2024 due primarily to a decrease in legal costs, in particular, related to the litigation settlement accrual and legal fees as a result of the February 2023 settlement of the two securities class actions. The decreases were partially offset by higher personnel-related costs, including stock-based compensation expense, resulting from the 11% growth in our G&A headcount from July 31, 2023 to July 31, 2024, as well as an increase in technical costs related to software licenses and computers and supplies.

Other Expense, Net

	Fiscal Year Ended July 31,			\$	Change %	Fiscal Year Ended July 31,			\$	Change %
	2022	2023				2023	2024			
	(in thousands, except percentages)									
Interest income, net	\$ 4,765	\$ 38,427	\$ (33,662)	\$	(706)%	\$ 38,427	\$ 68,486	\$ (30,059)	\$	(78)%
Change in fair value of derivative liability	(198,038)	—	(198,038)		(100)%	—	—	—		0%
Amortization of debt discount and issuance costs and interest expense	(60,734)	(64,113)	3,379		6%	(64,113)	(61,503)	(2,610)		(4)%
Interest expense related to conversion of 2026 Notes attributable to debt discount and issuance costs	—	—	—		0%	—	(107,877)	107,877		100%
Debt extinguishment costs	(64,911)	—	(64,911)		(100)%	—	—	—		0%
Other	(1,912)	(749)	(1,163)		(61)%	(749)	(7,987)	7,238		966%
Other (expense) income, net	\$ (320,830)	\$ (26,435)	\$ (294,395)		(92)%	\$ (26,435)	\$ (108,881)	\$ 82,446		312%

The decrease in other expense, net for fiscal 2023 was due primarily to the fair value of the derivative liability related to the 2026 Notes, which was reclassified to equity during the first quarter of fiscal 2022, debt extinguishment costs resulting from the exchange of \$416.5 million in aggregate principal amount of the 2023 Notes for \$477.3 million in aggregate principal amount of the 2027 Notes, the \$11.0 million gain on our divestiture of Frame Desktop-as-a-Service ("Frame"), and an increase in interest income on our investments.

[Table of Contents](#)**NUTANIX, INC.****Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)**

The increase in other expense, net for fiscal 2024 was due primarily to \$107.9 million of interest expense recognized resulting from the conversion of the 2026 Notes in full, as well as increases in foreign exchange gains, partially offset by increases in interest income on our investments.

Provision for Income Taxes

	Fiscal Year Ended July 31,			\$	Change %	Fiscal Year Ended July 31,			\$	Change %
	2022	2023				2023	2024			
	(in thousands, except percentages)									
Provision for income taxes	\$ 19,264	\$ 20,975	\$ 1,711	9 %	\$ 20,975	\$ 23,457	\$ 2,482	12 %		

The year-over-year increases in the provision for income taxes in fiscal 2023 and fiscal 2024 were due primarily to higher U.S. state income taxes due to taxable income in various states, as well as higher foreign taxes as a result of higher taxable earnings in foreign jurisdictions, as we continued to grow our business internationally, partially offset by foreign excess tax benefits on stock options and restricted stock units exercised during the periods. We continue to maintain a full valuation allowance on our U.S. federal and state deferred tax assets and a partial valuation allowance related to certain foreign net operating losses.

Liquidity and Capital Resources

Our principal sources of liquidity were cash, cash equivalents and marketable securities and net accounts receivable. As of July 31, 2024, we had \$655.3 million of cash and cash equivalents, \$0.4 million of restricted cash and \$339.1 million of short-term investments, which were held for general corporate purposes. Our cash, cash equivalents and short-term investments primarily consist of bank deposits, money market accounts and highly rated debt instruments of the U.S. government and its agencies and debt instruments of highly rated corporations. As of July 31, 2024, we had accounts receivable of \$229.8 million, net of allowances of \$0.8 million.

In January 2023, we settled the 2023 Notes in full at maturity with a cash payment of \$145.7 million. For additional information, see Note 5 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

In September 2020, we issued \$750.0 million in aggregate principal amount of 2.50% convertible senior notes due 2026 to BCPE Nucleon (DE) SPV, LP, an entity affiliated with Bain Capital, LP. On June 6, 2024, BCPE Nucleon (DE) SPV, LP delivered a notice of conversion to convert \$817.6 million aggregate principal amount of the 2026 Notes, representing all of the outstanding principal amount of the 2026 Notes. During the fiscal quarter ended July 31, 2024, we settled the conversion by paying \$817.6 million in cash and delivering approximately 16.9 million shares of Class A common stock. For additional information, see Note 5 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

In September 2021, we issued convertible senior notes with a 0.25% interest rate for an aggregate principal amount of \$575.0 million due 2027, of which \$477.3 million in principal amount was issued in exchange for approximately \$416.5 million principal amount of the 2023 Notes and the remaining \$97.7 million in principal amount was issued for cash. There are no required principal payments on the 2027 Notes prior to their maturity. For additional information, see Note 5 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

We believe that our cash, cash equivalents and short-term investments and our expected net cash provided by operating activities will be sufficient to meet our anticipated cash needs for working capital, capital expenditures, and share repurchases (if any) for at least the next 12 months. We may, from time to time, evaluate market conditions, our liquidity profile, and various financing alternatives (including debt or equity financing) for opportunities to enhance our capital structure. Our future cash needs will depend on many factors, including our growth strategy and plans, the timing and extent of spending to support development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced product and service offerings, the continuing market acceptance of our products, our end customers and partners, and market, economic and financial conditions (including inflation and interest rates). In addition, if the conditional conversion feature of the 2027 Notes is triggered prior to their October 1, 2027 maturity date, holders of the 2027 Notes will be entitled to convert the 2027 Notes at their option. If one or more holders elect to convert their 2027 Notes, we may elect to satisfy our conversion obligation by delivering shares of our Class A common stock or a combination of cash and shares of Class A common stock, rather than exclusively in cash.

Capital Return

In August 2023, our Board of Directors authorized the repurchase of up to \$350.0 million of our Class A common stock. Repurchases will be funded from available working capital and may be made at management's discretion from time to time. The authorization has no fixed expiration date and does not obligate us to repurchase any specified number or dollar value of shares. The program may be modified, suspended or discontinued at any time. For more information on the share repurchase program, refer to Note 8 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Fiscal Year Ended July 31,		
	2022	2023	2024
	(in thousands)		
Net cash provided by operating activities	\$ 67,543	\$ 272,403	\$ 672,931
Net cash (used in) provided by investing activities	(54,189)	(49,785)	529,589
Net cash provided by (used in) financing activities	103,635	(112,709)	(1,062,629)
Net increase in cash, cash equivalents and restricted cash	<u>\$ 116,989</u>	<u>\$ 109,909</u>	<u>\$ 139,891</u>

Cash Flows from Operating Activities

Net cash provided by operating activities was \$67.5 million, \$272.4 million and \$672.9 million for fiscal 2022, 2023 and 2024, respectively, representing improvements of \$204.9 million and \$400.5 million, respectively, as compared to the respective prior year periods. The increases in cash generated from operating activities for fiscal 2023 and fiscal 2024 were due primarily to decreases in our net loss from operations.

Cash Flows from Investing Activities

Net cash used in investing activities of \$54.2 million for fiscal 2022 consisted of \$1.1 billion of short-term investment purchases and \$49.1 million of purchases of property and equipment, partially offset by \$1.1 billion of maturities of short-term investments and \$18.0 million of sales of short-term investments.

Net cash used in investing activities of \$49.8 million for fiscal 2023 consisted of \$955.3 million of short-term investment purchases and \$65.4 million of purchases of property and equipment, partially offset by \$965.0 million of maturities of short-term investments and \$5.9 million in proceeds from the Frame divestiture.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Net cash provided by investing activities of \$529.6 million for fiscal 2024 consisted of \$774.2 million of maturities of short-term investments and \$706.4 million of sales of short-term investments, partially offset by \$871.3 million of short-term investment purchases, \$75.3 million of purchases of property and equipment, and \$4.5 million of cash paid for acquisitions.

Cash Flows from Financing Activities

Net cash provided by financing activities of \$103.6 million for fiscal 2022 consisted of \$88.7 million of proceeds from the issuance of the 2027 Notes in the subscription transactions that closed in September 2021, net of issuance costs, \$67.8 million of proceeds from the sale of shares through employee equity incentive plans, and \$39.9 million of proceeds from the termination of portions of the convertible note hedge transactions previously entered into in connection with the 2023 Notes, partially offset by \$58.6 million of repurchases of our Class A common stock, \$18.4 million of payments for the termination of portions of the warrant transactions previously entered into in connection with the 2023 Notes, and \$14.7 million of debt extinguishment costs.

Net cash used in financing activities of \$112.7 million for fiscal 2023 consisted of \$145.7 million used to repay the 2023 Notes at maturity, \$10.2 million of taxes paid related to the net share settlement of equity awards, and \$3.3 million of payments for finance lease obligations, partially offset by \$46.5 million of proceeds from the sale of shares through employee equity incentive plans.

Net cash used in financing activities of \$1.1 billion for fiscal 2024 consisted of \$817.6 million used to pay the cash portion of the obligation due upon conversion of the 2026 Notes, \$161.6 million of taxes paid related to the net share settlement of equity awards, \$131.1 million of repurchases of our Class A common stock, and \$3.9 million of payments for finance lease obligations, partially offset by \$51.6 million of proceeds from the sale of shares through employee equity incentive plans.

[Table of Contents](#)**NUTANIX, INC.****Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)****Material Cash Requirements and Other Obligations**

The following table summarizes our material cash requirements and other obligations as of July 31, 2024:

	Total	Payments Due by Period				
		Less than 1 Year	1 Year to 3 Years (in thousands)	3 to 5 Years	More than 5 Years	
Principal amount payable on convertible senior notes ⁽¹⁾	\$ 575,475	\$ 475	\$ —	\$ 575,000	\$ —	
Operating leases (undiscounted basis) ⁽²⁾	136,474	31,947	50,322	40,219	13,986	
Other commitments ⁽³⁾	110,621	102,392	7,035	1,194	—	
Guarantees with contract manufacturers	85,177	85,177	—	—	—	
Total	\$ 907,747	\$ 219,991	\$ 57,357	\$ 616,413	\$ 13,986	

(1)Includes accrued interest on the 2027 Notes. For additional information regarding our convertible senior notes, refer to Note 5 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

(2)For additional information regarding our operating leases, refer to Note 6 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

(3)Purchase obligations and other commitments pertaining to our daily business operations.

From time to time, in the normal course of business, we make commitments with our contract manufacturers to ensure them a minimum level of financial consideration for their investment in our joint solutions. These commitments are based on revenue targets or on-hand inventory and non-cancellable purchase orders for non-standard components. We record a charge related to these items when we determine that it is probable a loss will be incurred and we are able to estimate the amount of the loss. Our historical charges have not been material.

As of July 31, 2024, we had accrued liabilities related to uncertain tax positions, which are reflected on our consolidated balance sheet. These accrued liabilities are not reflected in the contractual obligations disclosed in the table above, as it is uncertain if or when such amounts will ultimately be settled. Uncertain tax positions are further discussed in Note 12 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the applicable periods. We evaluate our estimates, assumptions and judgments on an ongoing basis. Our estimates, assumptions and judgments are based on historical experience and various other factors that we believe to be reasonable under the circumstances. Different assumptions and judgments would change the estimates used in the preparation of our consolidated financial statements, which, in turn, could change the results from those reported.

The critical accounting estimates, assumptions and judgments that we believe have the most significant impact on our consolidated financial statements are described below.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)**Revenue Recognition**

Some of our contracts with customers contain multiple performance obligations. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. For these contracts, we account for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price ("SSP") basis. For deliverables that we routinely sell separately, such as software entitlement and support subscriptions on our core offerings, we determine SSP by evaluating the standalone sales over the trailing 12 months. For those that are not sold routinely, we determine SSP based on our overall pricing trends and objectives, taking into consideration market conditions and other factors, including the value of our contracts, the products sold and geographic locations.

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative SSP. We determine SSP based on the price at which the performance obligation is sold separately. If the SSP is not observable through past transactions, we estimate the SSP, taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations. Refer to Note 1 and Note 2 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for additional information on revenue recognition.

Income Taxes

The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns. We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. We recognize uncertain tax positions only if it is more likely than not to be sustained based solely on its technical merits as of the reporting date. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes. Judgment is required in assessing the future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. Variations in the actual outcome of these future tax consequences could materially impact our consolidated financial statements.

Stock-Based Compensation

We measure and recognize compensation expense for all stock-based awards, including stock options and purchase rights issued to employees under our 2016 Employee Stock Purchase Plan ("2016 ESPP"), based on the estimated fair value of the awards on the grant date. We use the Black-Scholes-Merton ("Black-Scholes") option pricing model to estimate the fair value of stock options and 2016 ESPP purchase rights. The fair value of restricted stock units ("RSUs") is measured using the fair value of our common stock on the date of the grant. The fair value of awards with a market-based condition is measured using a Monte Carlo simulation.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

The fair value of stock options and RSUs with a service condition is recognized as expense on a straight-line basis over the requisite service period, which is generally four years. For stock-based awards granted to employees with a performance condition, we recognize stock-based compensation expense using the graded vesting attribution method over the requisite service period when management determines it is probable that the performance condition will be satisfied. For stock-based awards with a market-based condition, we recognize stock-based compensation expense using the graded vesting attribution method over the requisite service period, regardless of achievement, provided the requisite service condition is met. The fair value of the 2016 ESPP purchase rights is recognized as expense on a straight-line basis over the offering period. We account for forfeitures of all share-based awards when they occur.

Our use of the Black-Scholes option pricing model requires the input of subjective assumptions, including the fair value of the underlying common stock, expected term of the option, expected volatility of the price of our common stock, risk-free interest rates and the expected dividend yield of our common stock. The assumptions used in our option pricing model represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, our stock-based compensation expense could be materially different in the future.

Legal and Other Contingencies

The outcomes of legal proceedings and claims brought against us are subject to significant uncertainty. An estimated loss from a loss contingency such as a legal proceeding or claim is accrued by a charge to income if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. In determining whether a loss should be accrued, we evaluate, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Changes in these factors could materially impact our consolidated financial statements.

Recent Accounting Pronouncements

Refer to "Recent Accounting Pronouncements" in Note 1 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

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Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We have operations both within the United States and internationally and we are exposed to market risk in the ordinary course of business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates and interest rates.

Foreign Currency Risk

Our consolidated results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. Substantially all of our sales contracts are denominated in U.S. dollars. Our expenses are generally denominated in the currencies of the countries where our operations are located. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative instruments. In the event our foreign sales and expenses increase, our operating results may be more significantly affected by foreign currency exchange rate fluctuations, which can affect our operating income or loss. The effect of a hypothetical 10% change in foreign currency exchange rates on our non-U.S. dollar monetary assets and liabilities would not have had a material impact on our historical consolidated financial statements. Foreign currency transaction gains and losses and exchange rate fluctuations have not been material to our consolidated financial statements.

A hypothetical 10% decrease in the U.S. dollar against other currencies would result in an increase in our operating loss of approximately \$58.5 million, \$60.8 million and \$70.4 million for fiscal 2022, 2023 and 2024, respectively. The increase in this hypothetical change in fiscal 2024 is due to an increase in our expenses denominated in foreign currencies. This analysis disregards the possibilities that rates can move in opposite directions and that losses from one geographic area may be offset by gains from another geographic area.

Interest Rate Risk

Our investment objective is to conserve capital and maintain liquidity to support our operations; therefore, we generally invest in highly liquid securities, consisting primarily of bank deposits, money market funds, commercial paper, U.S. government securities, and corporate bonds. Such fixed and floating interest-earning instruments carry a degree of interest rate risk. The fair market value of fixed income securities may be adversely impacted by a rise in interest rates, while floating rate securities may produce less income than predicted if interest rates fall. Due to the short-term nature of our investment portfolio, we do not believe an immediate 10% increase or decrease in interest rates would have a material effect on the fair market value of our portfolio. Therefore, we do not expect our operating results or cash flows to be materially affected by any sudden change in interest rates.

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Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Nutanix, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Nutanix, Inc. and subsidiaries (the "Company") as of July 31, 2024 and 2023, the related consolidated statements of operations, comprehensive loss, stockholders' deficit, and cash flows, for each of the three years in the period ended July 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of July 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended July 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of July 31, 2024, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated September 19, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

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Revenue Recognition — Refer to Notes 1 and 2 to the financial statements

Critical Audit Matter Description

The Company recognizes revenue upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company offers customers an enterprise cloud platform, which can be pre-installed on hardware or delivered separately, as well as related support subscriptions and professional services. Product revenue was \$1.1 billion and support, entitlements and other services was \$1.1 billion for the year ended July 31, 2024.

Significant judgment is exercised by the Company in determining revenue recognition for the Company's customer contracts, and includes the following:

- Determination of whether promised goods or services are capable of being distinct and are distinct in the context of the Company's customer contracts, which leads to whether they should be accounted for as individual or combined performance obligations.
- Determination of standalone selling prices for each distinct performance obligation and for products and services that are not sold separately.

We identified revenue recognition as a critical audit matter because of these significant judgments required by management. This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate whether revenue was recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's revenue recognition for the Company's customer contracts included the following, among others:

- We tested the effectiveness of controls related to the identification of distinct performance obligations and determination of the standalone selling prices
- We evaluated management's significant accounting policies related to revenue recognition for reasonableness
- We selected a sample of recorded revenue transactions and performed the following procedures:
 - Obtaining and reading customer source documents and the contract for each selection, including master agreements and related amendments to evaluate if relevant contractual terms have been appropriately considered by management.
 - Evaluating management's application of their accounting policy and tested revenue recognition for specific performance obligations by comparing management's conclusions to the underlying contract, master agreement, and any related amendments, if applicable.
 - Testing the mathematical accuracy of management's calculations of revenue recognized in the financial statements
- We evaluated the reasonableness of management's estimate of standalone selling prices for products and services that are not sold separately by performing the following:
 - Assessing the appropriateness of the Company's methodology and mathematical accuracy of the determined standalone selling prices

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–Testing the completeness and accuracy of the source data utilized in management's calculations

/s/ DELOITTE & TOUCHE LLP

San Jose, California
September 19, 2024

We have served as the Company's auditor since 2013.

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NUTANIX, INC.
CONSOLIDATED BALANCE SHEETS

	As of	
	July 31, 2023	July 31, 2024
(in thousands, except per share data)		
Assets		
Current assets:		
Cash and cash equivalents	\$ 512,929	\$ 655,270
Short-term investments	924,466	339,072
Accounts receivable, net of allowances of \$733 and \$772, respectively	157,251	229,796
Deferred commissions—current	120,001	159,849
Prepaid expenses and other current assets	147,087	97,307
Total current assets	1,861,734	1,481,294
Property and equipment, net	111,865	136,180
Operating lease right-of-use assets	93,554	109,133
Deferred commissions—non-current	237,990	198,962
Intangible assets, net	4,893	5,153
Goodwill	184,938	185,235
Other assets—non-current	31,941	27,961
Total assets	<u>\$ 2,526,915</u>	<u>\$ 2,143,918</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 29,928	\$ 45,066
Accrued compensation and benefits	143,679	195,602
Accrued expenses and other current liabilities	109,269	24,967
Deferred revenue—current	823,665	954,543
Operating lease liabilities—current	29,567	24,163
Total current liabilities	1,136,108	1,244,341
Deferred revenue—non-current	771,367	918,163
Operating lease liabilities—non-current	68,940	90,359
Convertible senior notes, net	1,218,165	570,073
Other liabilities—non-current	39,754	49,130
Total liabilities	3,234,334	2,872,066
Commitments and contingencies (Note 7)		
Stockholders' deficit:		
Preferred stock, par value of \$0.000025 per share—200,000 shares authorized as of July 31, 2023 and 2024; no shares issued and outstanding as of July 31, 2023 and 2024	—	—
Common stock, par value of \$0.000025 per share—1,000,000 Class A shares authorized as of July 31, 2023 and 2024; 239,607 and 265,181 Class A shares issued and outstanding as of July 31, 2023 and 2024, respectively	6	7
Additional paid-in capital	3,930,668	4,118,898
Accumulated other comprehensive (loss) income	(5,171)	146
Accumulated deficit	(4,632,922)	(4,847,199)
Total stockholders' deficit	(707,419)	(728,148)
Total liabilities and stockholders' deficit	<u>\$ 2,526,915</u>	<u>\$ 2,143,918</u>

See the accompanying notes to the consolidated financial statements.

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NUTANIX, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	2022	2023	2024	Fiscal Year Ended July 31,
	(in thousands, except per share data)			
Revenue:				
Product	\$ 757,623	\$ 912,114	\$ 1,067,948	
Support, entitlements and other services	823,173	950,781	1,080,868	
Total revenue	1,580,796	1,862,895	2,148,816	
Cost of revenue:				
Product	55,602	51,107	36,441	
Support, entitlements and other services	265,554	281,080	287,671	
Total cost of revenue	321,156	332,187	324,112	
Gross profit	1,259,640	1,530,708	1,824,704	
Operating expenses:				
Sales and marketing	979,075	924,696	977,286	
Research and development	572,999	580,961	638,992	
General and administrative	166,418	232,201	200,863	
Total operating expenses	1,718,492	1,737,858	1,817,141	
(Loss) income from operations	(458,852)	(207,150)	7,563	
Other expense, net	(320,830)	(26,435)	(108,881)	
Loss before provision for income taxes	(779,682)	(233,585)	(101,318)	
Provision for income taxes	19,264	20,975	23,457	
Net loss	<u>\$ (798,946)</u>	<u>\$ (254,560)</u>	<u>\$ (124,775)</u>	
Net loss per share attributable to Class A and Class B common stockholders, basic and diluted ⁽¹⁾	<u>\$ (3.62)</u>	<u>\$ (1.09)</u>	<u>\$ (0.51)</u>	
Weighted average shares used in computing net loss per share attributable to Class A and Class B common stockholders, basic and diluted ⁽¹⁾	<u>220,529</u>	<u>233,247</u>	<u>244,743</u>	

(1)Effective January 3, 2022, all of the then outstanding shares of Nutanix, Inc. Class B common stock were automatically converted into the same number of shares of Nutanix, Inc. Class A common stock. See Note 8 for further details.

See the accompanying notes to the consolidated financial statements.

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NUTANIX, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Fiscal Year Ended July 31, 2022 2023 2024		
	(in thousands)		
Net loss	\$ (798,946)	\$ (254,560)	\$ (124,775)
Other comprehensive (loss) income, net of tax:			
Change in unrealized (loss) gain on available-for-sale securities, net of tax	(6,068)	905	5,317
Comprehensive loss	<u>\$ (805,014)</u>	<u>\$ (253,655)</u>	<u>\$ (119,458)</u>

See the accompanying notes to the consolidated financial statements.

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NUTANIX, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

	Fiscal Year Ended July 31, 2024						Total Stockholders' Deficit
	Common Stock Shares	Amount	Additional Paid-In Capital	Comprehensive (Loss) Income (in thousands)	Other	Accumulated Deficit	
Balance - July 31, 2021	214,210	\$ 5	\$ 2,615,317	\$ (8)	\$ (3,636,283)	\$ (1,020,969)	
Adoption of ASU 2020-06	—	—	(148,598)	—	100,585	(48,013)	
2026 Notes derivative liability reclassification	—	—	698,213	—	—	—	698,213
Issuance of common stock through employee equity incentive plans	11,270	1	6,479	—	—	—	6,480
Issuance of common stock from ESPP purchase	2,827	—	62,633	—	—	—	62,633
Repurchase and retirement of common stock	(1,369)	—	(14,852)	—	(43,718)	(58,570)	
Unwinding of 2023 Notes hedges	—	—	39,880	—	—	—	39,880
Unwinding of 2023 Notes warrants	—	—	(18,390)	—	—	(18,390)	
Stock-based compensation	—	—	343,246	—	—	—	343,246
Other comprehensive loss	—	—	—	(6,068)	—	(6,068)	
Net loss	—	—	—	—	(798,946)	(798,946)	
Balance - July 31, 2022	226,938	6	3,583,928	(6,076)	(4,378,362)	(800,504)	
Issuance of common stock through employee equity incentive plans	10,895	—	3,700	—	—	—	3,700
Issuance of common stock from ESPP purchase	2,187	—	41,509	—	—	—	41,509
Shares withheld related to net share settlement of equity awards	(413)	—	(10,214)	—	—	—	(10,214)
Stock-based compensation	—	—	311,745	—	—	—	311,745
Other comprehensive income	—	—	—	905	—	—	905
Net loss	—	—	—	—	(254,560)	(254,560)	
Balance - July 31, 2023	239,607	6	3,930,668	(5,171)	(4,632,922)	(707,419)	
Issuance of common stock through employee equity incentive plans	12,429	—	4,241	—	—	—	4,241
Issuance of common stock from ESPP purchase	1,870	—	47,327	—	—	—	47,327
Shares withheld related to net share settlement of equity awards	(2,996)	—	(161,552)	—	—	—	(161,552)
Repurchase and retirement of common stock	(2,583)	—	(41,637)	—	(89,502)	(131,139)	
Issuance of common stock related to conversion of 2026 Notes	16,854	1	6,018	—	—	—	6,019
Stock-based compensation	—	—	333,833	—	—	—	333,833
Other comprehensive income	—	—	—	5,317	—	—	5,317
Net loss	—	—	—	—	(124,775)	(124,775)	
Balance - July 31, 2024	265,181	\$ 7	\$ 4,118,898	\$ 146	\$ (4,847,199)	\$ (728,148)	

See the accompanying notes to the consolidated financial statements.

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NUTANIX, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	2022	2023	Fiscal Year Ended July 31, (in thousands)	2024
Cash flows from operating activities:				
Net loss	\$ (798,946)	\$ (254,560)	\$ (124,775)	
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	87,952	76,388	73,199	
Stock-based compensation	343,246	311,745	333,833	
Change in fair value of derivative liability	198,038	—	—	
Loss on debt extinguishment	64,910	—	—	
Amortization of debt discount and issuance costs	40,233	42,636	41,600	
Conversion of convertible senior notes attributable to debt discount and issuance costs	—	—	107,877	
Operating lease cost, net of accretion	36,905	35,357	31,462	
Early exit of lease-related assets	597	(1,040)	—	
Gain on Frame divestiture	—	(10,957)	—	
Non-cash interest expense	19,270	19,757	18,550	
Other	9,282	(11,388)	(13,312)	
Changes in operating assets and liabilities:				
Accounts receivable, net	60,998	(25,885)	(53,811)	
Deferred commissions	(24,170)	9,599	(820)	
Prepaid expenses and other assets	(36,166)	(59,243)	46,623	
Accounts payable	(1,461)	(9,600)	14,749	
Accrued compensation and benefits	(19,674)	(6,027)	51,923	
Accrued expenses and other liabilities	5,457	53,191	(82,632)	
Operating leases, net	(46,773)	(40,257)	(30,475)	
Deferred revenue	127,845	142,687	258,940	
Net cash provided by operating activities	67,543	272,403	672,931	
Cash flows from investing activities:				
Maturities of investments	1,058,116	965,040	774,237	
Purchases of investments	(1,081,246)	(955,330)	(871,259)	
Sales of investments	17,999	—	706,363	
Proceeds from Frame divestiture	—	5,909	—	
Payments for acquisitions, net of cash acquired	—	—	(4,500)	
Purchases of property and equipment	(49,058)	(65,404)	(75,252)	
Net cash (used in) provided by investing activities	(54,189)	(49,785)	529,589	
Cash flows from financing activities:				
Repayment of convertible notes	—	(145,704)	(817,633)	
Payments of debt extinguishment costs	(14,709)	—	—	
Proceeds from unwinding of convertible note hedges	39,880	—	—	
Payments for unwinding of warrants	(18,390)	—	—	
Proceeds from sales of shares through employee equity incentive plans	67,826	46,501	51,571	
Taxes paid related to net share settlement of equity awards	—	(10,214)	(161,552)	
Proceeds from the issuance of convertible notes, net of issuance costs	88,687	—	—	
Repurchases of common stock	(58,570)	—	(131,139)	
Payment of finance lease obligations	(1,089)	(3,292)	(3,876)	
Net cash provided by (used in) financing activities	103,635	(112,709)	(1,062,629)	
Net increase in cash, cash equivalents and restricted cash	\$ 116,989	\$ 109,909	\$ 139,891	
Cash, cash equivalents and restricted cash—beginning of period	288,873	405,862	515,771	
Cash, cash equivalents and restricted cash—end of period	<u>\$ 405,862</u>	<u>\$ 515,771</u>	<u>\$ 655,662</u>	
Restricted cash ⁽¹⁾	3,012	2,842	392	
Cash and cash equivalents—end of period	<u>\$ 402,850</u>	<u>\$ 512,929</u>	<u>\$ 655,270</u>	
Supplemental disclosures of cash flow information:				
Cash paid for income taxes	\$ 20,353	\$ 30,781	\$ 23,647	
Supplemental disclosures of non-cash investing and financing information:				
Purchases of property and equipment included in accounts payable and accrued and other liabilities	\$ 17,139	\$ 15,754	\$ 19,275	
Forfeited paid-in-kind interest recognized in equity upon note conversion	\$ —	\$ —	\$ 6,019	

(1)Included within other assets—non-current in the consolidated balance sheets.

See the accompanying notes to the consolidated financial statements.

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 1. OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Organization and Description of Business**

Nutanix, Inc. was incorporated in the state of Delaware in September 2009. Nutanix, Inc. is headquartered in San Jose, California, and together with its wholly-owned subsidiaries (collectively, "we," "us," "our," or "Nutanix"), has operations throughout North America, Europe, Asia Pacific, the Middle East, Latin America, and Africa.

We are a global leader in cloud software, offering organizations a single platform for running applications and managing data, anywhere. Our vision is to make hybrid multicloud deployments simple and free customers to focus on achieving their business outcomes. Our mission is to delight customers with an open hybrid multicloud platform with rich data services to run and manage any application, anywhere.

Our Nutanix Cloud Platform is designed to enable organizations to build a hybrid multicloud infrastructure, providing a consistent cloud operating model with a single platform for running applications and managing data in core data centers, at the edge, and in public clouds, all while supporting a variety of hypervisors and container platforms. Nutanix Cloud Platform supports a wide variety of workloads with varied compute, storage, and network requirements, including business-critical applications, data platforms (including SQL and NoSQL databases and business intelligence applications), general-purpose workloads (including system infrastructure, networking, and security), and end-user computing and virtual desktop infrastructure services, as well as enterprise artificial intelligence ("AI") workloads (including machine learning and generative AI workloads) and cloud native applications (including modern, containerized applications).

Our business is organized into a single operating and reportable segment. Our subscription-based business model provides our customers with the flexibility to choose their preferred license levels and durations based on their specific business needs. A subscription-based business model means one in which our products, including associated support and entitlement arrangements, are sold with a defined duration. Our solutions are primarily sold through channel partners and original equipment manufacturers ("OEMs") (collectively, "Partners") and delivered directly to our end customers.

Principles of Consolidation

The accompanying consolidated financial statements, which include the accounts of Nutanix, Inc. and its wholly-owned subsidiaries, have been prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"). All intercompany accounts and transactions have been eliminated in consolidation.

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. Such management estimates and assumptions include, but are not limited to, the best estimate of selling prices for products and related support; useful lives and recoverability of intangible assets and property and equipment; allowance for credit losses; determination of fair value of stock-based awards; accounting for income taxes, including the valuation allowance on deferred tax assets and uncertain tax positions; purchase commitment liabilities to our contract manufacturers; sales commissions expense and the period of benefit for deferred commissions; whether an arrangement is or contains a lease; the incremental borrowing rate to measure the present value of right-of-use assets and lease liabilities; the inputs used to determine the fair value of the contingent liability associated with the conversion feature of the previously outstanding 2.50% convertible senior notes due 2026 (the "2026 Notes"); and contingencies and litigation. Management evaluates these estimates and assumptions on an ongoing basis using historical experience and other factors and makes adjustments when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could materially differ from those estimates and assumptions.

Concentration of Risk

Credit Risk — Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents and accounts receivable. We invest only in high-quality credit instruments and maintain our cash and cash equivalents and available-for-sale investments in fixed income securities. Management believes that the financial institutions that hold our investments are financially sound and, accordingly, are subject to minimal credit risk. Our deposits are with multiple institutions, however such deposits may exceed federally insured limits. We provide credit, in the normal course of business, to a number of companies and perform credit evaluations of our customers.

Concentration of Revenue and Accounts Receivable — We sell our products primarily through our Partners and occasionally directly to end customers. For the fiscal years ended July 31, 2022, 2023 and 2024, no end customer accounted for more than 10% of total revenue or accounts receivable.

For each significant Partner, revenue as a percentage of total revenue and accounts receivable as a percentage of total accounts receivable, net are as follows:

Partners	2022	Revenue			Accounts Receivable as of		
		Fiscal Year Ended	July 31,	2024	July 31,	July 31,	2024
		2023	2024	2023	2024		
Partner A		(1)	(1)	(1)	(1)		16%
Partner B		33%	32%	31%	17%		12%
Partner C		15%	16%	16%	19%		10%
Partner D		(1)	(1)	(1)	11%		(1)
Partner E		11%	10%	11%	(1)		(1)

(1)Less than 10%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies***Cash, Cash Equivalents and Short-Term Investments***

We classify all highly liquid investments with original maturities of three months or less from the date of purchase as cash equivalents and all highly liquid investments with stated maturities of greater than three months as marketable securities.

We determine the appropriate classification of our marketable securities at the time of purchase and reevaluate such designation as of each balance sheet date. We classify and account for our marketable securities as available-for-sale securities. We classify our marketable securities with stated maturities greater than twelve months as short-term investments due to our intent and ability to use these securities to support our current operations.

Our marketable securities are recorded at their estimated fair value. Unrealized gains or losses on available-for-sale securities are reported in other comprehensive income (loss). We periodically review whether our securities may be other-than-temporarily impaired, including whether or not (i) we have the intent to sell the security or (ii) it is more likely than not that we will be required to sell the security before its anticipated recovery. If one of these factors is met, we will record an impairment loss associated with our impaired investment. The impairment loss will be recorded as a write-down of investments in our consolidated balance sheets and a realized loss within other expense in our consolidated statements of operations.

Fair Value Measurement

We define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, we consider the principal or most advantageous market in which to transact and the market-based risk. We apply fair value accounting for all assets and liabilities that are recognized or disclosed at fair value in our consolidated financial statements on a recurring basis. The carrying amounts reported in our consolidated financial statements for cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate their fair values due to their short-term nature. The fair value of the previously outstanding 0% convertible senior notes due 2023 (the "2023 Notes") was determined based on the closing trading price per \$100 of the 2023 Notes as of the last day of trading for the period. The fair value of the previously outstanding 2.50% convertible senior notes due 2026 was determined based on a binomial model. The fair value of the outstanding 0.25% convertible senior notes due 2027 (the "2027 Notes") is determined based on the closing trading price per \$100 of the 2027 Notes as of the last day of trading for the period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**Convertible Senior Notes**

Our convertible senior notes, including any embedded conversion features, are accounted for under the traditional convertible debt accounting model and are treated as a liability, net of unamortized issuance costs. The carrying amount of the liability is classified as a current liability if we have committed to settle with current assets; otherwise, it is classified as a long-term liability, as we retain the option to settle conversion requests in shares of our Class A common stock. The embedded conversion features are not remeasured as long as they do not meet the separation requirement of a derivative; otherwise, they are classified as derivative instruments and accounted for as such. Issuance costs are amortized to interest expense using the effective interest rate method over the term of the notes. In accounting for a holder's exercise in accordance with a note's original conversion terms of a conversion option for which the carrying amount has previously been reclassified to equity, any unamortized discount remaining at the date of conversion is first recognized as interest, and then the remaining carrying amount of the converted notes is reduced by the cash transferred and then recognized in equity to reflect the shares issued, such that no gain or loss is recognized. In accounting for extinguishments of the notes, the reacquisition price of the extinguished notes is compared to the carrying amount of the respective extinguished notes and a gain or loss is recorded in other expense, net on our consolidated statements of operations.

Derivative Liability

We evaluate convertible notes or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under the relevant sections of Accounting Standards Codification ("ASC") 815-40, Derivatives and Hedging: Contracts in Entity's Own Equity. The result of this accounting guidance could result in the fair value of a financial instrument being classified as a derivative instrument and recorded at fair market value at each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded on our consolidated statements of operations as other income or other expense. Once the criteria for conversion is fixed, the derivative instrument is marked to fair value and reclassified to equity.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded at the invoiced amount, net of an allowance for credit losses. Credit is extended to customers based on an evaluation of their financial condition and other factors. We generally do not require collateral or other security to support accounts receivable. We perform ongoing credit evaluations of our customers and maintain an allowance for credit losses.

The allowance for credit losses is based on the best estimate of the amount of probable credit losses in existing accounts receivable. We assess credit losses on accounts receivable by taking into consideration past collection experience, the credit quality of the customer, the age of the receivable balance, current and future economic conditions, and forecasts that may affect the collectibility of the reported amount. In circumstances where we are aware of a specific customer's inability to meet its financial obligations (e.g., bankruptcy filings or substantial downgrading of credit ratings), we record an allowance for credit losses in order to reduce the net recognized receivable to the amount we reasonably believe will be collected. For all other customers, we record an allowance for credit losses based on the length of time the receivable is past due and our historical experience of collections and write-offs.

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The changes in the allowance for credit losses are as follows:

	2022	2023 (in thousands)	2024
Allowance for credit losses—beginning balance	\$ 892	\$ 644	\$ 733
Charged to allowance for credit losses	200	212	830
Recoveries	(80)	(123)	—
Write-offs	(368)	—	(791)
Allowance for credit losses—ending balance	<u>\$ 644</u>	<u>\$ 733</u>	<u>\$ 772</u>

Property and Equipment

Property and equipment, including leasehold improvements, are stated at cost, less accumulated depreciation and amortization. We include the cost to acquire demonstration units and the related accumulated depreciation in property and equipment as such units are generally not available for sale. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets.

Leases

We determine if an arrangement is or contains a lease at inception by evaluating various factors, including whether a vendor's right to substitute an identified asset is substantive. Lease classification is determined at the lease commencement date when the leased assets are made available for our use. Operating leases are included in operating lease right-of-use assets, operating lease liabilities—current and operating lease liabilities—non-current in our consolidated balance sheets. Finance leases are included in property and equipment, net, accrued expenses and other current liabilities and other liabilities—non-current in our consolidated balance sheets.

Right-of-use assets ("ROU assets") represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease payments consist primarily of fixed payments under the arrangement, less any lease incentives, such as rent holidays. Variable lease payments not dependent on an index or a rate are expensed as incurred and are not included within the ROU asset and lease liability calculation. Variable lease payments primarily include reimbursements of costs incurred by lessors for common area maintenance, property taxes and utilities. We use an estimate of our incremental borrowing rate ("IBR") based on the information available at the lease commencement date in determining the present value of lease payments, unless the implicit rate is readily determinable. In determining the appropriate IBR, we consider information including, but not limited to, our credit rating, the lease term and the currency in which the arrangement is denominated. For leases which commenced prior to our adoption of Accounting Standards Update ("ASU") 2016-02, Leases ("ASC 842"), we used the IBR as of August 1, 2019. Our lease terms may include renewal options, which are not included in the lease terms for calculating our lease liability, as we are not reasonably certain that we will exercise these renewal options at the time of the lease commencement. Lease costs are recognized on a straight-line basis as operating expenses within our consolidated statements of operations. We present lease payments within cash flows from operations within our consolidated statements of cash flows.

For our operating leases, we account for lease and non-lease components as a single lease component. Additionally, we do not record leases on our consolidated balance sheet that have a lease term of 12 months or less at the lease commencement date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**Goodwill, Intangible Assets and Other Long-Lived Assets**

Goodwill represents the future economic benefits arising from other assets acquired in a business combination or an acquisition that are not individually identified and separately recorded. The excess of the purchase price over the estimated fair value of net assets of businesses acquired in a business combination is recognized as goodwill.

Intangible assets consist of identifiable intangible assets, including developed technology, customer relationships and trade names, resulting from business combinations. Finite-lived intangible assets are recorded at fair value, net of accumulated amortization. Finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives. Amortization expense is included as a component of cost of product revenue and sales and marketing expense in our consolidated statements of operations. Amounts included in sales and marketing expense relate to customer relationships and trade names.

Goodwill and other intangible assets acquired in a business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually, as of May 1 of each year. Such goodwill and other intangible assets may also be tested for impairment between annual tests in the presence of impairment indicators such as, but not limited to: (i) a significant adverse change in legal factors or in the business climate; (ii) a substantial decline in our market capitalization; (iii) an adverse action or assessment by a regulator; (iv) unanticipated competition; (v) loss of key personnel; (vi) a more likely-than-not expectation of the sale or disposal of a reporting unit or a significant portion thereof; (vii) a realignment of our resources or restructuring of our existing businesses in response to changes to industry and market conditions; (viii) testing for recoverability of a significant asset group within a reporting unit; or (ix) a higher discount rate used in the impairment analysis as impacted by an increase in interest rates.

Goodwill is tested for impairment by comparing the reporting unit's carrying value, including goodwill, to the fair value of the reporting unit. We operate under one reporting unit and for our annual goodwill impairment test, we determine the fair value of our reporting unit based on our enterprise value. We may elect to utilize a qualitative assessment to determine whether it is more likely than not that the fair value of our reporting unit is less than its carrying value. If, after assessing the qualitative factors, we determine that it is more likely than not that the fair value of our reporting unit is less than its carrying value, an impairment analysis will be performed. We compare the fair value of our reporting unit with its carrying amount and if the carrying value of the reporting unit exceeds its fair value, an impairment loss will be recognized.

Long-lived assets, such as property and equipment and finite-lived intangible assets subject to depreciation and amortization, are evaluated for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Among the factors and circumstances we consider in determining recoverability are: (i) a significant decrease in the market price of a long-lived asset; (ii) a significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition; (iii) a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset, including an adverse action or assessment by a regulator; (iv) an accumulation of costs significantly in excess of the amount originally expected for the acquisition; and (v) current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

There have been no indicators of impairment of goodwill, intangible assets or other long-lived assets and we did not record any material impairment losses during fiscal 2022, 2023 or 2024.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Revenue Recognition

The core principle of ASC 606 is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. This principle is achieved by applying the following five-step approach:

• *Identification of the contract, or contracts, with a customer* — A contract with a customer exists when (i) we enter into an enforceable contract with a customer that defines each party's rights regarding the goods or services to be transferred and identifies the payment terms related to these goods or services, (ii) the contract has commercial substance and (iii) we determine that collection of substantially all consideration for goods or services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. We apply judgment in determining the customer's ability and intention to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, published credit and financial information pertaining to the customer.

• *Identification of the performance obligations in the contract* — Performance obligations promised in a contract are identified based on the goods or services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the goods or services either on their own or together with other resources that are readily available from third parties or from us, and are distinct in the context of the contract, whereby the transfer of the goods or services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised goods or services, we apply judgment to determine whether promised goods or services are capable of being distinct and distinct in the context of the contract. If these criteria are not met, the promised goods or services are accounted for as a combined performance obligation.

• *Determination of the transaction price* — The transaction price is determined based on the consideration to which we will be entitled in exchange for transferring goods or services to the customer.

• *Allocation of the transaction price to the performance obligations in the contract* — If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price ("SSP"). We determine SSP based on the price at which the performance obligation is sold separately. If the SSP is not observable through past transactions, we estimate the SSP, taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

• *Recognition of revenue when, or as, performance obligations are satisfied* — We satisfy performance obligations either over time or at a point in time. Revenue is recognized at the time the related performance obligation is satisfied with the transfer of a promised good or service to a customer. For additional details on revenue recognition, refer to Note 2 of Notes to Consolidated Financial Statements.

Contracts with multiple performance obligations — The majority of our contracts with customers contain multiple performance obligations. For these contracts, we account for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative SSP basis. For deliverables that we routinely sell separately, such as software entitlement and support subscriptions on our core offerings, we determine SSP by evaluating the standalone sales over the trailing 12 months. For those that are not sold routinely, we determine SSP based on our overall pricing trends and objectives, taking into consideration market conditions and other factors, including the value of our contracts, the products sold and geographic locations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Contract balances — The timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable are recorded at the invoiced amount, net of an allowance for credit losses. A receivable is recognized in the period in which we deliver goods or provide services, or when our right to consideration is unconditional. In situations where revenue recognition occurs before invoicing, an unbilled receivable is created, which represents a contract asset. The balance of unbilled accounts receivable, included in accounts receivable, net on our consolidated balance sheets, was \$16.3 million and \$41.1 million as of July 31, 2023 and 2024, respectively.

Our customers are typically invoiced upfront, including invoices for multi-year subscriptions, with payment terms of 30-45 days. We assess credit losses on accounts receivable by taking into consideration past collection experience, the credit quality of the customer, the age of the receivable balance, current and future economic conditions, and forecasts that may affect the collectability of the reported amount. The balance of accounts receivable, net of allowance for credit losses, as of July 31, 2023 and 2024 is presented in the accompanying consolidated balance sheets.

Costs to obtain and fulfill a contract — We capitalize commissions paid to sales personnel and the related payroll taxes when customer contracts are signed. These costs are recorded as deferred commissions in our consolidated balance sheets, current and non-current. We determine whether costs should be deferred based on our sales compensation plans if the commissions are incremental and would not have been incurred absent the execution of the customer contract. Commissions paid upon the initial acquisition of a contract are recognized over the estimated period of benefit, which may exceed the term of the initial contract if the commissions expected to be paid upon renewal are not commensurate with that of the initial contract. Accordingly, deferred costs are recognized on a systematic basis that is consistent with the pattern of revenue recognition allocated to each performance obligation over the entire period of benefit and included in sales and marketing expense in our consolidated statements of operations. We determine the estimated period of benefit by evaluating the expected renewals of customer contracts, the duration of relationships with our customers, customer retention data, our technology development lifecycle, and other factors. Deferred costs are periodically reviewed for impairment.

Taxes assessed by a government authority that are both imposed on and concurrent with specific revenue transactions between us and our customers are presented on a net basis in our consolidated statements of operations.

Deferred revenue — Deferred revenue primarily consists of amounts that have been invoiced but not yet recognized as revenue and primarily pertains to software entitlement and support subscriptions and professional services. The current portion of deferred revenue represents the amounts that are expected to be recognized as revenue within one year of the consolidated balance sheet date.

Cost of Revenue

Cost of revenue consists of cost of product revenue and cost of support, entitlements and other services revenue. Personnel costs associated with our operations and global customer support organizations consist of salaries, benefits and stock-based compensation. Allocated costs consist of certain facilities, depreciation and amortization, recruiting, and information technology costs, allocated based on headcount.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Warranties

We generally provide a one-year warranty on hardware sold by us and a 90-day warranty on software licenses. The hardware warranty provides for parts replacement for defective components and the software warranty provides for bug fixes. With respect to the hardware warranty obligation, we have a warranty agreement with our contract manufacturers under which the OEMs are generally required to replace defective hardware within three years of shipment. Furthermore, our post-contract customer support ("PCS") agreements provide for the same parts replacement that customers are entitled to under the warranty program, except that replacement parts are delivered according to targeted response times to minimize disruption to the customers' critical business applications. Substantially all customers purchase PCS agreements.

Given the warranty agreement with our OEMs and considering that substantially all products are sold together with PCS agreements, we generally have very limited exposure related to warranty costs and therefore no warranty reserve has been recognized.

Research and Development

Our research and development expense consists primarily of product development personnel costs, including salaries and benefits, stock-based compensation and allocated facilities, IT, and recruiting costs. Research and development costs are expensed as incurred. Currently, we expense the software development costs incurred in the research and development of new products and enhancements to existing products as incurred, as from the inception of the product development, our software products are primarily intended to be marketed and sold to customers on-premises, either standalone and/or with other product offerings.

Stock-Based Compensation

Stock-based compensation expense is measured based on the grant date fair value of share-based awards. The fair value of the purchase rights under our 2016 Employee Stock Purchase Plan ("2016 ESPP") is estimated using the Black-Scholes-Merton ("Black-Scholes") option pricing model, which is impacted by the fair value of our common stock, as well as changes in assumptions regarding a number of subjective variables. These variables include the expected common stock price volatility over the term of the awards, the expected term of the awards, risk-free interest rates, and expected dividend yield. The fair value of restricted stock units ("RSUs") is determined using the fair value of our common stock on the date of grant. The fair value of awards with a market-based condition is measured using a Monte Carlo simulation, which requires the use of various assumptions, including the stock price volatility and risk-free interest rate as of the valuation date corresponding to the length of time remaining in the performance period and expected dividend yield.

We grant stock awards with service conditions only and with both service and performance or market-based conditions. We recognize stock-based compensation expense for employee stock awards with a service condition only using the straight-line method over the requisite service period of the awards, which is generally the vesting period. We use the graded vesting attribution method to recognize stock-based compensation expense related to employee stock awards that contain both service and performance or market-based conditions. The fair value of the 2016 ESPP purchase rights is recognized as expense on a straight-line basis over the offering period. We account for forfeitures of all share-based awards when they occur.

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Foreign Currency**

The functional currency of our foreign subsidiaries is the U.S. dollar. Transactions denominated in currencies other than the functional currency are remeasured at the average exchange rate in effect during the reporting period. At the end of each reporting period all monetary assets and liabilities of our subsidiaries are remeasured at the current U.S. dollar exchange rate at the end of the reporting period. Remeasurement gains and losses are included within other expense, net in our consolidated statements of operations. During the fiscal years ended July 31, 2022, 2023 and 2024, we recognized foreign currency losses of \$3.2 million, \$1.6 million and \$4.3 million, respectively. To date, we have not undertaken any hedging transactions related to foreign currency exposure, but we may do so in the future if our exposure to foreign currency should become more significant. As our international operations grow, we will continue to reassess our approach to managing our risk relating to fluctuations in currency rates.

Segments

Our chief operating decision maker is a group which is comprised of our Chief Executive Officer and Chief Financial Officer. This group allocates resources and assesses financial performance based upon discrete financial information at the consolidated level. Accordingly, we have determined that we operate as a single operating and reportable segment.

Income Taxes

We account for income taxes using the asset and liability method. Deferred income taxes are recognized by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance on amounts that are more likely than not to be realized.

We record a liability for uncertain tax positions if it is not more likely than not to be sustained based solely on its technical merits as of the reporting date. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and may not accurately anticipate actual outcomes.

Advertising Costs

Advertising costs are charged to sales and marketing expense as incurred in our consolidated statements of operations. During the fiscal years ended July 31, 2022, 2023 and 2024, advertising expense was \$13.7 million, \$11.6 million and \$14.7 million, respectively.

Frame Divestiture

In May 2023, we sold our Frame Desktop-as-a-Service business. As consideration for the sale, the buyer paid \$7.0 million in cash, adjusted by increases for the closing cash balance of the Frame business and the amount by which the closing working capital exceeded the working capital target and reductions for closing expenses, the amount by which the closing working capital target exceeded the working capital, and any severance expenses associated with Frame employees who were terminated at or following the close of the transaction at the direction of the buyer, and a \$5.0 million interest-bearing convertible note, which had a fair value of \$5.7 million as of the closing date of the transaction. The fair value of all consideration received exceeded the carrying amount of the Frame business upon closing, resulting in a gain of \$11.0 million, which is included within other expense, net in our consolidated statement of operations for the fiscal year ended July 31, 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Recently Issued and Not Yet Adopted Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board issued accounting standards update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which provides for improvements to income tax disclosures. The standard requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The amendments in this update are effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact this new standard will have on our disclosures.

NOTE 2. REVENUE, DEFERRED REVENUE AND DEFERRED COMMISSIONS**Disaggregation of Revenue and Revenue Recognition**

Nutanix Cloud Platform can be deployed in core data centers, at the edge, or in public clouds, running on a variety of qualified hardware platforms (including out Nutanix-branded NX hardware line), in popular public cloud environments such as Amazon Web Services ("AWS") and Microsoft Azure through Nutanix Cloud Clusters, or, in the case of our cloud-based software and software-as-a-service ("SaaS") offerings, via hosted service. Our subscription term-based licenses are sold separately, or can also be sold alongside configured-to-order servers. Our subscription term-based licenses typically have durations ranging from one to five years. Our cloud-based SaaS subscriptions generally have durations extending up to five years.

The following table depicts the disaggregation of revenue by revenue type, consistent with how we evaluate our financial performance:

	Fiscal Year Ended July 31,		
	2022	2023	2024
	(in thousands)		
Subscription	\$ 1,433,773	\$ 1,730,848	\$ 2,016,776
Professional services	91,744	91,841	100,852
Other non-subscription product ⁽¹⁾	55,279	40,206	31,188
Total revenue	\$ 1,580,796	\$ 1,862,895	\$ 2,148,816

(1)Prior to fiscal 2024, these amounts were presented as separate line items, Non-portable software and Hardware, as described below. Prior period amounts have been updated to conform to the current period presentation.

Subscription revenue — Subscription revenue includes any performance obligation which has a defined term and is generated from the sales of software entitlement and support subscriptions, subscription software licenses and cloud-based software-as-a-service offerings.

•**Ratable** — We recognize revenue from software entitlement and support subscriptions and SaaS offerings ratably over the contractual service period, the substantial majority of which relate to software entitlement and support subscriptions. These offerings represented approximately \$770.4 million, \$905.8 million and \$1.0 billion of our subscription revenue for fiscal 2022, 2023 and 2024, respectively.

•**Upfront** — Revenue from our subscription software licenses is generally recognized upfront upon transfer of control to the customer, which happens when we make the software available to the customer. These subscription software licenses represented approximately \$663.4 million, \$825.0 million and \$987.8 million of our subscription revenue for fiscal 2022, 2023 and 2024, respectively.

Professional services revenue — We also sell professional services with our products. We recognize revenue related to professional services as they are performed.

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Other non-subscription product revenue — Other non-subscription product revenue includes approximately \$49.7 million, \$37.4 million and \$27.9 million of non-portable software revenue for fiscal 2022, 2023 and 2024, respectively, and approximately \$5.6 million, \$2.8 million and \$3.3 million of hardware revenue for fiscal 2022, 2023 and 2024, respectively.

•**Non-portable software revenue** — Non-portable software revenue includes sales of our platform when delivered on a configured-to-order server by us or one of our OEM partners. The software licenses associated with these sales are typically non-portable and can be used over the life of the server on which the software is delivered. Revenue from our non-portable software products is generally recognized upon transfer of control to the customer.

•**Hardware revenue** — In the infrequent transactions where the hardware platform is purchased directly from Nutanix, we consider ourselves to be the principal in the transaction and we record revenue and costs of goods sold on a gross basis. We consider the amount allocated to hardware revenue to be equivalent to the cost of the hardware procured. Hardware revenue is generally recognized upon transfer of control to the customer.

Significant changes in the balance of deferred revenue (contract liability) and deferred commissions (contract asset) for the periods presented are as follows:

	Deferred Revenue (in thousands)	Deferred Commissions (in thousands)
Balance as of July 31, 2022	\$ 1,445,538	\$ 367,590
Additions ⁽¹⁾	2,012,389	187,381
Revenue/commissions recognized	(1,862,895)	(196,980)
Balance as of July 31, 2023	1,595,032	357,991
Additions ⁽¹⁾	2,426,490	218,876
Revenue/commissions recognized	(2,148,816)	(218,056)
Balance as of July 31, 2024	<u>\$ 1,872,706</u>	<u>\$ 358,811</u>

(1)Includes both billed and unbilled amounts.

During the fiscal year ended July 31, 2023, we recognized revenue of approximately \$696.0 million pertaining to amounts deferred as of July 31, 2022. During the fiscal year ended July 31, 2024, we recognized revenue of approximately \$771.2 million pertaining to amounts deferred as of July 31, 2023.

Many of our contracted but not invoiced performance obligations are subject to cancellation terms. Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized ("contracted not recognized"), which includes deferred revenue and non-cancellable amounts that will be invoiced and recognized as revenue in future periods and excludes performance obligations that are subject to cancellation terms. Contracted not recognized revenue was approximately \$2.1 billion as of July 31, 2024, of which we expect to recognize approximately 52% over the next 12 months, and the remainder thereafter.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 3. FAIR VALUE MEASUREMENTS

The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy based on the observability of the inputs available in the market used to measure fair value as follows:

- Level I* — Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level II* — Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and
- Level III* — Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

Assets Measured at Fair Value on a Recurring Basis***Cash equivalents and short-term investments***

Our money market funds are classified within Level I due to the highly liquid nature of these assets and have unadjusted inputs, quoted prices in active markets for these assets at the measurement date from the financial institution that carries these investment securities. Our investments in available-for-sale debt securities such as commercial paper, corporate bonds and U.S. government securities are classified within Level II. The fair value of these securities is priced by using inputs based on non-binding market consensus prices that are corroborated by observable market data, quoted market prices for similar instruments, or pricing models such as discounted cash flow techniques.

Convertible note receivable

In May 2023, we sold our Frame Desktop-as-a-Service business. As part of the consideration for the sale, we received a \$5.0 million interest-bearing convertible note. We have elected the fair value option for the convertible note and will record the changes in its fair value at each reporting period. As of July 31, 2024, the fair value of the convertible note was determined to be approximately \$5.2 million. We consider this convertible note to be classified within Level III. The fair value is determined by considering the convertible note's principal and accrued interest, as well as the convertible note's option to convert into equity securities, using inputs including debt yields, volatility data, and the value of the underlying equity into which the convertible note could be converted.

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NUTANIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The fair value of our financial assets measured on a recurring basis is as follows:

	As of July 31, 2023			
	Level I	Level II	Level III	Total
	(in thousands)			
Financial Assets, Current:				
Cash equivalents:				
Money market funds	\$ 211,319	\$ —	\$ —	\$ 211,319
U.S. Government securities	—	6,999	—	6,999
Commercial paper	—	34,830	—	34,830
Short-term investments:				
Corporate bonds	—	452,703	—	452,703
Commercial paper	—	215,219	—	215,219
U.S. Government securities	—	256,544	—	256,544
Total measured at fair value	\$ 211,319	\$ 966,295	\$ —	\$ 1,177,614
Cash				259,781
Total cash, cash equivalents and short-term investments				\$ 1,437,395
Financial Assets, Non-Current:				
Convertible note receivable	\$ —	\$ —	\$ 5,700	\$ 5,700
	As of July 31, 2024			
	Level I	Level II	Level III	Total
	(in thousands)			
Financial Assets, Current:				
Cash equivalents:				
Money market funds	\$ 352,295	\$ —	\$ —	\$ 352,295
U.S. Government securities	—	99	—	99
Commercial paper	—	1,747	—	1,747
Short-term investments:				
Corporate bonds	—	233,065	—	233,065
Commercial paper	—	33,770	—	33,770
U.S. Government securities	—	72,237	—	72,237
Total measured at fair value	\$ 352,295	\$ 340,918	\$ —	\$ 693,213
Cash				301,129
Total cash, cash equivalents and short-term investments				\$ 994,342
Financial Assets, Non-Current:				
Convertible note receivable	\$ —	\$ —	\$ 5,150	\$ 5,150

Financial Instruments Not Recorded at Fair Value on a Recurring Basis

We report our financial instruments at fair value, with the exception of the previously outstanding 2026 Notes and the 2027 Notes. Financial instruments that are not recorded at fair value on a recurring basis are measured at fair value on a quarterly basis for disclosure purposes. The carrying values and estimated fair values of financial instruments not recorded at fair value are as follows:

	As of July 31, 2023		As of July 31, 2024	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
			(in thousands)	
2026 Notes	\$ 649,630	\$ 1,043,889	\$ —	\$ —
2027 Notes	568,535	497,410	570,073	631,178
Total	\$ 1,218,165	\$ 1,541,299	\$ 570,073	\$ 631,178

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The carrying value of the 2026 Notes as of July 31, 2023 included \$47.6 million of non-cash interest expense that was added to the principal balance, net of unamortized debt discounts of \$132.8 million and unamortized debt issuance costs of \$15.2 million.

The carrying value of the 2027 Notes as of July 31, 2023 and 2024 was net of unamortized debt issuance costs of \$6.5 million and \$4.9 million, respectively.

The total estimated fair value of the 2026 Notes was based on a binomial model. We considered the fair value of the 2026 Notes to be a Level III valuation, as the 2026 Notes were not publicly traded. The Level III inputs used to determine the estimated fair value of the 2026 Notes included the conversion rate, risk-free interest rate, discount rate, volatility, and the price of our Class A common stock.

The total estimated fair value of the 2027 Notes was determined based on the closing trading price per \$100 of the 2027 Notes as of the last day of trading for the period. We consider the fair value of the 2027 Notes to be a Level II valuation due to the limited trading activity.

NOTE 4. BALANCE SHEET COMPONENTS**Short-Term Investments**

The amortized cost of our short-term investments approximates their fair value. Unrealized losses related to our short-term investments are generally due to interest rate fluctuations, as opposed to credit quality. However, we review individual securities that are in an unrealized loss position in order to evaluate whether or not they have experienced or are expected to experience credit losses that would result in a decline in fair value. As of July 31, 2023 and 2024, unrealized gains and losses from our short-term investments were not material and were not the result of a decline in credit quality. As a result, as of July 31, 2023 and 2024, we did not record any credit losses for these investments.

The following table summarizes the estimated fair value of our investments in marketable debt securities by their contractual maturity dates:

	As of July 31, 2024 (in thousands)
Due within one year	\$ 209,076
Due in one to three years	129,996
Total	\$ 339,072

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consists of the following:

	2023	As of July 31, (in thousands)	2024
Prepaid operating expenses	\$ 84,998	\$ 62,815	
VAT receivables	5,954	8,017	
Other current assets	56,135	26,475	
Total prepaid expenses and other current assets	\$ 147,087	\$ 97,307	

The decrease in prepaid expenses and other current assets from July 31, 2023 to July 31, 2024 was due primarily to the release of the insurance receivable and the settlement payment related to the February 2023

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NUTANIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

settlement of two securities class actions, as the settlement was paid out during the fiscal quarter ended October 31, 2023. For additional details on legal proceedings, refer to Note 7.

Property and Equipment, Net

Property and equipment, net consists of the following:

	Estimated Useful Life (in months)	As of July 31,	
		2023	2024
Computer, production, engineering and other equipment	36	\$ 381,140	\$ 421,559
Demonstration units	12	60,985	59,570
Leasehold improvements	(1)	64,667	64,607
Software	(2)	9,238	29,014
Furniture and fixtures	60	16,132	16,169
Total property and equipment, gross		532,162	590,919
Less: accumulated depreciation		(420,297)	(454,739)
Total property and equipment, net		\$ 111,865	\$ 136,180

(1) Leasehold improvements are amortized over the shorter of the estimated useful lives of the improvements or the remaining lease term.

(2) The estimated useful life of software ranges from 36 to 120 months, representing the period during which the software is expected to contribute, either directly or indirectly, to our future cash flows.

Depreciation expense related to our property and equipment was \$69.3 million, \$63.3 million and \$65.6 million for the fiscal years ended July 31, 2022, 2023 and 2024, respectively.

Intangible Assets, Net

Intangible assets, net consists of the following:

	2023	As of July 31,	
		(in thousands)	
Developed technology	\$ 78,267	\$ 79,838	
Customer relationships	8,860	11,230	
Trade name	4,170	4,200	
Total intangible assets, gross	91,297	95,268	
Less:			
Accumulated amortization of developed technology	(73,411)	(76,804)	
Accumulated amortization of customer relationships	(8,823)	(9,111)	
Accumulated amortization of trade name	(4,170)	(4,200)	
Total accumulated amortization	(86,404)	(90,115)	
Total intangible assets, net	\$ 4,893	\$ 5,153	

Amortization expense related to our intangible assets is recognized in our consolidated statements of operations within product cost of revenue for developed technology and sales and marketing expense for customer relationships and trade name.

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NUTANIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The changes in the net book value of intangible assets, net are as follows:

	As of July 31,	2023	2024
	(in thousands)		
Intangible assets, net—beginning balance	\$ 15,829	\$ 4,893	4,893
Amortization of intangible assets ⁽¹⁾	(10,697)	(3,709)	(3,709)
Acquisition of intangible assets	—	3,969	3,969
Divestiture of Frame intangible assets	(239)	—	—
Intangible assets, net—ending balance	<u>\$ 4,893</u>	<u>\$ 5,153</u>	<u>5,153</u>

(1)Represents amortization expense related to intangible assets recognized during the year in our consolidated statements of operations, within product cost of revenue and sales and marketing expense.

The estimated future amortization expense of our intangible assets is as follows:

<u>Fiscal Year Ending July 31:</u>	Amount (in thousands)
2025	\$ 2,540
2026	777
2027	777
2028	353
2029	353
Thereafter	353
Total	\$ 5,153

Goodwill

The changes in the carrying amount of goodwill are as follows:

	Carrying Amount (in thousands)
Balance at July 31, 2022	\$ 185,260
Adjustment for Frame divestiture	(322)
Balance at July 31, 2023	184,938
Adjustment for acquisition	297
Balance at July 31, 2024	\$ 185,235

Accrued Compensation and Benefits

Accrued compensation and benefits consists of the following:

	As of July 31,	2023	2024
	(in thousands)		
Accrued commissions and taxes	\$ 36,882	\$ 40,714	40,714
Payroll taxes payable	17,427	31,797	31,797
Accrued vacation	24,840	26,772	26,772
Contributions to ESPP withheld	10,145	24,676	24,676
Accrued bonus	16,404	17,863	17,863
Accrued benefits	12,391	16,580	16,580
Accrued wages and taxes	11,485	16,255	16,255
Retirement 401(k) payable	1,915	701	701
Other	12,190	20,244	20,244
Total accrued compensation and benefits	\$ 143,679	\$ 195,602	195,602

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities consists of the following:

	As of July 31,	
	2023	2024
	(in thousands)	
Income taxes payable	\$ 2,185	\$ 1,927
Accrued professional services	1,978	2,004
Litigation settlement reserves	71,000	—
Software usage liability	11,248	—
Other	22,858	21,036
Total accrued expenses and other current liabilities	\$ 109,269	\$ 24,967

The decrease in accrued expenses and other current liabilities from July 31, 2023 to July 31, 2024 was due primarily to the release of the litigation settlement reserve related to the settlement of two securities class actions, which was agreed to in February 2023 but paid out during the fiscal quarter ended October 31, 2023. For additional details on legal proceedings, refer to Note 7. In addition, we released the software usage liability related to the completed Audit Committee investigation, as we settled with the vendor.

NOTE 5. CONVERTIBLE SENIOR NOTES**2023 Notes**

In January 2018, we issued the 2023 Notes with a 0% interest rate for an aggregate principal amount of \$575.0 million, due in 2023, in a private placement to qualified institutional buyers pursuant to Rule144A under the Securities Act.

On September 22, 2021, we consummated privately negotiated exchanges with certain holders of the outstanding 2023 Notes, pursuant to which such holders exchanged approximately \$416.5 million in aggregate principal amount of 2023 Notes for \$477.3 million in aggregate principal amount of 2027 Notes. We also entered into privately negotiated transactions with certain holders of the 2023 Notes pursuant to which we repurchased approximately \$12.8 million in aggregate principal amount of 2023 Notes for cash. Following the closing of these exchanges and repurchases, approximately \$145.7 million in aggregate principal amount of 2023 Notes remained outstanding with terms unchanged.

In January 2023, we settled the 2023 Notes in full at maturity with a cash payment of \$145.7 million.

The following table sets forth the total interest expense recognized related to the 2023 Notes:

	Fiscal Year Ended July 31,		
	2022	2023	2024
	(in thousands)		
Interest expense related to amortization of debt issuance costs	844	248	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note Hedges and Warrants

Concurrently with the offering of the 2023 Notes in January 2018, we entered into convertible note hedge transactions with certain bank counterparties, whereby we have the initial option to purchase a total of approximately 11.8 million shares of our Class A common stock at a conversion price of approximately \$48.85 per share, subject to adjustment for certain specified events. The total cost of the convertible note hedge transactions was approximately \$143.2 million. In addition, we sold warrants to certain bank counterparties, whereby the holders of the warrants have the initial option to purchase a total of approximately 11.8 million shares of our Class A common stock at a price of \$73.46 per share, subject to adjustment for certain specified events. We received approximately \$88.0 million in cash proceeds from the sale of these warrants.

In September 2021, in connection with the exchange and repurchase transactions described above, we terminated portions of the convertible note hedge transactions and warrant transactions previously entered into with certain financial institutions in connection with the issuance of the 2023 Notes. The net effect of these unwind transactions was a \$21.5 million cash payment received, consisting of an \$18.4 million payment for the warrant unwind and the receipt of \$39.9 million from the hedge unwind. The amounts paid and received as part of the unwind transactions were recorded to additional paid-in capital within the consolidated balance sheet.

In January 2023, the convertible note hedges and warrant transactions expired concurrently with the maturity of the 2023 Notes. No settlement is required as the stock has remained below the strike price throughout the unwind settlement averaging period.

2026 Notes

In September 2020, we issued \$750.0 million in aggregate principal amount of the 2026 Notes to BCPE Nucleon (DE) SPV, LP, an entity affiliated with Bain Capital, LP ("Bain"). The total net proceeds from this offering were approximately \$723.7 million, after deducting \$26.3 million of debt issuance costs.

The 2026 Notes bore interest at a rate of 2.50% per annum, with such interest paid in kind ("PIK") on the 2026 Notes held by Bain through an increase in the principal amount of the 2026 Notes, and to be paid in cash on any 2026 Notes transferred to entities that are not affiliated with Bain. Interest on the 2026 Notes accrued from the date of issuance, September 24, 2020, and was added to the principal amount on a semi-annual basis (on March 15 and September 15 of each year). The 2026 Notes were set to mature on September 15, 2026, subject to earlier conversion, redemption or repurchase.

In accordance with accounting guidance on embedded conversion features, at issuance, we valued and bifurcated the conversion option associated with the 2026 Notes from the respective host debt instrument, which is treated as a debt discount, and initially recorded the conversion option of \$230.9 million as a derivative liability in our consolidated balance sheet, with the corresponding amount recorded as a discount to the 2026 Notes and amortized over the term of the 2026 Notes using the effective interest method.

Upon the conversion price of the 2026 Notes becoming fixed, subject to customary anti-dilution and other adjustments, in September 2021, the embedded conversion option for the 2026 Notes no longer required bifurcation because the conversion features were considered indexed to our own equity and met the equity classification conditions. The carrying amount of the derivative liability of \$698.2 million as of that date was reclassified to additional paid-in capital within our consolidated balance sheet. The remaining debt discount that arose from the original bifurcation was amortized over the term of the 2026 Notes.

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

On June 6, 2024, Bain delivered a notice of conversion to convert \$817.6 million aggregate principal amount of the 2026 Notes, representing all of the outstanding principal amount as of that date. Under the terms of the indenture governing the 2026 Notes, the conversion was settled by paying the \$817.6 million principal amount in cash and delivering the conversion spread of approximately 16.9 million shares of our Class A common stock. The cash portion was settled using a portion of our existing cash, cash equivalents and short-term investments.

The 2026 Notes were converted in accordance with its original terms and conditions. Upon conversion, because the carrying amount of the conversion option was previously reclassified to equity, the unamortized discount remaining at the date of conversion was recognized as interest expense. The remaining carrying amount of the 2026 Notes was reduced by the cash transferred and then recognized in equity, such that no gain or loss was recognized. In addition, the accrued and unpaid interest as of the conversion date was forgiven pursuant to the terms of the indenture and recognized in equity.

The 2026 Notes consisted of the following:

	As of July 31,	
	2023	2024
	(in thousands)	
Principal amounts:		
Principal	\$ 750,000	\$ —
Non-cash interest expense converted to principal	47,569	—
Unamortized debt discount (conversion feature) ⁽¹⁾	(132,769)	—
Unamortized debt issuance costs ⁽¹⁾	(15,170)	—
Net carrying amount	\$ 649,630	\$ —

(1)Included in our consolidated balance sheets within convertible senior notes, net and amortized over the remaining life of the 2026 Notes using the effective interest rate method. The effective interest rate was 7.05%.

The following table sets forth the total interest expense recognized related to the 2026 Notes:

	Fiscal Year Ended July 31,		
	2022	2023	2024
	(in thousands)		
Interest expense related to amortization of debt discount	\$ 34,180	\$ 36,668	\$ 35,955
Interest expense related to amortization of debt issuance costs	3,906	4,189	4,107
Non-cash interest expense	19,270	19,757	18,550
Interest expense related to conversion of 2026 Notes attributable to debt discount and issuance costs	—	—	107,877
Total interest expense	\$ 57,356	\$ 60,614	\$ 166,489

Non-cash interest expense was related to the 2.5% PIK interest that we accrued from the issuance of the 2026 Notes through the conversion date and was recognized within other expense, net in our consolidated statement of operations and other liabilities—non-current in our consolidated balance sheet. The accrued PIK interest was converted to the principal balance of the 2026 Notes at each payment date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**2027 Notes**

In September 2021, we issued \$575 million in aggregate principal amount of 0.25% convertible senior notes due 2027 consisting of (i) approximately \$477.3 million principal amount of 2027 Notes in exchange for approximately \$416.5 million principal amount of the 2023 Notes (the "Exchange Transactions") and (ii) approximately \$97.7 million principal amount of 2027 Notes for cash (the "Subscription Transactions"). We did not receive any cash proceeds from the Exchange Transactions. The net cash proceeds from the Subscription Transactions were approximately \$88.4 million after deducting the offering expenses for both the Exchange Transactions and the Subscription Transactions. We used (i) approximately \$14.7 million of the net cash proceeds from the Subscription Transactions to repurchase approximately \$12.8 million principal amount of the 2023 Notes and (ii) approximately \$58.5 million of the net cash proceeds from the Subscription Transactions to repurchase approximately 1.4 million shares of our Class A common stock.

The 2027 Notes bear interest at a rate of 0.25% per annum and pay interest semi-annually in arrears on each April 1 and October 1. The 2027 Notes will mature on October 1, 2027, unless earlier converted, redeemed or repurchased.

The 2027 Notes are convertible into cash, shares of our Class A common stock, or a combination of cash and shares of Class A common stock, at our election. Each \$1,000 of principal of the 2027 Notes is initially convertible into 17.3192 shares of our Class A common stock, which is equivalent to an initial conversion price of approximately \$57.74 per share, subject to customary anti-dilution adjustments. Holders of these 2027 Notes may convert their 2027 Notes at their option at any time prior to the close of the business day immediately preceding July 1, 2027, only under the following circumstances:

- (1) during any fiscal quarter, and only during such fiscal quarter, if the closing price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on, and including, the last trading day of the preceding fiscal quarter is greater than or equal to 130% of the then applicable conversion price for the Notes per share of common stock;
- (2) during the five business day period after any consecutive five trading day period in which, for each trading day of that period, the trading price per \$1,000 principal amount of 2027 Notes for such trading day was less than 98% of the product of the closing price of our common stock and the then applicable conversion rate on each such trading day;
- (3) if we call the 2027 Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- (4) upon the occurrence of certain specified corporate events.

Upon conversion of the 2027 Notes, we will pay or deliver, as the case may be, cash, shares of our Class A common stock or a combination of cash and shares of Class A common stock, at our election.

The conversion rate will be subject to adjustment in certain events, but will not be adjusted for any accrued or unpaid interest. Holders who convert their 2027 Notes in connection with certain corporate events that constitute a "make-whole fundamental change" (as defined in the indenture governing the 2027 Notes) are, under certain circumstances, entitled to an increase in the conversion rate. In addition, if we undergo a "fundamental change" (as defined in the indenture governing the 2027 Notes) prior to the maturity date, holders of the 2027 Notes may require us to repurchase for cash all or a portion of their 2027 Notes at a repurchase price equal to 100% of the principal amount of the repurchased 2027 Notes, plus accrued and unpaid interest thereon.

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In accounting for the exchange of convertible notes, we evaluated whether the transaction should be treated as a modification or extinguishment transaction. The partial exchange of the 2023 Notes and issuance of the 2027 Notes were deemed to have substantially different terms due to the significant difference between the value of the conversion option immediately prior to and after the exchange, and consequently, the 2023 Notes partial exchange was accounted for as a debt extinguishment. The \$64.9 million difference between the total reacquisition price paid and the net carrying amount of the 2023 Notes was recognized as a debt extinguishment loss within other expense, net in our consolidated statement of operations.

The 2027 Notes consisted of the following:

	As of July 31,	
	2023	2024
	(in thousands)	
Principal amounts:		
Principal	\$ 575,000	\$ 575,000
Unamortized debt issuance costs ⁽¹⁾	(6,465)	(4,927)
Net carrying amount	<u>\$ 568,535</u>	<u>\$ 570,073</u>

(1)Included in our consolidated balance sheets within convertible senior notes, net and amortized over the remaining life of the 2027 Notes using the effective interest rate method. The effective interest rate is 0.52%.

As of July 31, 2024, the remaining life of the 2027 Notes was approximately 3.2 years.

The following table sets forth the total interest expense recognized related to the 2027 Notes:

	Fiscal Year Ended July 31,		
	2022	2023	2024
	(in thousands)		
Contractual interest expense	\$ 1,229	\$ 1,720	\$ 1,352
Interest expense related to amortization of debt issuance costs	1,302	1,530	1,538
Total interest expense	<u>\$ 2,531</u>	<u>\$ 3,250</u>	<u>\$ 2,890</u>

NOTE 6. LEASES

We have operating leases for offices, research and development facilities and data centers and finance leases for certain data center equipment. Our leases have remaining lease terms of one year to approximately six years, some of which include options to renew or terminate. We do not include renewal options in the lease terms for calculating our lease liability, as we are not reasonably certain that we will exercise these renewal options at the time of the lease commencement. Our lease agreements do not contain any residual value guarantees or restrictive covenants.

Total operating lease cost was \$43.3 million, \$42.4 million and \$38.6 million for the fiscal years ended July 31, 2022, 2023 and 2024, respectively, excluding short-term lease costs, variable lease costs and sublease income, each of which were not material. Variable lease costs primarily include common area maintenance charges. Total finance lease cost was \$2.4 million, \$3.9 million, and \$4.8 million for the fiscal years ended July 31, 2022, 2023 and 2024, respectively.

During fiscal 2022, we signed agreements to early exit certain office spaces in the United States. The reduction in the lease term resulted in a decrease to the carrying amount of the operating lease liability and the operating lease right-of-use asset on our consolidated balance sheet as of July 31, 2022. In addition, we recorded \$0.6 million of expense in our consolidated statement of operations for the fiscal year ended July 31, 2022.

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NUTANIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During fiscal 2023, we signed agreements to early exit certain office spaces in the United States and the Netherlands. The reductions in the lease terms resulted in decreases to the carrying amounts of the operating lease liabilities and the operating lease right-of-use assets on our consolidated balance sheet as of July 31, 2023. In addition, we recorded \$1.7 million of expense in our consolidated statement of operations for the fiscal year ended July 31, 2023.

Supplemental balance sheet information related to our leases is as follows:

	As of July 31,	
	2023	2024
	(in thousands)	
Operating leases:		
Operating lease right-of-use assets, gross	\$ 181,226	\$ 180,843
Accumulated amortization	(87,672)	(71,710)
Operating lease right-of-use assets, net	<u>\$ 93,554</u>	<u>\$ 109,133</u>
Operating lease liabilities—current	\$ 29,567	\$ 24,163
Operating lease liabilities—non-current	68,940	90,359
Total operating lease liabilities	<u>\$ 98,507</u>	<u>\$ 114,522</u>
Weighted average remaining lease term (in years):	5.0	4.8
Weighted average discount rate:	6.1%	6.4%
	As of July 31,	
	2023	2024
	(in thousands)	
Finance leases:		
Finance lease right-of-use assets, gross ⁽¹⁾	\$ 18,279	\$ 19,345
Accumulated amortization ⁽¹⁾	(5,558)	(9,412)
Finance lease right-of-use assets, net ⁽¹⁾	<u>\$ 12,721</u>	<u>\$ 9,933</u>
Finance lease liabilities—current ⁽²⁾	\$ 3,518	\$ 3,954
Finance lease liabilities—non-current ⁽³⁾	9,722	6,666
Total finance lease liabilities	<u>\$ 13,240</u>	<u>\$ 10,620</u>
Weighted average remaining lease term (in years):	3.7	2.9
Weighted average discount rate:	6.8%	7.0%

(1) Included in our consolidated balance sheets within property and equipment, net.

(2) Included in our consolidated balance sheets within accrued expenses and other current liabilities.

(3) Included in our consolidated balance sheets within other liabilities—non-current.

Supplemental cash flow and other information related to our leases is as follows:

	Fiscal Year Ended July 31,		
	2022	2023	2024
	(in thousands)		
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	\$ 48,509	\$ 46,886	\$ 37,973
Operating cash flows from finance leases	\$ —	\$ —	\$ 885
Financing cash flows from finance leases	\$ 1,089	\$ 4,757	\$ 3,601
Lease liabilities arising from obtaining right-of-use assets:			
Operating leases	\$ 55,797	\$ 10,358	\$ 46,153
Finance leases	\$ 4,529	\$ 7,827	\$ 1,066

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The undiscounted cash flows for our lease liabilities as of July 31, 2024 were as follows:

Fiscal Year Ending July 31:	Operating Leases		Finance Leases		Total
			(in thousands)		
2025	\$ 30,125		\$ 4,576	\$ 34,701	
2026	26,064		3,874	29,938	
2027	23,780		2,164	25,944	
2028	22,968		1,152	24,120	
2029	17,252		41	17,293	
Thereafter	13,985		—	13,985	
Total lease payments	134,174		11,807	145,981	
Less: imputed interest	(19,652)		(1,187)	(20,839)	
Total lease obligation	114,522		10,620	125,142	
Less: current lease obligations	(24,163)		(3,954)	(28,117)	
Long-term lease obligations	\$ 90,359		\$ 6,666	\$ 97,025	

As of July 31, 2024, we had additional operating lease commitments of approximately \$2.3 million on an undiscounted basis for certain office leases that have not yet commenced. These operating leases will commence during fiscal 2025, with lease terms of approximately one year.

NOTE 7. COMMITMENTS AND CONTINGENCIES**Purchase Commitments**

In the normal course of business, we make commitments with our contract manufacturers to ensure them a minimum level of financial consideration for their investment in our joint solutions. These commitments are based on performance targets or on-hand inventory and non-cancelable purchase orders for non-standard components. We record a charge related to these items when we determine that it is probable a loss will be incurred and we are able to estimate the amount of the loss. Our historical charges have not been material. As of July 31, 2024, we had approximately \$110.6 million of non-cancelable purchase obligations and other commitments pertaining to our daily business operations, and approximately \$85.2 million in the form of guarantees to certain of our contract manufacturers.

Guarantees and Indemnifications

We have entered into agreements with some of our Partners and customers that contain indemnification provisions in the event of claims alleging that our products infringe the intellectual property rights of a third party. The scope of such indemnification varies, and may include, in certain cases, the ability to cure the indemnification by modifying or replacing the product at our own expense, requiring the return and refund of the infringing product, procuring the right for the partner and/or customer to continue to use or distribute the product, as applicable, and/or defending the partner or customer against and paying any damages from third-party actions based upon claims of infringement. Other guarantees or indemnification arrangements include guarantees of product and service performance.

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

We have also agreed to indemnify our directors, executive officers and certain other officers for costs associated with any fees, expenses, judgments, fines, and settlement amounts incurred by any of these persons in any action or proceeding to which any of those persons is, or is threatened to be, made a party by reason of the person's service as a director or officer, including any action by us, arising out of that person's services as a director or officer of our company or that person's services provided to any other company or enterprise at our request. We maintain director and officer insurance coverage that may enable us to recover a portion of any future amounts paid.

The fair value of liabilities related to indemnifications and guarantee provisions are not material and have not had any material impact on our consolidated financial statements to date.

Legal Proceedings

In February 2023, we settled the two previously disclosed securities class actions that were brought on behalf of persons or entities who purchased or otherwise acquired our securities and/or transacted in publicly traded call options and/or put options on our stock between November 30, 2017 and May 30, 2019. The total settlement amount was \$71.0 million, which was accrued as of July 31, 2023 and included within accrued expenses and other current liabilities on our consolidated balance sheet. In June 2023, \$31.1 million of the settlement funds were deposited in escrow and were included within prepaid expenses and other current assets on our consolidated balance sheet as of July 31, 2023. In October 2023, the court granted final approval of the settlement and the funds were subsequently released from escrow and paid out to the plaintiffs. The settlement accrual was partially offset by a receivable of \$39.9 million for amounts recoverable under our applicable insurance policies, which was included within prepaid expenses and other current assets on our consolidated balance sheet as of July 31, 2023. During the fiscal year ended July 31, 2023, we recorded charges of \$38.7 million for the settlement and applicable legal fees, net of our insurance receivable.

In September 2023, we settled the previously disclosed securities class action that was brought on behalf of a putative class consisting of persons or entities who purchased or otherwise acquired our securities between September 21, 2021 and March 6, 2023. The settlement payment was not material. In November 2023, the court dismissed the securities class action pursuant to the settlement agreement with prejudice as to the lead plaintiff and without prejudice as to the other members of the putative class. In addition, in December 2023, the plaintiff in the related previously disclosed stockholder derivative action voluntarily dismissed the action.

We are not currently a party to any legal proceedings that we believe to be material to our business or financial condition. From time to time, we may become party to various litigation matters and subject to claims that arise in the ordinary course of business.

NOTE 8. STOCKHOLDERS' EQUITY

Effective January 3, 2022, all of our then outstanding shares of Class B common stock, par value \$0.000025 per share, were automatically converted into the same number of shares of our Class A common stock, par value \$0.000025 per share, pursuant to the terms of our Amended and Restated Certificate of Incorporation. No additional shares of Class B common stock will be issued following such conversion. As a result, as of July 31, 2024, we had one class of outstanding common stock consisting of Class A common stock. In December 2022, our stockholders approved an amendment and restatement of our Amended and Restated Certificate of Incorporation, which includes the removal of all provisions related to Class B common stock.

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

As of July 31, 2024, we had 1.0 billion shares of Class A common stock authorized, with a par value of \$0.000025 per share. As of July 31, 2024, we had 265.2 million shares of Class A common stock issued and outstanding.

Holders of Class A common stock are entitled to one vote for each share of Class A common stock held on all matters submitted to a vote of stockholders.

Share Repurchases

In September 2021, we used approximately \$58.5 million of the net cash proceeds from the issuance of \$97.7 million in aggregate principal amount of 2027 Notes to repurchase 1.4 million shares of Class A common stock in open market transactions at an average price of \$42.77 per share. For additional details on these transactions, refer to Note 5.

In August 2023, our Board of Directors authorized the repurchase of up to \$350.0 million of our Class A common stock. Repurchases may be made from time to time through open market purchases or through privately negotiated transactions subject to market conditions, applicable legal requirements and other relevant factors. The authorization has no expiration date, does not obligate us to acquire any particular amount of our common stock, and may be suspended at any time at our discretion. During the fiscal year ended July 31, 2024, we repurchased 2.6 million shares of Class A common stock in open market transactions at a weighted average price of \$50.77 per share for an aggregate purchase price of \$131.1 million. As of July 31, 2024, \$218.9 million remained available for future share repurchases under the authorization.

Common Stock Reserved for Issuance

As of July 31, 2024, we had reserved shares of common stock for future issuance as follows:

	As of July 31, 2024 (in thousands)
Shares reserved for future equity grants	19,964
Shares underlying outstanding stock options	258
Shares underlying outstanding restricted stock units	22,175
Shares reserved for future employee stock purchase plan awards	10,747
Total	53,144

NOTE 9. EQUITY INCENTIVE PLANS**Stock Plans**

We have one active equity incentive plan, the 2016 Equity Incentive Plan (the "2016 Plan"), and two inactive equity incentive plans, the 2010 Stock Plan ("2010 Plan") and the 2011 Stock Plan ("2011 Plan") (collectively, the "Stock Plans"). Our stockholders approved the 2016 Plan in March 2016 and it became effective in connection with our initial public offering ("IPO"). As a result, at the time of the IPO, we ceased granting additional stock awards under the 2010 Plan and 2011 Plan and both plans were terminated. Any outstanding stock awards under the 2010 Plan and 2011 Plan remain outstanding, subject to the terms of the applicable plan and award agreements, until such shares are issued under those stock awards, by exercise of stock options or settlement of RSUs, or until those stock awards become vested or expired by their terms.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Under the 2016 Plan, we may grant incentive stock options, non-statutory stock options, restricted stock, RSUs, and stock appreciation rights to employees, directors and consultants. We initially reserved 22.4 million shares of our Class A common stock for issuance under the 2016 Plan. The number of shares of Class A common stock available for issuance under the 2016 Plan also includes an annual increase on the first day of each fiscal year, beginning in fiscal 2018, equal to the lesser of: 18.0 million shares, 5% of the outstanding shares of all classes of common stock as of the last day of our immediately preceding fiscal year, or such other amount as may be determined by our Board of Directors. Accordingly, on August 1, 2022 and 2023, the number of shares of Class A common stock available for issuance under the 2016 Plan increased by 11.3 million and 12.0 million shares, respectively, pursuant to these provisions. As of July 31, 2024, we had reserved a total of 42.4 million shares for the issuance of equity awards under the Stock Plans, of which 20.0 million shares were still available for grant. On August 1, 2024, the number of shares of Class A common stock available for issuance under the 2016 Plan increased by 13.3 million shares pursuant to the automatic increase provisions.

Restricted Stock Units

RSUs settle into shares of Class A common stock upon vesting. During the second quarter of fiscal 2024, we began funding withholding taxes due on the vesting of employee RSUs by net share settlement, rather than our previous approach of selling shares of Class A common stock to cover taxes upon vesting of such awards. The payment of the withheld taxes to the tax authorities is reflected as a financing activity within the consolidated statements of cash flows.

Performance RSUs

From time to time, we grant RSUs that have both service and performance conditions to our executives and employees ("PRSUs"). Vesting of PRSUs is subject to continuous service and the satisfaction of certain performance targets. While we recognize cumulative stock-based compensation expense for the portion of the awards for which both the service condition has been satisfied and it is probable that the performance conditions will be met, the actual vesting and settlement of PRSUs are subject to the performance conditions actually being met.

In January 2024, the Compensation Committee of our Board of Directors approved the grant of approximately 0.3 million RSUs subject to certain performance conditions ("PRSUs") to our President and CEO. These PRSUs have a grant date fair value per unit of \$45.86 and will vest up to 200% based on achievement of specified annual recurring revenue and free cash flow hurdles over a performance period of approximately 3.6 years, subject to his continuous service as CEO through the vesting date.

Market Stock Units

We also grant RSUs that have both service and market-based conditions to our executives and employees ("MSUs"). Vesting of MSUs is subject to continuous service and the satisfaction of certain market-based performance targets. While we recognize cumulative stock-based compensation expense for the portion of the awards for which the service condition has been satisfied, regardless of achievement of the specified targets, the actual vesting and settlement of MSUs are subject to the market-based conditions actually being met.

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

During fiscal 2022, 2023 and 2024, the Compensation Committee of our Board of Directors approved the grant of approximately 0.7 million, 1.3 million and 0.8 million, respectively, RSUs subject to certain market conditions to certain of our executives. These MSUs have a weighted average grant date fair value per unit of approximately \$46.80, \$27.89 and \$47.65, respectively, and will vest up to 200% of the target number of MSUs based upon our total shareholder return relative to the total shareholder return of companies in the Nasdaq Composite Index over a performance period of approximately 2.8 years, 3.1 years and 3.0 years, respectively, subject to continuous service on each vesting date.

In January 2024, the Compensation Committee of our Board of Directors approved the grant of approximately 0.2 million MSUs to our President and CEO. These MSUs have a weighted average grant date fair value of \$62.85 and will vest up to 200% based on achievement of specified stock price hurdles at any time during a performance period of approximately 3.6 years, subject to his continuous service as CEO through the vesting date.

Below is a summary of RSU activity and PRSU and MSU (collectively, "PSU") activity under the Stock Plans:

	RSUs			PSUs		
	Number of Shares (in thousands)	Weighted Average Grant Date Fair Value per Share		Number of Shares (in thousands)	Weighted Average Grant Date Fair Value per Share	
Outstanding at July 31, 2021	20,423	\$ 30.83		1,285	\$ 33.35	
Granted	14,921	\$ 30.33		654	\$ 46.80	
Released	(9,160)	\$ 32.57		(466)	\$ 34.96	
Forfeited	(5,308)	\$ 32.27		(213)	\$ 39.48	
Outstanding at July 31, 2022	20,876	\$ 29.34		1,260	\$ 38.71	
Granted	16,045	\$ 19.25		1,339	\$ 27.89	
Released	(9,938)	\$ 27.28		(314)	\$ 34.07	
Forfeited	(4,169)	\$ 26.36		(325)	\$ 30.08	
Outstanding at July 31, 2023	22,814	\$ 23.69		1,960	\$ 33.49	
Granted	9,850	\$ 34.22		1,396	\$ 49.82	
Released	(10,844)	\$ 25.76		(796)	\$ 25.25	
Forfeited	(1,959)	\$ 25.73		(246)	\$ 45.15	
Outstanding at July 31, 2024	<u>19,861</u>	<u>\$ 27.58</u>		<u>2,314</u>	<u>\$ 44.94</u>	

The aggregate grant date fair value of RSUs, including PSUs, vested was \$314.6 million, \$281.8 million and \$299.5 million for the fiscal years ended July 31, 2022, 2023 and 2024, respectively.

Stock Options

Our Board of Directors determines the period over which stock options become exercisable and stock options generally vest over a four-year period. Stock options generally expire 10 years from the date of grant. The term of an ISO grant to a 10% stockholder will not exceed five years from the date of the grant. The exercise price of an ISO will not be less than 100% of the estimated fair value of the shares of common stock underlying the stock option (or 110% of the estimated fair value in the case of an ISO granted to a 10% stockholder) on the date of grant. The exercise price of an NSO is determined by our Board of Directors at the time of grant and is generally not less than 100% of the estimated fair value of the shares of common stock underlying the stock option on the date of grant.

NUTANIX, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Below is a summary of stock option activity under the Stock Plans:

	Number of Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)	Fiscal Year Ended July 31,		Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
					2023	2024		
Outstanding at beginning of period	1,689	\$ 6.43	1.9	\$ 14,707	1,046	\$ 6.83	1.1	\$ 24,451
Options granted	—	\$ —			—	\$ —		
Options exercised	(643)	\$ 5.76			(788)	\$ 5.38		
Options canceled/forfeited	—	\$ —			—	\$ —		
Outstanding at end of period	<u>1,046</u>	\$ <u>6.83</u>	<u>1.1</u>	<u>\$ 24,451</u>	<u>258</u>	\$ <u>11.26</u>	<u>0.7</u>	<u>\$ 10,138</u>
Exercisable at end of period	<u>1,046</u>	\$ <u>6.83</u>	<u>1.1</u>	<u>\$ 24,451</u>	<u>258</u>	\$ <u>11.26</u>	<u>0.7</u>	<u>\$ 10,138</u>

The aggregate intrinsic value of stock options exercised during the fiscal years ended July 31, 2022, 2023 and 2024 was \$35.0 million, \$12.1 million and \$37.8 million, respectively. Aggregate intrinsic value represents the difference between the exercise price of the options and the estimated fair value of our common stock. Cash received from option exercises was \$6.5 million, \$3.7 million and \$4.2 million for the fiscal years ended July 31, 2022, 2023 and 2024, respectively. The total grant date fair value of stock options vested was not material for the fiscal year ended July 31, 2022. There were no stock options that vested during the fiscal years ended July 31, 2023 or 2024. We did not grant any stock options during the fiscal years ended July 31, 2022, 2023 or 2024.

Employee Stock Purchase Plan

In December 2015, our Board of Directors adopted the 2016 Employee Stock Purchase Plan, which was subsequently amended in January 2016 and September 2016 and approved by our stockholders in March 2016 (the "Original 2016 ESPP"). The Original 2016 ESPP became effective in connection with our IPO. Our stockholders subsequently approved amendments to the Original 2016 ESPP in December 2019 and December 2022 (as amended, the "2016 ESPP"). Under the 2016 ESPP, the maximum number of shares of Class A common stock available for sale is 13.8 million shares.

The 2016 ESPP allows eligible employees to purchase shares of our Class A common stock at a discount through payroll deductions of up to 15% of eligible compensation, subject to caps of \$25,000 in any calendar year and 1,000 shares on any purchase date. The 2016 ESPP provides for 12-month offering periods, generally beginning in March and September of each year, and each offering period consists of two six-month purchase periods.

On each purchase date, participating employees will purchase Class A common stock at a price per share equal to 85% of the lesser of the fair market value of our Class A common stock on (i) the first trading day of the applicable offering period or (ii) the last trading day of each purchase period in the applicable offering period. If the stock price of our Class A common stock on any purchase date in an offering period is lower than the stock price on the enrollment date of that offering period, the offering period will immediately reset after the purchase of shares on such purchase date and automatically roll into a new offering period.

During the fiscal year ended July 31, 2024, 1.9 million shares of common stock were purchased under the 2016 ESPP for an aggregate amount of \$47.3 million. As of July 31, 2024, 10.7 million shares were available for future issuance under the 2016 ESPP.

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

We use the Black-Scholes option pricing model to determine the fair value of shares purchased under the 2016 ESPP with the following weighted average assumptions on the date of grant:

	Fiscal Year Ended July 31,		
	2022	2023	2024
Expected term (in years)	0.81	0.74	0.78
Risk-free interest rate	1.0%	4.3%	5.1%
Volatility	43.3%	59.8%	47.2%
Dividend yield	—%	—%	—%

Stock-Based Compensation

Total stock-based compensation expense recognized in our consolidated statements of operations is as follows:

	Fiscal Year Ended July 31,		
	2022	2023	2024
	(in thousands)		
Cost of revenue:			
Product	\$ 7,379	\$ 7,966	\$ 6,822
Support, entitlements and other services	30,846	26,611	27,285
Sales and marketing	104,592	82,758	80,190
Research and development	143,759	139,073	156,784
General and administrative	56,670	55,337	62,752
Total stock-based compensation expense	<u>\$ 343,246</u>	<u>\$ 311,745</u>	<u>\$ 333,833</u>

As of July 31, 2024, unrecognized stock-based compensation expense related to outstanding stock awards was approximately \$553.8 million and is expected to be recognized over a weighted average period of approximately 2.3 years.

NOTE 10. RESTRUCTURING CHARGES

In August 2022, we announced a plan to reduce our global headcount by approximately 270 employees, which represented approximately 4% of our total employees, following a review of our business structure and after taking other cost-cutting measures to reduce expenses. This headcount reduction was part of our efforts to drive toward profitable growth.

As of July 31, 2024, we recognized total restructuring charges of approximately \$16.3 million, which consisted primarily of one-time severance and other termination benefit costs directly related to this reduction in force. Of the approximately \$16.3 million recognized, \$0.4 million is included within support, entitlements and other services cost of revenue, \$13.4 million is included within sales and marketing expense, \$2.3 million is included within research and development expense, and \$0.2 million is included within general and administrative expense on our consolidated statements of operations.

During the fiscal year ended July 31, 2023, we recognized restructuring charges of approximately \$5.3 million and made cash payments of approximately \$15.8 million. During the fiscal year ended July 31, 2024, we did not incur any charges and made cash payments of approximately \$0.4 million. As of July 31, 2024, we had no remaining restructuring liability.

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****NOTE 11. NET INCOME (LOSS) PER SHARE**

We adopted ASU 2020-06 on August 1, 2021 using the modified retrospective method, applicable to our convertible senior notes outstanding as of adoption. We have not changed any previously disclosed amounts or provided additional disclosures for comparative periods. ASU 2020-06 requires the if-converted method to be applied for all convertible instruments when calculating diluted earnings per share. Under the if-converted method, shares related to our convertible senior notes, to the extent dilutive, are assumed to be converted into common stock at the beginning of the period.

Basic net income (loss) per share is computed using the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by giving effect to potentially dilutive common stock equivalents outstanding during the period, as their effect would be dilutive. Potentially dilutive common shares include shares issuable upon the exercise of stock options, the vesting of RSUs, each purchase under the 2016 ESPP, and common stock issuable upon the conversion of convertible debt under the if-converted method.

In loss periods, basic net loss per share and diluted net loss per share are the same, as the effect of potential common shares is antidilutive and therefore excluded.

Effective January 3, 2022, all of our then outstanding shares of Class B common stock, par value \$0.000025 per share, were automatically converted into the same number of shares of the Company's Class A common stock, par value \$0.000025 per share, pursuant to the terms of our Amended and Restated Certificate of Incorporation. Prior to this conversion, the rights, including the liquidation and dividend rights, of the holders of our Class A and Class B common stock were identical, except with respect to voting. As the liquidation and dividend rights were identical, our undistributed earnings or losses were allocated on a proportionate basis among the holders of both Class A and Class B common stock. As a result, the net income (loss) per share attributed to common stockholders was the same for both Class A and Class B common stock on an individual or combined basis.

The computation of basic and diluted net loss per share attributable to common stockholders is as follows:

	Fiscal Year Ended July 31,		
	2022	2023	2024
	(in thousands, except per share data)		
Numerator:			
Net loss	\$ (798,946)	\$ (254,560)	\$ (124,775)
Denominator:			
Weighted average shares, basic and diluted	220,529	233,247	244,743
Net loss per share attributable to common stockholders, basic and diluted	\$ (3.62)	\$ (1.09)	\$ (0.51)

The following shares of common stock were excluded from the computation of diluted net loss per share for the periods presented, as their effect would have been antidilutive:

	Fiscal Year Ended July 31,		
	2022	2023	2024
	(in thousands)		
Outstanding stock options and RSUs	23,825	25,820	22,433
Employee stock purchase plan	2,511	1,122	1,148
Common stock issuable upon the conversion of convertible notes	39,968	38,700	39,423
Total	66,304	65,642	63,004

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NUTANIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Shares that will be issued in connection with our stock awards and shares that will be purchased under the employee stock purchase plan are generally automatically converted into shares of our Class A common stock. Common stock issuable upon the conversion of convertible notes represents the antidilutive impact of the 2023 Notes, 2026 Notes and 2027 Notes under the if-converted method.

NOTE 12. INCOME TAXES

Income Taxes

Loss before provision for income taxes by fiscal year consisted of the following:

	2022	Fiscal Year Ended July 31, 2023 (in thousands)	2024
Domestic	\$ (834,915)	\$ (294,093)	\$ (167,745)
Foreign	55,233	60,508	66,427
Loss before provision for income taxes	<u>\$ (779,682)</u>	<u>\$ (233,585)</u>	<u>\$ (101,318)</u>

Provision for income taxes by fiscal year consisted of the following:

	2022	Fiscal Year Ended July 31, 2023 (in thousands)	2024
Current:			
U.S. federal	\$ 13	\$ (568)	\$ —
State and local	77	623	2,052
Foreign	21,578	21,952	23,925
Total current taxes	21,668	22,007	25,977
Deferred:			
U.S. federal	23	24	24
State and local	—	—	—
Foreign	(2,427)	(1,056)	(2,544)
Total deferred taxes	(2,404)	(1,032)	(2,520)
Provision for income taxes	<u>\$ 19,264</u>	<u>\$ 20,975</u>	<u>\$ 23,457</u>

The income tax provision differs from the amount of income tax determined by applying the applicable U.S. federal statutory income tax rate of 21% to pre-tax loss. The reconciliation of the statutory federal income tax and our effective income tax is as follows:

	2022	Fiscal Year Ended July 31, 2023 (in thousands)	2024
U.S. federal income tax at statutory rate	\$ (163,734)	\$ (49,053)	\$ (21,277)
Change in valuation allowance	117,588	71,157	115,826
Non-deductible item on fair value remeasurement of derivative liability	41,589	—	—
Stock-based compensation	14,462	8,767	(47,632)
Effect of foreign operations	10,544	(4,896)	(2,553)
Research and development tax credits	(9,455)	(17,500)	(30,076)
Non-deductible expenses	6,646	5,090	4,704
Change in unrecognized tax benefit	655	1,840	2,840
State income taxes	77	623	2,052
Tax impact of Frame divestiture	—	4,569	—
Other	892	378	(427)
Total	<u>\$ 19,264</u>	<u>\$ 20,975</u>	<u>\$ 23,457</u>

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NUTANIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During the fiscal years ended July 31, 2022, 2023 and 2024, our provision for income taxes was primarily attributable to foreign tax provisions in certain foreign jurisdictions in which we conduct business.

The temporary differences that give rise to significant portions of deferred tax assets and liabilities are as follows:

	2023	As of July 31, 2024 (in thousands)	2024
Deferred tax assets:			
Net operating loss carryforward	\$ 606,483	\$ 532,559	532,559
Tax credit carryforward	229,429	292,546	292,546
Capitalized research expenses	128,169	241,194	241,194
Deferred revenue	175,975	179,093	179,093
Leases	28,587	35,416	35,416
Accruals and reserves	23,631	25,065	25,065
Stock-based compensation	17,028	17,221	17,221
Intangibles and goodwill	8,499	8,447	8,447
Property and equipment	4,043	4,302	4,302
Interest expense carryforward	5,166	—	—
Other assets	24,347	22,631	22,631
Total deferred tax assets	1,251,357	1,358,474	1,358,474
Deferred tax liabilities:			
Deferred commission expense	(84,421)	(84,409)	(84,409)
Leases	(30,153)	(36,100)	(36,100)
Prepaid expenses	(1,966)	(2,249)	(2,249)
Intangibles and goodwill	(1,258)	(1,394)	(1,394)
Property and equipment	(1,362)	(1,359)	(1,359)
Convertible notes	(31,207)	—	—
Other	(11,808)	(14,075)	(14,075)
Total deferred tax liabilities	(162,175)	(139,586)	(139,586)
Valuation allowance	(1,078,355)	(1,205,780)	(1,205,780)
Net deferred tax assets	\$ 10,827	\$ 13,108	\$ 13,108

Management believes that based on available evidence, both positive and negative, it is more likely than not that the U.S. deferred tax assets will not be utilized and as such, a full valuation allowance has been recorded.

The valuation allowance for deferred tax assets was \$1.2 billion as of July 31, 2024. The net increase in the total valuation allowance for the fiscal years ended July 31, 2023 and 2024 was \$75.8 million and \$127.4 million, respectively.

As of July 31, 2024, we had approximately \$2.4 billion of federal net operating loss carryforwards and \$1.6 billion of state net operating loss carryforwards available to reduce future taxable income, which will begin to expire in fiscal 2024. In addition, we had approximately \$177.1 million of federal research credit carryforwards, \$131.3 million of state research credit carryforwards and \$48.2 million of foreign tax credit carryforwards available to reduce future tax liability. The federal credits will begin to expire in fiscal 2030 and the state credits can be carried forward indefinitely. The foreign credits will begin to expire in fiscal 2029.

Utilization of the net operating loss and tax credit carryforwards may be subject to an annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. Any annual limitation may result in the expiration of net operating losses and credits before utilization. If an ownership change occurred, utilization of the net operating loss and tax credit carryforwards could be significantly reduced.

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

As of July 31, 2024, we held an aggregate of \$299.9 million in cash and cash equivalents in our foreign subsidiaries, of which \$137.5 million was denominated in U.S. dollars. We attribute net revenue, costs and expenses to domestic and foreign components based on the terms of our agreements with our subsidiaries. We do not provide for federal income taxes on the undistributed earnings of our foreign subsidiaries, as such earnings are to be reinvested offshore indefinitely. It is not practical to estimate the withholding tax liability if these earnings were to be repatriated.

We recognize uncertain tax positions in our financial statements if that position will more likely than not be sustained on audit, based on the technical merits of the position. A reconciliation of our unrecognized tax benefits, excluding accrued interest and penalties, is as follows:

	Fiscal Year Ended July 31,	
	2023	2024
	(in thousands)	
Balance at the beginning of the year	\$ 90,673	\$ 95,862
Increases related to current year tax positions	4,635	7,595
Increases related to prior year tax positions	1,616	425
Decreases related to prior year tax positions	(29)	(932)
Lapse of statute of limitations/Settlements/Other	(1,033)	(303)
Balance at the end of the year	<u>\$ 95,862</u>	<u>\$ 102,647</u>

During the fiscal year ended July 31, 2024, the net increase in unrecognized tax positions was primarily attributable to federal and state research and development credits and intercompany charges.

As of July 31, 2024, if uncertain tax positions are fully recognized in the future, it would result in a \$17.1 million impact to our effective tax rate, primarily relating to positions in foreign jurisdictions, and the remaining amount would result in adjustments to deferred tax assets and corresponding adjustments to the valuation allowance.

We recognize interest and/or penalties related to income tax matters as a component of income tax expense. As of July 31, 2024, we had recognized \$9.5 million of accrued interest and penalties related to uncertain tax positions.

We file income tax returns in the U.S. federal jurisdiction as well as various U.S. states and foreign jurisdictions. The tax years 2009 and forward remain open to examination by the major jurisdictions in which we are subject to tax. These fiscal years outside the normal statute of limitation remain open to audit by tax authorities due to tax attributes generated in those early years, which have been carried forward and may be audited in subsequent years when utilized. We are subject to the continuous examination of income tax returns by various tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of the provision for income taxes. We believe that adequate amounts have been reserved for any adjustments that may ultimately result from these examinations. We do not anticipate a significant impact to the gross unrecognized tax benefits within the next 12 months related to these years.

[Table of Contents](#)**NUTANIX, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****NOTE 13. SEGMENT INFORMATION**

Our chief operating decision maker is a group which is comprised of our Chief Executive Officer and Chief Financial Officer. This group reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. Accordingly, we have a single reportable segment.

The following table sets forth revenue by geographic location based on bill-to location:

	2022	Fiscal Year Ended July 31,		2024
		2023 (in thousands)	2024	
U.S.	\$ 887,141	\$ 1,039,294	\$ 1,189,213	
Europe, the Middle East and Africa	374,186	471,367	563,281	
Asia Pacific	274,373	309,138	348,952	
Other Americas	45,096	43,096	47,370	
Total revenue	\$ 1,580,796	\$ 1,862,895	\$ 2,148,816	

The following table sets forth long-lived assets, which primarily include property and equipment, net, by geographic location:

		As of July 31,	
		2023 (in thousands)	2024
United States		\$ 78,404	\$ 102,873
International		33,461	33,307
Total long-lived assets		\$ 111,865	\$ 136,180

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and our principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")), as of the end of the period covered by this Annual Report on Form 10-K. Based on our management's evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were, in design and operation, effective at the reasonable assurance level as of July 31, 2024.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and Rule 15d-15(f) of the Exchange Act. Internal control over financial reporting consists of policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) are designed and operated to provide reasonable assurance regarding the reliability of our financial reporting and our process for the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Our management evaluated the effectiveness of our internal control over financial reporting using the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Framework"). Based on our management's evaluation, our management concluded that our internal control over financial reporting was effective as of July 31, 2024.

The effectiveness of our internal control over financial reporting as of July 31, 2024 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which appears below.

Remediation of Prior Material Weakness

As initially disclosed in our Annual Report on Form 10-K/A filed with the SEC on May 24, 2023, our management previously identified a material weakness in our internal control over financial reporting related to design deficiencies in the information and communication component of the COSO Framework that also impacted the design and operating effectiveness of elements of the risk assessment and other components. Management has since completed implementation of all of the remedial measures outlined in its remediation plan as well as testing of the applicable remediated controls.

Limitations on the Effectiveness of Controls

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements and projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Changes in Internal Control over Financial Reporting

Except for the changes related to the remediation of the previously identified material weakness noted above, there was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Nutanix, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Nutanix, Inc. and subsidiaries (the "Company") as of July 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended July 31, 2024, of the Company and our report dated September 19, 2024, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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/s/ DELOITTE & TOUCHE LLP

San Jose, California

September 19, 2024

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Item 9B. Other Information

During the three months ended July 31, 2024, no director or Section 16 officer adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated herein by reference to our definitive proxy statement for our 2024 annual meeting of stockholders ("2024 Proxy Statement"), which will be filed not later than 120 days after the end of our fiscal year ended July 31, 2024.

Item 11. Executive Compensation

The information required by this item is incorporated herein by reference to our 2024 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated herein by reference to our 2024 Proxy Statement.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required by this item is incorporated herein by reference to our 2024 Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated herein by reference to our 2024 Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) Consolidated Financial Statements

We have filed the consolidated financial statements listed in the Index to Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

(a)(2) Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable, not material, or the required information is shown in the consolidated financial statements or the notes thereto.

(a)(3) Exhibits

See the Exhibit Index below in this Annual Report on Form 10-K.

Item 16. Form 10-K Summary

None.

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EXHIBIT INDEX

Number	Exhibit Title	Form	Incorporated by Reference		Filing Date	Filed Herewith
			File No.	Exhibit		
3.1	Complete copy of the Amended and Restated Certificate of Incorporation, as amended, consisting of (i) the Amended and Restated Certificate of Incorporation filed on December 9, 2022 and (ii) the Certificate of Amendment filed on December 8, 2023.	10-Q	001-37883	3.1	3/7/2024	
3.2	Amended and Restated Bylaws.	8-K	001-37883	3.1	10/7/2022	
3.3	Certificate of Retirement of Class B Common Stock.	8-K	001-37883	3.1	1/4/2022	
4.1	Amended and Restated Investors' Rights Agreement, dated as of August 26, 2014, as amended, by and among the Registrant and certain of its stockholders.	S-1	333-208711	4.1	12/22/2015	
4.2	Specimen Class A Common Stock Certificate of the Registrant.	S-1/A	333-208711	4.2	4/4/2016	
4.3	Form of Warrant to Purchase Shares of Capital Stock by and between the Registrant and certain of its investors.	S-1	333-208711	4.3	12/22/2015	
4.4	Description of Class A Common Stock.	10-K	001-37883	4.4	9/21/2023	
4.5	Indenture, dated as of September 24, 2020, by and between the Registrant and U.S. Bank National Association, as Trustee.	8-K	001-37883	4.1	9/24/2020	
4.6	Form of 2.5% Convertible Senior Notes due 2026 (included in Exhibit 4.5).	8-K	001-37883	4.2	9/24/2020	
4.7	Indenture, dated as of September 22, 2021, by and between the Registrant and U.S. Bank National Association, as Trustee.	8-K	001-37883	4.1	9/23/2021	
4.8	Form of 0.25% Convertible Senior Notes due 2027 (included in Exhibit 4.7).	8-K	001-37883	4.2	9/23/2021	
10.1	Form of Indemnification Agreement by and between the Registrant and each of its directors and executive officers.	10-Q	001-37883	10.1	6/3/2021	
10.2+	Second Amended and Restated Outside Director Compensation Policy.	10-K	001-37883	10.2	9/21/2021	
10.3+	First Amendment to Second Amended and Restated Outside Director Compensation.	10-Q	001-37883	10.1	6/2/2022	
10.4+	Second Amendment to Second Amended and Restated Outside Director Compensation.	10-Q	001-37883	10.1	12/7/2022	
10.5+	2010 Stock Plan and forms of equity agreements thereunder.	S-1/A	333-208711	10.2	8/16/2016	
10.6+	2011 Stock Plan and forms of equity agreements thereunder.	S-1	333-208711	10.3	12/22/2015	
10.7+	2016 Equity Incentive Plan and forms of equity agreements thereunder.	S-1/A	333-208711	10.4	9/19/2016	
10.8+	Form of Global Restricted Stock Unit Agreement for Performance-Based Restricted Stock Units (Fiscal Year 2022) under the 2016 Equity Incentive Plan.	10-Q	001-37883	10.2	12/2/2021	
10.9+	Form of Global Restricted Stock Unit Agreement for Performance-Based Restricted Stock Units	10-K	001-37883	10.8	9/21/2022	

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Number	Exhibit Title	Incorporated by Reference			Filing Date	Filed Herewith
		Form	File No.	Exhibit		
10.10+	(Fiscal Year 2023) under the 2016 Equity Incentive Plan. Form of Global Restricted Stock Unit Agreement for Performance-Based Restricted Stock Units (Fiscal Year 2024) under the 2016 Equity Incentive Plan.	10-K	001-37883	10.10	9/21/2023	
10.11+	Form of Global Restricted Stock Unit Agreement for Performance-Based Restricted Stock Units (Fiscal Year 2025) under the 2016 Equity Incentive Plan.					X
10.12+	Amended and Restated 2016 Employee Stock Purchase Plan and forms of equity agreements thereunder.	10-Q	001-37883	10.1	5/24/2023	
10.13+	Executive Incentive Compensation Plan.	S-1	333-208711	10.14	12/22/2015	
10.14+	Offer Letter, dated as of December 7, 2020, by and between Nutanix, Inc. and Rajiv Ramaswami.	8-K	001-37883	10.1	12/9/2020	
10.15+	Offer Letter, dated as of April 10, 2022, by and between the Registrant and Rukmini Sivaraman.	8-K	001-37883	10.1	4/12/2022	
10.16+	Offer Letter, dated as of October 17, 2011, by and between the Registrant and David Sangster.	S-1	333-208711	10.11	12/22/2015	
10.17+	Offer Letter, dated as of November 20, 2017, by and between the Registrant and Tyler Wall.	10-Q	001-37883	10.1	3/15/2018	
10.18+	Form of Global Restricted Stock Unit Agreement for the Stock Price Performance-Based Restricted Stock Units.	8-K	001-37883	10.1	1/9/2024	
10.19+††	Form of Global Restricted Stock Unit Agreement for the Operational Metrics Performance-Based Restricted Stock Units.	8-K	001-37883	10.2	1/9/2024	
10.20+	Transition Agreement and Release, dated as of February 7, 2024, by and between the Registrant and Tyler Wall.	10-Q	001-37883	10.3	3/7/2024	
10.21+	Offer Letter, dated as of April 29, 2024, by and between the Registrant and Brian Martin.					X
10.22+	Senior Advisor Agreement, dated as of September 3, 2024, by and between the Registrant and David Sangster.					X
10.23+	Change of Control and Severance Policy.	10-K	001-37883	10.16	9/21/2022	
10.24+	Executive Severance Policy.	10-K	001-37883	10.17	9/21/2021	
10.25†	Original Equipment Manufacturer (OEM) Purchase Agreement, dated as of May 16, 2014, by and among the Registrant, Nutanix Netherlands B.V. and Super Micro Computer Inc., as amended by Amendment One to Original Equipment Manufacturer (OEM) Purchase Agreement, dated as of November 13, 2017 and Amendment Two to Original Equipment Manufacturer (OEM) Purchase Agreement dated as of October 31, 2018.	10-Q	001-37883	10.2	6/5/2019	
10.26††	Amendment Two to Original Equipment Manufacturer (OEM) Purchase Agreement, dated as of October 31, 2018, by and between the Registrant and Super Micro Computer, Inc.	10-Q	001-37883	10.1	6/10/2024	

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Number	Exhibit Title	Incorporated by Reference			Filing Date	Filed Herewith
		Form	File No.	Exhibit		
10.27	Participation Agreement to the Original Equipment Manufacturer Purchase Agreement, entered into as of September 26, 2019, by and between the Registrant, Nutanix Netherlands B.V. and Super Micro Computer, Inc.	10-Q	001-37883	10.5	12/5/2019	
10.28†	Amendment Three to Original Equipment Manufacturer (OEM) Purchase Agreement, dated as of December 20, 2020, by and between the Registrant and Super Micro Computer Inc.	10-Q	001-37883	10.1	3/4/2021	
10.29†	Amendment Four to Original Equipment Manufacturer (OEM) Purchase Agreement, dated as of November 5, 2021, by and between the Registrant and Super Micro Computer Inc.	10-Q	001-37883	10.1	3/10/2022	
10.30	Office Lease, dated as of August 5, 2013, as amended to date, by and between the Registrant and CA-1740 Technology Drive Limited Partnership.	S-1/A	333-208711	10.15	8/16/2016	
10.31	Office Lease, dated as of April 23, 2014, as amended to date, by and between the Registrant and CA-Metro Plaza Limited Partnership.	S-1/A	333-208711	10.16	8/16/2016	
10.32	Sixth Amendment to the Office Lease dated as of January 29, 2018, by and between the Registrant and Hudson 1740 Technology, LLC.	10-Q	001-37883	10.1	6/12/2018	
10.33	Seventh Amendment to the Office Lease dated as of April 4, 2018, by and between the Registrant and Hudson 1740 Technology, LLC.	10-Q	001-37883	10.2	6/12/2018	
10.34	Eighth Amendment to the Office Lease, dated as of November 23, 2020, by and between the Registrant and Hudson 1740 Technology, LLC.	10-Q	001-37883	10.3	12/3/2020	
10.35	Ninth Amendment to the Office Lease dated as of August 23, 2021, by and between the Registrant and Hudson 1740 Technology, LLC.	10-Q	001-37883	10.1	12/2/2021	
10.36	Tenth Amendment to the Office Lease dated as of May 18, 2022, by and between the Registrant and Hudson 1740 Technology, LLC.	10-Q	001-37883	10.3	6/2/2022	
10.37	Eleventh Amendment to the Office Lease dated as of June 28, 2022, by and between the Registrant and Hudson 1740 Technology, LLC.	10-K	001-37883	10.34	9/21/2022	
10.38	Twelfth Amendment to the Office Lease dated as of August 31, 2022, by and between the Registrant and Hudson 1740 Technology, LLC.	10-K	001-37883	10.35	9/21/2022	
10.39	Thirteenth Amendment to the Office Lease dated as of November 16, 2023, by and between the Registrant and Hudson 1740 Technology, LLC.	10-Q	001-37883	10.1	12/7/2023	
10.40	Fourth Amendment to the Office Lease dated as of April 4, 2018, by and between the Registrant and Hudson Metro Plaza, LLC.	10-Q	001-37883	10.3	6/12/2018	
10.41	Fifth Amendment to the Office Lease dated as of October 1, 2018, by and between the Registrant and Hudson Metro Plaza, LLC.	10-Q	001-37883	10.1	12/10/2018	
10.42	Sixth Amendment to the Office Lease dated as of April 5, 2019, by and between the Registrant and Hudson Metro Plaza, LLC.	10-K	001-37883	10.28	9/24/2019	

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Number	Exhibit Title	Incorporated by Reference			Filing Date	Filed Herewith
		Form	File No.	Exhibit		
10.43	Seventh Amendment to the Office Lease dated as of April 25, 2019, by and between the Registrant and Hudson Metro Plaza, LLC.	10-K	001-37883	10.29	9/24/2019	
10.44††	Eighth Amendment to the Office Lease, dated as of September 17, 2019, by and between the Registrant and Hudson Metro Plaza, LLC.	10-Q	001-37883	10.1	12/5/2019	
10.45	Ninth Amendment to the Office Lease, dated as of November 23, 2020, by and between the Registrant and Hudson Metro Plaza, LLC.	10-Q	001-37883	10.5	12/3/2020	
10.46	Tenth Amendment to the Office Lease, dated as of June 28, 2022, by and between the Registrant and Hudson Metro Plaza, LLC.	10-K	001-37883	10.42	9/21/2022	
10.47	Eleventh Amendment to the Office Lease, dated as of August 31, 2022, by and between the Registrant and Hudson Metro Plaza, LLC.	10-K	001-37883	10.43	9/21/2022	
10.48	Office Lease, dated as of April 4, 2018, by and between the Registrant and Hudson Concourse, LLC.	10-Q	001-37883	10.4	6/12/2018	
10.49††	First Amendment to the Office Lease dated as of September 5, 2018, by and between the Registrant and the Hudson Concourse, LLC.	10-K	001-37883	10.31	9/24/2019	
10.50	Office Lease for 1741 Technology Dr., dated as of September 5, 2018, by and between the Registrant and Hudson Concourse, LLC.	10-Q	001-37883	10.2	12/10/2018	
10.51	First Amendment to the Office Lease, dated as of October 22, 2019, by and between the Registrant and Hudson Concourse, LLC.	10-Q	001-37883	10.2	12/5/2019	
10.52††	Confirmation Letter, dated as of November 12, 2019, relating to the Office Lease by and between the Registrant and Hudson Concourse, LLC.	10-Q	001-37883	10.3	12/5/2019	
10.53	Second Amendment to the Office Lease, dated as of November 23, 2020, by and between the Registrant and Hudson Concourse, LLC.	10-Q	001-37883	10.4	12/3/2020	
10.54	Third Amendment to the Office Lease, dated as of April 30, 2022, by and between the Registrant and Hudson Concourse, LLC.	10-K	001-37883	10.50	9/21/2022	
10.55	Fourth Amendment to the Office Lease, dated as of June 15, 2022, by and between the Registrant and Hudson Concourse, LLC.	10-K	001-37883	10.51	9/21/2022	
10.56	Fifth Amendment to the Office Lease, dated as of July 28, 2022, by and between the Registrant and Hudson Concourse, LLC.	10-K	001-37883	10.52	9/21/2022	
10.57	Investment Agreement, dated as of August 26, 2020, by and among Nutanix, Inc. and BCPE Nucleon (DE) SPV, LP.	8-K	001-37883	10.1	8/27/2020	
10.58	Amendment to Investment Agreement, dated as of September 24, 2020, by and between the Registrant and BCPE Nucleon (DE) SPV, LP.	8-K	001-37883	10.1	9/24/2020	
19.1	Insider Trading Policy.					X
21.1	List of significant subsidiaries of the Registrant.					X
23.1	Consent of Deloitte & Touche LLP, Independent					X

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<u>Number</u>	<u>Exhibit Title</u>	<u>Form</u>	<u>Incorporated by Reference</u>			<u>Filed Herewith</u>
			<u>File No.</u>	<u>Exhibit</u>	<u>Filing Date</u>	
	Registered Public Accounting Firm.					
24.1	Power of Attorney (included on the Signatures page of this Annual Report on Form 10-K).					X
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14a and 15d-14a, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14a and 15d-14a, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					X
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					X
97.1	Compensation Recovery Policy.					X
101.INS	Inline XBRL Instance Document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.	Inline XBRL Taxonomy Extension Definition.					X
101.	Inline XBRL Taxonomy Extension Label Linkbase					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)					X

† Confidential treatment has been requested for portions of this exhibit. These portions have been omitted and have been filed separately with the Securities and Exchange Commission.

†† Certain confidential information contained in this Exhibit was omitted by means of marking such portions with brackets because the identified confidential information is both (i) not material and (ii) the type of information that the registrant treats as private or confidential.

* These exhibits are furnished with this Annual Report on Form 10-K and are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any filing of Nutanix, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filings.

+Indicates a management contract or compensatory plan or arrangement.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NUTANIX, INC.

Date: September 19, 2024

By: /s/ Rajiv Ramaswami

Rajiv Ramaswami
President and Chief Executive Officer
(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Rajiv Ramaswami and Rukmini Sivaraman, jointly and severally, his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendments to this report, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Rajiv Ramaswami</u> Rajiv Ramaswami	President and Chief Executive Officer (<i>Principal Executive Officer</i>)	September 19, 2024
<u>/s/ Rukmini Sivaraman</u> Rukmini Sivaraman	Chief Financial Officer (<i>Principal Financial and Accounting Officer</i>)	September 19, 2024
<u>/s/ Craig Conway</u> Craig Conway	Director	September 19, 2024
<u>/s/ Max de Groen</u> Max de Groen	Director	September 19, 2024
<u>/s/ Virginia Gambale</u> Virginia Gambale	Director	September 19, 2024
<u>/s/ Steven J. Gomo</u> Steven J. Gomo	Director	September 19, 2024
<u>/s/ David Humphrey</u> David Humphrey	Director	September 19, 2024
<u>/s/ Gayle Sheppard</u> Gayle Sheppard	Director	September 19, 2024
<u>/s/ Brian M. Stevens</u> Brian M. Stevens	Director	September 19, 2024
<u>/s/ Mark Templeton</u> Mark Templeton	Director	September 19, 2024

NUTANIX, INC.
2016 EQUITY INCENTIVE PLAN
GLOBAL RESTRICTED STOCK UNIT AGREEMENT
(FOR FISCAL YEAR 2025 PERFORMANCE-BASED RESTRICTED STOCK UNITS)

Unless otherwise defined herein, the terms defined in the Nutanix, Inc. 2016 Equity Incentive Plan (the "Plan") will have the same defined meanings in this Global Restricted Stock Unit Agreement, including the Notice of Restricted Stock Unit Grant (the "Notice of Grant"), the Terms and Conditions of Restricted Stock Unit Grant, attached hereto as Exhibit A, and the Country-Specific Terms and Conditions, attached hereto as Exhibit B (collectively this "Award Agreement").

NOTICE OF RESTRICTED STOCK UNIT GRANT

Participant:

Participant has been granted the right to receive an Award of Restricted Stock Units, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number

Date of Grant

Target Restricted Stock Units

Vesting Schedule:

The Restricted Stock Units will vest in accordance with the Performance Condition Appendix attached hereto.

In the event Participant ceases to be a Service Provider for any or no reason before Participant vests in the Restricted Stock Units, the Restricted Stock Units and Participant's right to acquire any shares of Class A common stock ("Shares") hereunder will immediately terminate.

For purposes of this Award, Participant's status as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to Nutanix, Inc. (the "Company") or any Parent or Subsidiary of the Company (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment or service agreement, if any). Unless explicitly required by applicable legislation, such date will not be extended by any notice period (e.g., Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment or service agreement, if any). Unless otherwise expressly provided in the Plan or the

Award Agreement or determined by the Company, Participant's right to vest in the Restricted Stock Units under the Plan, if any, will terminate as of such date and Participant will not earn, or be entitled to earn, any pro-rated vesting for that portion of time before the date on which the Participant 's right to vest terminates, nor will Participant be entitled to any compensation for lost vesting.

Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and this Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and this Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated above.

PARTICIPANT IS REQUIRED TO ACCEPT THIS AWARD ELECTRONICALLY BY ACCESSING THE E*TRADE FINANCIAL SERVICES, INC. ("E*TRADE") WEBSITE AT WWW.ETRADE.COM. BY CLICKING ON THE "ACCEPT" BUTTON ON THE E*TRADE WEBSITE, PARTICIPANT ACCEPTS THIS AWARD AND AGREES TO BE BOUND BY THE TERMS OF THIS AWARD AGREEMENT (INCLUDING EXHIBITS A AND B HERETO) AND THE PLAN. PARTICIPANT FURTHER ACKNOWLEDGES THAT SUCH ELECTRONIC ACCEPTANCE OF THIS AWARD AGREEMENT SHALL HAVE THE SAME BINDING EFFECT AS A WRITTEN OR HARD COPY SIGNATURE.

PERFORMANCE CONDITION APPENDIX

1. Eligibility

The number of Restricted Stock Units (“RSUs”) set forth in the Notice of Grant that will be eligible to vest and to be released to Participant (1) may be more or less than the Target Restricted Stock Units set forth in the Notice of Grant but (2) may not exceed 200% of the Target Restricted Stock Units set forth in the Notice of Grant.

2. TSR Terms and Conditions

The RSUs will be eligible to vest and to be released to Participant in up to 3 installments based on the Total Shareholder Return (“TSR”) of the Company during the following performance periods (each, a “Performance Period”):

- (i) August 1, 2024 to July 31, 2025 (“Performance Period One”);
- (ii) August 1, 2024 to July 31, 2026 (“Performance Period Two”); and
- (iii) August 1, 2024 to July 31, 2027 (“Performance Period Three”).

Up to 1/3 of the RSUs will be eligible to vest as a result of performance for each of Performance Period One and Performance Period Two. Achievement shall be capped at 100% Achievement Percentage (as defined below) for Performance Period One and Performance Period Two.

100% of the RSUs (as may be increased as a result of any Achievement Percentage in excess of target) will be eligible to vest with respect to Performance Period Three, *less* any RSUs that already vested in Performance Period One and Performance Period Two.

3. Process for Determining Achievement in Each Performance Period. The following process will be implemented to determine the Achievement Percentage during each Performance Period.

Relative TSR. Except as provided under “*Change in Control*” below, the number of RSUs (if any) that will be eligible to vest will be determined based on the TSR of the Company (the “Company TSR”) during each Performance Period relative to the TSRs of the Indexed Companies (each, an “Indexed Company TSR”) during the applicable Performance Period, determined as follows:

Step 1: Calculate the beginning price with respect to the Company and each Indexed Company by determining the average of the closing market prices of such company’s common stock on the principal exchange on which such stock is traded for the trading days falling during the two (2) calendar months ending with the last calendar day before the beginning of the applicable Performance Period (each, a “Beginning Price”). For illustrative purposes, the Beginning Price for Performance Period One will be the average of the closing market prices for the trading days on and between June 1, 2024 and July 31, 2024. For the purpose of determining a Beginning Price, the value of dividends and other distributions (the ex-dividend date for which

occurs during the 2 calendar month measurement period) will be determined by treating them as reinvested in additional shares of stock at the closing market price on the ex-dividend date.

Step 2: Calculate the ending price with respect to the Company and each Indexed Company by determining the average of the closing market prices of such company's common stock on the principal exchange on which such stock is traded for the trading days falling during the two (2) calendar months ending with the last calendar day of the Performance Period (each, an "Ending Price"). For illustrative purposes, the Ending Price for Performance Period One will be the average of the closing market prices for the trading days on and between June 1, 2025 and July 31, 2025. For the purpose of determining an Ending Price, the value of dividends and other distributions (the ex-dividend date for which occurs during the Performance Period) will be determined by treating them as reinvested in additional shares of stock at the closing market price on the ex-dividend date.

Step 3: Calculate the Company TSR and each Indexed Company TSR by applying the following formula: (Ending Price/Beginning Price)-1. The Company TSR and each Indexed Company TSR will each be expressed as a percent of increase (i.e., a positive percent) or decrease (i.e., a negative percent) without rounding.

Step 4: Rank the Company TSR and the Indexed Company TSRs from highest (highest positive percentage) to lowest (highest negative percentage).

Step 5: Based on the percentile ranking of the Company TSR relative to the Indexed Company TSRs under Step 4, the number of RSUs that will become Eligible RSUs for the Performance Period (if any) will be the product of (x) the Achievement Percentage (as defined below) multiplied by (y) the applicable RSUs eligible to vest during the applicable Performance Period, with the number of resulting Shares rounded up to the nearest whole Share. Achievement shall be capped at 100% Achievement Percentage for Performance Period One and Performance Period Two.

With respect to the calculations under either Performance Period Three and/or the Change in Control Performance Period (as defined below), the number of RSUs that will become Eligible RSUs (if any), as provided above, will be reduced by RSUs that already vested in Performance Period One and Performance Period Two. Further, no RSUs that had already vested and settled in either a fully completed Performance Period One or Performance Period Two would be impacted or subject to forfeiture as a result of achievement in Performance Period Three and/or the Change in Control Performance Period.

The "Achievement Percentage" for a Performance Period is the percentage achievement of the targeted Company TSR performance relative to the TSRs of the Indexed Companies for such Performance Period, and is determined based on the percentile rank of Company TSR relative to the TSRs of the Indexed Companies as follows, subject to Section 4 below:

Percentile Rank	Achievement Percentage
Threshold: 25 th Percentile	50%
Target: 50 th Percentile	100%
Maximum: 75th Percentile	200%

If the Company TSR ranks among the Indexed Company TSRs at a percentile that falls between the percentile thresholds set forth above, the Achievement Percentage will be (i) determined based on a linear interpolation between the corresponding Achievement Percentages for such thresholds and (ii) expressed as a percentage (with the percentage rounded to 4 decimals). For the avoidance of doubt, there shall be 0% Achievement Percentage for a Percentile Rank below the 25th Percentile (without rounding).

For purposes of performing the calculations in Steps 1 through 5, the Administrator will be permitted to rely on a tracker established by Infinite Equity, or another 3rd party firm specialized in tracking the Company TSR and each Indexed Company TSR (the “Tracker”) and any result calculated by the Tracker and used by the Administrator for purposes of this Award will be deemed to be correct and final for all purposes. The Administrator’s determination as to the number of the RSUs that become Eligible RSUs will be deemed to be final and binding on Participant and will be given the maximum deference permitted by Applicable Laws.

Change in Control. Notwithstanding the foregoing paragraph, if Participant remains a Service Provider through immediately prior to a Change in Control occurring before the last day of Performance Period Three, the number of RSUs that will become Eligible RSUs (if any) will be calculated applying Steps 1 through 5, except as follows:

- (a) Rather than being determined based on the Company TSR relative to the Indexed Company TSRs during the Performance Period, the number of Eligible RSUs (if any) will instead be determined based on the Company TSR during the period beginning on August 1, 2024 and ending on the date the Change in Control occurs (the “Change in Control Performance Period”) relative to the Indexed Company TSRs during the Change in Control Performance Period, and any references to the “Performance Period” under the “Relative TSR” section will refer to the “Change in Control Performance Period.”
- (b) The Ending Price for purposes of calculating Company TSR during the Change in Control Performance Period will equal the price payable for a Share in connection with the Change in Control, with the final determination of the amount so payable determined by the Administrator. If all (or a portion) of the price payable for a Share in connection with the Change in Control is stock of the acquiror, such stock will be valued in the same manner as the Ending Price was determined, except using the a acquiror closing market prices rather than the Company closing market prices.
- (c) The Ending Prices for each share of an Indexed Company will be the average of the closing market prices of such company’s common stock on the principal exchange on which such stock is traded for two (2) calendar months ending on the last day of the Change in Control Performance Period.
- (d) Immediately prior to the Change in Control, the Administrator will certify in writing the Company TSR percentile rank relative to the Indexed Company TSRs and the number of Eligible RSUs.

(e) Notwithstanding Section 5 below, the number of Eligible RSUs that will vest and be settled upon the Change in Control equals the total Eligible RSUs for the Change in Control Performance Period pro-rated for the portion of Performance Period Three that has been completed through the effective date of the Change in Control, less any RSUs that vested (if at all) during Performance Period One and Performance Period Two. For example, if a Change of Control were to take effect on August 1, 2026, the number of Eligible RSUs that will vest and be settled upon the Change in Control equals 67% of the total Eligible RSUs for the Change in Control Performance Period, less any RSUs that vested (if at all) during Performance Period One and Performance Period Two.

(f) Any remaining unvested Eligible RSUs will be subject to time-based vesting and will vest and be released to Participant on the Vesting Date, subject to Participant continuing to be a Service Provider through such Vesting Date.

(g) For the avoidance of doubt, any existing double-trigger vesting acceleration provisions that apply to time-vested equity, whether under the Company's Change of Control and Severance Policy or another separate agreement, for Participant will apply to those Eligible RSUs subject to time-based vesting following a Change in Control.

4. Maximum Value Cap with Respect to Performance Period Three or the Change in Control Performance Period

The following limitation shall apply with respect to Performance Period Three or the Change in Control Performance Period (in the applicable case, the "Designated Performance Period") if the product of (x) the Achievement Percentage for the Designated Performance Period *multiplied by* (y) the Ending Price for the Designated Performance Period exceeds \$267.30. In this situation, the Achievement Percentage for the Designated Performance Period will be reduced so that the product of (x) the Achievement Percentage for the Designated Performance Period *multiplied by* (y) the Ending Price for the Designated Performance Period equals \$267.30. For the avoidance of doubt, the RSUs that would otherwise become Eligible RSUs under this paragraph will be reduced by RSUs that already vested (if any) during Performance Period One and Performance Period Two.

5. Vesting and Release

Once the Administrator has determined the Achievement Percentage for a Performance Period, 100% of Participant's Eligible RSUs with respect to such Company TSRs for the Performance Period will vest and be released to Participant on the Vesting Date for that Performance Period, subject to Participant continuing to be a Service Provider through such Vesting Date.

6. Authority of the Administrator

The determination of the Achievement Percentage for any Performance Period, in each case, will be made solely by the Administrator. In making its determination, the Administrator

may take into account any factors that it deems applicable. The determination, decision or action of the Administrator with respect to this Award will be final, conclusive, and binding upon Participant, and will be given the maximum possible deference permitted by law.

7. Definitions

For purposes of the above, the following terms shall have the following meanings:

Eligible RSUs shall mean, with respect to a Performance Period, the number, if any, of RSUs that will be eligible to vest and to be released to Participant for such Performance Period, calculated in accordance with the applicable table above, rounded downward to the nearest whole number.

Index means the NASDAQ Composite Index (which, as of the date of this Award Agreement, is represented by the symbol ("^IXIC")) or any successor index thereto.

Indexed Companies means the companies in the Index as of the beginning of the Performance Period, excluding the Company and any companies that cease trading during the Performance Period as a result of being acquired. For the avoidance of doubt, if a company that is in the Index as of the beginning of a Performance Period makes an acquisition, is removed from the index, or goes into bankruptcy, such company shall not be excluded as an Indexed Company for that Performance Period due to such changes.

Vesting Date shall mean: (x) September 15, 2025, with respect to Performance Period One; (y) September 15, 2026, with respect to Performance Period Two; and (z) September 15, 2027, with respect to Performance Period Three or the Change in Control Performance Period.

EXHIBIT A

TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT

1. Grant. The Company hereby grants to the individual named in the Notice of Grant (the "Participant") under the Plan an Award of Restricted Stock Units, subject to all of the terms and conditions in this Award Agreement and the Plan, which are incorporated herein by reference. Subject to Section 19(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. Company's Obligation to Pay. Each Restricted Stock Unit represents the right to receive a Share on the date it vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Sections 3 or 4 of this Award Agreement, Participant will have no right to payment of any such Restricted Stock Units. Prior to the actual payment of any vested Restricted Stock Units, such Restricted Stock Units will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Any Restricted Stock Units that vest in accordance with Sections 3 or 4 of this Award Agreement will be paid to Participant (or in the event of Participant's death, to his or her estate) in whole Shares, subject to Participant satisfying any Tax-Related Items as set forth in Section 7 of this Award Agreement. Subject to the provisions of Section 4 of this Award Agreement, such vested Restricted Stock Units shall be paid in whole Shares as soon as practicable after vesting, but in each such case within the period of sixty (60) days following the vesting date. In no event will Participant be permitted, directly or indirectly, to specify the taxable year of the payment of any Restricted Stock Units payable under this Award Agreement.

3. Vesting Schedule. Except as provided in Section 4 of this Award Agreement, and subject to Section 5 of this Award Agreement, the Restricted Stock Units awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Restricted Stock Units scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in accordance with any of the provisions of this Award Agreement unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.

4. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Administrator. For U.S. taxpayers, the payment of Shares vesting pursuant to this Section 4 shall in all cases be paid at a time or in a manner that is exempt from, or complies with, Section 409A.

Notwithstanding anything in the Plan or this Award Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) Participant is a "specified employee" within the

meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's termination as a Service Provider, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless Participant dies following his or her termination as a Service Provider, in which case, the Restricted Stock Units will be paid in Shares to Participant's estate as soon as practicable following his or her death. It is the intent of this Award Agreement that it and all payments and benefits hereunder be exempt from, or comply with, the requirements of Section 409A so that none of the Restricted Stock Units provided under this Award Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. Each payment payable under this Award Agreement is intended to constitute a separate payment for purposes of U.S. Treasury Regulation Section 1.409A-2(b)(2). For purposes of this Award Agreement, "Section 409A" means Section 409A of the Code, and any final U.S. Treasury Regulations and U.S. Internal Revenue Service guidance thereunder, as each may be amended from time to time.

5. Forfeiture upon Termination of Status as a Service Provider. Notwithstanding any contrary provision of this Award Agreement, the balance of the Restricted Stock Units that have not vested as of the time of Participant's termination as a Service Provider for any or no reason and Participant's right to acquire any Shares hereunder will immediately terminate.

6. Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, if so allowed by the Administrator in its sole discretion, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer. Notwithstanding the foregoing, if Participant is employed outside the United States, Participant is not permitted to designate a beneficiary under this Award Agreement.

7. Tax Obligations.

(a) General. Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer (the "Employer"), the ultimate liability for all U.S. federal, state, local and non-U.S. income tax, social insurance, employment tax, payroll tax, fringe benefits tax, payment on account or other tax-related items related to participation in the Plan and legally applicable to Participant ("Tax-Related Items") is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges

that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Prior to any relevant taxable or tax withholding event, as applicable, Participant will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items.

(b) Administrator Discretion and Default. Pursuant to such procedures as the Administrator may specify from time to time, the Employer shall withhold the Tax-Related Items which the Company and/or Employer determines must be withheld with respect to the Award of Restricted Stock Units (the "Tax Obligations"). The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time may permit Participant to satisfy, and Participant authorizes the Administrator to satisfy, such Withholding Tax Obligations by (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable Shares having a fair market value equal to the minimum amount that is necessary to meet the withholding requirement for such Tax Obligations (or such greater amount as Participant may elect if permitted by the Administrator, if such greater amount would not result in adverse financial accounting consequences), (iii) withholding the amount of such Tax Obligations from Participant's wages or other cash compensation payable to Participant by the Company or the Employer, (iv) delivering to the Company already vested and owned Shares having a fair market value equal to such Tax Obligations, or (v) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the minimum amount that is necessary to meet the withholding requirement for such Tax Obligations (or such greater amount as Participant may elect if permitted by the Administrator, if such greater amount would not result in adverse financial accounting consequences). As a default and unless otherwise determined by the Administrator, the Tax Obligations will be satisfied by the process set forth in clause (ii) above.

(c) Company's Obligation to Deliver Shares. For clarification purposes, in no event will the Company issue Participant any Shares unless and until arrangements satisfactory to the Administrator have been made for the payment of Participant's Tax Withholding Obligation. If Participant fails to do so by the time they become due, Participant will permanently forfeit Participant's Restricted Stock Units to which Participant's Tax Withholding Obligation relates, as well as any right to receive Shares otherwise issuable pursuant to those Restricted Stock Units.

8. Nature of Grant. In accepting the award, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the Award of Restricted Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future awards of Restricted

Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been awarded in the past;

(c) all decisions with respect to future Restricted Stock Units or other awards, if any, will be at the sole discretion of the Company;

(d) Participant is voluntarily participating in the Plan;

(e) the Award of Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not intended to replace any pension rights or compensation provided by the Employer or required under applicable law;

(f) the Award of Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;

(g) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(h) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Award Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Common Stock;

(i) unless otherwise agreed with the Company, in writing, the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a director of a Subsidiary of the Company;

(j) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan or Participant's acquisition or sale of Shares. Participant should consult with his or her personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan;

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of Participant as a Service Provider (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment or service agreement, if any); and

(l) neither the Company, the Employer nor any Parent or Subsidiary of the Company shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of

any amounts due to Participant pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any Shares acquired upon settlement.

9. Data Privacy.

(a) Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement and any other grant materials ("Data") by and among, as applicable, the Employer, the Company and any Parent or Subsidiary of the Company, for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

(b) Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan.

(c) Participant understands that Data will be transferred to the Company's stock plan service provider, currently Morgan Stanley Smith Barney, LLC and its affiliated companies including E*Trade Financial Corporate Services, Inc., any successor thereto, or such other stock plan service provider as may be selected by the Company in the future (the "Designated Broker"), which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of Data by contacting his or her local human resources representative.

(d) Participant authorizes the Company, the Designated Broker and any possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative.

(e) Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the

Company would not be able to grant Participant Restricted Stock Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

10.Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and the receipt of dividends and distributions on such Shares.

11.No Guarantee of Continued Service . PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY OR THE EMPLOYER, AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY OR THE EMPLOYER TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

12.Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company at Nutanix, Inc., 1740 Technology Drive, Suite 150, San Jose, CA 95110, USA or at such other address as the Company may hereafter designate in writing.

13.Grant is Not Transferable . Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby may not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and may not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

14.Binding Agreement . Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

15. Additional Conditions to Issuance of Shares. If at any time the Company will determine, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange or under any state, federal or foreign law, the tax code and related regulations or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate) hereunder, such issuance will not occur unless and until such listing, registration, qualification, rule compliance, consent or approval will have been completed, effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate any state, federal or foreign securities or exchange laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company has sole discretion in its efforts to meet the requirements of any such local, state, federal or foreign law or securities exchange and to obtain any such consent or approval of any such governmental authority or securities exchange.

16. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

17. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

18. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

19. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

20. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant understands and agrees that Participant should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

21. Modifications to the Award Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company.

Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable for any legal or administrative reasons, in its sole discretion and without the consent of Participant, including but not limited to the compliance with Section 409A.

22. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

23. Governing Law and Venue. This Award Agreement will be governed by the laws of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock Units or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California , and agree that such litigation will be conducted in the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where the Award of Restricted Stock Units is made and/or to be performed.

24. Imposition of Other Requirements . The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

25. Language. By accepting this Award, Participant acknowledges that he or she is sufficiently proficient in the English language, or has consulted with an advisor who is sufficiently proficient in English, so as to allow Participant to understand the terms and conditions of this Award Agreement. Further, if Participant has received this Award Agreement, or any other document related to this Award of Restricted Stock Units and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

26. Insider Trading Restrictions and Market Abuse Laws . Depending on Participant's country, the country of the broker or the country in which Shares are listed, Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States, Participant's country or the designated broker's country, which may affect his or her ability to accept, acquire, sell or attempt to sell or otherwise dispose of Shares, rights to Shares (e.g., Restricted Stock Units) or rights linked to the value of the Shares under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws or regulations in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed

before he or she possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing insider information to any third party, including fellow employees (other than on a “need to know” basis) and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant’s responsibility to comply with any applicable restrictions, and that Participant should speak to his or her personal advisor on this matter.

27. Exchange Control, Foreign Asset/Account and/or Tax Reporting . Participant’s country may have certain exchange control and/or foreign asset/account reporting requirements which may affect Participant’s ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any sale proceeds resulting from the sale of Shares) in a brokerage or bank account outside of Participant’s country. Participant may be required to report such accounts, assets or transactions to the tax or other authorities in Participant’s country. Participant also may be required to repatriate cash received from participating in the Plan to Participant’s country through a designated bank or broker and/or within a certain period of time after receipt. Participant acknowledges that it is Participant’s responsibility to comply with any applicable regulations, and that Participant should speak to a personal legal or tax advisor on this matter.

28. Country-Specific Terms and Conditions. Notwithstanding any provisions in this Award Agreement, this Award of Restricted Stock Units shall be subject to the Country-Specific Terms and Conditions for Participant’s country attached to this Award Agreement as Exhibit B. Moreover, if Participant relocates to one of the countries included therein, the terms and conditions for such country will apply to Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Country-Specific Terms and Conditions constitute part of this Award Agreement.

29. Waiver . Participant acknowledges that a waiver by the Company of breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by Participant or any other participant.

EXHIBIT B
COUNTRY-SPECIFIC
TERMS AND CONDITIONS
[separately attached]
B-1

April 29, 2024

Brian Martin

Dear Brian:

Nutanix, Inc., a Delaware corporation (the “Company”), is pleased to offer you employment with the Company on the terms described below.

1. Position. You will start in a full-time position, as **Executive Vice President, Chief Legal Officer**, and will report to Rajiv Ramaswami, Chief Executive Officer. Your currently anticipated start date is **June 24, 2024** (at the latest). In this role, you will be primarily responsible for leadership and oversight of the legal function at Nutanix. Moreover, you will render such business and professional services in the performance of your duties, consistent with your position, as shall reasonably be assigned to you by the Chief Executive Officer. This position is considered an exempt position for purposes of federal and state law, which means that you are not eligible for overtime pay. Additionally, your employment with the Company is contingent upon receipt of proof of your eligibility to work in the United States (as required by law) and completion of satisfactory reference and background checks, as determined by the Company in its sole discretion, in accordance with applicable law.

By signing this letter, you confirm with the Company that you are under no contractual or other legal obligations that would prohibit you from performing your duties with the Company.

As a Company employee, you will be expected to abide by the Company’s rules and standards. Specifically, you will be required to sign an acknowledgment that you have read and that you understand the Company’s policies and rules of conduct which will be made available to you at onboarding, including, but not limited to, the Code of Conduct of Business Conduct & Ethics and the Employee Handbook.

In compliance with federal immigration law, you must provide documentary evidence of your identity and eligibility for employment in the United States. On your first day of employment, please bring the originals of the documents that you wish to present. You will be asked to complete the relevant portion of an Employment Eligibility Verification Form (I-9). For information on the list of acceptable documents please see <https://www.uscis.gov/i-9-central/acceptable-documents>. On your first day of employment, you must have documents to verify your identity and by the end of your third business day of employment you must provide documents to verify your legal work authorization in the US. If you do not verify your authorization to work by the third business day, your employment may be terminated.

2. Compensation.

Base Salary. Your starting base salary will be **\$475,000** per year, payable in bi-weekly installments on the Company’s regular payroll dates, and in accordance with the Company’s

normal payroll procedures. This salary will be subject to adjustment pursuant to the Company's employee compensation policies in effect and as amended from time to time.

Incentive Compensation. In addition, you will be eligible for discretionary annual incentive compensation with an annual target equal to **75%** of your annual base salary, under the Company's Executive Incentive Compensation Plan. This discretionary annual incentive compensation will be subject to the achievement of performance targets (which may include individual, business division, or corporate targets) which will be set by the Company's Board of Directors ("Board") or its Compensation Committee (the "Committee"). Achievement of the performance targets and payment of your incentive compensation shall be determined, in good faith, by the Board or the Committee (if so delegated by the Board). Your annual incentive compensation payout, if any, may be pro-rated based on your time of service during the applicable Fiscal Year.

Your base salary and your annual incentive compensation opportunity will be reviewed annually, based on your performance and/or external compensation consultant recommendations. Your actual incentive payout may therefore differ from the target incentive amount. The target incentive shall be subject to any applicable plan terms and conditions for the applicable plan period, as amended by the Company from time to time. Your eligibility for or receipt of an incentive payment in one fiscal year or plan period does not guarantee your eligibility for or receipt of an incentive payment in the next plan period, either in the applicable fiscal year or in the subsequent fiscal years.

3. Employee Benefits. As a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits. In addition, you will be entitled to paid vacation in accordance with the Company's vacation policy. You should note that the Company might modify job titles, salaries, and benefits from time to time, as it deems necessary.

4. Restricted Stock Units. Subject to the approval of the Company's Board of Directors, you will be granted the following restricted stock units under the Nutanix, Inc. 2016 Equity Incentive Plan (the "Plan"), which represent the right to receive shares of Nutanix Class A common stock if specific vesting requirements are satisfied ("RSUs").

- "Time-Based RSUs" with an aggregate estimated value of **USD \$2,500,000** where the total number of shares underlying the Time-Based RSUs will be calculated by dividing the aggregated estimated value (**USD \$2,500,000**) by the greater of:

- the average of the daily closing prices of a share of Nutanix Class A common stock over 20 consecutive trading days ending on the second trading day prior to grant date; and
- USD \$45.00

rounded down to the nearest whole share. Your grant will occur on or about the 10th calendar day of the first full month following your date of hire. If approved, the RSUs will be subject to the

terms and conditions applicable to RSUs granted under Nutanix, Inc.'s 2016 Equity Incentive Plan (the "Plan"), as described in the Plan, as well as terms and conditions to be set forth in a restricted stock unit agreement (the "RSU Agreement"), which you will be required to sign or accept in accordance with the Company's acceptance procedures. The actual value of the RSUs and the underlying shares to be issued at vesting may increase or decrease as the Company's stock price fluctuates.

If approved, shares subject to the RSUs generally vest according to the following schedule (subject to your continuous service with the Company, to be described in the RSU Agreement): the "Vesting Commencement Date" for the RSUs will be the first March 15th, June 15th, September 15th or December 15th, whichever is closest, following your employment start date; 25% of the RSUs will vest on the one-year anniversary of the Vesting Commencement Date (or, if such date falls on a weekend or a U.S. stock market holiday, the first business day thereafter) and 1/16th of the RSUs will vest in quarterly installments thereafter on the 15th day of the applicable month (or, if such date falls on a weekend or a U.S. stock market holiday, the first business day thereafter), so as to be 100% vested on the date that is the fourth anniversary of the Vesting Commencement Date (the "Original Vesting Schedule"). In the event that your continuous service ceases prior to an applicable vesting date in the Original Vesting Schedule, then the RSUs and your right to acquire any shares subject to the RSUs will immediately terminate.

- Performance-Based RSUs ("PSUs") with an aggregate estimated value of **USD \$2,500,000** where the total number of shares underlying the PSUs will be calculated by dividing the aggregated estimated value (**USD \$2,500,000**) by the per unit value in accordance with the terms and conditions approved by the Company's Board of Directors or its Compensation Committee, rounded down to the nearest whole share. We anticipate that the per unit valuation will be subject to standard accounting practices for performance-based awards, including a Monte Carlo simulation. The PSUs will be aligned to the PSU component of the annual equity awards granted to our executives in FY25, the terms and conditions of which will be detailed in the applicable restricted stock unit agreements ("RSU Agreements"). It is currently anticipated that these awards will occur in the first quarter of FY25. Subject to the approval of the Board or its Compensation Committee and your continued status as a Service Provider (as defined in the Plan), the PSUs will be eligible to vest in accordance with such terms and conditions, which are expected to have a three-year performance period (FY25-FY27).

Where any scheduled vesting date falls on a weekend or a U.S. stock market holiday, the shares will vest on the first business day thereafter. In the event that your continued status as a Service Provider ceases prior to an applicable vesting date in the vesting schedule for any of the RSUs listed above, then any unvested RSUs and your right to acquire any shares subject to such unvested RSUs will immediately terminate. All RSUs will be subject to the terms and conditions applicable to RSUs granted under the Plan, as well as terms and conditions to be set forth in restricted stock unit agreements ("RSU Agreements"), which you will be required to sign if your RSUs are approved.

You should consult with your own tax advisor concerning the tax risks associated with accepting RSUs that cover the Company's common stock.

5. Change of Control. Provided you have executed a participation agreement for such policy, you will be eligible to participate in the Company's Change of Control and Severance Policy (the "CoC Policy") at the **EVP level**, pursuant to the terms of such participation agreement.

6. Severance. Provided you have executed a participation agreement for such policy, you will be eligible to participate in the Company's Executive Severance Policy at the **EVP level**, pursuant to the terms of such participation agreement.

7. Confidential Information and Invention Assignment Agreement. Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's enclosed standard Confidential Information and Inventions Assignment Agreement ("CIIAA"), which requires, among other provisions, the assignment of patent rights to any invention made during your employment at the Company, and non-disclosure of Company proprietary information. Please note that we must receive your signed CIIAA before your first day of employment. A copy of this is attached hereto.

8. Dispute Resolution Agreement. You will also be required, as a condition of your employment with the Company, to sign the enclosed Dispute Resolution Agreement, which applies mutually to you and the Company, and requires final and binding arbitration of covered claims and disputes. Please note that we must receive your signed Dispute Resolution Agreement before your first day of employment. A copy of this is attached hereto.

9. At-Will Employment Relationship. Employment with the Company is for no specific period of time. Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations which may have been made to you are superseded by this offer. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and the Company's Chief Executive Officer.

10. Outside Activities. While you render services to the Company, you agree that you will not engage in any other employment, consulting or other business activity without the written consent of the Company. Similarly, you agree not to bring any third-party confidential information to the Company, including that of your former employer, and that in performing your duties for the Company you will not in any way utilize any such information. In addition, while you render services to the company, you will not assist any person or entity in competing with the Company, in preparing to compete with the Company or in hiring any employees or consultants of the Company.

11. Withholding Taxes. All forms of compensation referred to in this letter are subject to

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applicable withholding and payroll taxes.

12. Governing Law. This letter agreement shall be governed by the laws of U.S. State in which you primarily work for the Company without regard to conflict of law rules or principles; provided, however, that any arbitration agreement between the parties shall be governed by and enforced in accordance with the Federal Arbitration Act irrespective of anything in this Agreement to the contrary.

13. Entire Agreement. This letter agreement, along with the exhibits hereto, the CIIA, the Plan, the RSU Agreements, the CoC Policy and the applicable participation agreement under the CoC Policy, and the Executive Severance Policy and the applicable participation agreement under the Executive Severance Policy set forth the terms of your employment with the Company, and supersede and replace any prior representations, understandings or agreements, whether oral, written, or implied, between you and the Company regarding the matters described in this letter agreement. This letter agreement, including, but not limited to, its at-will employment provision, may not be modified or amended except by a written agreement signed by the Chief Executive Officer of the Company and you. If any provision of this letter agreement or any application of any provision of this letter agreement is held invalid, the invalidity shall not affect other provisions or applications of this letter agreement which can be given effect without the invalid provision or application. To this end, the provisions of this letter agreement are severable.

-Signature page follows-

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If you wish to accept this offer, please sign and date both the enclosed duplicate original of this letter and the enclosed Confidential Information & Inventions Assignment Agreement and return them via DocuSign. This offer, if not accepted, will expire at 4:00 pm PT on the third business day after it is delivered to you via DocuSign.

We look forward to having you join us.

Sincerely,

Nutanix, Inc.

/s/ Anja Hamilton

Anja Hamilton
EVP and Chief People Officer

ACCEPTED AND AGREED: I confirm I am **Brian Martin**, and I intend to electronically sign this document. I intend that my electronic signature shall be binding upon me in the same way as my handwritten signature.

Brian Martin

/s/ Brian Martin (Signature)

4/29/2024 Date

SENIOR ADVISOR AGREEMENT

This Senior Advisor Agreement (this "Agreement") is made and entered into as of September 3, 2024 by and between Nutanix, Inc, a Delaware corporation with its principal place of business at 1740 Technology Drive, San Jose CA 95110 (hereinafter referred to as the "Company") and David Sangster (hereinafter referred to as the "Advisor") (collectively referred to herein as the "Parties").

WHEREAS, the Advisor has been employed as the Company's Chief Operating Officer;

WHEREAS, the Advisor has submitted a resignation letter to the Company stating his intention to conclude his employment with the Company as of October 31, 2024 ("Separation Date");

WHEREAS, the Company desires to retain the services of the Advisor after the Advisor's Separation Date (which shall constitute a break in service) to provide advisory services to the Company; and

WHEREAS, the Advisor agrees to provide such services to the Company on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the Parties agree as follows:

1. Engagement of Services

a. Effective as of November 1, 2024 (the "Effective Date"), the Company will engage the Advisor, and the Advisor agrees to provide senior advisory services ("Services") to the Company, including but not limited to: (i) providing strategic advice and guidance to the Company's senior management, (ii) enabling the transition of any successor(s) appointed to assume the Advisor's current work responsibilities, (iii) assisting in the development of business strategies and initiatives, (iv) facilitating introductions and networking opportunities, and (v) advising on industry trends and developments.

b. The Advisor agrees to provide a maximum of five (5) hours of Services per week during the Term (as hereinafter defined).

2. Term

The term of this Agreement shall commence on the Effective Date and shall continue until December 31, 2024, unless extended or earlier terminated in accordance with the provisions of this Agreement (the "Term").

3. Compensation

a. The Company will pay the Advisor an advisory fee of \$10,000 per month, payable in accordance with the Company's regular payment practices. The Company shall issue the Advisor an IRS Form 1099 reflecting all such payments made in a given tax year.

b. The Advisor will not be eligible to receive incentive compensation or to participate in Company-sponsored benefits in connection with the Services provided under this Agreement.

c. The Advisor will not be eligible to receive equity compensation in connection with the Services provided under this Agreement and, effective on the Separation Date, the Advisor shall not continue to vest in any of his outstanding unvested time-based restricted stock units, performance-based restricted stock units or any other equity-based awards granted by the Company, which shall terminate and be forfeited to the Company on the Separation Date.

d. The Company agrees to reimburse the Advisor for all reasonable and necessary expenses incurred in connection with the performance of the services, subject to prior approval by the Company's Chief Executive Officer. As a condition to receipt of reimbursement, the Advisor shall be required to submit expenses in accordance the Company's then-current travel and expense policy.

4. Independent Contractor. During the Term, the Advisor shall act as an independent contractor and not as an employee, agent, or representative of the Company. The Company will not make deductions from payments made to the Advisor for employment or income taxes, all of which will be the Advisor's responsibility. The Advisor agrees to indemnify and hold the Company harmless from any liability for, or assessment of, any such taxes imposed on the Company by relevant taxing authorities. The Advisor will have no authority to enter into contracts that bind the Company or any of its subsidiaries or create obligations on the part of the Company or any of its subsidiaries without the prior written authorization of the Company.

5. Confidentiality and Company Policies. The Advisor agrees to execute and comply with the Company's Confidential Information and Invention Assignment Agreement ("CIIA"), a copy of which is attached hereto as Exhibit A. The Advisor further agrees to perform services hereunder in compliance with Company's policies, including the Company's Code of Business Conduct and Ethics and Insider Trading Policy.

6. Termination. Prior to completion of the Term, this Agreement may be terminated by either Party upon 30 days' written notice to the other party. In the event of termination, the Company shall pay the Advisor for services rendered and expenses incurred up to the date of termination.

8. Non-Compete and Non-Solicitation. The Advisor agrees not to engage in any business or activities that directly compete and/or conflict with the Company's actual or potential business interests during the Term. The Advisor further agrees not to solicit any employees, customers, or clients of the Company during the Term.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to its conflict of law principles.

10. **No Rights Granted.** Nothing in this Agreement shall be construed as granting any rights under any patent, trademark, copyright or other intellectual property right of the Company, nor shall this Agreement grant the Advisor any rights in or to the Company's confidential information (as defined in the CIIA), except the limited right to use the confidential information in connection with the Services.

11. **Miscellaneous.**

- a. This Agreement constitutes the entire understanding between the Parties and supersedes all prior agreements or understandings, whether oral or written, relating to the subject matter herein.
- b. This Agreement may be amended only by a written instrument executed by both Parties.
- c. If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall continue in full force and effect.
- d. The Advisor may not assign this Agreement or delegate any duties hereunder without the prior written consent of the Company.
- e. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

Nutanix, Inc.

By: /s/ Brian Martin
Name: Brian Martin
Title: Chief Legal Officer

David Sangster

Signature: /s/ David Sangster
Date: 9/3/2024

NUTANIX, INC.

INSIDER TRADING POLICY

and

Guidelines with Respect to
Certain Transactions in Securities

(Adopted: August 19, 2015; Updated and effective as of June 20, 2024)

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INTRODUCTION

Nutanix, Inc. (together with its subsidiaries, the “**Company**”) forbids the unauthorized disclosure of any nonpublic information acquired in the course of your service with the Company and the misuse of material nonpublic information in securities trading. Any such actions will be deemed violations of this Insider Trading Policy (the “**Policy**”).

Legal prohibitions on insider trading

The antifraud provisions of U.S. federal securities laws prohibit directors, officers, employees and other individuals who possess material nonpublic information from trading on the basis of that information. Transactions will be considered “on the basis of” material nonpublic information if the person engaged in the transaction was aware of the material nonpublic information at the time of the transaction. It is not a defense that the person did not “use” the information for purposes of the transaction.

Disclosing material nonpublic information directly or indirectly to others who then trade based on that information or making recommendations or expressing opinions as to transactions in securities while aware of material nonpublic information (which is sometimes referred to as “**tipping**”) is also illegal. Both the person who provides the information, recommendation or opinion and the person who trades based on it may be liable.

These illegal activities are commonly referred to as “**insider trading**”. State securities laws and securities laws of other jurisdictions also impose restrictions on insider trading.

In addition, a company, as well as individual directors, officers and other supervisory personnel, may be subject to liability as “controlling persons” for failure to take appropriate steps to prevent insider trading by those under their supervision, influence or control. The Insider Trading and Securities Fraud Enforcement Act of 1988, for example, mandates that “[e]very person who, directly or indirectly, controls any person liable [for insider trading] shall also be liable jointly and severally with and to the same extent as such controlled person...unless the controlling person acted in good faith and did not directly or indirectly induce the act or acts constituting the violation or cause of action.”

Detection and prosecution of insider trading

The U.S. Securities and Exchange Commission (the “**SEC**”), the Financial Industry Regulatory Authority (“**FINRA**”) and NASDAQ use sophisticated electronic surveillance techniques to investigate and detect insider trading, and the SEC and the U.S. Department of Justice pursue insider trading violations vigorously. Cases involving trading through foreign accounts, trading by family members and friends and trading involving only a small number of shares have been successfully prosecuted.

Penalties for violation of insider trading laws and this Policy

Civil and criminal penalties. As of the effective date of this Policy, potential penalties for insider trading violations under U.S. federal securities laws include:

- damages in a private lawsuit;
- disgorging any profits made or losses avoided;

- imprisonment for up to 20 years;
- criminal fines of up to \$5 million for individuals and \$25 million for entities;
- civil fines of up to three times the profit gained or loss avoided;
- a bar against serving as an officer or director of a public company; and
- an injunction against future violations.

Civil and criminal penalties also apply to tipping. The SEC has imposed large penalties in tipping cases even when the disclosing person did not trade or gain any benefit from another person's trading.

Controlling person liability. U.S. securities laws mandate that “[e]very person who, directly or indirectly, controls any person liable [for insider trading] shall also be liable jointly and severally with and to the same extent as such controlled person...unless the controlling person acted in good faith and did not directly or indirectly induce the act or acts constituting the violation or cause of action.” As of the effective date of this Policy, the penalty for “controlling person” liability is a civil fine of up to the greater of \$2,103,861 (subject to adjustment for inflation) or three times the profit gained or loss avoided as a result of the insider trading violations, as well as potential criminal fines and imprisonment.

Company disciplinary actions. If the Company has a reasonable basis to conclude that you have failed to comply with this Policy, you may be subject to disciplinary action by the Company, up to and including termination of your employment, regardless of whether or not your failure to comply with this Policy results in a violation of law. It is not necessary for the Company to wait for the filing or conclusion of any civil or criminal action against an alleged violator before taking disciplinary action. In addition, the Company may give stop transfer and other instructions to the Company's transfer agent to enforce compliance with this Policy.

Reporting violations

It is your responsibility to understand, comply with and help enforce this Policy. The Chief Legal Officer and Legal Department are generally responsible for the administration of this Policy. You should be alert to possible violations and promptly report violations or suspected violations of this Policy to the Chief Legal Officer at 1740 Technology Drive, Suite 150, San Jose, California 95110, ATTENTION: Chief Legal Officer. If your situation requires that your identity be kept secret, your anonymity will be preserved to the greatest extent reasonably possible, or otherwise permitted by law. If you wish to remain anonymous, send a letter addressed to the Chief Legal Officer at 1740 Technology Drive, Suite 150, San Jose, California 95110, ATTENTION: Chief Legal Officer or the Audit Committee of the Board of Directors at 1740 Technology Drive, Suite 150, San Jose, California 95110, Attn: Audit Committee, or contact our anonymous hotline (a) by calling +1 (844) 723-8366 (from the U.S.) or (b) through a secure web form at nutanix.ethicspoint.com. If you make an anonymous report, please provide as much detail as possible, including any evidence that you believe may be relevant to the issue.

Personal responsibility

The ultimate responsibility for complying with this Policy and applicable laws and regulations rests with you. You should use your best judgment at all times and consult with your own personal legal and financial advisors, as needed. We advise you to seek assistance if you have any questions at all. The rules relating to insider trading can be complex, and insider trading laws impose severe sanctions on the individuals who violate them.

PERSONS AND TRANSACTIONS COVERED BY THIS POLICY

Persons covered by this Policy

This Policy applies to all directors, officers, employees and advisors (such as consultants and independent contractors) of the Company. References in this Policy to "you" (as well as general references to directors, officers, employees and advisors of the Company) should also be understood to include members of your immediate family, persons with whom you share a household, persons who are your economic dependents and any other individuals or entities whose transactions in securities you influence, direct or control (including, for example, a venture or other investment fund, if you influence, direct or control transactions by the fund). You are responsible for making sure that these other individuals and entities comply with this Policy.

Types of transactions covered by this Policy

Except as discussed in the section entitled "**Limited Exceptions**", this Policy applies to *all* transactions *involving* the securities of the Company or the securities of other companies as to which you possess material nonpublic information obtained in the course of your service with the Company. This Policy therefore applies to purchases, sales, *bona fide* gifts and other transfers of common stock, options, warrants, preferred stock, debt securities (such as debentures, bonds and notes) and other securities, including to any distribution to holders of interest in an entity if the entity is subject to this Policy. This Policy also applies to any arrangements that affect economic exposure to changes in the prices of these securities. These arrangements may include, among other things, transactions in derivative securities (such as exchange-traded put or call options), hedging transactions, short sales and certain decisions with respect to participation in benefit plans. This Policy also applies to any offers with respect to the transactions discussed above. You should note that there are no exceptions from insider trading laws or this Policy based on the size of the transaction.

Responsibilities regarding the nonpublic information of other companies

This Policy prohibits the unauthorized disclosure or other misuse of any nonpublic information of other companies, such as the Company's distributors, vendors, customers, collaborators, suppliers and competitors. This Policy also prohibits insider trading and tipping based on the material nonpublic information of other companies.

Applicability of this Policy after your departure

You are expected to comply with this Policy until such time as you are no longer affiliated with the Company *and* you no longer possess any material nonpublic information subject to this Policy. In addition, if you are subject to a trading restriction under this Policy at the time you cease to be affiliated with the Company, you are expected to abide by the applicable trading restrictions until at least the end of the relevant trading restriction period.

No exceptions based on personal circumstances

There may be instances where you suffer financial harm or other hardship or are otherwise required to forego a planned transaction because of the restrictions imposed by this Policy. Personal financial emergency or other personal circumstances are not mitigating factors under securities laws and will not excuse a failure to comply with this Policy.

MATERIAL NONPUBLIC INFORMATION

“Material” information

Information should be regarded as material if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell securities or would view the information as significantly altering the total mix of information in the marketplace about the issuer of the security. In general, any information that could reasonably be expected to affect the market price of a security is likely to be material. Either positive or negative information may be material.

It is not possible to define all categories of “material” information, as it has no precise definition and is subject to a variety of interpretations. However, some examples of information that may be regarded as material include information with respect to:

- financial results, financial condition, earnings pre-announcements, guidance, projections or forecasts, particularly if inconsistent with the expectations of the investment community;
- restatements of financial results, or material impairments, write-offs or restructurings;
- changes in independent auditors, or notification that the Company may no longer rely on an audit report;
- impending bankruptcy or financial liquidity problems;
- significant developments involving business relationships, including execution, modification or termination of significant agreements or orders with customers, suppliers, distributors, manufacturers or other business partners;
- significant product introductions, modifications, defects or recalls or other product announcements of a significant nature;
- significant legal or regulatory developments affecting the Company, whether positive or negative, actual or threatened, including litigation or resolving litigation;
- major events or transactions involving the Company’s securities;
- significant corporate events, such as a pending or proposed merger, joint venture or tender offer, a significant investment, the acquisition or disposition of a significant business or asset or a change in control of the Company;
- major personnel changes, such as significant changes in the Executive Leadership Team or employee lay-offs;
- significant disruptions in the Company’s operations or loss, potential loss, breach or unauthorized access of the Company’s property or assets, including the Company’s facilities and information technology infrastructure;
- significant data breaches of other significant cybersecurity incidents;
- updates regarding any prior material disclosure that has materially changed; and
- the existence of a special trading restriction period.

If you have any questions as to whether information should be considered "material", you should consult with the Chief Legal Officer. In general, it is advisable to resolve any close questions as to the materiality of any information by assuming that the information is material.

"Nonpublic" information

Information is considered nonpublic if the information has not been broadly disseminated to the public for a sufficient period to be reflected in the price of the security. As a general rule, information should be considered nonpublic until at least two ***full trading days*** have elapsed after the information is broadly distributed to the public in a press release, a public filing with the SEC, a pre-announced public webcast or another broad, non-exclusionary form of public communication. However, depending upon the form of the announcement and the nature of the information, it is possible that information may not be fully absorbed by the marketplace until a later time. Any questions as to whether information is nonpublic should be directed to the Chief Legal Officer.

The term "**trading day**" means a day on which national stock exchanges and the National Association of Securities Dealers, Inc. Automated Quotation System are open for trading. A "**full**" trading day has elapsed when, after the public disclosure, trading in the relevant security has opened and then closed.

POLICIES REGARDING MATERIAL NONPUBLIC INFORMATION

Confidentiality of nonpublic information

The unauthorized use or disclosure of nonpublic information relating to the Company or other companies is prohibited. All nonpublic information you acquire in the course of your service with the Company may only be used for legitimate Company business purposes. In addition, nonpublic information of others should be handled in accordance with the terms of any relevant nondisclosure agreements, and the use of any such nonpublic information should be limited to the purpose for which it was disclosed.

You must use all reasonable efforts to safeguard nonpublic information in the Company's possession. You may not disclose nonpublic information about the Company or any other company, unless required by law, or unless (i) disclosure is required for legitimate Company business purposes, (ii) you are authorized to disclose the information and (iii) appropriate steps have been taken to prevent misuse of that information (including entering an appropriate nondisclosure agreement that restricts the disclosure and use of the information, if applicable). This restriction also applies to internal communications within the Company and to communications with agents of the Company. In cases where disclosing nonpublic information to third parties is required, you should coordinate with the Legal Department.

All directors, officers, employees and advisors of the Company are required to sign and comply with an At Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement.

No trading on material nonpublic information

Except as discussed in the section entitled "**Limited Exceptions**", you may not, directly or indirectly through others, engage in any transaction involving the Company's securities *while aware of* material nonpublic information relating to the Company. It is not an excuse that you did not "use" the information in your transaction.

Similarly, you may not engage in transactions involving the securities of any other company if you are aware of material nonpublic information about that company (except to the extent the transactions are analogous to those presented in the section entitled "**Limited Exceptions**"). For example, you may be involved in a proposed transaction involving a prospective business relationship or transaction with another company. If information about that transaction constitutes material nonpublic information for that other company, you would be prohibited from engaging in transactions involving the securities of that other company (as well as transactions involving Company securities, if that information is material to the Company). It is important to note that "materiality" is different for different companies. Information that is not material to the Company may be material to another company. You should note that the Company's Code of Business Conduct and Ethics prohibits you from acquiring financial investments in other companies if your ownership would constitute a conflict of interests.

No disclosing material nonpublic information for the benefit of others

You may not disclose material nonpublic information concerning the Company or any other company to friends, family members or any other person or entity not authorized to receive such information where such person or entity may benefit by trading on the basis of such information. In addition, you may not make recommendations or express opinions on the basis of material nonpublic information as to trading in the securities of companies to which such information relates. You are prohibited from engaging in these actions whether or not you derive any profit or personal benefit from doing so.

Obligation to disclose material nonpublic information to the Company

You may not enter into any transaction, including those discussed in the section entitled "**Limited Exceptions**", unless you have disclosed any material nonpublic information that you become aware of in the course of your service with the Company, and that senior management is not aware of, to the Chief Legal Officer. If you are a member of senior management, the information must be disclosed to the Chief Executive Officer, and if you are the Chief Executive Officer or a director, you must disclose the information to the board of directors, before any transaction is permissible.

Responding to outside inquiries for information

In the event you receive an inquiry from someone outside of the Company, such as a stock analyst, for information, you should refer the inquiry to the Chief Financial Officer. The Company is required under Regulation FD (Fair Disclosure) of the U.S. federal securities laws to avoid the selective disclosure of material nonpublic information. In general, the regulation provides that when a public company discloses material nonpublic information, it must provide broad, non-exclusionary access to the information. Violations of this regulation can subject the company to SEC enforcement actions, which may result in injunctions and severe monetary penalties. The Company has established procedures for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release in compliance with applicable law. Please consult the Company's External Communications Policy for more details.

TRADING RESTRICTION PERIODS

To limit the likelihood of trading at times when there is a significant risk of insider trading exposure, the Company institutes quarterly trading restriction periods and may institute special trading restriction periods from time to time. In addition, to comply with applicable legal requirements, the Company may also institute trading restriction periods that prevent directors and officers from trading in Company securities at a time when employees are prevented from trading Company securities in the Company's 401(k) plan.

It is important to note that whether or not you are subject to trading restriction periods, you remain subject to the prohibitions on trading on the basis of material nonpublic information and any other applicable restrictions in this Policy. The fact that you are or were not subject to a trading restriction is not a defense to a claim of insider trading and does not excuse you from otherwise complying with insider trading laws or this Policy. Further, the fact that you are or were not subject to a trading restriction does not constitute an affirmation by the Company that you are not in possession of material nonpublic information.

Quarterly trading restriction periods

Except as discussed in the section entitled "**Limited Exceptions**", all directors, executive officers and all employees and advisors identified by the Company must refrain from conducting transactions involving the Company's securities during quarterly trading restriction periods. Before the start of a quarterly restriction period, the Company's Stock Plan Administration team will inform individuals (via email from the Stocks email address) whether they are subject to the quarterly trading restriction period (any such individual subject to a quarterly trading restriction period, a "**Covered Person**"). If you are unsure whether you are a Covered Person covered by the quarterly trading restriction period, please contact insidertradingpolicy@nutanix.com. If you are a Covered Person, quarterly trading restriction periods also cover your immediate family members, persons with whom you share a household, persons who are your economic dependents and any entity whose transactions in securities you influence, direct or control. Even if you are not subject to a quarterly trading restriction period, you should exercise caution when engaging in transactions during a quarterly trading restriction period because of the heightened risk of insider trading exposure.

Quarterly trading restriction periods begin at the end of the seventh trading day of the last month of each fiscal quarter and end at the start of the second full trading day following the date of public announcement of the Company's financial results for that fiscal quarter. This period is a particularly sensitive time for transactions involving the Company's securities from the perspective of compliance with applicable securities laws due to the fact that, during this period, certain individuals may often possess or have access to material nonpublic information relevant to the expected financial and operating results for the quarter.

The prohibition against trading during the quarterly trading restriction period also means that brokers cannot fulfill open orders on your behalf or on behalf of members of your immediate family, persons with whom you share a household, persons who are your economic dependents or any individual or entity whose transactions in securities you influence, direct or control (including, for example, a venture or other investment fund, if you influence, direct or control transactions by the fund), during the quarterly trading restriction period, including "limit orders" to buy or sell stock at a specific price or better and "stop orders" to buy or sell stock once the price of the stock reaches a specified price. If you are subject to quarterly trading restriction periods or pre-clearance requirements, it is your responsibility to inform any broker with whom such an open order is placed at the time it is placed.

From time to time, the Company may identify other persons who should be subject to quarterly trading restriction periods, and the Chief Legal Officer may update and revise the list of Covered Persons as appropriate.

Special trading restriction periods

From time to time, the Company may also prohibit directors, officers, employees and advisors from engaging in transactions involving the Company's securities when, in the judgment of the Chief Legal Officer, a trading restriction is warranted. The Company will generally impose special trading restriction periods when there are material developments known to the Company that have not yet been disclosed to the public. For example, the Company may impose a special trading restriction period in anticipation of announcing interim earnings guidance or a significant transaction or business development. However, special trading restriction periods may be declared for any reason.

The Company will notify those persons subject to a special trading restriction period. Each person who has been so identified and notified by the Company may not engage in any transaction involving the Company's securities until instructed otherwise by the Chief Legal Officer, and should not disclose the existence of the special trading restriction to others .

Regulation BTR restrictions

Directors and executive officers may also be subject to trading restrictions pursuant to Regulation BTR under U.S. federal securities laws. In general, Regulation BTR prohibits any director or executive officer from engaging in certain transactions involving Company securities during periods when 401(k) plan participants are prevented from purchasing, selling or otherwise acquiring or transferring an interest in certain securities held in individual account plans. Any profits realized from a transaction that violates Regulation BTR are recoverable by the Company, regardless of the intentions of the director or officer effecting the transaction. In addition, individuals who engage in such transactions are subject to sanction by the SEC as well as potential criminal liability. The Company has provided, or will provide, separate memoranda and other appropriate materials to its directors and executive officers regarding compliance with Regulation BTR.

The Company will notify directors and officers if they are subject to a trading restriction under Regulation BTR. Failure to comply with an applicable trading restriction in accordance with Regulation BTR is a violation of law and this Policy.

No “safe harbors”

There are no unconditional “safe harbors” for trades made at particular times, and all persons subject to this Policy should exercise good judgment at all times. Even when a quarterly restriction period is not in effect, you may be prohibited from engaging in transactions involving the Company’s securities because you possess material nonpublic information, are subject to a special restriction period or are otherwise restricted under this Policy.

PRE-CLEARANCE OF TRADES

Except as discussed in the section entitled "**Limited Exceptions**", directors and executive officers may not engage in any transaction involving the Company's securities without first obtaining pre-clearance of the transaction from the Chief Financial Officer and the Chief Legal Officer. The person requesting pre-clearance should submit the preclearance request to preclearance@nutanix.com and will be asked to certify that he or she is not in possession of material nonpublic information about the Company. In addition, the Company has determined that certain other employees and advisors of the Company that may have regular or special access to material nonpublic information may not engage in any transaction involving the Company's securities without first obtaining pre-clearance of the transaction from the Chief Financial Officer and the Chief Legal Officer. The Chief Legal Officer may not engage in a transaction involving the Company's securities unless the Chief Financial Officer has pre-cleared the transaction. The Chief Financial Officer may not engage in a transaction involving the Company's securities unless the Chief Legal Officer has pre-cleared the transaction. Individuals subject to pre-clearance requirements are listed on the list of Covered Persons maintained by the Chief Legal Officer. From time to time, the Company may identify other persons who should be subject to the pre-clearance requirements set forth above, and the Chief Legal Officer may update and revise the list of Covered Persons as appropriate.

These pre-clearance procedures are intended to decrease insider trading risks associated with transactions by individuals with regular or special access to material nonpublic information. In addition, requiring pre-clearance of transactions by directors and officers facilitates compliance with Rule 144 resale restrictions under the Securities Act, the liability and reporting provisions of Section 16 under the Exchange Act and Regulation BTR. **Pre-clearance of a trade, however, is not a defense to a claim of insider trading and does not excuse you from otherwise complying with insider trading laws or this Policy. Further, preclearance of a transaction does not constitute an affirmation by the Company or the Chief Legal Officer that you are not in possession of material nonpublic information.** Even after preclearance, a person must not trade the Company's securities if he or she becomes subject to a quarterly trading restriction period or aware of material nonpublic information prior to the trade being executed.

Neither the Chief Financial Officer nor the Chief Legal Officer is under any obligation to approve a transaction submitted for pre-clearance, and may determine not to permit the transaction in his or her sole discretion.

ADDITIONAL RESTRICTIONS AND GUIDANCE

This section addresses certain types of transactions that may expose you and the Company to significant risks. You should understand that, even though a transaction may not be expressly prohibited by this section, you are responsible for ensuring that the transaction otherwise complies with other provisions in this Policy that may apply to the transaction, such as the general prohibition against insider trading as well as pre-clearance procedures and restriction periods, to the extent applicable.

Short sales

Short sales (*i.e.*, the sale of a security that must be borrowed to make delivery) and “selling short against the box” (*i.e.*, a sale with a delayed delivery) with respect to Company securities are prohibited under this Policy. Short sales may signal to the market possible bad news about the Company or a general lack of confidence in the Company’s prospects, and an expectation that the value of the Company’s securities will decline. In addition, short sales are effectively a bet against the Company’s success and may reduce the seller’s incentive to improve the Company’s performance. Short sales may also create a suspicion that the seller is engaged in insider trading.

Derivative securities and hedging transactions

You are prohibited from engaging in transactions in publicly-traded options, such as puts and calls, and other derivative securities with respect to the Company’s securities. This prohibition extends to any hedging or similar transaction designed to decrease the risks associated with holding Company securities. Stock options, stock appreciation rights and other securities issued pursuant to Company benefit plans or other compensatory arrangements with the Company are not subject to this prohibition.

Using Company securities as collateral for loans

You may not pledge Company securities as collateral for loans. If you default on the loan, the lender may sell the pledged securities as collateral in a foreclosure sale. The sale, even though not initiated at your request, is still considered a sale for your benefit and, if made at a time when you are aware of material nonpublic information or otherwise are not permitted to trade in Company securities, may result in inadvertent insider trading violations, Section 16 and Reg. BTR violations (for officers and directors), violations of this Policy and unfavorable publicity for you and the Company.

Holding Company securities in margin accounts

If you are required to comply with Section 16 of the Securities Exchange Act or the trading restriction periods or pre-clearance requirements under this Policy, you may not hold Company securities in margin accounts. Under typical margin arrangements, if you fail to meet a margin call, the broker may be entitled to sell securities held in the margin account without your consent. The sale, even though not initiated at your request, is still considered a sale for your benefit and, if made at a time when you are aware of material nonpublic information or are otherwise not permitted to trade, may result in inadvertent insider trading violations, Section 16 and Reg. BTR violations (for officers and directors), violations of this Policy and unfavorable publicity for you and the Company. For these same reasons, even if you are not prohibited from holding Company securities in margin accounts, you should exercise caution when doing so.

Placing open orders with brokers

Except in accordance with an approved trading plan (as discussed below), you should exercise caution when placing open orders, such as limit orders or stop orders, with brokers, particularly where the order is likely to remain outstanding for an extended period of time. Open orders may result in the execution of a trade at a time when you are aware of material nonpublic information or otherwise are not permitted to trade in Company securities, which may result in inadvertent insider trading violations, Section 16 and Reg. BTR violations (for officers and directors), violations of this Policy and unfavorable publicity for you and the Company. If you are subject to restriction periods or pre-clearance requirements, it is your responsibility to inform any broker with whom you place any open order at the time it is placed.

LIMITED EXCEPTIONS

The following are certain limited exceptions to the restrictions imposed by the Company under this Policy. Please be aware that even if a transaction is subject to an exception to this Policy, you will need to separately assess whether the transaction complies with applicable law. For example, even if a transaction is indicated as exempt from this Policy, you may need to comply with the "short-swing" trading restrictions under Section 16 of the Exchange Act, to the extent applicable. You are responsible for complying with applicable law at all times.

Transactions pursuant to a trading plan that complies with SEC rules

The SEC has enacted rules that provide an affirmative defense against alleged violations of U.S. federal insider trading laws for transactions pursuant to trading plans that meet certain requirements. In general, these rules, as set forth in Rule 10b5-1 under the Securities Exchange Act, provide for an affirmative defense if you enter into a contract, provide instructions or adopt a written plan for trading securities when such plan is not established or modified during a quarterly trading restriction period and you are not aware of material nonpublic information. The contract, instructions or plan must (i) specify the amount, price and date of the transaction, (ii) specify an objective method for determining the amount, price and date of the transaction and/or (iii) place any subsequent discretion for determining the amount, price and date of the transaction in another person who is not, at the time of the transaction, aware of material nonpublic information.

Transactions made pursuant to a written trading plan that (i) complies with the affirmative defense set forth in Rule 10b5-1 and (ii) is approved by the Chief Legal Officer, are not subject to the restrictions in this Policy against trades made while aware of material nonpublic information or to the pre-clearance procedures or restriction periods established under this Policy. In approving a trading plan, the Chief Legal Officer may, in furtherance of the objectives expressed in this Policy, impose criteria in addition to those set forth in Rule 10b5-1. You should therefore confer with the Chief Legal Officer prior to entering into any trading plan.

The SEC rules regarding trading plans are complex and must be complied with completely to be effective. The description provided above is only a summary, and the Company strongly advises that you consult with your legal advisor if you intend to adopt a trading plan. While trading plans are subject to review and approval by the Company, the individual adopting the trading plan is ultimately responsible for compliance with Rule 10b5-1 and ensuring that the trading plan complies with this Policy.

Trading plans must be filed with the Chief Legal Officer and must be accompanied with an executed certificate signed by the person adopting the trading plan that affirmatively states that the trading plan complies with Rule 10b5-1 and any other criteria established by the Company. The Company may publicly disclose information regarding trading plans that you may enter.

Receipt and vesting of stock options, restricted stock units, restricted stock and stock appreciation rights

The trading restrictions under this Policy do not apply to the acceptance or purchase of stock options, restricted stock units, restricted stock or stock appreciation rights issued or offered by the Company. The trading restrictions under this Policy also do not apply to the vesting, cancellation or forfeiture of stock options, restricted stock units, restricted stock or stock appreciation rights in accordance with applicable plans and agreements.

Exercise of stock options for cash

The trading restrictions under this Policy do not apply to the exercise of stock options for cash under the Company's stock option plans provided there is no other associated market activity. Likewise, the trading restrictions under this Policy do not apply to the exercise of stock options in a stock-for-stock exercise with the Company or an election to have the Company withhold securities to cover tax obligations in connection with an option exercise so long as the election is irrevocable and made in writing at a time when a trading restriction is not in place and you are not in possession of material nonpublic information. However, the trading restrictions under this Policy do apply to (i) the sale of any securities issued upon the exercise of a stock option, (ii) a cashless exercise of a stock option through a broker, since this involves selling a portion of the underlying shares to cover the costs of exercise, and (iii) any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

Purchases from the employee stock purchase plan

The trading restrictions under this Policy do not apply to purchases from the employee stock purchase plan; however, this exception does not apply to subsequent sales of the shares.

Certain 401(k) plan transactions

The trading restrictions in this Policy do not apply to purchases of Company stock in the 401(k) plan resulting from periodic contributions to the plan based on your payroll contribution election. The trading restrictions do apply, however, to elections you make under the 401(k) plan to (i) increase or decrease the amount of your contributions under the 401(k) plan if such increase or decrease will increase or decrease the amount of your contributions that will be allocated to a Company stock fund, (ii) move balances into or out of a Company stock fund, (iii) borrow money against your 401(k) plan account if the loan will result in liquidation of some or all of your Company stock fund balance, and (iv) pre-pay a plan loan if the pre-payment will result in the allocation of loan proceeds to a Company stock fund.

Stock splits, stock dividends and similar transactions

The trading restrictions under this Policy do not apply to a change in the number of securities held as a result of a stock split or stock dividend applying equally to all securities of a class, or similar transactions.

Withholding

The trading restrictions under this Policy do not apply to net share withholding with respect to equity awards where shares are withheld by the Company in order to satisfy tax withholding requirements, (i) as required by either the Company's board of directors (or a committee thereof) or the award agreement governing such equity award or (ii) as you elect, if permitted by the Company, so long as the election is irrevocable and made in writing at a time when a quarterly trading restriction is not in place and you are not in possession of material nonpublic information.

Sell to cover transactions

The trading restrictions under this Policy do not apply to sell to cover transactions where shares are sold on your behalf upon vesting of equity awards and sold in order to satisfy tax withholding requirements, (i) as required by either the Company's board of directors (or a committee thereof) or the award agreement governing such equity award or (ii) as you elect, if permitted by the Company, so long as the election is irrevocable and made in writing at a time when a quarterly trading restriction is not in place and you are not in possession of material nonpublic information; however, this exception does not apply to any other market sale for the purposes of paying required withholding.

Inheritance

The trading restrictions under this Policy do not apply to transfers of the Company's securities by will or the laws of descent and distribution.

Change in form of ownership

Provided that prior written notice is provided to the Chief Legal Officer, transactions that involve merely a change in the form in which you own securities (such as certain tax planning or estate planning transfers) are permissible under this Policy. For example, you may transfer shares to an *inter vivos* trust of which you are the sole beneficiary during your lifetime.

Transactions in mutual, exchange-traded or index funds

Transactions in mutual, exchange-traded or index funds that hold Company securities are generally not transactions subject to this Policy. However, you should exercise caution when engaging in transactions in mutual, exchange-traded or index funds that hold Company securities. Transactions in mutual, exchange-traded or index funds may constitute an insider trading violation if you become aware of material non-public information that could materially affect the value of the mutual or index fund as a whole.

Other exceptions

Any other exception from this Policy must be approved by the Chief Legal Officer, in consultation with the Board of Directors or an independent committee of the Board of Directors.

COMPLIANCE WITH SECTION 16 OF THE SECURITIES EXCHANGE ACT

Obligations under Section 16

Section 16 of the Securities Exchange Act of 1934, and the related rules and regulations, set forth (i) reporting obligations, (ii) limitations on "short-swing" transactions and (iii) limitations on short sales and other transactions applicable to directors, officers, large shareholders and certain other persons.

The Company's executive officers and directors are required to comply with Section 16 of the Securities Exchange Act of 1934 and related rules and regulations which set forth reporting obligations, limitations on "short swing" transactions, which are certain matching purchases and sales of the Company's securities within a six-month period, and limitations on short sales.

Notification requirements to facilitate Section 16 reporting

To facilitate timely reporting of transactions pursuant to Section 16 requirements, each person subject to Section 16 reporting requirements must provide, or must ensure that his or her broker provides, the Company with detailed information (e.g., trade date, number of shares, exact price, etc.) regarding his or her transactions involving the Company's securities, including gifts, transfers, pledges and transactions pursuant to a trading plan, both prior to (to confirm compliance with pre-clearance procedures, if applicable) and promptly following execution.

Personal responsibility

The obligation to file Section 16 reports, and to otherwise comply with Section 16, is personal. The Company is not responsible for the failure to comply with Section 16 requirements.

ADDITIONAL INFORMATION

Availability of Policy

This Policy will be made available to all directors, officers, employees and advisors of the Company when they commence service with or to the Company. In addition, this Policy (or a summary of this Policy) will be circulated periodically. Each director, officer, employee and advisor of the Company is required to acknowledge that such person understands, and agrees to comply with, this Policy.

Amendments

We are committed to continuously reviewing and updating our policies and procedures. The Company therefore reserves the right to amend, alter or terminate this Policy at any time and for any reason, subject to applicable law. A current copy of the Company's policies regarding insider trading may be obtained by contacting the Chief Legal Officer.

Nothing in this Insider Trading Policy creates or implies an employment contract or term of employment. Employment at the Company is employment at-will. Employment at-will may be terminated with or without cause and with or without notice at any time by the employee or the Company. Nothing in this Insider Trading Policy shall limit the right to terminate employment at-will. No employee of the Company has any authority to enter into any agreement for employment for a specified period of time or to make any agreement or representation contrary to the Company's policy of employment at-will. Only the Chief Executive Officer of the Company has the authority to make any such agreement, which must be in writing.

The policies in this Insider Trading Policy do not constitute a complete list of Company policies or a complete list of the types of conduct that can result in discipline, up to and including discharge.

SIGNIFICANT SUBSIDIARIES OF NUTANIX, INC.

<u>Name</u>	<u>Jurisdiction</u>
Nutanix Netherlands B.V.	Netherlands
Nutanix Technologies India Private Limited	India

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-249022 and 333-227513 on Form S-3 and Registration Statement Nos. 333-274623, 333-272384, 333-267539, 333-213888, 333-220517, 333-227490, 333-233499, 333-236925, 333-248992, and 333-259700 on Form S-8 of our reports dated September 19, 2024, relating to the financial statements of Nutanix, Inc. and the effectiveness of Nutanix, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended July 31, 2024.

/s/ DELOITTE & TOUCHE LLP

San Jose, California
September 19, 2024

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Rajiv Ramaswami, certify that:

1. I have reviewed this Annual Report on Form 10-K of Nutanix, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 19, 2024

/s/ Rajiv Ramaswami

Rajiv Ramaswami

President and Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Rukmini Sivaraman, certify that:

1. I have reviewed this Annual Report on Form 10-K of Nutanix, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 19, 2024

/s/ Rukmini Sivaraman

Rukmini Sivaraman

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Rajiv Ramaswami, certify pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Nutanix, Inc. for the fiscal year ended July 31, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that the information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Nutanix, Inc.

Date: September 19, 2024

/s/ Rajiv Ramaswami

Rajiv Ramaswami

President and Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Rukmini Sivaraman, certify pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Nutanix, Inc. for the fiscal year ended July 31, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that the information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Nutanix, Inc.

Date: September 19, 2024

/s/ Rukmini Sivaraman

Rukmini Sivaraman

Chief Financial Officer

(Principal Financial Officer)

NUTANIX, INC.
COMPENSATION RECOVERY POLICY

As adopted on August 28, 2023

The Compensation Committee (the “**Compensation Committee**”) of the Board of Directors (the “**Board**”) of Nutanix, Inc. (the “**Company**”) has adopted this clawback policy called the Compensation Recovery Policy (this “**Policy**”). This Policy is intended to further the Company’s pay-for-performance philosophy and to comply with applicable law by providing for the reasonably prompt recovery of certain executive compensation in the event of an Accounting Restatement. Capitalized terms used in this Policy are defined below.

This Policy is intended to comply with Section 10D of the Securities Exchange Act of 1934 (the “**Exchange Act**”), Exchange Act Rule 10D-1, and the listing standards of the national securities exchange (the “**Exchange**”) on which the securities of the Company are listed. This Policy will be interpreted in a manner consistent with the requirements of Section 10D of the Exchange Act, Exchange Act Rule 10D-1 and the listing standards of the Exchange, including any interpretive guidance published by the Exchange.

In summary, this Policy provides rules related to the reasonably prompt recovery of certain incentive-based compensation received by Executive Officers. The application of this Policy to Executive Officers is not discretionary, except to the limited extent provided below, and applies without regard to whether an Executive Officer was at fault.

Persons Covered by this Policy

This Policy is binding and enforceable against all Executive Officers. “**Executive Officer**” means each individual who is or was ever designated as an “officer” by the Board in accordance with Exchange Act Rule 16a-1(f). Each Executive Officer will be required to sign and return to the Company an acknowledgement that such Executive Officer will be bound by the terms and comply with this Policy. The failure to obtain such acknowledgement will have no impact on the applicability or enforceability of this Policy.

Administration of this Policy

The Compensation Committee has full delegated authority to administer this Policy. The Compensation Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. In addition, if determined in the discretion of the Board, this Policy may be administered by the independent members of the Board or another committee of the Board made up of independent members of the Board, in which case all references to the Compensation Committee will be deemed to refer to the independent members of the Board or such other committee of the Board. All determinations of the Compensation Committee will be final and binding and will be given the maximum deference permitted by law.

Events Requiring Application of this Policy

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required

accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (an **“Accounting Restatement”**), then the Compensation Committee must determine what compensation, if any, must be recovered under this Policy.

Compensation Covered by this Policy

This Policy applies to certain **Incentive-Based Compensation** that is **Received** on or after October 2, 2023 (the **“Effective Date”**), during the **Covered Period** while the Company has a class of securities listed on a national securities exchange. Such Incentive-Based Compensation is considered **“Clawback Eligible Incentive-Based Compensation”** if the Incentive-Based Compensation is Received by a person after such person became an Executive Officer and the person served as an Executive Officer at any time during the performance period for the Incentive-Based Compensation. The Incentive-Based Compensation that must be recovered is the amount of Clawback Eligible Incentive-Based Compensation that exceeds the amount of Clawback Eligible Incentive-Based Compensation that otherwise would have been Received had such Clawback Eligible Incentive-Based Compensation been determined based on the restated amounts (such compensation, as computed without regard to any taxes paid, the **“Excess Compensation,”** is referred to in the listings standards as “erroneously awarded incentive-based compensation”).

To determine the amount of Excess Compensation for Incentive-Based Compensation based on stock price or total shareholder return, where it is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received and the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.

“Incentive-Based Compensation” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. For the avoidance of doubt, no compensation that is potentially subject to recovery under this Policy will be earned until the Company’s right to recover under this Policy has lapsed. The following items of compensation are not Incentive-Based Compensation under the Policy: salaries, bonuses paid solely at the discretion of the Compensation Committee or Board that are not paid from a bonus pool that is determined by satisfying a Financial Reporting Measure, bonuses paid solely upon satisfying one or more subjective standards and/or completion of a specified employment period, non-equity incentive plan awards earned solely upon satisfying one or more strategic measures or operational measures, and equity awards for which the grant is not contingent upon achieving any Financial Reporting Measure performance goal and vesting is contingent solely upon completion of a specified employment period (e.g., time-based vesting equity awards) and/or attaining one or more non-Financial Reporting Measures.

“Financial Reporting Measures” are measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission.

Incentive-Based Compensation is **“Received”** under this Policy in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment, vesting, settlement or grant of the Incentive-Based Compensation occurs after the end of that period. For the avoidance of doubt, this Policy does not apply to Incentive-Based Compensation for which the Financial Reporting Measure is attained prior to the Effective Date.

"Covered Period" means the three completed fiscal years immediately preceding the Accounting Restatement Determination Date. In addition, Covered Period can include certain transition periods resulting from a change in the Company's fiscal year. The Company's obligation to recover Excess Compensation is not dependent on if or when the restated financial statements are filed.

"Accounting Restatement Determination Date" means the earliest to occur of: (a) the date the Board, a committee of the Board, or one or more of the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; and (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

Repayment of Excess Compensation

The Company must recover such Excess Compensation reasonably promptly and Executive Officers are required to repay Excess Compensation to the Company. Subject to applicable law, the Company may recover such Excess Compensation by requiring the Executive Officer to repay such amount to the Company by direct payment to the Company or such other means or combination of means as the Compensation Committee determines to be appropriate (these determinations do not need to be identical as to each Executive Officer). These means may include:

- (a) requiring reimbursement of cash Incentive-Based Compensation previously paid;
- (b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- (c) offsetting the amount to be recovered from any unpaid or future compensation to be paid by the Company or any affiliate of the Company to the Executive Officer;
- (d) cancelling outstanding vested or unvested equity awards; and/or
- (e) taking any other remedial and recovery action permitted by law, as determined by the Compensation Committee.

The repayment of Excess Compensation must be made by an Executive Officer notwithstanding any Executive Officer's belief, whether legitimate or non-legitimate, that the Excess Compensation had been previously earned under applicable law and therefore is not subject to clawback.

In addition to its rights to recovery under this Policy, the Company or any affiliate of the Company may take any legal actions it determines appropriate to enforce an Executive Officer's obligations to the Company or to discipline an Executive Officer, including (without limitation) termination of employment, institution of civil proceedings, reporting of misconduct to appropriate governmental authorities, reduction of future compensation opportunities or change in role. The decision to take any actions described in the preceding sentence will not be subject to the approval of the Compensation Committee and can be made by the Board, any committee of the Board, or any duly authorized officer of the Company or of any applicable affiliate of the Company.

Limited Exceptions to this Policy

The Company must recover the Excess Compensation in accordance with this Policy except to the limited extent that the conditions set forth below are met, and the Compensation Committee determines that recovery of the Excess Compensation would be impracticable:

(a) The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered. Before reaching this conclusion, the Company must make a reasonable attempt to recover such Excess Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange; or

(b) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the legal requirements as such.

Other Important Information in this Policy

This Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 that are applicable to the Company's Chief Executive Officer and the Company's Chief Financial Officer, as well as any other applicable laws, regulatory requirements, rules, or pursuant to the terms of any existing Company policy or agreement providing for the recovery of compensation.

Notwithstanding the terms of any of the Company's organizational documents (including, but not limited to, the Company's bylaws), any corporate policy or any contract (including, but not limited to, any indemnification agreement), neither the Company nor any affiliate of the Company will indemnify or provide advancement for any Executive Officer against any loss of Excess Compensation. Neither the Company nor any affiliate of the Company will pay for or reimburse insurance premiums for an insurance policy that covers potential recovery obligations. In the event the Company is required to recover Excess Compensation from an Executive Officer who is no longer an employee pursuant to this Policy, the Company will be entitled to seek such recovery in order to comply with applicable law, regardless of the terms of any release of claims or separation agreement such individual may have signed.

The Compensation Committee or the Board may review and modify this Policy from time to time.

If any provision of this Policy or the application of any such provision to any Executive Officer is adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Policy or the application of such provision to another Executive Officer, and the invalid, illegal or unenforceable provisions will be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

This Policy will terminate and no longer be enforceable when the Company ceases to be a listed issuer within the meaning of Section 10D of the Exchange Act.

ACKNOWLEDGEMENT

- I acknowledge that I have received and read the Compensation Recovery Policy (the “**Policy**”) of Nutanix, Inc. (the “**Company**”).
- I understand and acknowledge that the Policy applies to me, and all of my beneficiaries, heirs, executors, administrators or other legal representatives and that the Company’s right to recovery in order to comply with applicable law will apply, regardless of the terms of any release of claims or separation agreement I have signed or will sign in the future.
- I agree to be bound by and to comply with the Policy and understand that determinations of the Compensation Committee of the Board of Directors of the Company will be final and binding and will be given the maximum deference permitted by law.
- I understand and agree that my current indemnification rights, whether in an individual agreement or the Company’s organizational documents, exclude the right to be indemnified for amounts required to be recovered under the Policy.
- I understand that my failure to comply in all respects with the Policy is a basis for termination of my employment with the Company and any affiliate of the Company as well as any other appropriate discipline.
- I understand that neither the Policy, nor the application of the Policy to me, gives rise to a resignation for good reason (or similar concept) by me under any applicable employment agreement or arrangement.
- I acknowledge that if I have questions concerning the meaning or application of the Policy, it is my responsibility to seek guidance from, Human Resources or my own personal advisers.
- I acknowledge that neither this Acknowledgement nor the Policy is meant to constitute an employment contract.

Please review, sign and return this form to Human Resources.

Executive

(*print name*)

(*signature*)

(*date*)
