

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 26, 2019

Pure Storage, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction
of Incorporation)

001-37570

(Commission
File Number)

27-1069557

(IRS Employer Identification No.)

**650 Castro Street, Suite 400
Mountain View, California 94041**
(Address of Principal Executive Offices)

(800) 379-7873

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On February 28, 2019, Pure Storage, Inc. (“Pure Storage”) issued a press release regarding its financial results for the quarter and fiscal year ended January 31, 2019. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

This information, including the exhibits hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Pure Storage is making reference to non-GAAP financial information in the press release and the conference call. A reconciliation of these non-GAAP financial measures to the comparable GAAP financial measures is contained in the attached press release. These non-GAAP financial measures are reported in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(d)

On February 26, 2019, the Board of the Company unanimously voted to increase the number of directors on the Board from nine to ten, and appoint Roxanne Taylor as a Class II director, effective immediately. Ms. Taylor’s term as a member of the Board will expire at the meeting of stockholders to be held in 2020, at which time she is expected to stand for re-election.

Ms. Taylor was granted a restricted stock unit award for 29,600 shares of the Company’s Class A common stock. The award will vest as to 25% of the shares subject to the award on the first anniversary of the grant date, and the remaining 75% of the shares subject to the award in 12 substantially equal quarterly installments thereafter, subject to her continued service on the Board on the vesting dates. Ms. Taylor was also granted a pro-rata restricted stock unit award for 2,898 shares of the Company’s Class A common stock. The award will vest on the day prior to the Company’s next annual stockholder meeting, subject to her continued service on the Board on such date. The award is subject to the terms and conditions of the Company’s 2015 Equity Incentive Plan and the related award agreement. Furthermore, Ms. Taylor is also entitled to an annual cash retainer for her service on the Board in accordance with the Company’s director compensation policy.

In connection with her appointment to the Board, Ms. Taylor will execute the Company’s standard form of indemnity agreement for directors, which was filed as Exhibit 10.8 to the Company’s Annual Report on Form 10-K (File No. 001-37570) filed with the Securities and Exchange Commission on March 26, 2018.

There is no arrangement or understanding between Ms. Taylor and any other person pursuant to which Ms. Taylor was elected as a director of the Company. There are no family relationships between Ms. Taylor and any director or executive officer of the Company, and, other than as described above, no transactions involving Ms. Taylor that would require disclosure under Item 404(a) of Regulation S-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are furnished herewith:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release entitled “Pure Storage Announces Record Fourth Quarter and Full Year Fiscal 2019 Financial Results”

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Pure Storage, Inc.
(Registrant)

By: /s/ Timothy Riitters
Timothy Riitters

Chief Financial Officer

February 28, 2019

Pure Storage Announces Fourth Quarter and Full Year Fiscal 2019 Financial Results

MOUNTAIN VIEW, Calif., February 28, 2019 -- Pure Storage (NYSE: PSTG), the data solutions leader that helps innovators build a better world with data, today announced financial results for its fourth quarter and full year ended January 31, 2019 .

“We finished a strong FY19, growing annual revenue 33% year over year, to over \$1.3B, and we are excited about our ability to continue to deliver strong growth,” said Charles Giancarlo, Chairman and CEO, Pure Storage. “Looking ahead, we expect to drive industry leading growth, expand our product portfolio, and increase our lead in customer delight.”

Key Business and Financial Highlights:

- Q4 Revenue; \$422 million , up 24% year over year
- Full-year revenue \$1.36 billion , up 33% year over year
- Q4 GAAP gross margin 66.5% ; non-GAAP gross margin 67.6%
- Full-year GAAP gross margin 66.4%; non-GAAP gross margin 67.6%
- Q4 GAAP operating margin -5.9% ; non-GAAP operating margin + 7.4%
- Full year GAAP operating margin -12.5%; non-GAAP operating margin +3.7%

While Q4 results were below the company’s guided ranges, they were directly impacted by two distinct items. First, a process breakdown at a contract manufacturer prevented a number of orders from shipping in the quarter. Second, Pure exceeded its expectations in selling the company’s ES2 subscription offering, which ultimately drives positive long-term economics for Pure, but resulted in lower revenue recognized in the quarter. Except for these two items, our revenue and profits would have been within our guided range.

Recent Company Highlights:

- Following the quarter close, Pure signed a more than \$100 million-dollar deal over approximately two years with a leading global systems integrator.
- As part of Pure’s Cloud Data Services, the company announced [ObjectEngine™](#) , redefining data protection to rapid restoration built for modern enterprises.
- In addition, Pure launched [DirectFlash™ Fabric](#) for end-to-end NVMe and NVMe-oF support, enabling customers to improve performance of mission-critical applications and web-scale applications that traditionally have relied on direct attached storage.

“Pure delivered another strong fiscal year of growth, leverage, and scale,” said Tim Riitters, CFO, Pure Storage. “The innovative portfolio of platform, software, and cloud products Pure is bringing to market is expanding our opportunity and positioning us for long-term success.”

Fourth Quarter Fiscal 2019 Financial Highlights

The following tables summarize our consolidated financial results for the fiscal quarters ended January 31, 2019 and 2018 (in millions except percentages, per share amounts and headcount, unaudited):

GAAP Quarterly Financial Information			
	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018	Y/Y Change
Revenue	\$422.2	\$339.9	24%
Gross Margin	66.5%	65.3%	1.2 pts
Product Gross Margin	67.4%	66.2%	1.2 pts
Support Subscription Gross Margin	62.5%	60.6%	1.9 pts
Operating Loss	\$(25.0)	\$(18.8)	\$(6.2)
Operating Margin	-5.9%	-5.5%	-0.4 pts
Net Loss	\$(25.8)	\$(14.9)	\$(10.9)
Net Loss per Share - Basic and Diluted	\$(0.11)	\$(0.07)	\$(0.04)
Weighted-Average Shares	239.6	218.0	21.6
Headcount	>2,800	>2,100	~700

Non-GAAP Quarterly Financial Information			
	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018	Y/Y Change
Gross Margin	67.6%	66.3%	1.3 pts
Product Gross Margin	67.8%	66.5%	1.3 pts
Support Subscription Gross Margin	66.8%	65.4%	1.4 pts
Operating Income	\$31.1	\$24.9	\$6.2
Operating Margin	7.4%	7.3%	0.1 pts
Net Income	\$37.0	\$28.8	\$8.2
Net Income per Share - Diluted	\$0.14	\$0.11	\$0.03
Weighted-Average Shares - Diluted	263.7	250.8	12.9

A reconciliation between GAAP and non-GAAP information is provided at the end of this release.

Financial Outlook

Pure Storage's first quarter fiscal 2020 guidance is as follows:

- Revenue in the range of \$327 million to \$339 million, 30% Y/Y growth at the midpoint
- Non-GAAP gross margin in the range of 65.0% to 68.0%
- Non-GAAP operating margin in the range of -8.5% to -4.5%

Pure Storage's full year fiscal 2020 guidance is as follows:

- Revenue in the range of \$1.735 billion to \$1.805 billion, 30% Y/Y growth at the midpoint
- Non-GAAP gross margin in the range of 65.0% to 68.0%
- Non-GAAP operating margin in the range of 3.0% to 7.0%

All forward-looking non-GAAP financial measures contained in this section titled "Financial Outlook" exclude stock-based compensation expense, payroll tax expense related to stock-based activities, amortization of debt discount and debt issuance costs, amortization of intangible asset acquired from acquisition, any applicable anti-dilutive share count impact of our convertible debt hedge agreements and, as applicable, other special items. We have not reconciled guidance for non-GAAP gross margin and non-GAAP operating margin to their most directly comparable GAAP measures because the items that impact these measures are not within our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measures is not available without unreasonable effort.

Conference Call Information

Pure Storage will host a teleconference to discuss the fourth quarter and fiscal year 2019 results at 2:00 p.m. (PT) on February 28, 2019. Pure Storage will post management's prepared remarks and supplemental earnings presentation to the investor relations website at investor.purestorage.com in advance of the conference call.

Teleconference details are as follows:

- To Listen via Telephone: (866) 393-4306 or (734) 385-2616 (for international callers).
- To Listen via the Internet: A live and replay audio broadcast of the conference call with corresponding slides will be available at investor.purestorage.com.
- Replay: A telephone playback of this conference call is scheduled to be available two hours after the call ends on Thursday, February 28, 2019, through March 14, 2019. The replay will be accessible by calling (855) 859-2056 or (404) 537-3406 (for international callers), with conference ID 5479904.

Upcoming Events

Management will participate in an upcoming financial Q&A discussion at the Eighth Annual Technology Conference in New York on March 12, 2019. Pure Storage will post a link to this event on the investor relations website at investor.purestorage.com for both live and archived events.

About Pure Storage

Pure Storage (NYSE: PSTG) helps innovators build a better world with data. Pure's data solutions enable SaaS companies, cloud service providers, and enterprise and public sector customers to deliver real-time, secure data to power their mission-critical production, DevOps, and modern analytics environments in a multi-cloud environment. One of the fastest growing enterprise IT companies in history, Pure Storage enables customers to quickly adopt next-generation technologies, including artificial intelligence and machine learning, to help maximize the value of their data for competitive advantage. And with a Satmetrix-certified NPS customer satisfaction score in the top one percent of B2B companies, Pure's ever-expanding list of customers are among the happiest in the world.

Pure Storage, DirectFlash, Evergreen, FlashBlade, FlashStack, ObjectEngine and the "P" Logo mark are trademarks of Pure Storage, Inc. All other trademarks or names referenced in this document are the property of their respective owners.

Forward Looking Statements

This press release contains forward-looking statements regarding our products, business and operations, including our growth prospects and expectations regarding technology differentiation, and our outlook for the first quarter and full year fiscal 2020, and 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 captions "Risk Factors" and elsewhere in our filings and reports with the U.S. Securities and Exchange Commission, including, which are available on our investor relations website at investor.purestorage.com and on the SEC website at www.sec.gov. Additional information will also be set forth in our Annual Report on Form 10-K for the year ended January 31, 2019. All information provided in this release and in the attachments is as of February 28, 2019, and we undertake no duty to update this information unless required by law.

Non-GAAP Financial Measures

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with GAAP, we use 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, free cash flow, free cash flow as a percentage of revenue, free cash flow without ESPP impact, and free cash flow without ESPP impact as a percentage of revenue.

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 and expenditures such as stock-based compensation expense, amortization of debt discount and debt issuance costs, and amortization of intangible asset acquired from acquisition that may not be indicative of our ongoing core business operating results. We believe 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 and free cash flow without ESPP impact," included at the end of this release.

Matthew Danziger - Investor Relations, Pure Storage
ir@purestorage.com

Rena Fallstrom - Public relations, Pure Storage
pr@purestorage.com

PURE STORAGE, INC.
Condensed Consolidated Balance Sheets
(in thousands, unaudited)

	January 31, 2019	January 31, 2018
		(As Adjusted*)
Assets		
Current assets:		
Cash and cash equivalents	\$ 447,990	\$ 244,057
Marketable securities	749,482	353,289
Accounts receivable, net of allowance of \$660 and \$1,062	378,729	243,001
Inventory	44,687	34,497
Deferred commissions, current	29,244	21,088
Prepaid expenses and other current assets	51,695	47,552
Total current assets	1,701,827	943,484
Property and equipment, net	125,353	89,142
Deferred commissions, non-current	85,729	66,225
Intangible assets, net	20,118	5,057
Goodwill	10,997	—
Deferred income taxes, non-current	1,060	1,060
Restricted cash	15,823	14,763
Other assets, non-current	12,118	4,264
Total assets	\$ 1,973,025	\$ 1,123,995
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 103,462	\$ 84,420
Accrued compensation and benefits	99,910	59,898
Accrued expenses and other liabilities	39,860	27,149
Deferred revenue, current	266,584	191,229
Total current liabilities	509,816	362,696
Convertible senior notes, net	449,828	—
Deferred revenue, non-current	269,336	182,873
Other liabilities, non-current	6,265	4,025
Total liabilities	1,235,245	549,594
Stockholders' equity:		
Common stock and additional paid-in capital	1,820,067	1,479,905
Accumulated other comprehensive loss	(338)	(1,917)
Accumulated deficit	(1,081,949)	(903,587)
Total stockholders' equity	737,780	574,401
Total liabilities and stockholders' equity	\$ 1,973,025	\$ 1,123,995

*Prior period information has been adjusted to reflect the adoption impact of Accounting Standards Codification 606, *Revenue from Contracts with Customers* (ASC 606), which we adopted on February 1, 2018.

PURE STORAGE, INC.
Condensed Consolidated Statements of Operations
(in thousands, except per share data, unaudited)

	Three Months Ended January 31,		Twelve Months Ended January 31,	
	2019	2018	2019	2018
	(As Adjusted*)		(As Adjusted*)	
Revenue:				
Product	\$ 340,137	\$ 284,163	\$ 1,075,586	\$ 834,454
Support subscription	82,079	55,693	284,238	190,308
Total revenue	422,216	339,856	1,359,824	1,024,762
Cost of revenue:				
Product ⁽¹⁾	110,762	95,953	352,054	275,242
Support subscription ⁽¹⁾	30,758	21,970	105,474	78,539
Total cost of revenue	141,520	117,923	457,528	353,781
Gross profit	280,696	221,933	902,296	670,981
Operating expenses:				
Research and development ⁽¹⁾	96,630	75,480	349,936	279,196
Sales and marketing ⁽¹⁾	171,092	137,763	584,111	464,049
General and administrative ⁽¹⁾	37,934	27,506	137,506	95,170
Total operating expenses	305,656	240,749	1,071,553	838,415
Loss from operations	(24,960)	(18,816)	(169,257)	(167,434)
Other income (expense), net	(96)	5,046	(8,016)	11,445
Loss before provision for income taxes	(25,056)	(13,770)	(177,273)	(155,989)
Income tax provision	699	1,134	1,089	3,889
Net loss	\$ (25,755)	\$ (14,904)	\$ (178,362)	\$ (159,878)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.11)	\$ (0.07)	\$ (0.77)	\$ (0.76)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	239,571	218,009	232,042	211,609

*Prior period information has been adjusted to reflect the adoption impact of ASC 606, which we adopted on February 1, 2018.

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

Cost of revenue -- product	\$ 761	\$ 732	\$ 2,951	\$ 1,630
Cost of revenue -- support subscription	3,438	2,609	12,378	9,050
Research and development	24,528	19,597	92,484	71,229
Sales and marketing	16,460	13,518	66,350	47,687
General and administrative	9,520	6,297	36,482	21,077
Total stock-based compensation expense	\$ 54,707	\$ 42,753	\$ 210,645	\$ 150,673

PURE STORAGE, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands, unaudited)

	Three Months Ended January 31,		Twelve Months Ended January 31,	
	2019	2018	2019	2018
		(As Adjusted*)		(As Adjusted*)
Cash flows from operating activities				
Net loss	\$	(25,755)	\$	(14,904)
			\$	(178,362)
			\$	(159,878)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization		19,497		16,219
Amortization of debt discount and debt issuance costs		6,617		—
Stock-based compensation expense		54,707		42,753
Other		(2)		1,175
				(5,039)
				2,054
Changes in operating assets and liabilities, net of effects of acquisition:				
Accounts receivable, net		(73,026)		(40,875)
Inventory		4,814		1,719
Deferred commissions		(18,533)		(14,009)
Prepaid expenses and other assets		(8,968)		(23,687)
Accounts payable		2,493		17,470
Accrued compensation and other liabilities		44,218		26,263
Deferred revenue		74,732		46,876
Net cash provided by operating activities		80,794		59,000
				164,423
				72,756
Cash flows from investing activities				
Purchases of property and equipment		(29,439)		(20,709)
Acquisition, net of cash acquired		—		—
Purchase of other investment		(5,000)		—
Purchases of marketable securities		(107,109)		(50,658)
Sales of marketable securities		1,076		20,422
Maturities of marketable securities		97,231		45,047
Net cash used in investing activities		(43,241)		(5,898)
				(511,344)
				(57,159)
Cash flows from financing activities				
Net proceeds from exercise of stock options		4,429		8,916
Proceeds from issuance of common stock under employee stock purchase plan		—		—
Proceeds from issuance of convertible senior notes, net of issuance costs		—		562,062
Payment for purchase of capped calls		—		(64,630)
Repayment of debt acquired from acquisition		—		(6,101)
Tax withholding on vesting of restricted stock		(632)		—
Repurchase of common stock		—		(20,000)
Net cash provided by financing activities		3,797		8,916
				551,914
				46,814
Net increase in cash and cash equivalents and restricted cash		41,350		62,018
Cash, cash equivalents and restricted cash, beginning of period		422,463		196,802
Cash, cash equivalents and restricted cash, end of period	\$	463,813	\$	258,820
			\$	463,813
			\$	258,820

*Prior period information has been adjusted to reflect the adoption impact of ASC 606 and ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which we adopted on February 1, 2018.

Reconciliations of non-GAAP results of operations to the nearest comparable GAAP measures

The following table presents non-GAAP gross margins by revenue source before certain items (in thousands except percentages, unaudited):

	Three Months Ended January 31, 2019					Three Months Ended January 31, 2018 (As Adjusted*)				
	GAAP results	GAAP gross margin (a)	Adjustment	Non-GAAP results	Non-GAAP gross margin (b)	GAAP results	GAAP gross margin (a)	Adjustment	Non-GAAP results	Non-GAAP gross margin (b)
			\$ 761 (c)					\$ 732 (c)		
			10 (d)					8 (d)		
			<u>632 (e)</u>					<u>—</u>		
Gross profit -- product	\$ 229,375	67.4%	\$ 1,403	\$ 230,778	67.8%	\$ 188,210	66.2%	\$ 740	\$ 188,950	66.5%
			\$ 3,438 (c)					\$ 2,609 (c)		
			<u>63 (d)</u>					<u>82 (d)</u>		
Gross profit -- support subscription	\$ 51,321	62.5%	\$ 3,501	\$ 54,822	66.8%	\$ 33,723	60.6%	\$ 2,691	\$ 36,414	65.4%
			\$ 4,199 (c)					\$ 3,341 (c)		
			<u>73 (d)</u>					<u>90 (d)</u>		
			<u>632 (e)</u>					<u>—</u>		
Total gross profit	<u>\$ 280,696</u>	66.5%	<u>\$ 4,904</u>	<u>\$ 285,600</u>	67.6%	<u>\$ 221,933</u>	65.3%	<u>\$ 3,431</u>	<u>\$ 225,364</u>	66.3%

*Prior period information has been adjusted to reflect the adoption impact of ASC 606, which we adopted on February 1, 2018.

- (a) GAAP gross margin is defined as GAAP gross profit divided by revenue.
- (b) Non-GAAP gross margin is defined as non-GAAP gross profit divided by revenue.
- (c) To eliminate stock-based compensation expense.
- (d) To eliminate payroll tax expense related to stock-based activities.
- (e) To eliminate amortization expense of acquired intangible assets.

The following table presents certain non-GAAP consolidated results before certain items (in thousands, except per share amounts and percentages, unaudited):

	Three Months Ended January 31, 2019					Three Months Ended January 31, 2018 (As Adjusted*)				
	GAAP results	GAAP operating margin (a)	Adjustment	Non-GAAP results	Non-GAAP operating margin (b)	GAAP results	GAAP operating margin (a)	Adjustment	Non-GAAP results	Non-GAAP operating margin (b)
			\$ 54,707 (c)					\$ 42,753 (c)		
			763 (d)					973 (d)		
			632 (e)					—		
Operating income (loss)	\$ (24,960)	-5.9 %	\$ 56,102	\$ 31,142	7.4%	\$ (18,816)	-5.5 %	\$ 43,726	\$ 24,910	7.3%
			\$ 54,707 (c)					\$ 42,753 (c)		
			763 (d)					973 (d)		
			632 (e)					—		
			6,616 (f)					—		
Net income (loss)	\$ (25,755)		\$ 62,718	\$ 36,963		\$ (14,904)		\$ 43,726	\$ 28,822	
Net income (loss) per share -- diluted	\$ (0.11)			\$ 0.14		\$ (0.07)			\$ 0.11	
Weighted-average shares used in per share calculation -- diluted	239,571		24,097 (g)	263,668		218,009		32,752 (g)	250,761	

*Prior period information has been adjusted to reflect the adoption impact of ASC 606, which we adopted on February 1, 2018.

- (a) GAAP operating margin is defined as GAAP operating loss divided by revenue.
- (b) Non-GAAP operating margin is defined as non-GAAP operating income divided by revenue.
- (c) To eliminate stock-based compensation expense.
- (d) To eliminate payroll tax expense related to stock-based activities.
- (e) To eliminate amortization expense of acquired intangible assets.
- (f) To eliminate amortization expense of debt discount and debt issuance costs related to our convertible debt.
- (g) To include effect of dilutive securities (employee stock options, restricted stock, and shares from employee stock purchase plan (ESPP)).

Reconciliation from net cash provided by operating activities to free cash flow and free cash flow without ESPP impact (in thousands except percentages, unaudited):

	Three Months Ended January 31,	
	2019	2018
Net cash provided by operating activities	\$ 80,794	\$ 59,000
Less: purchases of property and equipment	(29,439)	(20,709)
Free cash flow (non-GAAP)	\$ 51,355	\$ 38,291
Adjust: ESPP Impact	(17,027)	(11,495)
Free cash flow without ESPP impact (non-GAAP)	\$ 34,328	\$ 26,796
Free cash flow as % of revenue	12.2%	11.3%
Free cash flow without ESPP Impact as % of revenue	8.1%	7.9%