

Non-GAAP Financial Measures and Other Key Metrics

This unaudited supplemental financial information contains financial statements that have not been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). We use these non-GAAP financial measures and key metrics internally in analyzing our financial results and believe that the disclosure of these non-GAAP financial measures and key metrics will be useful to investors as an additional tool to evaluate our ongoing operating results and trends and in comparing our financial results with other companies in our industry, many of which present similar non-GAAP financial measures or key metrics.

Non-GAAP financial measures and key metrics are not meant to be considered in isolation or as a substitute for comparable GAAP financial measures, and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. A reconciliation of our non-GAAP financial measures and key metrics to the most directly comparable GAAP measures has been provided in the financial statement tables included in this supplemental financial information, and investors are encouraged to review these reconciliations. We have not provided a reconciliation of forward-looking non-GAAP measures to the corresponding GAAP measures as they are not available without unreasonable effort.

Palo Alto Networks, Inc.
Condensed Consolidated Statements of Operations - Fiscal Quarters
(In millions, except percentages)

	Q424	Q125	Q225	Q325	Q425	Q126	Q226	Q326
Revenue:								
Product	\$ 480	\$ 354	\$ 421	\$ 453	\$ 574	\$ 434	\$ 514	\$ 594
Subscription and support	1,709	1,785	1,836	1,836	1,962	2,040	2,080	2,408
Total revenue	2,189	2,139	2,257	2,289	2,536	2,474	2,594	3,002
Cost of revenue:								
Product	105	75	101	101	136	89	115	167
Subscription and support	469	479	498	518	543	549	570	807
Total cost of revenue	574	554	599	619	679	638	685	974
Total gross profit	1,615	1,585	1,658	1,670	1,857	1,836	1,909	2,028
<i>Product gross margin</i>	78.2 %	78.8 %	76.0 %	77.8 %	76.3 %	79.5 %	77.6 %	71.9 %
<i>Subscription and support gross margin</i>	72.6 %	73.2 %	72.9 %	71.8 %	72.3 %	73.1 %	72.6 %	66.5 %
<i>Total gross margin</i>	73.8 %	74.1 %	73.5 %	72.9 %	73.2 %	74.2 %	73.6 %	67.6 %
Operating expenses:								
Research and development	495	481	505	494	504	528	511	734
Sales and marketing	742	720	758	793	829	820	823	1,161
General and administrative	140	98	154	164	27	179	178	316
Total operating expenses	1,377	1,299	1,417	1,451	1,360	1,527	1,512	2,211
Operating income (loss)	238	286	241	219	497	309	397	(183)
Interest expense	—	(1)	(1)	(1)	—	—	—	—
Other income, net	81	83	85	93	95	103	152	27
Income (loss) before income taxes	319	368	325	311	592	412	549	(156)
Provision for (benefit from) income taxes	(39)	17	58	49	338	78	117	21
Net income (loss)	\$ 358	\$ 351	\$ 267	\$ 262	\$ 254	\$ 334	\$ 432	\$ (177)

Palo Alto Networks, Inc.
Non-GAAP Condensed Consolidated Statements of Operations - Fiscal Quarters
(In millions, except percentages)

	Q424	Q125	Q225	Q325	Q425	Q126	Q226	Q326
Revenue:								
Product	\$ 480	\$ 354	\$ 421	\$ 453	\$ 574	\$ 434	\$ 514	\$ 594
Subscription and support	1,709	1,785	1,836	1,836	1,962	2,040	2,080	2,408
Total revenue	2,189	2,139	2,257	2,289	2,536	2,474	2,594	3,002
Cost of revenue:								
Product	102	72	98	98	133	86	112	126
Subscription and support	405	413	430	451	481	486	507	600
Total cost of revenue	507	485	528	549	614	572	619	726
Total gross profit	1,682	1,654	1,729	1,740	1,922	1,902	1,975	2,276
<i>Product gross margin</i>	78.8 %	79.7 %	76.7 %	78.4 %	76.8 %	80.2 %	78.2 %	78.8 %
<i>Subscription and support gross margin</i>	76.3 %	76.8 %	76.6 %	75.4 %	75.5 %	76.2 %	75.6 %	75.1 %
<i>Total gross margin</i>	76.8 %	77.3 %	76.6 %	76.0 %	75.8 %	76.9 %	76.1 %	75.8 %
Operating expenses:								
Research and development	351	338	356	353	359	370	390	512
Sales and marketing	660	626	649	679	709	699	708	842
General and administrative	83	74	83	81	86	87	92	108
Total operating expenses	1,094	1,038	1,088	1,113	1,154	1,156	1,190	1,462
Operating income	588	616	641	627	768	746	785	814
Interest expense	—	(1)	—	(1)	—	—	—	—
Other income, net	81	83	85	93	95	103	152	65
Income before income taxes	669	698	726	719	863	849	937	879
Provision for income taxes	147	153	160	158	190	187	205	195
Net income	\$ 522	\$ 545	\$ 566	\$ 561	\$ 673	\$ 662	\$ 732	\$ 684

Palo Alto Networks, Inc.

GAAP to Non-GAAP Reconciliations and Disaggregation of Revenue by Type - Fiscal Quarters

(In millions, except percentages and per share amounts)

	Q424	Q125	Q225	Q325	Q425	Q126	Q226	Q326
GAAP to Non-GAAP Reconciliations								
GAAP product gross profit	\$ 375	\$ 279	\$ 320	\$ 352	\$ 438	\$ 345	\$ 399	\$ 427
Share-based compensation-related charges	1	1	1	2	1	1	1	3
Amortization expense of acquired intangible assets	—	—	—	—	—	—	—	37
Litigation-related charges ⁽¹⁾	2	2	2	1	2	2	2	1
Non-GAAP product gross profit	\$ 378	\$ 282	\$ 323	\$ 355	\$ 441	\$ 348	\$ 402	\$ 468
Non-GAAP product gross margin	78.8 %	79.7 %	76.7 %	78.4 %	76.8 %	80.2 %	78.2 %	78.8 %
GAAP subscription and support gross profit	\$ 1,240	\$ 1,306	\$ 1,338	\$ 1,318	\$ 1,419	\$ 1,491	\$ 1,510	\$ 1,601
Share-based compensation-related charges	37	37	39	39	39	38	39	56
Acquisition-related costs ⁽²⁾	—	—	—	—	—	—	—	5
Amortization expense of acquired intangible assets	27	29	29	28	23	25	24	146
Non-GAAP subscription and support gross profit	\$ 1,304	\$ 1,372	\$ 1,406	\$ 1,385	\$ 1,481	\$ 1,554	\$ 1,573	\$ 1,808
Non-GAAP subscription and support gross margin	76.3 %	76.8 %	76.6 %	75.4 %	75.5 %	76.2 %	75.6 %	75.1 %
GAAP total gross profit	\$ 1,615	\$ 1,585	\$ 1,658	\$ 1,670	\$ 1,857	\$ 1,836	\$ 1,909	\$ 2,028
Share-based compensation-related charges	38	38	40	41	40	39	40	59
Acquisition-related costs ⁽²⁾	—	—	—	—	—	—	—	5
Amortization expense of acquired intangible assets	27	29	29	28	23	25	24	183
Litigation-related charges ⁽¹⁾	2	2	2	1	2	2	2	1
Non-GAAP total gross profit	\$ 1,682	\$ 1,654	\$ 1,729	\$ 1,740	\$ 1,922	\$ 1,902	\$ 1,975	\$ 2,276
Non-GAAP gross margin	76.8 %	77.3 %	76.6 %	76.0 %	75.8 %	76.9 %	76.1 %	75.8 %
GAAP research and development expense	\$ 495	\$ 481	\$ 505	\$ 494	\$ 504	\$ 528	\$ 511	\$ 734
Share-based compensation-related charges	144	143	149	141	145	158	121	216
Acquisition-related costs ⁽²⁾	—	—	—	—	—	—	—	6
Non-GAAP research and development expense	\$ 351	\$ 338	\$ 356	\$ 353	\$ 359	\$ 370	\$ 390	\$ 512
Non-GAAP research and development expense as a percentage of revenue	16.0 %	15.8 %	15.8 %	15.4 %	14.1 %	15.0 %	15.0 %	17.1 %
GAAP sales and marketing expense	\$ 742	\$ 720	\$ 758	\$ 793	\$ 829	\$ 820	\$ 823	\$ 1,161
Share-based compensation-related charges	76	82	95	99	106	107	101	148
Acquisition-related costs ⁽²⁾	—	—	—	—	—	—	—	74
Amortization expense of acquired intangible assets	6	12	14	15	14	14	14	97
Non-GAAP sales and marketing expense	\$ 660	\$ 626	\$ 649	\$ 679	\$ 709	\$ 699	\$ 708	\$ 842
Non-GAAP sales and marketing expense as a percentage of revenue	30.1 %	29.3 %	28.7 %	29.7 %	28.0 %	28.2 %	27.3 %	28.0 %
GAAP general and administrative expense	\$ 140	\$ 98	\$ 154	\$ 164	\$ 27	\$ 179	\$ 178	\$ 316
Share-based compensation-related charges	30	52	60	74	81	83	59	94
Acquisition-related costs ⁽²⁾	3	15	10	7	(142)	5	24	113
Litigation-related charges ⁽¹⁾	24	(43)	1	2	2	4	3	1
Non-GAAP general and administrative expense	\$ 83	\$ 74	\$ 83	\$ 81	\$ 86	\$ 87	\$ 92	\$ 108
Non-GAAP general and administrative expense as a percentage of revenue	3.8 %	3.4 %	3.7 %	3.5 %	3.4 %	3.5 %	3.5 %	3.6 %

(1) Consists of the amortization of intellectual property licenses and covenant not to sue, and legal contingency charges (credit). Also includes litigation settlement charges in Q4'24 and Q2'26.

(2) Consists of acquisition transaction costs, share-based compensation related to the cash settlement of certain equity awards, change in fair value of contingent consideration liability, and costs to terminate certain employment, operating lease, and other contracts of the acquired companies. In Q1'26 through Q3'26, also includes integration costs related to our acquisition of CyberArk Software Ltd.

Palo Alto Networks, Inc.

GAAP to Non-GAAP Reconciliations and Disaggregation of Revenue by Type - Fiscal Quarters (Continued)

(In millions, except percentages and per share amounts)

	Q424	Q125	Q225	Q325	Q425	Q126	Q226	Q326
GAAP total operating expense	\$ 1,377	\$ 1,299	\$ 1,417	\$ 1,451	\$ 1,360	\$ 1,527	\$ 1,512	\$ 2,211
Share-based compensation-related charges	250	277	304	314	332	348	281	458
Acquisition-related costs ⁽¹⁾	3	15	10	7	(142)	5	24	193
Amortization expense of acquired intangible assets	6	12	14	15	14	14	14	97
Litigation-related charges ⁽²⁾	24	(43)	1	2	2	4	3	1
Non-GAAP total operating expense	\$ 1,094	\$ 1,038	\$ 1,088	\$ 1,113	\$ 1,154	\$ 1,156	\$ 1,190	\$ 1,462
Non-GAAP total operating expense as a percentage of revenue	49.9 %	48.5 %	48.2 %	48.6 %	45.5 %	46.7 %	45.8 %	48.7 %
GAAP operating income (loss)	\$ 238	\$ 286	\$ 241	\$ 219	\$ 497	\$ 309	\$ 397	\$ (183)
Share-based compensation-related charges	288	315	344	355	372	387	321	517
Acquisition-related costs ⁽¹⁾	3	15	10	7	(142)	5	24	198
Amortization expense of acquired intangible assets	33	41	43	43	37	39	38	280
Litigation-related charges ⁽²⁾	26	(41)	3	3	4	6	5	2
Non-GAAP operating income	\$ 588	\$ 616	\$ 641	\$ 627	\$ 768	\$ 746	\$ 785	\$ 814
Non-GAAP operating margin	26.9 %	28.8 %	28.4 %	27.4 %	30.3 %	30.2 %	30.3 %	27.1 %
GAAP interest expense	\$ —	\$ (1)	\$ (1)	\$ (1)	\$ —	\$ —	\$ —	\$ —
Change in fair value of convertible notes and capped calls ⁽³⁾	—	—	1	—	—	—	—	—
Non-GAAP interest expense	\$ —	\$ (1)	\$ —	\$ (1)	\$ —	\$ —	\$ —	\$ —
Non-GAAP interest expense as a percentage of revenue	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
GAAP other income, net	\$ 81	\$ 83	\$ 85	\$ 93	\$ 95	\$ 103	\$ 152	\$ 27
Change in fair value of convertible notes and capped calls ⁽³⁾	—	—	—	—	—	—	—	38
Non-GAAP other income, net	\$ 81	\$ 83	\$ 85	\$ 93	\$ 95	\$ 103	\$ 152	\$ 65
Non-GAAP other income, net as a percentage of revenue	3.7 %	3.9 %	3.8 %	4.0 %	3.7 %	4.2 %	5.9 %	2.2 %
GAAP income (loss) before income taxes	\$ 319	\$ 368	\$ 325	\$ 311	\$ 592	\$ 412	\$ 549	\$ (156)
Share-based compensation-related charges	288	315	344	355	372	387	321	517
Acquisition-related costs ⁽¹⁾	3	15	10	7	(142)	5	24	198
Amortization expense of acquired intangible assets	33	41	43	43	37	39	38	280
Litigation-related charges ⁽²⁾	26	(41)	3	3	4	6	5	2
Change in fair value of convertible notes and capped calls ⁽³⁾	—	—	1	—	—	—	—	38
Non-GAAP income before income taxes	\$ 669	\$ 698	\$ 726	\$ 719	\$ 863	\$ 849	\$ 937	\$ 879

(1) Consists of acquisition transaction costs, share-based compensation related to the cash settlement of certain equity awards, change in fair value of contingent consideration liability, and costs to terminate certain employment, operating lease, and other contracts of the acquired companies. In Q1'26 through Q3'26, also includes integration costs related to our acquisition of CyberArk Software Ltd.

(2) Consists of the amortization of intellectual property licenses and covenant not to sue, and legal contingency charges (credit). Also includes litigation settlement charges in Q4'24 and Q2'26.

(3) Consists of changes in fair value of convertible senior notes acquired from CyberArk Software Ltd. that are included in earnings and changes in fair value of the related capped calls. Prior to Q4'25, also includes non-cash interest expense for amortization of debt issuance costs related to our convertible senior notes.

(4) Consists of income tax adjustments related to our long-term non-GAAP effective tax rate of 22%. In Q4'24, it included a tax benefit from a release of our valuation allowance on U.S. federal, U.S. states other than California, and United Kingdom deferred tax assets. In Q4'25, it included a one-time deferred tax provision adjustment relating to the enactment of One Big Beautiful Bill.

Palo Alto Networks, Inc.

GAAP to Non-GAAP Reconciliations and Disaggregation of Revenue by Type - Fiscal Quarters (Continued)

(In millions, except percentages and per share amounts)

	Q424	Q125	Q225	Q325	Q425	Q126	Q226	Q326
GAAP provision for (benefit from) income taxes	\$ (39)	\$ 17	\$ 58	\$ 49	\$ 338	\$ 78	\$ 117	\$ 21
Income tax and other tax adjustments ⁽⁴⁾	186	136	102	109	(148)	109	88	174
Non-GAAP provision for income taxes	\$ 147	\$ 153	\$ 160	\$ 158	\$ 190	\$ 187	\$ 205	\$ 195
Non-GAAP effective tax rate	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %
GAAP net income (loss)	\$ 358	\$ 351	\$ 267	\$ 262	\$ 254	\$ 334	\$ 432	\$ (177)
Share-based compensation-related charges	288	315	344	355	372	387	321	517
Acquisition-related costs ⁽¹⁾	3	15	10	7	(142)	5	24	198
Amortization expense of acquired intangible assets	33	41	43	43	37	39	38	280
Litigation-related charges ⁽²⁾	26	(41)	3	3	4	6	5	2
Change in fair value of convertible notes and capped calls ⁽³⁾	—	—	1	—	—	—	—	38
Income tax and other tax adjustments ⁽⁴⁾	(186)	(136)	(102)	(109)	148	(109)	(88)	(174)
Non-GAAP net income	\$ 522	\$ 545	\$ 566	\$ 561	\$ 673	\$ 662	\$ 732	\$ 684
GAAP net income (loss) per share, diluted	\$ 0.51	\$ 0.49	\$ 0.38	\$ 0.37	\$ 0.36	\$ 0.47	\$ 0.61	\$ (0.22)
Share-based compensation-related charges	0.41	0.46	0.50	0.52	0.53	0.53	0.45	0.64
Acquisition-related costs ⁽¹⁾	0.00	0.02	0.01	0.01	(0.20)	0.01	0.03	0.25
Amortization expense of acquired intangible assets	0.05	0.06	0.06	0.06	0.05	0.06	0.05	0.35
Litigation-related charges ⁽²⁾	0.04	(0.06)	0.00	0.00	0.00	0.01	0.01	0.00
Change in fair value of convertible notes and capped calls ⁽³⁾	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05
Income tax and other tax adjustments ⁽⁴⁾	(0.26)	(0.19)	(0.14)	(0.16)	0.21	(0.15)	(0.12)	(0.22)
Non-GAAP net income per share, diluted	\$ 0.75	\$ 0.78	\$ 0.81	\$ 0.80	\$ 0.95	\$ 0.93	\$ 1.03	\$ 0.85
GAAP weighted-average shares used to compute net income (loss) per share, diluted	708	709	709	707	709	709	711	801
Weighted-average dilutive effect of potentially dilutive securities ⁽⁵⁾	—	—	—	—	—	—	—	6
Weighted-average anti-dilutive impact of note hedge agreements	(15)	(12)	(9)	(6)	(2)	—	—	—
Non-GAAP weighted-average shares used to compute net income per share, diluted	693	697	700	701	707	709	711	807

(1) Consists of acquisition transaction costs, share-based compensation related to the cash settlement of certain equity awards, change in fair value of contingent consideration liability, and costs to terminate certain employment, operating lease, and other contracts of the acquired companies. In Q1'26 through Q3'26, also includes integration costs related to our acquisition of CyberArk Software Ltd.

(2) Consists of the amortization of intellectual property licenses and covenant not to sue, and legal contingency charges (credit). Also includes litigation settlement charges in Q4'24 and Q2'26.

(3) Consists of changes in fair value of convertible senior notes acquired from CyberArk Software Ltd. that are included in earnings and changes in fair value of the related capped calls. Prior to Q4'25, also includes non-cash interest expense for amortization of debt issuance costs related to our convertible senior notes.

(4) Consists of income tax adjustments related to our long-term non-GAAP effective tax rate of 22%. In Q4'24, it included a tax benefit from a release of our valuation allowance on U.S. federal, U.S. states other than California, and United Kingdom deferred tax assets. In Q4'25, it included a one-time deferred tax provision adjustment relating to the enactment of One Big Beautiful Bill.

(5) Consists of potentially dilutive effect of employee equity incentive plan awards in periods with GAAP net loss position as they are excluded from GAAP weighted-average shares.

Palo Alto Networks, Inc.

GAAP to Non-GAAP Reconciliations and Disaggregation of Revenue by Type - Fiscal Quarters (Continued)

(In millions, except percentages and per share amounts)

	Q424	Q125	Q225	Q325	Q425	Q126	Q226	Q326
Net cash provided by operating activities	\$ 513	\$ 1,510	\$ 557	\$ 628	\$ 1,021	\$ 1,771	\$ 554	\$ 871
Less: purchases of property, equipment, and other assets	48	44	48	68	87	84	170	83
Free cash flow (non-GAAP)	\$ 465	\$ 1,466	\$ 509	\$ 560	\$ 934	\$ 1,687	\$ 384	\$ 788
Add: capital expenditures for headquarters ⁽¹⁾	—	—	—	—	—	—	91	—
Add: capital expenditures for certain corporate assets ⁽²⁾	—	—	—	18	20	15	15	5
Add: payments of acquisition-related costs ⁽³⁾	—	—	—	—	—	11	8	117
Add: litigation-related payment ⁽⁴⁾	20	—	—	—	—	—	4	—
Adjusted free cash flow (non-GAAP)	\$ 485	\$ 1,466	\$ 509	\$ 578	\$ 954	\$ 1,713	\$ 502	\$ 910
Net cash provided by (used in) investing activities	\$ (169)	\$ (544)	\$ (381)	\$ (517)	\$ (763)	\$ (983)	\$ 651	\$ (1,766)
Net cash provided by (used in) financing activities	\$ (179)	\$ (220)	\$ (232)	\$ 47	\$ (374)	\$ 8	\$ (114)	\$ (899)
Free cash flow margin (non-GAAP)	21.3 %	68.5 %	22.6 %	24.5 %	36.8 %	68.2 %	14.8 %	26.2 %
Adjusted free cash flow margin (non-GAAP)	22.2 %	68.5 %	22.6 %	25.3 %	37.6 %	69.2 %	19.4 %	30.3 %

Disaggregation of Revenue by Type

Revenue:

Product	\$ 480	\$ 354	\$ 421	\$ 453	\$ 574	\$ 434	\$ 514	\$ 594
Subscription and support								
Subscription	1,127	1,192	1,233	1,234	1,315	1,364	1,404	1,632
Support	582	593	603	602	647	676	676	776
Total subscription and support	1,709	1,785	1,836	1,836	1,962	2,040	2,080	2,408
Total revenue	\$ 2,189	\$ 2,139	\$ 2,257	\$ 2,289	\$ 2,536	\$ 2,474	\$ 2,594	\$ 3,002

(1) Consists of a land purchase of \$91 million.

(2) Consists of a one-time purchase of a corporate asset which is expected to be paid through Q4'26.

(3) Consists of payments of acquisition-related costs in connection with our acquisitions of CyberArk Software Ltd. and Koi Security Ltd.

(4) Consists of non-recurring litigation settlement payments in Q4'24 and Q2'26.

Palo Alto Networks, Inc.
Other Key Metrics - Fiscal Quarters
(In billions, except percentages)

	Q424	Q125	Q225	Q325	Q425	Q126	Q226	Q326
Next-Generation Security Annualized Recurring Revenue ⁽¹⁾	\$ 4.22	\$ 4.52	\$ 4.78	\$ 5.09	\$ 5.58	\$ 5.85	\$ 6.33	\$ 8.13
Next-Generation Security Annualized Recurring Revenue year-over-year percentage increase	43 %	40 %	37 %	34 %	32 %	29 %	33 %	60 %
Remaining performance obligations	\$ 12.7	\$ 12.6	\$ 13.0	\$ 13.5	\$ 15.8	\$ 15.5	\$ 16.0	\$ 18.4
Remaining performance obligations year-over-year percentage increase	20 %	20 %	21 %	19 %	24 %	24 %	23 %	36 %

(1) Our Next-Generation Security Annualized Recurring Revenue ("NGS ARR") represents the annualized allocated revenue of all active contracts as of the final day of the reporting period related to all product, subscription and support offerings, excluding revenue from hardware products, and legacy attached subscriptions, support offerings and professional services.

Palo Alto Networks, Inc.
Condensed Consolidated Balance Sheets - Fiscal Quarters
(In millions)

	Q424	Q125	Q225	Q325	Q425	Q126	Q226	Q326
Assets								
Current assets:								
Cash and cash equivalents	\$ 1,535	\$ 2,283	\$ 2,226	\$ 2,383	\$ 2,269	\$ 3,066	\$ 4,158	\$ 2,364
Short-term investments	1,044	1,108	1,007	917	635	1,144	378	747
Accounts receivable, net	2,619	1,133	1,496	1,950	2,965	1,343	2,116	2,852
Short-term financing receivables, net	726	805	755	737	715	737	672	591
Short-term deferred contract costs	369	368	376	387	419	415	424	454
Prepaid expenses and other current assets	557	546	480	525	520	605	621	705
Total current assets	6,850	6,243	6,340	6,899	7,523	7,310	8,369	7,713
Property and equipment, net	361	361	358	367	387	394	485	506
Operating lease right-of-use assets	386	389	373	357	347	353	368	678
Long-term investments	4,173	4,120	4,560	5,153	5,555	5,982	3,362	3,881
Long-term financing receivables, net	1,182	1,092	1,164	1,069	1,002	855	870	779
Long-term deferred contract costs	562	532	523	528	586	546	526	551
Goodwill	3,350	4,051	4,051	4,051	4,567	4,567	6,931	21,902
Intangible assets, net	375	810	771	730	763	723	1,249	7,283
Deferred tax assets	2,399	2,397	2,447	2,452	2,424	2,416	2,392	2,380
Other assets	353	380	365	397	422	390	427	593
Total assets	\$ 19,991	\$ 20,375	\$ 20,952	\$ 22,003	\$ 23,576	\$ 23,536	\$ 24,979	\$ 46,266
Liabilities and stockholders' equity								
Current liabilities:								
Accounts payable	\$ 116	\$ 212	\$ 149	\$ 235	\$ 232	\$ 223	\$ 262	\$ 293
Accrued compensation	555	354	492	506	608	398	562	680
Accrued and other liabilities	507	683	777	825	846	665	937	760
Deferred revenue	5,541	5,508	5,600	5,757	6,302	6,132	6,248	7,113
Short-term convertible senior notes	964	646	534	383	—	—	—	160
Total current liabilities	7,683	7,403	7,552	7,706	7,988	7,418	8,009	9,006
Long-term convertible senior notes	—	—	—	—	—	—	—	1,192
Long-term deferred revenue	5,939	5,586	5,663	5,817	6,450	6,098	6,181	6,492
Deferred tax liabilities	388	251	116	26	89	96	75	259
Long-term operating lease liabilities	381	380	363	346	338	346	372	719
Other long-term liabilities	431	843	883	878	887	913	949	930
Total liabilities	14,822	14,463	14,577	14,773	15,752	14,871	15,586	18,598
Stockholders' equity:								
Preferred stock	—	—	—	—	—	—	—	—
Common stock and additional paid-in capital	3,821	4,215	4,421	4,952	5,292	5,780	6,097	24,608
Accumulated other comprehensive income (loss)	(2)	(4)	(14)	48	48	67	46	(13)
Retained earnings	1,350	1,701	1,968	2,230	2,484	2,818	3,250	3,073
Total stockholders' equity	5,169	5,912	6,375	7,230	7,824	8,665	9,393	27,668
Total liabilities and stockholders' equity	\$ 19,991	\$ 20,375	\$ 20,952	\$ 22,003	\$ 23,576	\$ 23,536	\$ 24,979	\$ 46,266

Palo Alto Networks, Inc.
Condensed Consolidated Statements of Cash Flows - Fiscal Quarters
(In millions)

	Q424	Q125	Q225	Q325	Q425	Q126	Q226	Q326
Cash flows from operating activities								
Net income (loss)	\$ 358	\$ 351	\$ 267	\$ 262	\$ 254	\$ 334	\$ 432	\$ (177)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:								
Share-based compensation for equity-based awards	269	295	320	326	354	370	301	643
Deferred income taxes	(216)	(137)	(180)	(125)	92	9	5	24
Depreciation and amortization	77	84	87	88	84	89	91	334
Amortization of deferred contract costs	122	110	115	119	137	126	135	149
Amortization of debt issuance costs	—	—	1	—	—	—	—	—
Change in fair value of convertible senior notes and capped calls	—	—	—	—	—	—	—	38
Change in fair value of contingent consideration liability	—	6	10	4	(155)	(13)	3	(110)
Reduction of operating lease right-of-use assets	15	16	16	16	17	18	17	19
Amortization of investment premiums, net of accretion of purchase discounts	(13)	(15)	(11)	(9)	(6)	(7)	(45)	(1)
Unrealized foreign currency exchange (gains) losses, net	—	—	—	—	—	—	—	9
Changes in operating assets and liabilities, net of effects of acquisitions:								
Accounts receivable, net	(904)	1,486	(363)	(454)	(1,014)	1,622	(758)	(423)
Financing receivables, net	(453)	11	(22)	113	89	125	50	172
Deferred contract costs	(205)	(79)	(114)	(135)	(227)	(82)	(124)	(204)
Prepaid expenses and other assets	(181)	(4)	93	(21)	20	(33)	(12)	(2)
Accounts payable	5	97	(64)	86	(12)	(2)	42	10
Accrued compensation	169	(201)	138	14	100	(210)	164	5
Accrued and other liabilities	158	(94)	95	33	113	(53)	75	(12)
Deferred revenue	1,312	(416)	169	311	1,175	(522)	178	397
Net cash provided by operating activities	513	1,510	557	628	1,021	1,771	554	871
Cash flows from investing activities								
Purchases of investments	(1,065)	(660)	(1,072)	(1,089)	(875)	(1,401)	(524)	(496)
Proceeds from sales of investments	455	291	354	185	367	30	2,786	583
Proceeds from maturities of investments	489	369	384	455	387	474	1,135	215
Business acquisitions, net of cash and restricted cash acquired	—	(500)	1	—	(555)	(2)	(2,576)	(1,985)
Purchases of property, equipment, and other assets	(48)	(44)	(48)	(68)	(87)	(84)	(170)	(83)
Net cash provided by (used in) investing activities	(169)	(544)	(381)	(517)	(763)	(983)	651	(1,766)
Cash flows from financing activities								
Repayments of convertible senior notes	(199)	(319)	(113)	(151)	(383)	—	—	—
Proceeds from capped calls related to convertible senior notes	—	—	—	—	—	—	—	10
Repurchases of common stock	—	—	—	—	—	—	—	(1,000)
Proceeds from sales of shares through employee equity incentive plans	24	121	37	203	10	130	8	126
Payments for taxes related to net share settlement of equity awards	(4)	(22)	(156)	(5)	(1)	(1)	(108)	(16)
Payments of contingent consideration liability	—	—	—	—	—	(121)	(14)	(19)
Net cash provided by (used in) financing activities	(179)	(220)	(232)	47	(374)	8	(114)	(899)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	—	—	—	—	—	—	—	2
Net increase (decrease) in cash, cash equivalents, and restricted cash	165	746	(56)	158	(116)	796	1,091	(1,792)
Cash, cash equivalents, and restricted cash - beginning of period	1,382	1,547	2,293	2,237	2,395	2,279	3,075	4,166
Cash, cash equivalents, and restricted cash - end of period	\$ 1,547	\$ 2,293	\$ 2,237	\$ 2,395	\$ 2,279	\$ 3,075	\$ 4,166	\$ 2,374
Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets								
Cash and cash equivalents	\$ 1,535	\$ 2,283	\$ 2,226	\$ 2,383	\$ 2,269	\$ 3,066	\$ 4,158	\$ 2,364
Restricted cash included in prepaid expenses and other current assets	12	10	11	12	10	9	4	6
Restricted cash included in other assets	—	—	—	—	—	—	4	4
Total cash, cash equivalents, and restricted cash	\$ 1,547	\$ 2,293	\$ 2,237	\$ 2,395	\$ 2,279	\$ 3,075	\$ 4,166	\$ 2,374