

Q3 FISCAL 2021 RESULTS

NOVEMBER 24, 2020

FORWARD LOOKING STATEMENTS

AND NON-GAAP INFORMATION

This presentation contains “forward-looking” statements that are based on our beliefs and assumptions and on information currently available to us. Such forward-looking statements include statements concerning our possible or expected future financial or operating results, business strategies, product development plans, technical and business advantages, competitive position, industry trends and potential growth opportunities. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipate,” “believe,” “could,” “seek,” “estimate,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would” or similar expressions and the negatives of those terms.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements, including risks, uncertainties and other factors relating to our beliefs about financial results, growth and market position, technological leadership and market opportunity, introduction of new functionality and products, demand for our products and subscription services, customer spending priorities, our competitive position and industry dynamics, pricing environment, global economic situation, and relationships with third parties, including partners, customers and contract manufacturers and the duration and scope of the COVID-19 pandemic and related “shelter-in-place” orders and other measures and its impact on our business, operating results, cash flows and/or financial condition. Additional risks, uncertainties and other factors are included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our reports previously filed with the SEC, which are available on our website at investor.purestorage.com and on the SEC's website at www.sec.gov.

Forward-looking statements represent our beliefs and assumptions only as of the date of this presentation. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

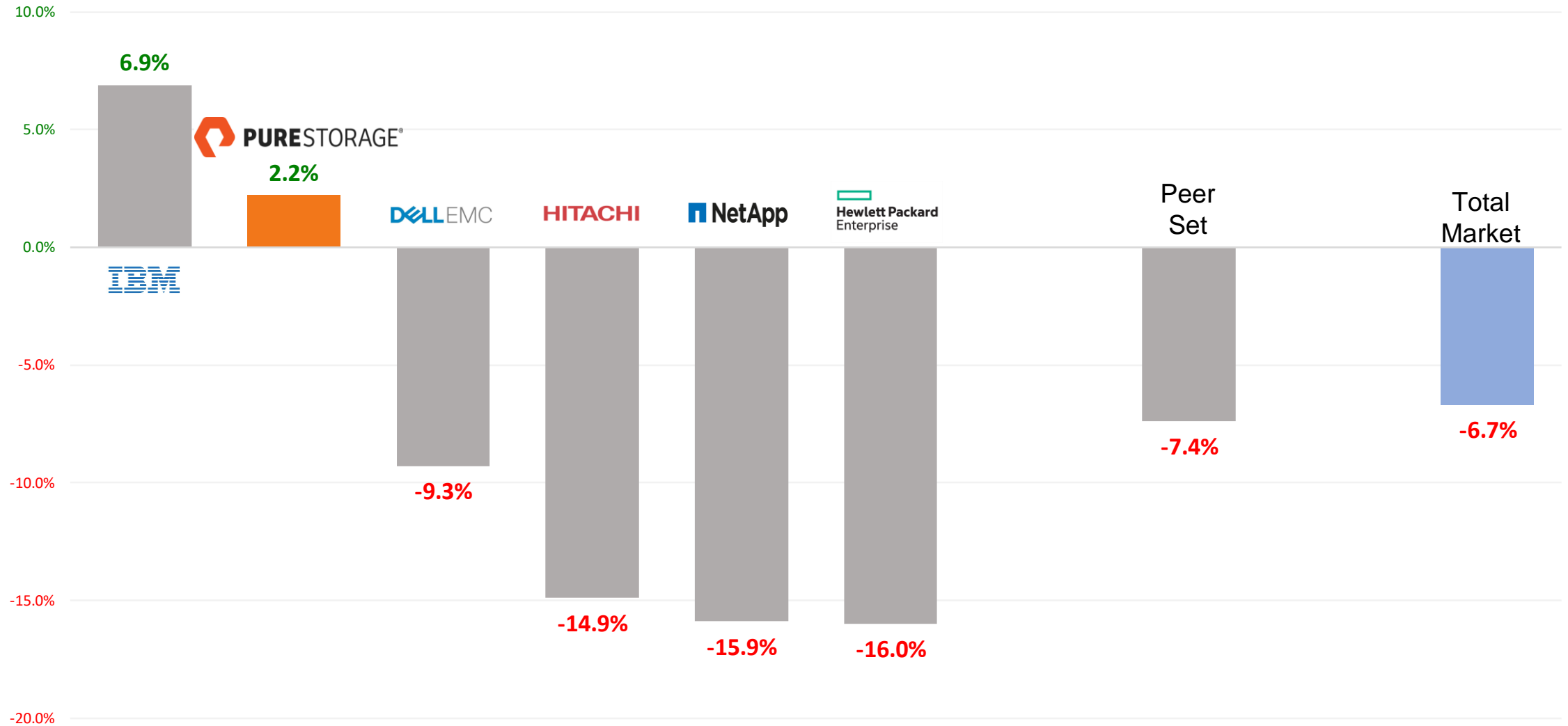
This presentation includes certain non-GAAP financial measures as defined by SEC rules. As required by Regulation G, we have provided reconciliations of those measures to the most directly comparable GAAP measures, which are available in the Appendix. We have not reconciled our outlook regarding non-GAAP operating profit to its most directly comparable GAAP measure because items such as stock-based compensation expense and payroll tax expense related to stock-based activities that impact these measures are not within our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the non-GAAP operating profit to the corresponding GAAP measure is not available without unreasonable effort.

Q3 FY21 HIGHLIGHTS

- 1 Significant growth of Subscription Services, 29% y/y growth from existing and new customers
- 2 Advancing unified Pure as-a-Service subscription, with the launch of Pure Service Catalog and addition of new service tiers
- 3 Acquired Portworx, creating the industry's most complete Kubernetes data services platform for containerized cloud-native applications
- 4 Strong momentum and record quarter with both FlashArray//C and FlashBlade
- 5 Continued sales growth of our global Enterprise customers
- 6 Confident in opportunity, long-term strategy, and ability to re-accelerate growth upon exiting the global pandemic

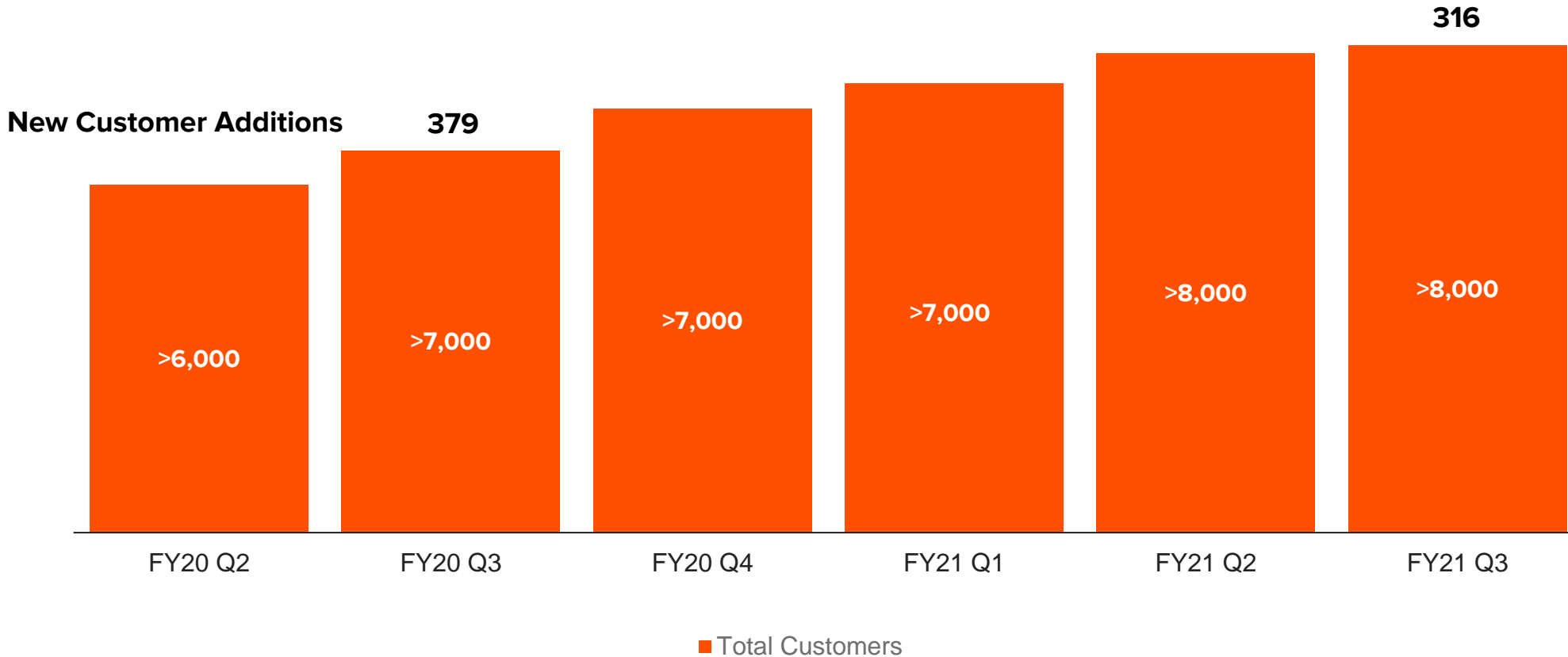
1H 2020 YoY Growth Rate

WW External OEM Storage



TOTAL AND NEW CUSTOMERS

>8,000
CUSTOMERS TO DATE



316
NEW CUSTOMER
ADDITIONS

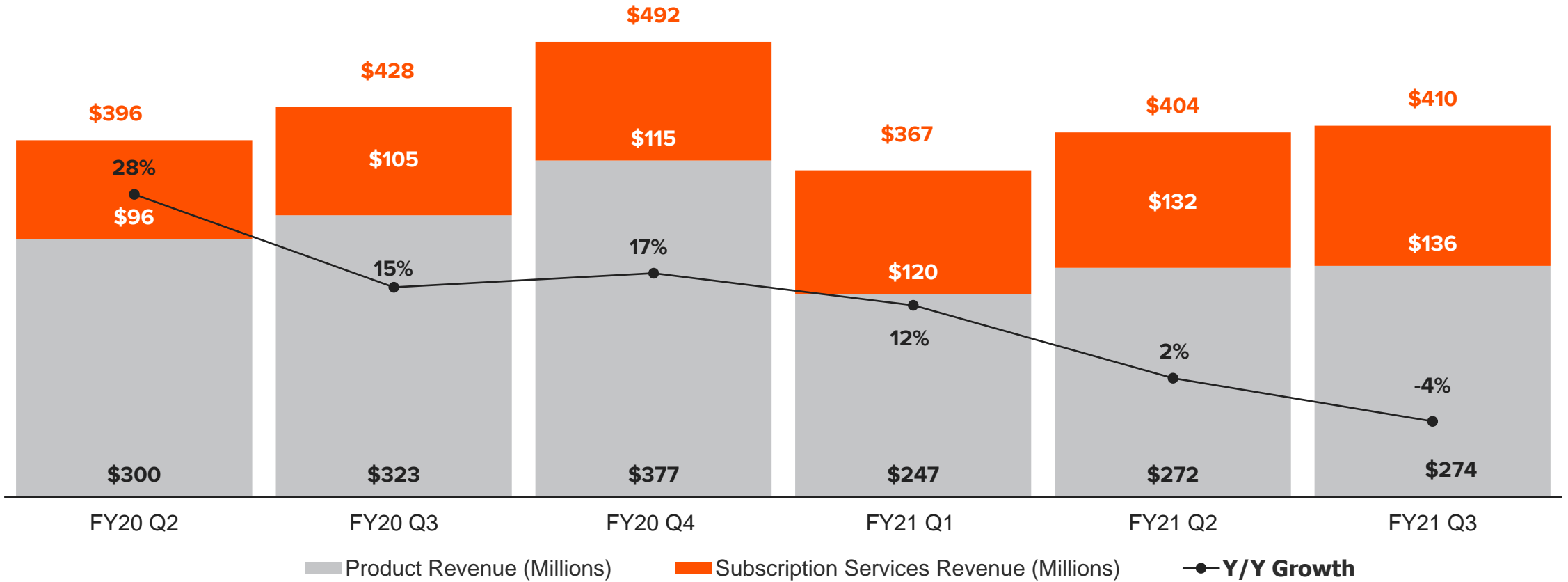
~48%
OF FORTUNE 500

~\$2*
Incremental purchases from all
customers within 24 months of
initial purchase of \$1

~\$10*
Incremental purchases from top
25 customers within 18 months
of initial purchase of \$1

TOTAL REVENUE

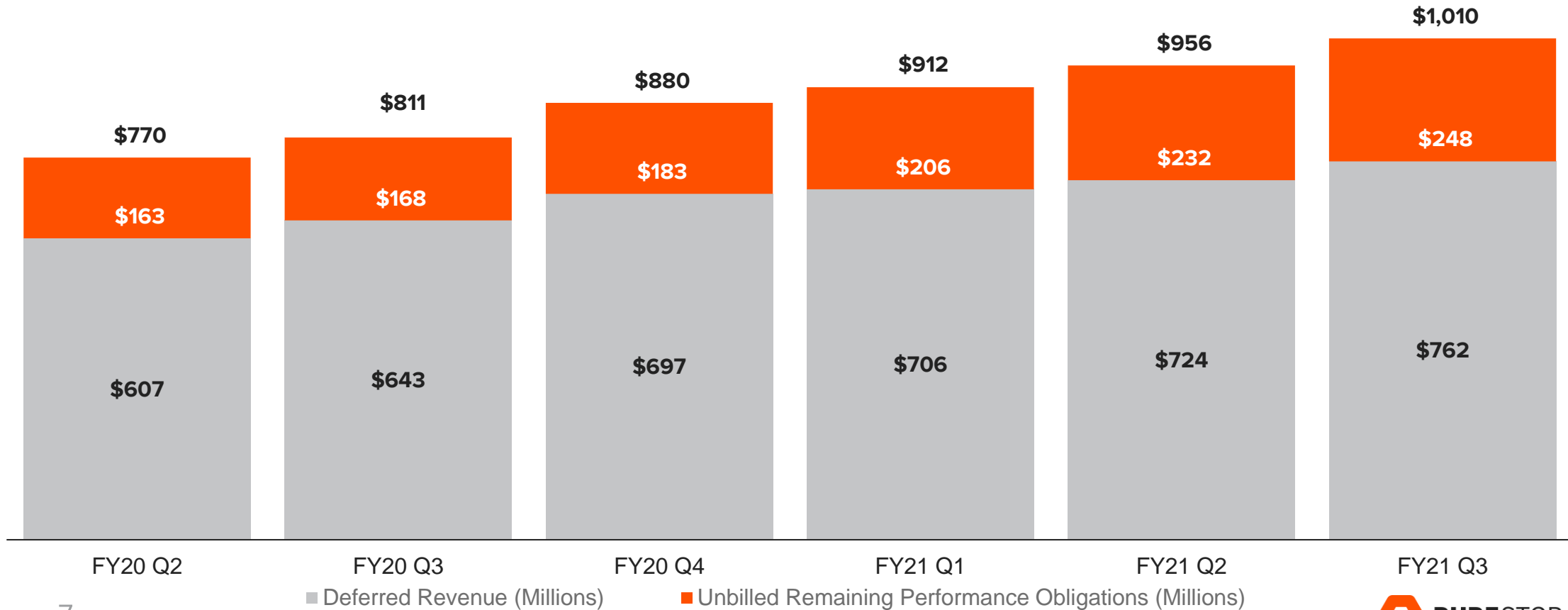
-4%
Q3 FY21 Y/Y
REVENUE GROWTH



REMAINING PERFORMANCE OBLIGATIONS

+25%

Q3 FY21 Y/Y
REMAINING PERFORMANCE
OBLIGATIONS GROWTH

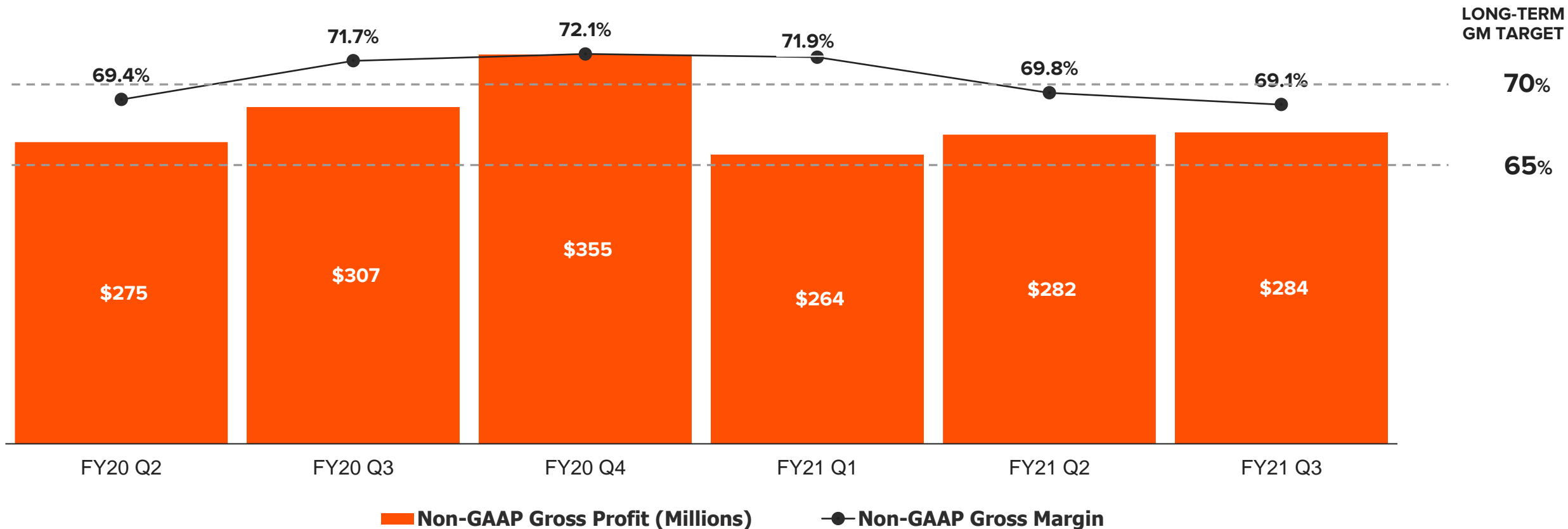


69.1%

Q3 FY21
GROSS MARGIN

GROSS MARGIN & PROFIT

NON-GAAP AS A PERCENTAGE OF REVENUE

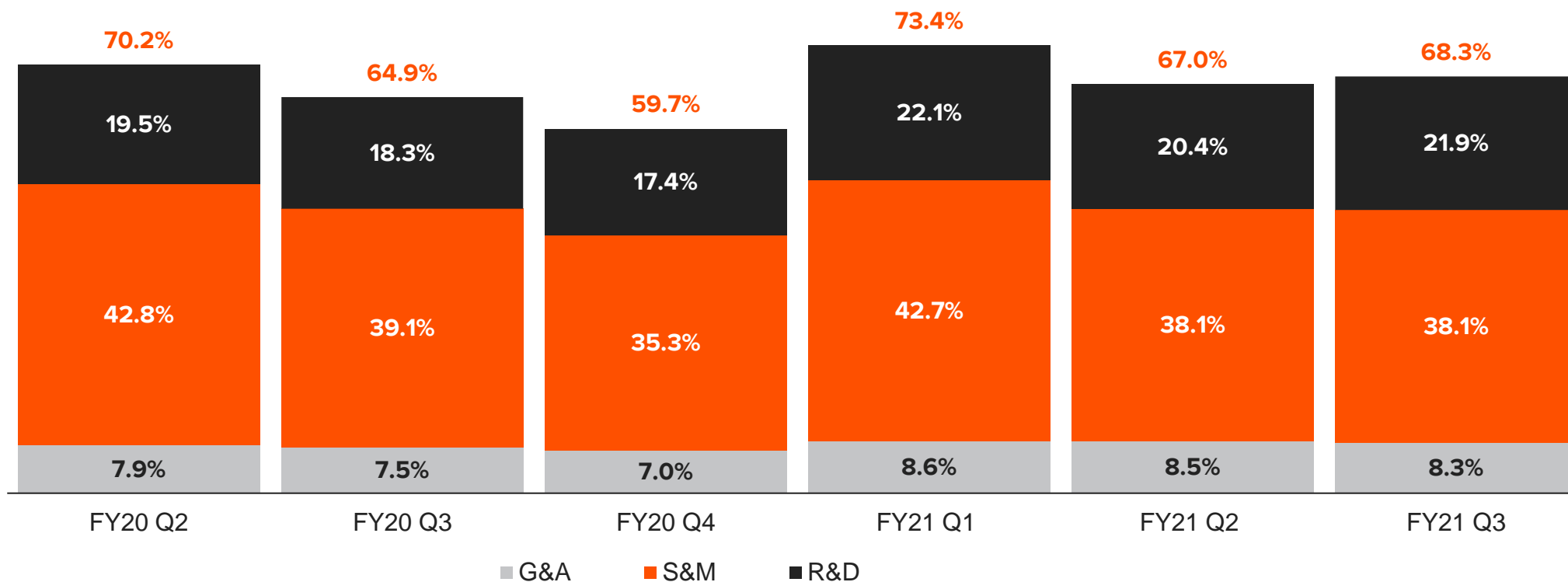


OPERATING EXPENSE

NON-GAAP AS A PERCENTAGE OF REVENUE

+3.4pts

Q3 FY21 Y/Y
OPERATING EXPENSE CHANGE

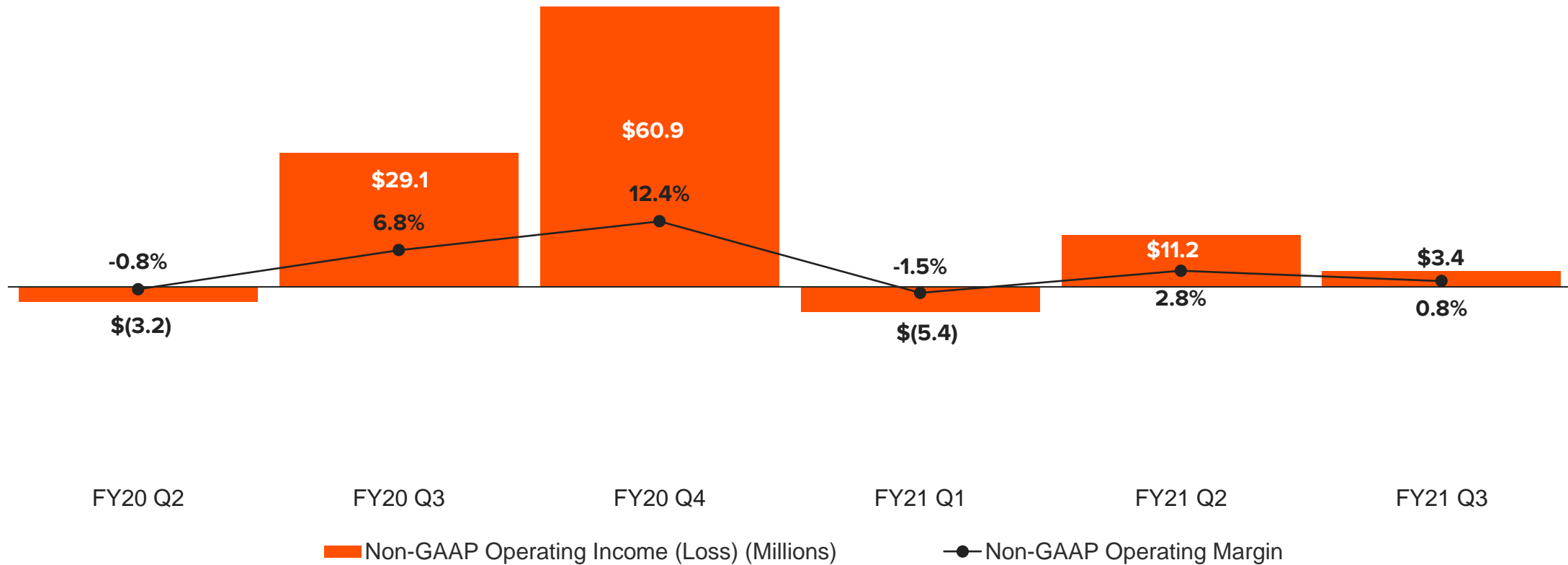


\$3.4M

Q3 FY21
OPERATING PROFIT

OPERATING PROFIT / MARGIN

NON-GAAP AS A PERCENTAGE OF REVENUE

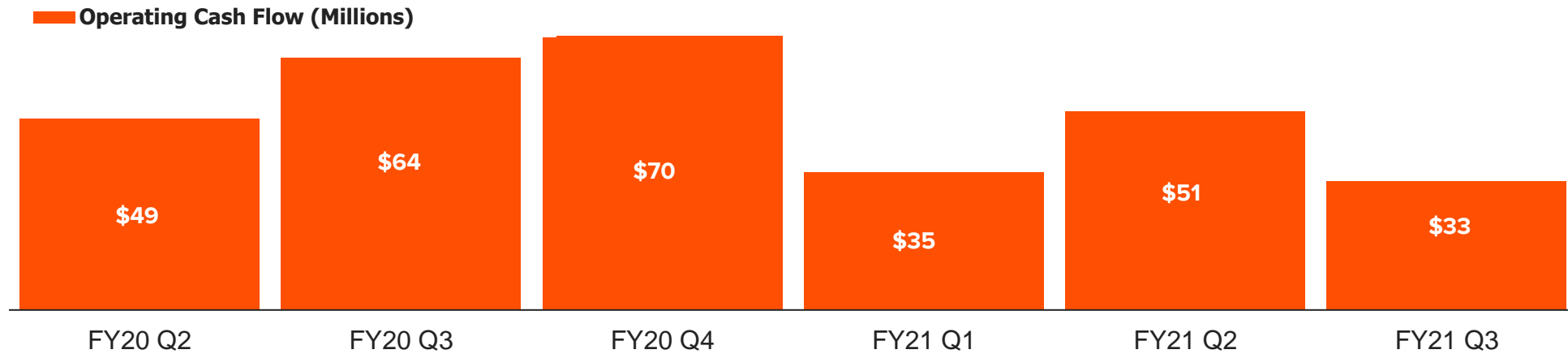


CASH FLOW

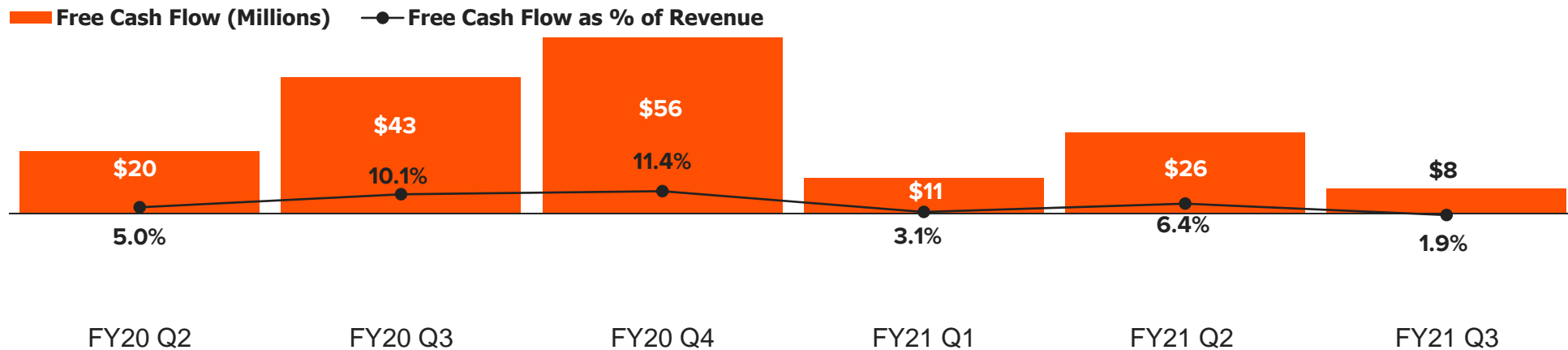
\$33M

Q3 FY21
OPERATING CASH FLOW

OPERATING
CASH
FLOW



Free
Cash
Flow



GUIDANCE

Consistent with the prior quarter, Pure is sharing its internal expectations of Q4 business outlook, but will not provide formal guidance due to the resurgence and continued uncertainty of COVID-19.

Pure's current internal view of fiscal Q4 outcomes, which should not be viewed as guidance, is that total revenue for Q4 will be \$480 million, a decline of two percent year-over-year. With the current view of revenue, Pure believes non-GAAP operating profit will be approximately \$26 million in Q4.

APPENDIX

GROSS MARGIN, OPERATING EXPENSES & MARGIN

GAAP TO NON-GAAP RECONCILIATION

(\$ in Millions)	Fiscal Quarter					
	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21
Total gross margin (GAAP)	\$268.3	\$300.6	\$348.2	\$256.9	\$274.7	\$276.5
Add: SBC	4.6	4.4	4.2	4.4	4.7	4.9
Add: Payroll tax related to stock-based activities	0.1	0.2	0.1	0.1	0.1	0.1
Add: COVID-19 expenses	-	-	-	0.6	0.3	-
Add: Amortization of acquired intangible assets	2.0	1.9	2.1	2.0	2.0	2.4
Total gross margin (non-GAAP)	\$275.0	\$307.1	\$354.6	\$264.0	\$281.8	\$283.9
R&D (GAAP)	\$107.0	\$106.7	\$114.9	\$112.5	\$114.6	\$123.0
Less: SBC	-27.2	-25.9	-26.7	-28.7	-29.8	-29.2
Less: Payments to former shareholders of acquired companies	-1.9	-1.9	-1.9	-1.9	-2.0	-3.5
Less: Payroll tax related to stock-based activities	-0.6	-0.4	-0.6	-0.8	-0.4	-0.4
R&D (non-GAAP)	\$77.3	\$78.5	\$85.7	\$81.1	\$82.4	\$89.9
S&M (GAAP)	\$186.2	\$184.8	\$190.4	\$173.4	\$171.5	\$172.3
Less: SBC	-16.0	-16.8	-16.4	-16.3	-16.8	-14.9
Less: Payroll tax related to stock-based activities	-0.5	-0.5	-0.4	-0.4	-0.8	-0.6
Less: Amortization of acquired intangible assets	-	-	-	-	-	-0.2
S&M (non-GAAP)	\$169.7	\$167.5	\$173.6	\$156.7	\$153.9	\$156.6
G&A (GAAP)	\$40.0	\$37.4	\$43.6	\$41.1	\$44.5	\$46.4
Less: SBC	-8.7	-5.2	-8.8	-9.3	-10.1	-10.6
Less: Payroll tax related to stock-based activities	-0.1	-0.1	-0.4	-0.2	-0.1	-0.1
Less: Acquisition-related transaction and integration expenses	-	-	-	-	-	-1.8
G&A (non-GAAP)	\$31.2	\$32.1	\$34.4	\$31.6	\$34.3	\$33.9
Restructuring and other (GAAP)	\$0.0	\$0.0	\$0.0	\$14.7	\$8.3	\$0.0
Less: Restructuring and COVID-19 expenses	0.0	0.0	0.0	-14.7	-8.3	0.0
Restructuring and other (non-GAAP)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total operating expense (GAAP)	\$333.2	\$328.9	\$348.9	\$341.7	\$338.9	\$341.7
Less: SBC	-51.9	-47.9	-51.9	-54.3	-56.7	-54.7
Less: Payments to former shareholders of acquired companies	-1.9	-1.9	-1.9	-1.9	-2.0	-3.5
Less: Payroll tax related to stock-based activities	-1.2	-1.0	-1.4	-1.4	-1.3	-1.0
Less: Restructuring and COVID-19 expenses	-	-	-	-14.7	-8.3	-
Less: Amortization of acquired intangible assets	-	-	-	-	-	-0.2
Less: Acquisition-related transaction and integration expenses	-	-	-	-	-	-1.8
Total operating expense (non-GAAP)	\$278.2	\$278.1	\$293.7	\$269.4	\$270.6	\$280.5
Operating loss (GAAP)	-\$64.9	-\$28.3	-\$0.7	-\$84.9	-\$64.1	-\$65.2
Add: SBC	56.5	52.3	56.1	58.7	61.4	59.6
Add: Payments to former shareholders of acquired companies	1.9	1.9	1.9	1.9	2.0	3.5
Add: Payroll tax related to stock-based activities	1.3	1.2	1.5	1.6	1.3	1.1
Add: Restructuring and COVID-19 expenses	-	-	-	15.3	8.6	-
Add: Amortization of acquired intangible assets	2.0	1.9	2.1	2.0	2.0	2.6
Add: Acquisition-related transaction and integration expenses	-	-	-	-	-	1.8
Operating Income (loss) (non-GAAP)	-\$3.2	\$29.1	\$60.9	-\$5.4	\$11.2	\$3.4

FREE CASH FLOW

GAAP TO NON-GAAP RECONCILIATION

	Fiscal Quarter					
<i>(\$ in millions)</i>	<u>Q2 FY20</u>	<u>Q3 FY20</u>	<u>Q4 FY20</u>	<u>Q1 FY21</u>	<u>Q2 FY21</u>	<u>Q3 FY21</u>
Cash provided by operations (GAAP)	\$48.8	\$64.3	\$69.9	\$35.1	\$50.7	\$32.8
Less: Capital expenditures	-28.9	-21.0	-13.7	-23.8	-25.0	-24.9
Free cash flow (non-GAAP)	19.9	43.3	56.2	11.3	25.7	7.9
<i>Free cash flow as % of revenue</i>	5.0%	10.1%	11.4%	3.1%	6.4%	1.9%

