

Pure Storage Announces Second Quarter Fiscal 2025 Financial Results

*Q2 total revenue growth of 11% year-over-year
Subscription services ARR growing 24% year-over-year*

SANTA CLARA, Calif. — August 28, 2024 — Today Pure Storage (NYSE: PSTG), the IT pioneer that delivers the world’s most advanced data storage technologies and services, announced financial results for its second quarter fiscal year 2025 ended August 4, 2024.

“In a world where energy demands are soaring, the power savings of Pure Storage alone make the move from hard disks to Pure technology a smart choice for both hyperscaler and enterprise data centers,” said Pure Storage Chairman and CEO Charles Giancarlo. “Businesses can grow their data storage and reduce their energy footprint with Pure on a platform that eliminates existing data silos and simplifies customers’ data centers with guaranteed service-level agreements.”

Second Quarter Financial Highlights

- Revenue \$763.8 million, an increase of 11% year-over-year
- Subscription services revenue \$361.2 million, up 25% year-over-year
- Subscription annual recurring revenue (ARR) \$1.5 billion, up 24% year-over-year
- Remaining performance obligations (RPO) \$2.3 billion, up 24% year-over-year
- GAAP gross margin 70.7%; non-GAAP gross margin 72.8%
- GAAP operating income \$24.9 million; non-GAAP operating income \$138.6 million
- GAAP operating margin 3.3%; non-GAAP operating margin 18.1%
- Q2 operating cash flow \$226.6 million; free cash flow \$166.6 million
- Total cash, cash equivalents, and marketable securities \$1.8 billion

“We delivered strong financial results through the first half of our fiscal year, highlighting the effectiveness of our strategic initiatives,” said Kevan Kryslar, Chief Financial Officer, Pure Storage. “Our highly differentiated data storage platform strategy is demonstrating success with our customers.”

Second Quarter Company Highlights

- **Platform Innovation:** The Pure platform delivers agility and risk reduction with a consistent, as-a-service experience across the broadest set of use cases and IT environments. At its annual Pure//Accelerate conference, Pure Storage [announced](#) critical new platform capabilities to further improve the ability for enterprises to deploy AI, improve cyber resilience, and modernize applications, including Evergreen//One for AI, the first purpose-built AI storage as-a-service, enhancements to Pure Fusion, delivering first-of-its-kind storage automation, and an industry-first generative AI copilot for storage. Additionally, Pure [continued](#) to extend its Storage as-a-Service (STaaS) leadership with new service level agreements (SLAs), now delivering the industry’s most comprehensive set of SLAs.
- **ESG Leadership:** Pure Storage [released](#) its third Environmental, Social, and

Governance (ESG) report, offering visibility into current metrics and setting commitments for meaningful progress towards a more sustainable future. The latest report outlines that Pure Storage's platform requires up to 10x less energy than mechanical spinning disk storage (HDD) and up to 5x less than solid state drives (SSDs).

- **Enterprise AI Momentum:** Pure Storage continued to accelerate enterprise AI adoption, [announcing](#) that it will be a certified storage solution for NVIDIA DGX SuperPOD by the end of 2024. Additionally, Pure [joined](#) the Ultra Ethernet Consortium (UEC), a Linux Foundation initiative, underscoring its commitment to expanding the capabilities of high performance Ethernet for large-scale AI and HPC initiatives.

Awards and Accolades

- [Fortune Best Large Workplaces in the Bay Area \(Ranked #15\)](#)
- [Fortune Best Workplaces for Millennials \(Ranked #34\)](#)
- [Business Intelligence Group's 2024 Sustainability Leadership Award](#)

Third Quarter and FY25 Guidance

Q3FY25	
Revenue	\$815M
Revenue YoY Growth Rate	6.8%
Non-GAAP Operating Income	\$140M
Non-GAAP Operating Margin	17.2%

FY25	
Revenue	\$3.1B
Revenue YoY Growth Rate	10.5%
TCV Sales for Subscription-as-a- Service Offerings	\$500M
TCV Sales for Subscription-as-a- Service Offerings YoY Growth Rate	Approximately 25%
Non-GAAP Operating Income	\$532M
Non-GAAP Operating Margin	17%

These statements are forward-looking and actual results may differ materially. Refer to the Forward Looking Statements section below for information on the factors that could cause our actual results to differ materially from these statements. Pure has not reconciled its guidance for non-GAAP operating income and non-GAAP operating margin to their most directly comparable

GAAP measures because certain items that impact these measures are not within Pure's control and/or cannot be reasonably predicted. Accordingly, reconciliations of these non-GAAP financial measures guidance to the corresponding GAAP measures are not available without unreasonable effort.

Conference Call Information

Pure will host a teleconference to discuss the second quarter fiscal 2025 results at 2:00 pm PT today, August 28, 2024. A live audio broadcast of the conference call will be available on the [Pure Storage Investor Relations website](#). Pure will also post its earnings presentation and prepared remarks to this website concurrent with this release.

A replay will be available following the call on the Pure Storage Investor Relations website or for two weeks at 1-800-770-2030 (or 1-647-362-9199 for international callers) with passcode 5667482.

Additionally, Pure is scheduled to participate at the following investor conference:

Goldman Sachs Communacopia + Technology Conference

Date: Wednesday, September 11, 2024

Time: 12:25 p.m. PT / 3:25 p.m. ET

Chairman and CEO Charles Giancarlo and Chief Financial Officer Kevan Kryslar

The presentations will be webcast live and archived on Pure's Investor Relations website at investor.purestorage.com.

About Pure Storage

Pure Storage (NYSE: PSTG) delivers the industry's most advanced data storage platform to store, manage, and protect the world's data at any scale. With Pure Storage, organizations have ultimate simplicity and flexibility, saving time, money, and energy. From AI to archive, Pure Storage delivers a cloud experience with one unified Storage as-a-Service platform across on premises, cloud, and hosted environments. Our platform is built on our Evergreen architecture that evolves with your business – always getting newer and better with zero planned downtime, guaranteed. Our customers are actively increasing their capacity and processing power while significantly reducing their carbon and energy footprint. It's easy to fall in love with Pure Storage, as evidenced by the highest Net Promoter Score in the industry. For more information, visit www.purestorage.com.

Analyst Recognition

[Leader in the 2023 Gartner Magic Quadrant for Primary Storage](#)

[Leader in the 2023 Gartner Magic Quadrant for Distributed File Systems & Object Storage](#)

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Forward Looking Statements

This press release contains forward-looking statements regarding our products, business and operations, including but not limited to our views relating to future period financial and business results, demand for our products and subscription services, including Evergreen//One, our technology and product strategy, specifically customer priorities around sustainability, the environmental and energy saving benefits to our customers of using our products, our ability to perform during current macro conditions and expand market share, our sustainability goals and benefits, our ability to capture storage workloads for AI environments and hyperscalers, the timing and magnitude of large orders, the impact of inflation, economic or supply chain disruptions, our expectations regarding our product and technology differentiation, including the E//Family, new customer acquisition, and other statements regarding our products, business, operations and results. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements.

Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from the results predicted include, among others, those risks and uncertainties included under the caption "Risk Factors" and elsewhere in our filings and reports with the U.S. Securities and Exchange Commission, which are available on our Investor Relations website at investor.purestorage.com and on the SEC website at www.sec.gov. Additional information is also set forth in our Annual Report on Form 10-K for the year ended February 4, 2024. All information provided in this release and in the attachments is as of August 28, 2024, and Pure undertakes no duty to update this information unless required by law.

Key Performance Metrics

Subscription ARR is a key business metric that refers to total annualized contract value of all active subscription agreements on the last day of the quarter, plus on-demand revenue for the quarter multiplied by four.

Total Contract Value (TCV) Sales, or bookings, of Pure's Evergreen//One and Evergreen//Flex offerings is an operating metric, representing the value of orders received and/or expected to be received during the fiscal year.

Non-GAAP Financial Measures

To supplement our unaudited condensed consolidated financial statements, which are prepared and presented in accordance with GAAP, Pure uses the following non-GAAP financial measures: non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating income (loss), non-GAAP operating margin, non-GAAP net income (loss), non-GAAP net income (loss) per share, and free cash flow.

We use these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Our management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and liquidity by excluding certain expenses such as stock-based compensation expense, payments to former shareholders of acquired companies, payroll tax expense related to stock-based activities, amortization of debt issuance costs related to debt, amortization of intangible assets acquired from acquisitions, restructuring costs related to severance and termination benefits, and costs associated with the impairment and early exit of certain leased facilities that may not be indicative of our ongoing core business operating results. Pure believes that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when analyzing historical performance and liquidity and planning, forecasting, and analyzing future periods. The presentation of these non-GAAP financial measures is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP, and our non-GAAP measures may be different from non-GAAP measures used by other companies.

For a reconciliation of these non-GAAP financial measures to GAAP measures, please see the tables captioned "Reconciliations of non-GAAP results of operations to the nearest comparable GAAP measures" and "Reconciliation from net cash provided by operating activities to free cash flow," included at the end of this release.

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