

2021 FINANCIAL ANALYST DAY

FINANCE

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Chief Financial Officer



September 28, 2021

FORWARD LOOKING STATEMENTS

AND NON-GAAP INFORMATION

This presentation contains projections and other “forward-looking” statements regarding future events or the future financial performance of Pure 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, our business targets, our shift to subscription, our momentum and growth potential, growth and market position, technological leadership and market opportunity, introduction of new functionality and products, demand for our products and subscription services, the success of the Portworx products, customer spending priorities, our competitive position and industry dynamics, pricing environment, global economic situation, and relationships with third parties, including partners, customers, suppliers and contract manufacturers and the duration and scope of the COVID-19 pandemic and related restrictions 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. These non-GAAP financial measures are in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Our presentation of non-GAAP financial measures may not be comparable to similar measures used by other companies, which may reduce the usefulness of our non-GAAP financial measures as tools for comparison. As required by Regulation G, please see Appendix for reconciliations of historical non-GAAP financial measures to their nearest GAAP equivalents. Reconciliations of our non-GAAP guidance measures and non-GAAP long-term target measures to their nearest GAAP equivalents are not available on a forward looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, expenses that may be incurred in the future.

Confirming Q3 FY22 Guidance

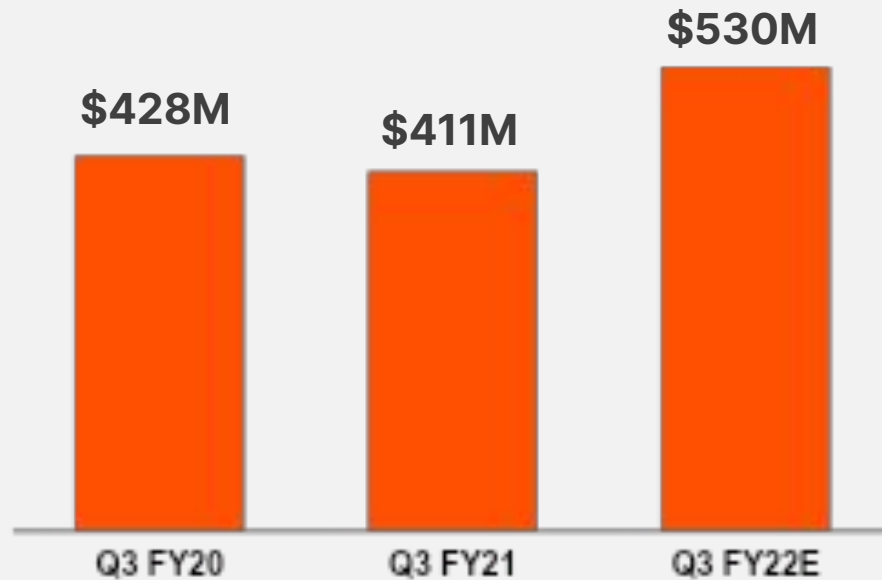
Third Quarter Revenue

+12%

Total Revenue
3-Year CAGR¹

+29%

Total Revenue
FY22 Y/Y Growth



■ Total Revenue

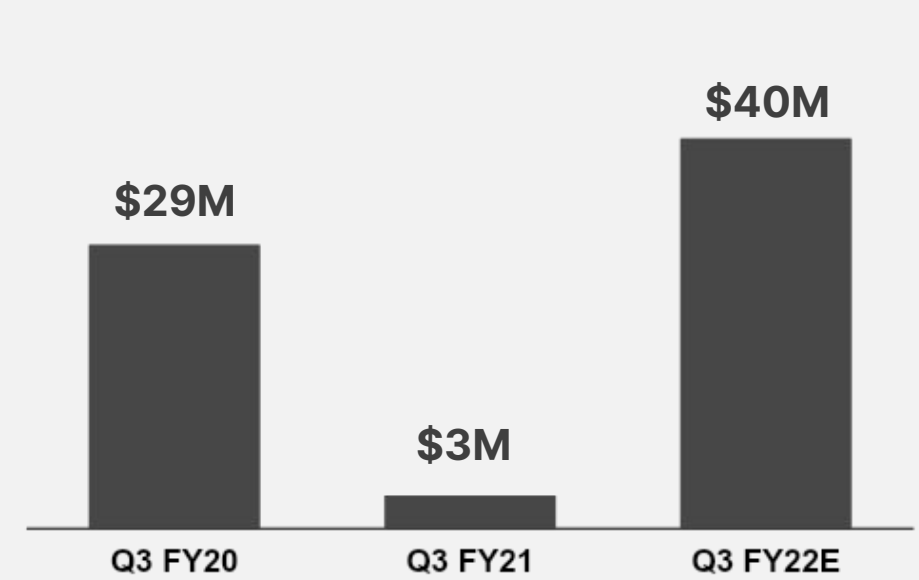
Third Quarter Operating Income & Margin²

6.8%

Operating Margin
FY20 Actuals

7.5%

Operating Margin
FY22 Estimated

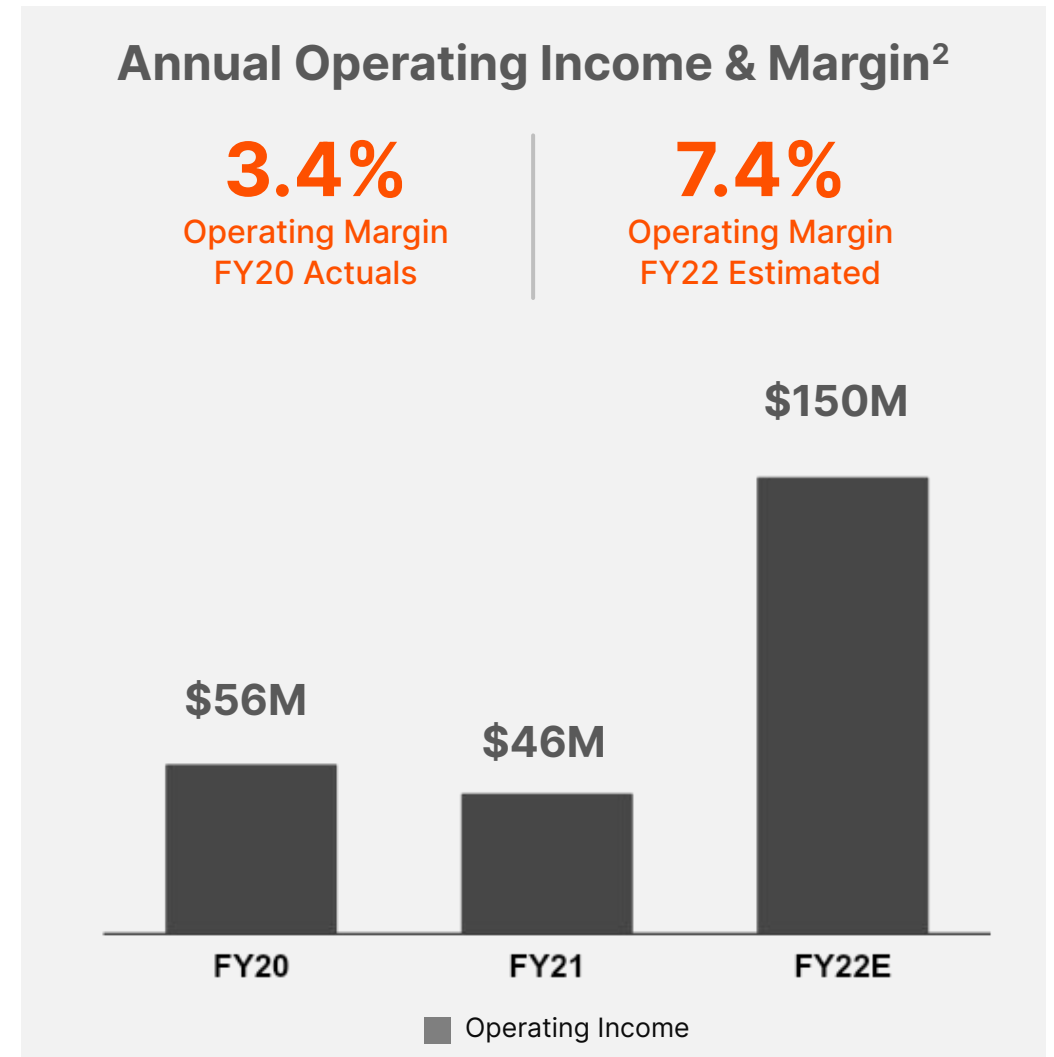
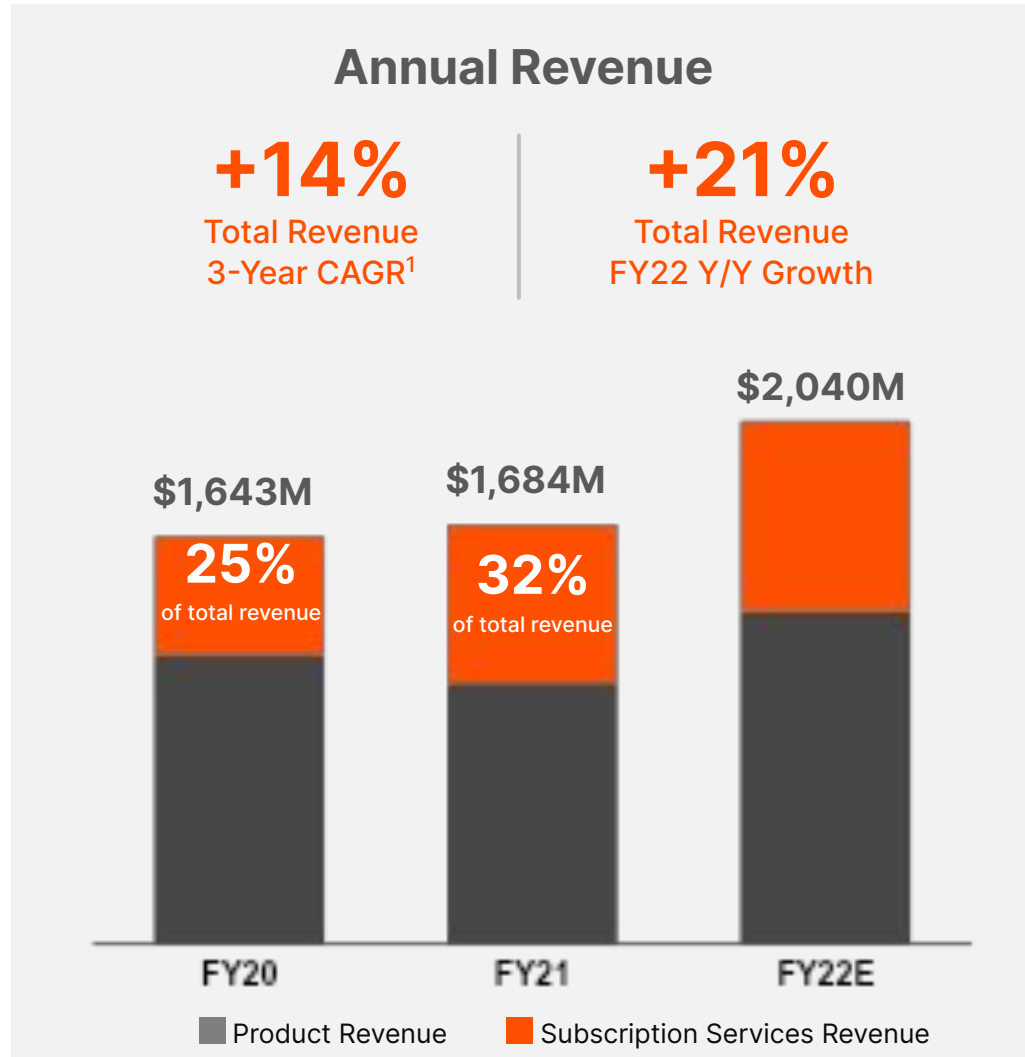


■ Operating Income



Confirming Annual FY22 Guidance

Expected Strong Revenue Growth and Increasing Profitability



1. Represents compounded annual growth rate from end of FY19 to end of FY22 (estimated). 2. Operating Income and Operating Margin are non-GAAP measures. Refer to Appendix for reconciliation of these non-GAAP financial measures to their nearest GAAP equivalents for historical periods. A reconciliation of these non-GAAP guidance measures to their nearest GAAP equivalents is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, expenses that may be incurred in the future.



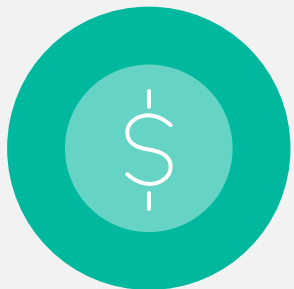
New Business Metrics

Evaluating and Measuring our Subscription Business



Subscription Annual Recurring Revenue (ARR)¹

Total annualized contract value of all active subscription agreements, including Evergreen, on the last day of the quarter, plus on-demand revenue for the quarter multiplied by four

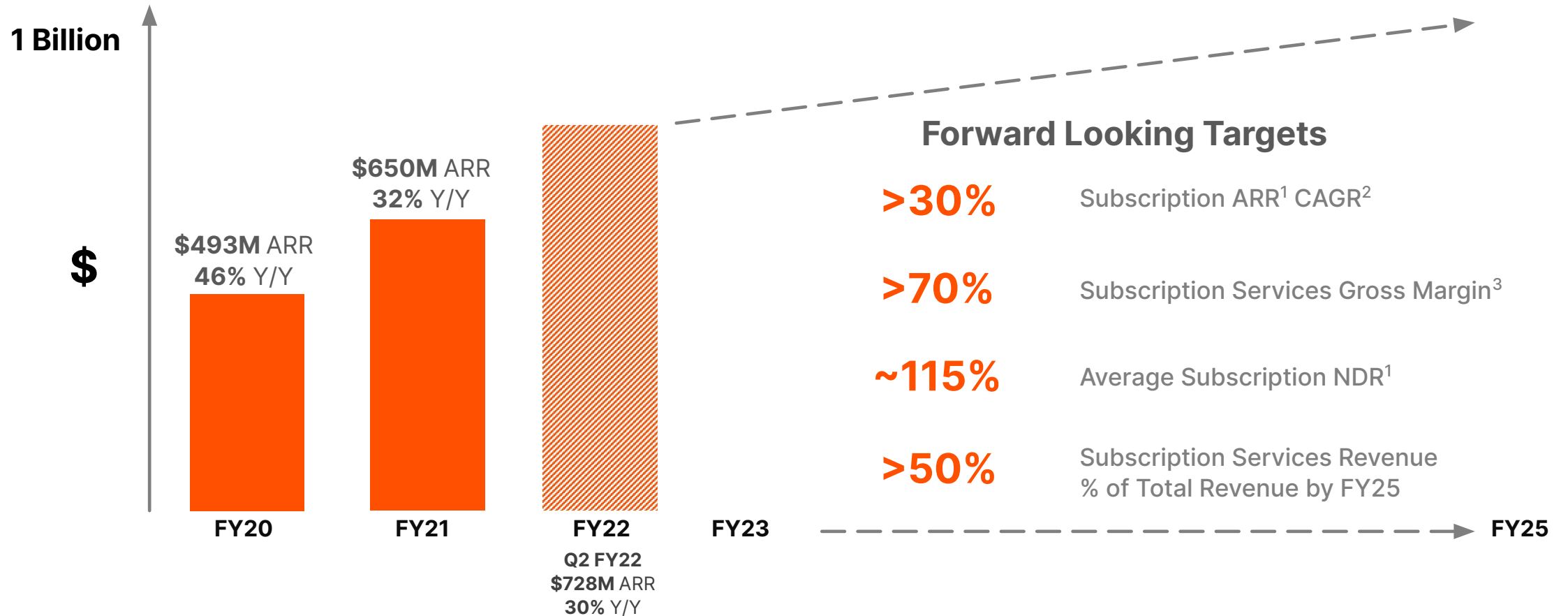


Subscription Net Dollar Retention (NDR)¹

NDR is calculated on an annual basis by dividing ARR at the end of the year by the ARR of the same group of customers at the beginning of that year



Pure Storage Subscription Business



Subscription Services

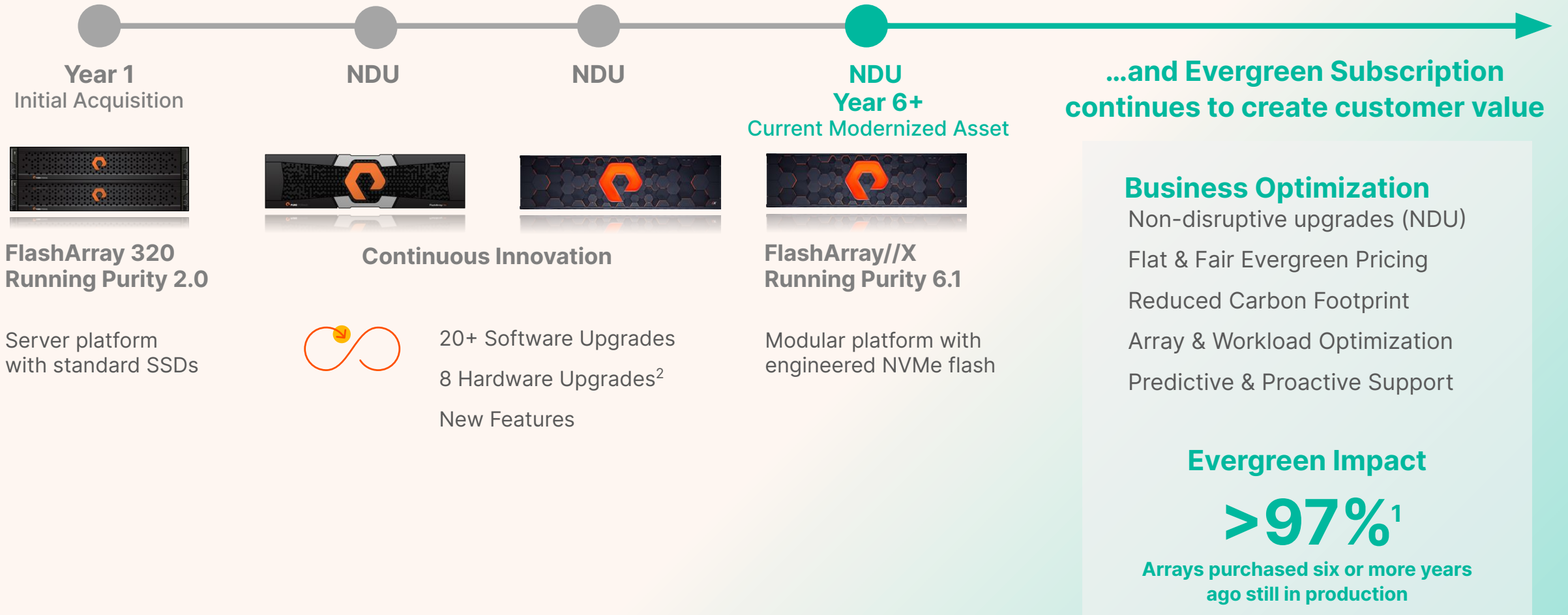
Evergreen

Pure-as-a-Service

Portworx



Evergreen™ Storage: Subscription to Innovation



A Complete Cloud Operating Model Everywhere

Evergreen Subscription is the Foundation of Pure as-a-Service

as-a-Service Foundation

Self-Managed Storage
Delivered as-a-Service



Evergreen Subscription

Evergreen Architecture
New Software Features & Capabilities
Continuous Hardware Innovation
Non-Disruptive Upgrades



Full as-a-Service Delivery

Pure-Managed Storage
Delivered as-a-Service



Unified Cloud Subscription

100% SLA-Based
100% Consumption
AIOps-Driven Recommendations



Cloud, Block Store
(AWS, Azure)



Pure as-a-Service



Valuation of Pure Storage Subscription Business

Pure Storage Subscription Business

\$623M

Subscription Services Revenue¹

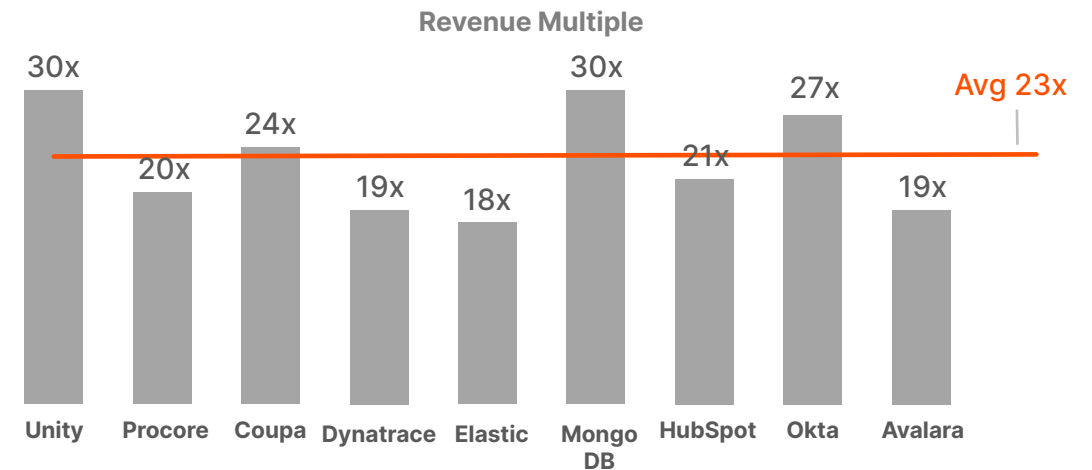
70%

Subscription Services Gross Margin^{1,2}

>30%

**Expected Subscription
ARR³ 3-yr CAGR⁴**

**Comparable SaaS companies have
an average 23x revenue multiple**



Source: Meritech Capital; Enterprise Comparables as of Aug 19, 2021

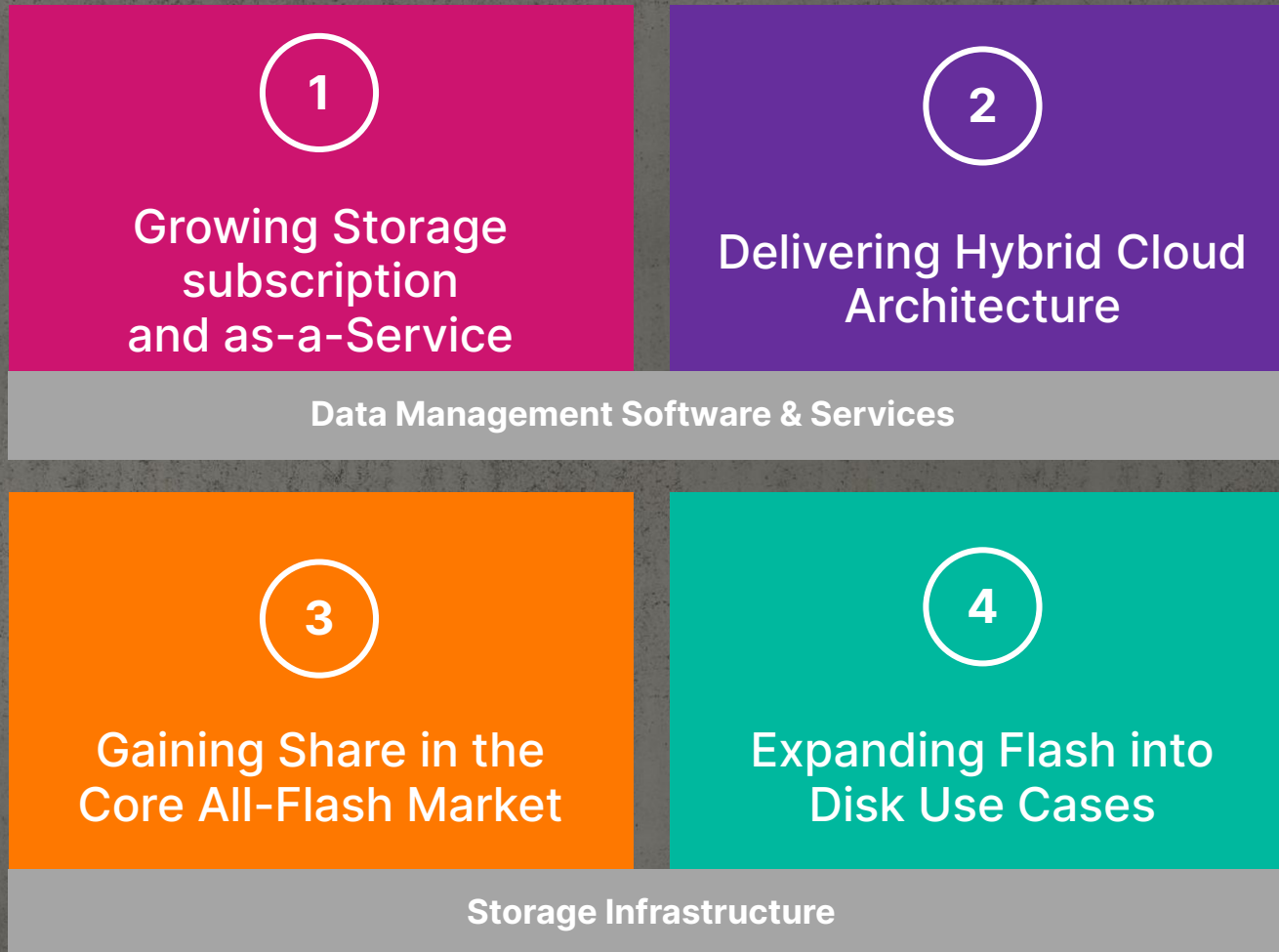
Note: Data sourced from Factset as of Sep 24, 2021 based on last completed fiscal year for these companies indicates an average revenue multiple of ~31X

Criteria:

- SaaS companies
- LTM Revenue between \$400M-\$1,200M
- LTM Revenue growth between 30%-50%
- Gross Margins between 65%-85%



Significant TAM Opportunity



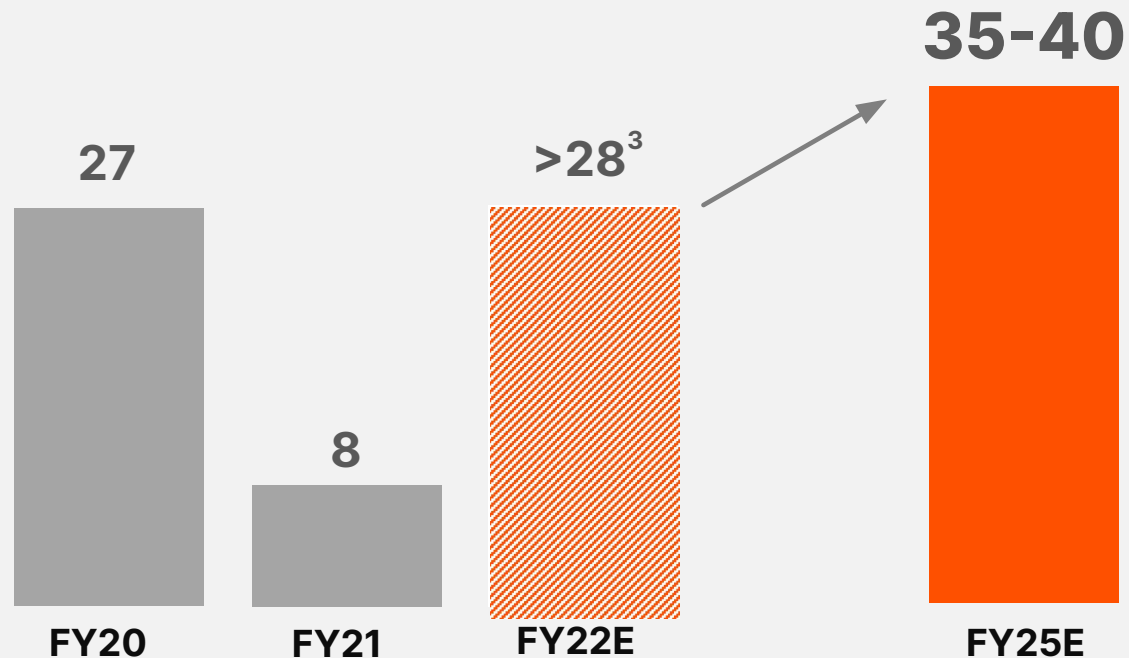
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**>\$60B in
TAM**
by CY2024
14% CAGR¹



Building a Path to achieving Rule of 40¹

Revenue growth + FCF Margin²



Key Revenue Growth Drivers

- TAM Expansion and Market Share Capture
- >30% 3-Yr Subscription ARR¹ CAGR⁴
- Enterprise, Cloud and Hyperscaler Customer Growth

FCF Margin Expansion

- Improve Subscription Services GM >70%⁵
- Expect Operating Margin⁶ to achieve low to mid teens by FY24

Note: Graphs not to scale. 1. Refer to Appendix for definitions. 2. FCF Margin is defined as non-GAAP Free Cash Flow as a percentage of total revenue. Refer to Appendix for reconciliation of this non-GAAP measure to its nearest GAAP equivalent for historical periods. A reconciliation of this non-GAAP target measure to its nearest GAAP equivalent is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, expenses that may be incurred in the future. 3. Based on current FY22 guide for revenue and operating income. 4. Represents compounded annual growth from end of FY22 (estimated) to end of FY25 (estimated). 5. Last twelve months. Subscription Services gross margin is a non-GAAP measure. Refer to Appendix for reconciliation of this non-GAAP measure to its nearest GAAP equivalent. 6. Operating Margin is a non-GAAP measure. A reconciliation of this non-GAAP target measure to its nearest GAAP equivalent is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, expenses that may be incurred in the future.



Balanced Capital Allocation Approach

1

Continue organic investments driving leadership

2

Maintain flexibility for inorganic investments that accelerate our strategy and enhance competitive positioning

3

Execute on \$200 million share buyback program authorized through the end of FY23
– \$74 million returned through end of Q2 FY22

4

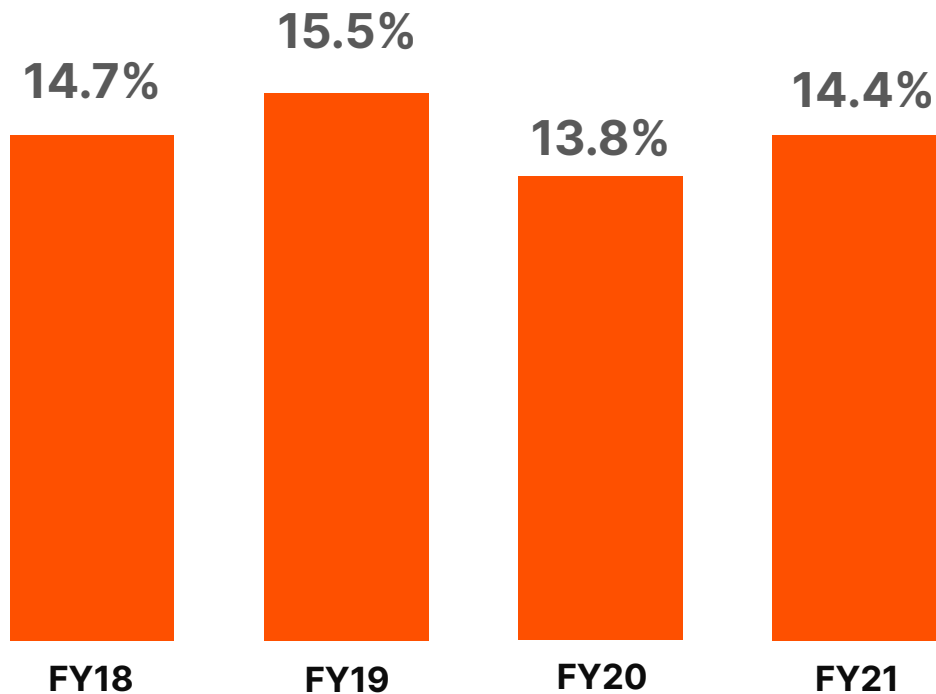
Committed to returning at least 50% of annual free cash flow in the form of share buybacks to shareholders



Stock-based Compensation (SBC)

Expect SBC to decline as a percentage of revenue from FY23-FY25

SBC as % of Total Revenue



- Stock grants will continue to be a key driver of top talent acquisition and retention
- Expect SBC as % of total revenue to trend down as global workforce grows

Key Takeaways

1. Large growing **TAM**, accelerating market share gains through our broad solutions portfolio spanning both public and hybrid cloud environments
2. Disruptive **innovation** in hybrid cloud, cloud-native apps, unstructured data, and the replacement of disk with flash
3. **Subscription** growth with a service-centric cloud operating model
4. Substantial **growth** opportunity with enterprise, cloud, and hyperscaler customers
5. New **financial profile** for Pure Storage highlighting the strength of our subscription business, strong revenue growth and increasing profitability





Appendix

Explanation of Market TAM

Market TAM - Pure Storage's TAM estimates are based on third party analyst reports and forecasts and include actual and predicted spend for IT, storage hardware and software, storage as a service, and container ecosystem spend, in combination with Pure Storage's assumptions and experience about which segments of these markets are addressable by Pure Storage's products and services. The underlying market data and other statistical information were obtained from sources believed to be reliable and are utilized in good faith, though Pure Storage has not independently verified the information and makes no representation or warranty, express or implied, as to its accuracy or completeness. Such analyst estimates are subject to change and actual results may differ materially due to a variety of factors, including those listed in Pure Storage's SEC filings, such as business and economic conditions.

Definitions

Subscription Annual Recurring Revenue (ARR)

Total contract value of all active subscription agreements on the last day of the ending quarter, excluding any amounts associated to Product, divided by the total contract term in number of days and multiplied by 365, and including on-demand revenue for the previous ending quarter multiplied by four. Contract values are established prior to any adjustments made in accordance with ASC 606. ARR should be viewed independently of revenue, deferred revenue and remaining performance obligations as ARR is a management operational performance metric and is not intended as a substitute for any of these items.

Subscription Net Dollar Retention (NDR)

Subscription Net Dollar retention compares our ARR from the same cohort of customers across comparable fiscal year periods. Subscription NDR is calculated annually by dividing the most recent ending period ARR by the corresponding prior year period ARR, accounting only for those customers with active ARR balance as of 12 months prior to the current fiscal year period. Ending period ARR includes existing customer expansion net of contraction and churn, but excludes ARR from new customers in the current fiscal year period.

Rule of 40

Sum of revenue growth plus free cash flow margin when compared to the number 40. This metric measures the balance between revenue growth and profitability.



GAAP to Non-GAAP Reconciliations

Operating Income & Margin

(\$ in Millions)

	Q3 FY20		Q3 FY21	FY20		FY21
	(\$)	(%)	(\$)	(\$)	(%)	(\$)
Operating loss and margin (GAAP)	\$ (28.3)	-6.6%	\$ (65.2)	\$ (191.3)	-11.6%	\$ (261.0)
Add: SBC	52.3	12.2%	59.6	226.7	13.8%	242.3
Add: Payments to former shareholders of acquired companies	1.9	0.4%	3.5	6.2	0.4%	13.9
Add: Payroll tax related to stock-based activities	1.3	0.3%	1.1	7.1	0.4%	6.0
Add: Restructuring and COVID-19 expenses	–	–	–	–	–	31.9
Add: Amortization of acquired intangible assets	1.9	0.5%	2.6	6.9	0.4%	10.2
Add: Acquisition-related transaction and integration expenses	–	–	1.8	–	–	2.7
Operating income and margin (non-GAAP)	\$ 29.1	6.8%	\$ 3.4	\$ 55.6	3.4%	\$ 46.0

Subscription Services Gross Profit & Margin

(\$ in Millions)

	LTM ¹	
	(\$)	(%)
Subscription services gross profit and margin (GAAP)	\$ 418.8	67.2%
Add: SBC	17.4	2.8%
Add: Payroll tax related to stock-based activities	0.7	0.1%
Subscription services gross profit and margin (non-GAAP)	\$ 436.9	70.1%

1. For the last twelve months period from the end of Q2 FY21 to the end of Q2 FY22.

Free Cash Flow

(\$ in Millions)

	FY20	FY21
Cash provided by operations (GAAP)	\$ 189.6	\$ 187.6
Less: Capital expenditures	(87.9)	(95.0)
Free cash flow (non-GAAP)	\$ 101.7	\$ 92.6
Free cash flow as a % of revenue	6.2%	5.5%

