

Registered number: 08042807

NUTANIX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2019

NUTANIX LIMITED

COMPANY INFORMATION

Directors	Aaron Matthew Boynton (appointed 31 January 2019) Olive Yung-Ho Huang
Company secretary	Aaron Matthew Boynton (appointed 31 January 2019)
Registered number	08042807
Registered office	Eversheds House 70 Great Bridgewater Street Manchester M1 5ES
Independent auditors	PKF Littlejohn LLP Statutory Auditors 15 Westferry Circus Canary Wharf London E14 4HD

NUTANIX LIMITED

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NUTANIX LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019

Introduction

The directors of Nutanix Limited (the "Company") present their strategic report and the audited financial statements for the year ended 31 July 2019.

Business review and future developments

The revenue of the Company during the period increased from GBP 58.6 million to GBP 76.6 million, which was driven by the growth of the Company, whereby its headcount increased from 199 to 235.

The growth of the Group as a whole has led to the conversion of the payroll registration of Sweden into a separate legal entity, with more to follow in the next financial year, and which is expected to lead to a decrease in headcount and therefore revenues in that period. The Company did not set up a presence in any new international jurisdictions during the period.

The payroll registration of Norway was converted to legal entity on the 29th of April 2019 and employees were transferred to the new entity as of October 1st 2019. The payroll registration of Finland was converted to legal entity on the 9th of September 2019 and the employees were transferred to the new entity as of October 1st 2019.

Furthermore, due to restructuring in response to the UK anti-hybrid rules we have amended the intercompany agreement for the UK consolidated entities and effective August 1, 2019 reimbursement will be done by Nutanix Inc (instead of Nutanix Netherlands BV).

Principal risks and uncertainties

Funding

The company is one of the entities under an agreement in which funding is primarily generated from the settlement of the service fees from a related company within the same group.

As the date of this report, the Company has a bank balance of £2,691,863 (2018:£2,801,338) and there are no foreseeable future events that are likely to result in extensive cash outflows that will detriment the Company's cash position.

Reliance on key individuals and personnel

The success of the Group depends on its ability to recruit and retain high quality and experienced staff. The loss of the services of key personnel or the inability to attract additional qualified personal as a Group grows could have an adverse effect on the Group's business, however given the current size of the Company the organization is not dependent on any individual.

Risks associated with regulation

The market in which the Group operates is subject to regulation both at the level of the European Union and on an individual country basis. Regulatory changes could impact on the Group's business. The regulatory regime applicable to companies within the Group's economic model or impose a greater burden upon the Group and the industry in terms of additional compliance costs.

Impact of the E.U. referendum

Following the result of the recent EU referendum in the UK, the directors acknowledge that this may have an impact on the Company's trading and future performance. They cannot say with any certainty as to what this impact will be, given the uncertainty surrounding the UK's withdrawal from the EU, but they will continue to monitor the situation closely and take action as and where deemed appropriate.

Foreign Exchange Risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency

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STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

exposure, primarily Euro. The Company mitigates its risk to currency exposure by maintaining foreign currency bank accounts and matching sales and purchases in foreign currencies.

This risk has again been heightened during the year as a result of the EU Referendum, which has resulted in a weakened Sterling. However, the Company has been exploring potential solutions to mitigate this risk including communicating with customers and suppliers to enable purchases and sales to be made in Euros.

Any profits or losses resulting from currency fluctuations are recognised as and when they arise.

Interest rate risk

The Company's exposure to interest rate risk is limited as the Company has minimal external finance and no long-term financing arrangements.

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. The Company places its cash and cash equivalents primarily with domestic financial institutions that are insured.

Working Capital Requirements

As at the date of this report, there is no requirement for further capital funding as the funding from operations is currently sufficient to oversee the operating activities.

Financial Risk Management

The ultimate parent undertaking is Nutanix Inc., which has in place a risk management program that seeks to limit the adverse effects on the financial performance of all subsidiaries within the Group. The policies set by the Board of Directors of the ultimate parent undertaking are implemented by the Company's finance function.

The nature of the Company's operations in the UK is such that there is no exposure to price risk, liquidity risk and cash flow risk.

Key performance indicators

The main key performance indicators ("KPIs") of the Company are similar to those of the Group, which are outlined below.

The Group regularly monitors billings to ensure that they are in line with pre-determined targets, adjusted gross margin percentages to ensure consistency across the Group's cost-plus model, and free cash flow. These are non-GAAP financial measures and key performance measures, designed to help us evaluate our growth and operational efficiencies. Such measures are used by:

- our management and board of directors to understand and evaluate our performance and trends as well as provide a useful measure for period-to-period comparisons of our core business;
- our investors and other parties in understanding and evaluating companies in our industry as a measure of financial performance; and
- our 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 the extent of achievement of goals.

We refer to the Group's Financial Statements for the year ended 31 July 2019, which are publicly available, for the analysis on the group's KPIs, which are similar to those of the Company. The Company also monitors cash to ensure that the payment of operating expenses and other obligations are settled as they fall due.

NUTANIX LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

This report was approved by the board on **24/12/19** and signed on its behalf.

A handwritten signature in black ink, appearing to read 'A. Boynton', with a long horizontal flourish extending to the right.

Aaron Matthew Boynton
Director

NUTANIX LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2019

The directors present their report and the financial statements for the year ended 31 July 2019.

Results and dividends

The profit for the year, after taxation, amounted to £4,264,359 (2018 - £3,062,629).

The Directors do not recommend the payment of a dividend (2018: nil).

Directors

The directors who served during the year were:

Olive Yung-Ho Huang
Aaron Matthew Boynton (appointed 31 January 2019)
Kenneth Walter Long III (resigned 31 January 2019)

Going concern

The financial statements were prepared under the assumption that the Company will continue to operate as a going concern for the foreseeable future. This is explained in further detail in note 2.4.

Charitable donations

The Company made no charitable donations during the year.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Environment

The Company recognises the importance of its environmental responsibilities. Our business is subject to regulation by various local and foreign governmental agencies, including agencies responsible for monitoring and enforcing environmental laws. We monitor and implement policies to comply with these regulations.

Employee involvement

The Company is committed to involve employees in the performance and development of the group. Our culture is based on building a deep understanding of our customers, partners and employees that we believe makes us an attractive company to work with and for. We also foster extensive collaboration and open communication, crowdsourcing of ideas and frequent collection of input that we believe leads to rapid and improved decision-making.

Overseas branches

The Company has overseas branches in Korea, Denmark, Dubai and South Africa and payroll registrations in Norway and Finland.

The payroll registration in Sweden was discontinued on 1 October 2018 and the employees transferred to new incorporated entities within this country. The payroll registration of Sweden has been converted to a legal entity, and the ownership of this entity has been transferred to another company within the group.

NUTANIX LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24/12/19 and signed on its behalf.



Aaron Matthew Boynton
Director

NUTANIX LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JULY 2019

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

NUTANIX LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NUTANIX LIMITED

Opinion

We have audited the financial statements of Nutanix Limited (the 'Company') for the year ended 31 July 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

NUTANIX LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NUTANIX LIMITED (CONTINUED)

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NUTANIX LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Zahir Khaki (Senior Statutory Auditor)

for and on behalf of
PKF Littlejohn LLP

Statutory Auditors

15 Westferry Circus
Canary Wharf
London
E14 4HD

Date: 27 December 2019

NUTANIX LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2019**

	Note	Continuing operations 2019 £	Discontin'd operations 2019 £	Total 2019 £	Continuing operations 2018 £	Discontinued operations 2018 £	Total 2018 £
Turnover	4	76,236,039	323,254	76,559,293	52,570,576	6,076,669	58,647,245
Gross profit		76,236,039	323,254	76,559,293	52,570,576	6,076,669	58,647,245
Administrative expenses		(72,956,797)	(301,683)	(73,258,480)	(51,069,526)	(5,848,563)	(56,918,089)
Operating profit	5	3,279,242	21,571	3,300,813	1,501,050	228,106	1,729,156
Interest receivable and similar income	8	806	-	806	4,518	-	4,518
Profit before tax		3,280,048	21,571	3,301,619	1,505,568	228,106	1,733,674
Tax on profit	9	962,740	-	962,740	1,379,314	(50,359)	1,328,955
Profit for the financial year		4,242,788	21,571	4,264,359	2,884,882	177,747	3,062,629
Other comprehensive income for the year							
Other comprehensive income				98,809			36,410
Other comprehensive income for the year				98,809			36,410
Total comprehensive income for the year				4,363,168			3,099,039

The notes on pages 13 to 28 form part of these financial statements.

NUTANIX LIMITED
REGISTERED NUMBER: 08042807

BALANCE SHEET
AS AT 31 JULY 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	10	305,316	47,771
Investments	11	1	1
		<u>305,317</u>	<u>47,772</u>
Current assets			
Debtors: amounts falling due within one year	12	20,384,388	12,382,571
Cash at bank and in hand	13	2,691,863	2,801,338
		<u>23,076,251</u>	<u>15,183,909</u>
Creditors: amounts falling due within one year	14	(11,080,732)	(7,294,013)
Net current assets		<u>11,995,519</u>	<u>7,889,896</u>
Total assets less current liabilities		<u>12,300,836</u>	<u>7,937,668</u>
Net assets		<u><u>12,300,836</u></u>	<u><u>7,937,668</u></u>
Capital and reserves			
Called up share capital	17	100	100
Other reserves	18	230,981	132,172
Profit and loss account	18	12,069,755	7,805,396
		<u>12,300,836</u>	<u>7,937,668</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

 24/12/19

Aaron Matthew Boynton
 Director

The notes on pages 13 to 28 form part of these financial statements.

NUTANIX LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2019**

	Called up share capital £	Capital Contribution £	Translation reserve £	Profit and loss account £	Total equity £
At 1 August 2017	100	-	95,762	4,742,767	4,838,629
Comprehensive income for the year					
Profit for the year	-	-	-	3,062,629	3,062,629
Translation reserve	-	-	36,410	-	36,410
Share-based payment	-	6,381,102	-	-	6,381,102
Share-based payment charge from parent company	-	(6,381,102)	-	-	(6,381,102)
Total transactions with owners	-	-	-	-	-
At 1 August 2018	100	-	132,172	7,805,396	7,937,668
Comprehensive income for the year					
Profit for the year	-	-	-	4,264,359	4,264,359
Translation reserve	-	-	98,809	-	98,809
Share-based payment	-	8,685,908	-	-	8,685,908
Share-based payment charge from parent company	-	(8,685,908)	-	-	(8,685,908)
At 31 July 2019	100	-	230,981	12,069,755	12,300,836

The notes on pages 13 to 28 form part of these financial statements.

NUTANIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

1. General information

Nutanix Limited is a Company limited by shares and incorporated and domiciled in England and Wales. The address of the Company's registered office is Eversheds House, 70 Great Bridgewater Street, Manchester, United Kingdom, M1 5ES.

The Company is engaged in the provision of pre-sales support on behalf of Nutanix Netherlands B.V.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).
- the requirements of Section 26 share based payments paragraph 26.18 (b), 26.19 to 26.21 and 26.23

This information is included in the consolidated financial statements of Nutanix Inc as at 31 July 2019 and these financial statements may be obtained from 1740 Technology Dr, Suite 150, San Jose, California, USA.

2.3 Consolidated financial statements

The Company is a wholly owned subsidiary of Nutanix Inc. It is a parent entity itself with a subsidiary detailed in note 11. This entity and its subsidiaries are included in the consolidated financial statements of Nutanix Inc. Therefore the Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

2.4 Going concern

The directors have prepared the financial statements on the going concern basis. This is based on the continuing intercompany service agreements in place throughout the Group which ensure that the Company will achieve sufficient financial resources in order to meet its short and medium term liabilities.

NUTANIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

2. Accounting policies (continued)

2.5 Turnover

The Company is contracted by group companies to provide pre sales and marketing support and research and development services. The turnover represents intercompany revenue under the terms of the services agreement with the relevant group companies which are on a cost plus basis.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Short-term leasehold property	- Period of the lease contract
Fixtures and fittings	- 5 years
Computer equipment	- 3 years
Other fixed assets	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

2. Accounting policies (continued)

2.7 Impairment of financial and non-financial assets

Financial assets including trade and other receivables

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount, impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Trade and other receivables

Short term debtors are measured at transaction price, less any impairment. Loans receivable, including amounts owed by group undertakings, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NUTANIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

2. Accounting policies (continued)

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

Short term creditors are measured at the transaction price.

NUTANIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

2.14 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

NUTANIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

i) Share-based payments

The valuation of share options and employee stock purchase plans involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of options and forfeiture rates. These are valued using the Black Scholes model.

The valuation of restricted stock units ("RSUs") involves making a number of critical estimates such as estimating forfeiture rates. The RSUs are valued at the current market price for an equivalent share in the parent company at the date of issue.

Further details regarding the estimates used are disclosed in note 19.

4. Turnover

In the year ended 31 July 2019 100% (2018: 100%) of the Company's turnover was attributable to the EMEA region and outside of the United Kingdom.

NUTANIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

5. Operating profit

The operating profit is stated after charging:

	2019	<i>2018</i>
	£	<i>£</i>
Depreciation of tangible fixed assets	88,913	<i>35,246</i>
Exchange differences	5,571	<i>716,108</i>
Other operating lease rentals	2,386,952	<i>1,304,087</i>
	<u>2,475,436</u>	<i><u>2,055,441</u></i>

Discontinued operations

The payroll registrations in Sweden was discontinued on 1 October 2018 respectively. The employees together with the applicable assets and liabilities were transferred to separate incorporated entities.

6. Auditors' remuneration

	2019	<i>2018</i>
	£	<i>£</i>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	26,250	<i>25,000</i>
	<u>26,250</u>	<i><u>25,000</u></i>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

NUTANIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

7. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	31,492,387	27,502,306
Social security costs	3,421,082	4,360,998
Cost of defined contribution scheme	1,364,053	1,440,519
	<u>36,277,522</u>	<u>33,303,823</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Sales	196	171
Administration	39	27
	<u>235</u>	<u>198</u>

The key management personnel for the Company are the directors who received £nil remuneration from the Company during the period (2018: £nil).

8. Interest receivable

	2019 £	2018 £
Bank interest received	806	4,518
	<u>806</u>	<u>4,518</u>

NUTANIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

9. Taxation

	2019 £	2018 £
Corporation tax		
Adjustments in respect of previous periods	81,656	(1,186,375)
	<u>81,656</u>	<u>(1,186,375)</u>
Foreign tax		
Foreign tax on income for the year	301,949	282,530
Foreign tax in respect of prior periods	-	(93,047)
	<u>301,949</u>	<u>189,483</u>
Total current tax	<u>383,605</u>	<u>(996,892)</u>
Deferred tax		
Origination and reversal of timing differences	(747,016)	(333,415)
Changes to tax rates	(599,329)	1,352
	<u>(1,346,345)</u>	<u>(332,063)</u>
Taxation on loss on ordinary activities	<u>(962,740)</u>	<u>(1,328,955)</u>

NUTANIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>3,301,619</u>	<u>1,733,674</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	627,385	336,997
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,674,074	3,172,071
Capital allowances for year in excess of depreciation	4,329	(4,471)
Higher rate taxes on overseas earnings	81,656	(1,279,422)
Adjustments to tax charge in respect of prior periods	(599,329)	1,352
Adjustment closing deferred tax to average rate of 19.00%	-	116,417
Non-taxable income	-	(77,191)
Other permanent differences	(3,168,043)	(5,072,487)
Losses carried back	-	1,184,727
Foreign tax credits	301,949	282,530
Other tax charge (relief) on exceptional items	27,355	10,522
Other differences leading to an increase (decrease) in the tax charge	87,884	-
Total tax charge for the year	<u>(962,740)</u>	<u>(1,328,955)</u>

Factors that may affect future tax charges

Enter details here

NUTANIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

10. Tangible fixed assets

	Short-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 August 2018	21,703	36,408	90,836	148,947
Additions	260,419	18,026	68,137	346,582
Disposals	(10,948)	-	-	(10,948)
At 31 July 2019	<u>271,174</u>	<u>54,434</u>	<u>158,973</u>	<u>484,581</u>
Depreciation				
At 1 August 2018	21,302	10,396	69,479	101,177
Charge for the year on owned assets	51,986	8,843	28,207	89,036
Disposals	(10,948)	-	-	(10,948)
At 31 July 2019	<u>62,340</u>	<u>19,239</u>	<u>97,686</u>	<u>179,265</u>
Net book value				
At 31 July 2019	<u><u>208,834</u></u>	<u><u>35,195</u></u>	<u><u>61,287</u></u>	<u><u>305,316</u></u>
At 31 July 2018	<u><u>401</u></u>	<u><u>26,011</u></u>	<u><u>21,358</u></u>	<u><u>47,770</u></u>

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Short leasehold	208,834	400
	<u><u>208,834</u></u>	<u><u>400</u></u>

NUTANIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 August 2018	1
At 31 July 2019	<u>1</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Country of incorporation	Class of shares	Holding
Nutanix Pty Ltd	Australia	Ordinary	100%

The aggregate of the share capital and reserves as at 31 July 2019 and the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

Name
Nutanix Pty Ltd

12. Debtors

	2019 £	2018 £
Amounts owed by group undertakings	12,500,075	7,849,897
Other debtors	2,657,801	2,296,691
Prepayments and accrued income	2,890,625	1,246,441
Deferred taxation	2,335,887	989,542
	<u>20,384,388</u>	<u>12,382,571</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

NUTANIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

13. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	2,691,863	2,801,339
	<u>2,691,863</u>	<u>2,801,339</u>

14. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	2,934,978	1,321,431
Other taxation and social security	4,273,716	4,196,984
Accruals and deferred income	3,872,038	1,775,598
	<u>11,080,732</u>	<u>7,294,013</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>17,849,739</u>	<u>12,947,926</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,934,978)</u>	<u>(1,321,431)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash at bank, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors and amounts owed to group undertakings.

NUTANIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

16. Deferred taxation

	2019 £	2018 £
At beginning of year	989,542	657,479
Charged to profit or loss	1,346,345	332,063
At end of year	2,335,887	989,542

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(8,688)	(3,151)
Timing differences	633,835	658,310
Tax losses carried forward and other deductions	1,710,740	334,383
	2,335,887	989,542

17. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
100 (2018 - 100) Ordinary shares of £1.00 each	100	100

There is a simple class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

18. Reserves

Translation reserve

The translation reserve represents the gains and losses created by the translation of the Company's overseas branches.

Capital Contribution

The contribution from parent comprises capital contributions made by the parent to the Company.

Where the Company is charged for the cost of share-based payments arrangements the amounts are treated as a reduction in the capital contribution.

Profit and loss account

The profit and loss account comprises of profit and losses that have accumulated year-on-year since the Company began trading.

NUTANIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

19. Share based payments

In June 2010, the Company adopted the 2010 Stock Plan ("2010 Plan") and in December 2011, the Company adopted the 2011 Stock Plan ("2011 Plan"). Under the 2010 Plan as subsequently amended and 2011 Plan (together, the "Stock Plan"), the Company may grant incentive stock options ("ISO"), non-statutory stock options ("NSO"), restricted stock ("RS"), restricted stock units ("RSU") and employee stock purchase plans ("ESPP") to employees, directors and consultants.

Stock Options

The Board 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 a NSO is determined by the Board 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.

Restricted Stock Units

For RSUs, the Board determines their vesting conditions, the period over which RSUs will vest and the settlement, RSUs convert into common stock when they vest and settle.

Performance RSUs. The Company grants RSUs that contain both service and performance conditions (the "Performance RSUs") to its executives and employees. Vesting of the Performance RSUs is subject to continuous service with the Company and satisfaction of certain liquidity events of the Company, including the expiration of a lock-up period established in connection with the IPO, or both certain liquidity events of the Company and specified performance targets. While the Company will recognize cumulative stock-based compensation expense when it is probable that the performance condition will be met, vesting and settlement of the Performance RSUs are subject to the performance condition actually being met. During the first quarter of 2017, the Company began to recognise stock-based compensation expense relating to certain Performance RSUs with liquidity event performance conditions, as the satisfaction of the performance conditions for vesting became probable.

Employee Stock Purchase Plan

The Company determines the fair value of the share awards issued to employees on the date of grant utilising Black-Scholes. Share-based compensation expense for share awards issued to non-employees is recognised over the requisite service period or when it is probable that the performance condition will be satisfied. Awards subject to vesting are periodically remeasured to current fair value over the vesting period.

The amount charged to the Statement of Comprehensive Income in respect of share based payments in the year was £8,685,908 (2018: £6,381,002).

20. Pension commitments

Defined contribution plans

The Company operates a defined contribution scheme for employees and directors. The scheme assets are held at a separately administered fund. Contributions paid into the scheme during the financial year amounted to £1,364,053 (2018: £1,440,519). The amount outstanding at the year-end was £Nil (2018: £Nil).

There were no pension commitments made on behalf of directors during the year (2018: £Nil).

NUTANIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

21. Commitments under operating leases

At 31 July 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	1,815,149	1,656,001
Later than 1 year and not later than 5 years	3,465,000	4,716,250
	<u>5,280,149</u>	<u>6,372,251</u>

22. Related party transactions

The Company has taken advantage of the exemption within FRS 102 not to disclose transactions with other wholly owned members of the group on the basis that the Company is a wholly owned subsidiary.

23. Controlling party

The Company is a wholly-owned subsidiary of Nutanix Netherlands BV a company incorporated in the Netherlands.

The smallest group in which the results of the Company are consolidated is that headed by Nutanix Netherlands BV with its principal place of business at Mercuriusplein 1, 2132 HA Hoofddrop, Netherlands.

The ultimate parent is Nutanix Inc, a company incorporated in the United States of America, and listed on the Nasdaq stock exchange.

The consolidated financial statements of Nutanix Inc are available to the public and may be obtained from 1740 Technology Dr, Suite 150, San Jose, California, USA.

