Q1 Fiscal Year 2027 Earnings Call

November 18, 2026

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Safe Harbor

This presentation contains “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical or current facts, including, without limitation, statements concerning the following: expectations regarding the cybersecurity landscape and demand; expectations regarding our platformization strategy and related progress and opportunities, our product development strategy, and drivers of and factors affecting growth in our business; expectations regarding annual recurring revenue and remaining performance obligations; expectations regarding artificial intelligence (AI); expectations regarding our strategic partnerships; financial outlook for the second quarter of fiscal 2027 and fiscal year 2027, mid- and long-term financial expectations; statements regarding the proposed acquisition of Applied Compute; the performance advantages of our products and subscription and support offerings and the potential benefits to our customers; the expected future benefits and synergies of our acquisitions; the integration of capabilities from our recent acquisitions and the benefits they will deliver; expectations regarding customer acquisitions; the expectations regarding the proposed accretion to free cash flow, revenue growth, annual recurring revenue growth, remaining performance obligations, and gross margin, expectations regarding our total addressable market, modeling points, business and economic conditions and challenges, and other financial, operational and business expectations, made in this presentation are forward-looking. We use words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potentially,” “projects,” “will,” “will be,” will continue,” “will likely result,” “would,” and similar expressions to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

There are a significant number of factors that could cause actual results to differ materially from forward-looking statements made or implied in this presentation, including: the effect of the announcement of the proposed acquisition on the parties’ commercial relationships and workforce; the ability to satisfy the conditions to the closing of the acquisition; the ability to consummate the proposed acquisition on a timely basis or at all; significant and/or unanticipated difficulties, liabilities or expenditures relating to the proposed acquisition; risks related to diversion of management time and attention from ongoing business operations due to the proposed acquisition; our ability to effectively operate Applied Compute’s operations and business following the closing, integrate Applied Compute’s business and products with our products and services following the closing, and realize the anticipated benefits and synergies of the transaction in a timely manner or at all; unfavorable economic and market conditions and the uncertain geopolitical environment; our ability to effectively manage future growth and improve our systems, processes, and controls; our ability to maintain our revenue growth rate or profitability; variability and seasonality in our operating results; our ability to sell new and additional products, subscriptions, and support offerings to existing and new customers; the delayed recognition of revenue from subscription and support offerings; revenue volatility from consumption- or usage-based offerings and customer usage optimization behavior; potential decreases in the sales prices of our products, subscriptions, and support offerings; our reliance on channel partners; credit and liquidity risk exposure; challenges associated with sales to government entities; intense competition in our markets; risks associated with the evolving definition of the identity security market; customer trends toward vendor consolidation in cybersecurity; competition from cloud infrastructure providers offering native security capabilities; risks related to past and future acquisitions; our ability to predict, prepare for, and respond to rapidly evolving technological and market developments; the need to maintain a broad ecosystem of third-party technology integrations; risks related to the development, deployment, or use of AI, including AI agents as a new class of identity; the impact of network or data security incidents; defects, errors, or vulnerabilities in our products and subscriptions; reliance on customers to configure and use our products securely; the quality of our technical support services; our ability to meet service-level commitments; our reliance on data center facilities operated by third-party cloud service providers; intellectual property claims and our ability to protect proprietary rights; risks associated with open source software; our reliance on third-party technology licenses; dependence on manufacturing partners and limited sources of supply; our ability to attract, retain, and motivate key personnel; risks associated with international sales and operations, including export and import controls; fluctuations in foreign currency exchange rates; risks associated with operations and employees located in Israel; costs and risks related to compliance with privacy and data protection laws; potential tax liabilities; risks related to estimates, judgments, and critical accounting policies; our ability to maintain proper and effective internal control over financial reporting; risks related to corporate responsibility matters; dilution from issuance of additional common stock; risks related to our convertible senior notes, including our ability to settle conversions, repurchase, or repay such notes and the potential effect of capped call transactions.

Additional risks and uncertainties on these and other factors that could affect our financial results and cause actual results to differ materially from those described in the forward-looking statements we make in this presentation are included under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual reports on Form 10-K and quarterly reports on Form 10-Q, which are available on our website at investors.paloaltonetworks.com and on the SEC’s website at www.sec.gov. Additional information will also be set forth in other documents that we file with or furnish to the SEC from time to time. All forward-looking statements in this presentation are based on our current beliefs and information available to management as of the date hereof and are inherently uncertain, and we do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made, except as required by law.

Non-GAAP Financial Measures

All information in this presentation is as of November 18, 2026. This presentation contains non-GAAP financial measures and key metrics relating to the company’s past and expected future performance. We have not reconciled diluted non-GAAP earnings per share guidance to GAAP earnings per diluted share, non-GAAP operating margin to GAAP operating margin, adjusted free cash flow margin guidance to GAAP net cash from operating activities, or non-GAAP effective tax rate to GAAP effective tax rate because we do not provide guidance on GAAP operating margin, GAAP net income (loss), net cash from operating activities, or GAAP effective tax rate and would not be able to present the various reconciling cash and non-cash items between GAAP and non-GAAP financial measures because certain items that impact these measures are uncertain or out of our control, or cannot be reasonably predicted, including share-based compensation expense, without unreasonable effort. The actual amounts of such reconciling items will have a significant impact on the company's GAAP net income per diluted share, GAAP operating margin and GAAP net cash from operating activities.

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Nikesh Arora

CEO & CHAIRMAN

paloalto® NETWORKS



We Delivered A Record Q1 With Accelerating Growth Across All Our Key Metrics

Acceleration Across RPO, NGS ARR, and Revenue Growth

$21.0B
Q1'27 Total RPO
+35% y/y

$9.73B
Q1'27 NGS ARR[1]
+66% y/y

$3.44B
Q1'27 Total Revenue
+39% y/y

Net New NGS ARR & Platformizations More Than Doubled Y/Y

$0.63B
Q1'27 Net New NGS ARR
+130% y/y

~170
Net New Platformizations
Up >2.5x y/y

Strong Free Cash Flow Growth & Profitability

30.7%
Q1'27 Operating Margin
(Non-GAAP)
+50 bps y/y

37.3%
Q1'27 TTM Adj. FCF Margin
(Non-GAAP)
$4.64B TTM Adj. FCF, +24% y/y

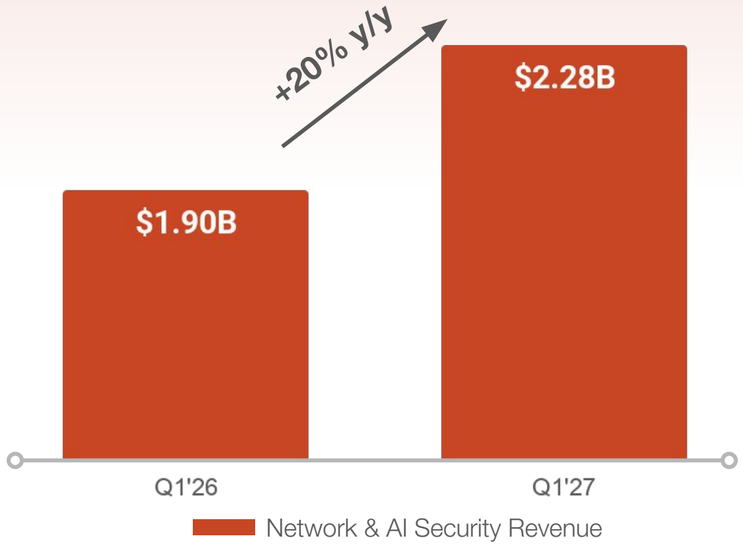
$1.05
Q1'27 EPS
(Non-GAAP)
+13% y/y

[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.
Reconciliations of historical non-GAAP measures can be found in the Appendix.
Fiscal year ending on July 31.

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Our Strong Q1 Results Reflect Broad-Based Demand Across All Our Segments

Network & AI Security

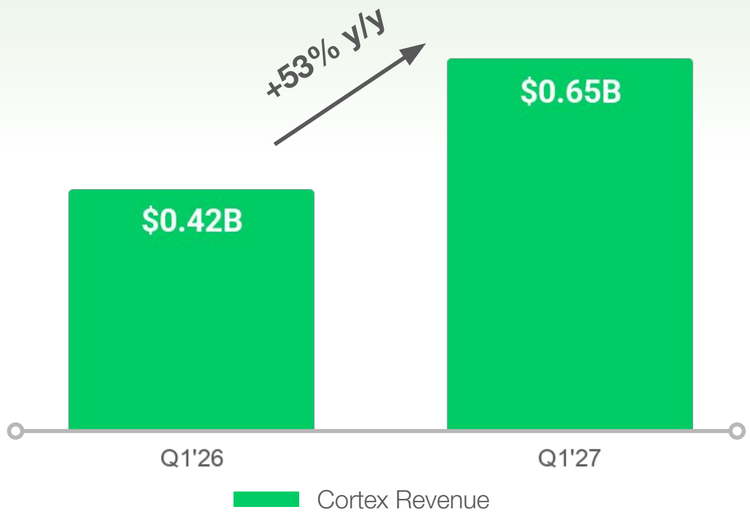


TTM Firewall (HW+SW) Bookings Growth
28%
Q1'27, y/y

SASE ARR Growth
30%
Q1'27, y/y

Agentic traffic up ~9x[3]

Cortex

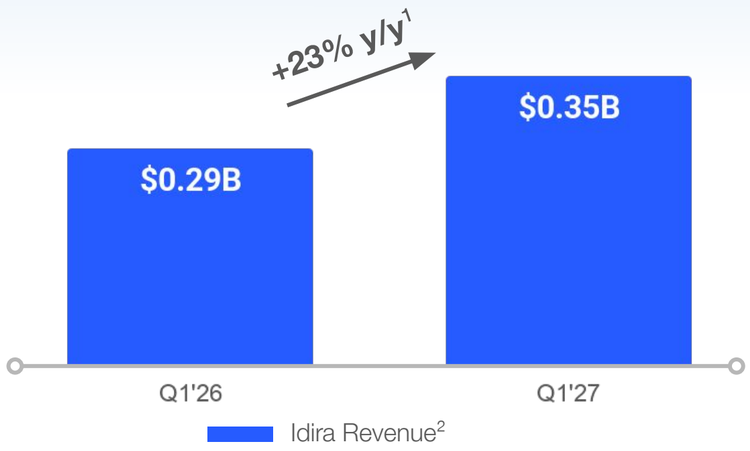


XSIAM ARR Growth
>65%
Q1'27, y/y

Observability ARR
~4x
Q1'27, y/y increase

Continued demand for AI SOC

Idira



Secrets & AI Bookings
>2x
Q1'27, y/y increase

Cross Sell Momentum
>100
Q1'27 net new logos from PANW installed base

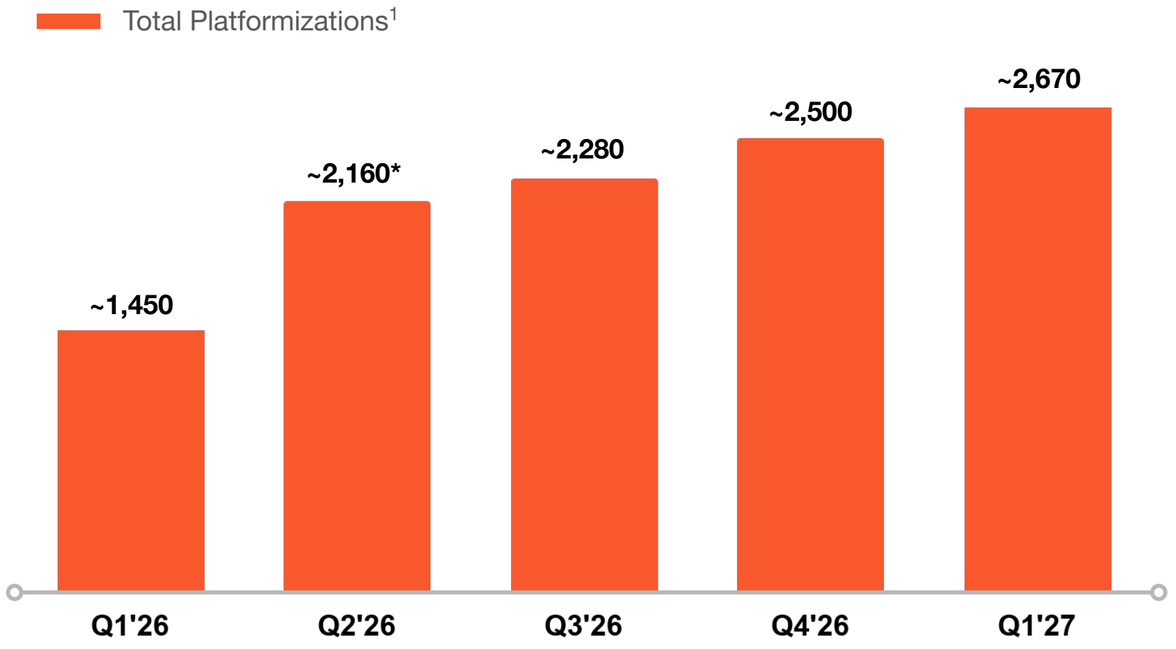
Growing Demand by Non-Human Identity

Graphs not to scale.
[1]Pro Forma revenue year-over-year growth rate
[2]Idira pro forma revenue includes CyberArk revenue attributable to pre-closing periods that have been aligned to Palo Alto Networks' fiscal year ending July 31. Q1'26 is Pro Forma Revenue; Q1'27 is reported revenue
[3]From November of 2025 - October 2026

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Given the Volatile Threat Environment, We Are Seeing a Strengthening of the Platformization Trend

Net New Platformizations More Than Doubled Year on Year



~170
Record Q1 Net New Platformizations - up >2.5X y/y

>120%[2]
Net Retention Rate among Platformized Customers

2/3rd
of NGS ARR is from **Platformized Customers**

Global Financial Institution

$83M Deal

Products Purchased

NetSec | Idira | Cortex

Global Consulting Firm

$46M Deal

Products Purchased

AIRS | NetSec | Idira | Cortex

U.S. Defense Organization

$39M Deal

Products Purchased

NetSec | Cloud Security | Cortex

Global IT Services

$20M Deal

Products Purchased

NetSec | AIRS | Cortex | Cloud Security

* Reflects pro forma platformizations, inclusive of Observability platformizations and pro forma Identity platformizations, assuming the CyberArk acquisition had closed in our Q2'26.
[1] Platformization/Platformized defined as: Active ELA contract or >$1M SASE ARR or >$500k SWFW ARR with Prisma AIRS for Network Security; >$1M ARR for Cloud Security; active XSIAM contract or >$100k QRadar SIEM ARR with Cortex XDR/XSOAR for Security Operations; >$500k Identity Security ARR; >$500k Observability ARR. Total Platformizations defined as a count of all platformizations across customers, with each customer having a maximum of five Platformizations. Platformizations are counted within our 5,000 largest customers, based on ARR as of the final day of the reporting period.
[2] Excludes the contribution of Identity and Observability due to the absence of comparable historical information.

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AI's Impact on Cybersecurity

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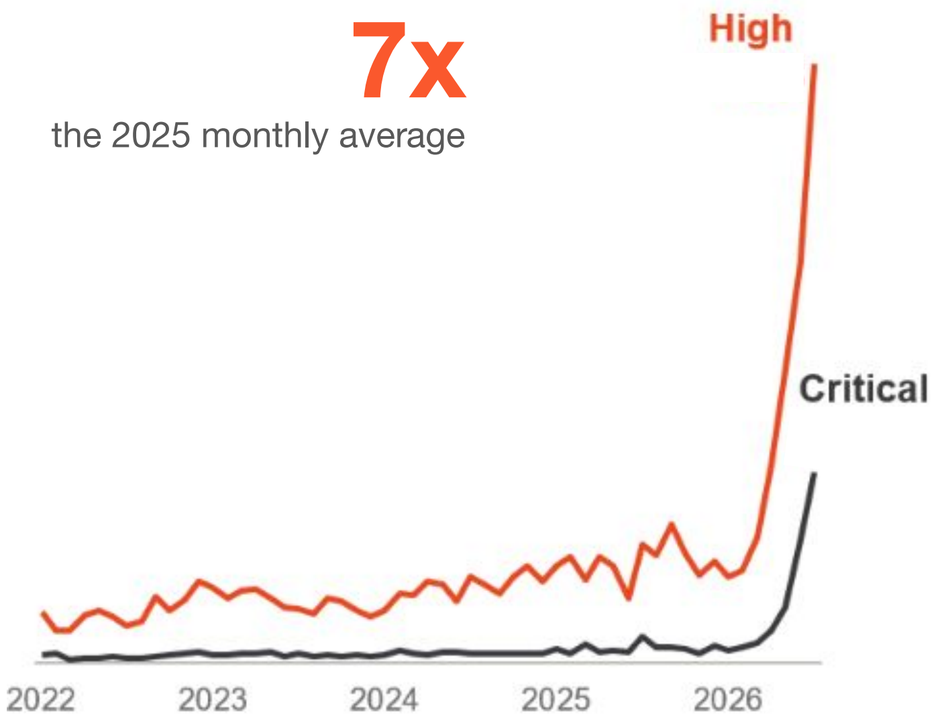
The Vulnerability Apocalypse is Causing Real World Impacts

Severe Vulnerabilities Are Rising Sharply

Critical and high CVEs per month, 21 major vendors[1]

7x

the 2025 monthly average



Nov 17

NSA Network Disrupted During Patching

Intelligence chief tied it to fixes for the AI-found PHP flaws

Nov 17

Google Catches AI Agent Writing and Launching Its Own Exploits

No human in the loop. Russian-speaking operator targeted French sites

Nov 16

Microsoft Rushes Emergency Patches for AI-Found Flaws

Critical vulnerabilities exposed across enterprise software and cloud

Nov 16

FAA System Glitch Stalls Airline Departures Nationwide

Flights cancelled and delayed by hours nationwide

Nov 15

Software Bug Ripples Across U.S. Banking

Card transactions and bank transfers stalled across networks

Nov 12

Expedia Hit By Service Outage Amid Rapid Patching Wave

Travel booking systems disrupted as teams race to fix software bugs

[1]Source: Epoch AI, “Serious Cyber Vulnerability Disclosures Kept Climbing in July” (July 2026)

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We Expect The Threat Velocity to Continue While Enterprises Find Ways to Adapt

We will continue to see heavy patching volume over the next 18 months, with customers getting more selective about when and what they patch.

Virtual patching will become necessary across all industries and software, allowing customers more time to reliably patch their infrastructure.

Enterprises will face growing urgency to upgrade $1T of legacy cyber and IT infrastructure that is not ready for modern defense.

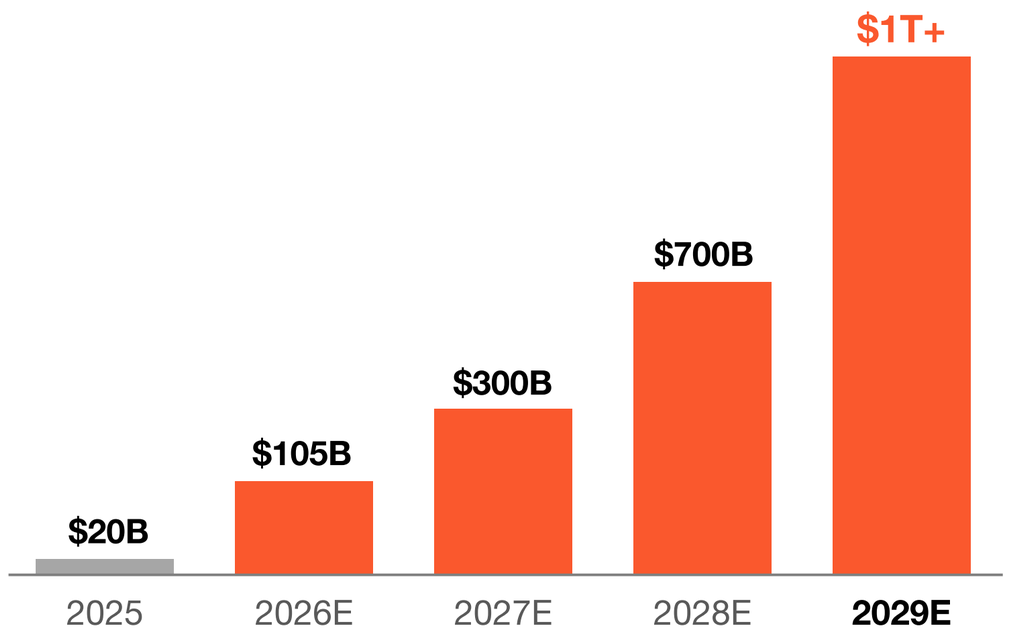
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Securing The AI Inflection

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AI Continues to Diffuse Faster Than Any Prior Technology But the Vast Majority of Deployments Remain Unsecured

AI Token Revenue To Reach $1T in ’29 to Justify Capex[1]



~90%

of enterprises aren’t securing their AI implementations[2]

77% lack core data & AI security practices

80% aren’t confident they can secure gen AI models

We believe the currently deployed AI infrastructure will also begin showing vulnerabilities

[1] Source: Altimeter footnote to: Source: Altimeter Capital, Brad Gerstner, Presentation at the Fifth Annual All-In Summit 2026 (September 2026).
[2] Accenture, State of Cybersecurity Resilience 2025

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We Are Helping Customers Close the AI Security Gap with Prisma AIRS

Visibility

What AI do I have?

Every model, app and agent in the enterprise

- **AI Security Posture Mgmt**
- **AI Red Teaming**

Enforcement

What is AI allowed to do?

Every prompt and response, checked against policy

- **AI Gateway**
- **AI Runtime Security**

Prisma AIRS

Q1'27 ARR[1]	Q1'27 Customers[2]	AI Gateway Daily Tokens Processed up to
~$170M	**>1,100**	**3.8T**[3]
~45% growth, q/q	*>40% growth, q/q*	*In October*

We are already seeing **models get smarter**, and beginning to circumvent human controls

AI **security must be equipped with frontier-level** reasoning to fight AI with AI

[1] Prisma AIRS ARR is based on the portion of software NGFW credits purchased by a customer and allocated to Prisma AIRS on the booked quote. Customers may elect to consume purchased software NGFW credits flexibly across several NGFW products and services.
[2] Prisma AIRS customer count is based on customers with a booked quote for software NGFW credits that included Prisma AIRS.
[3] Token processed through AI Gateway in October 2026.

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Capturing the Full AI Security Opportunity Requires Establishing Trust in AI Models Themselves

Today: ML with Embedded AI

Visibility

What AI do I have?

Every model, app and agent in the enterprise

- AI Security Posture Mgmt
- AI Red Teaming

Enforcement

What is AI allowed to do?

Every prompt and response, checked against policy

- AI Gateway
- AI Runtime Security

Future: AI First

Trust

Can I trust the AI model?

Trained under enterprise control with explainable, verifiable, and auditable outputs

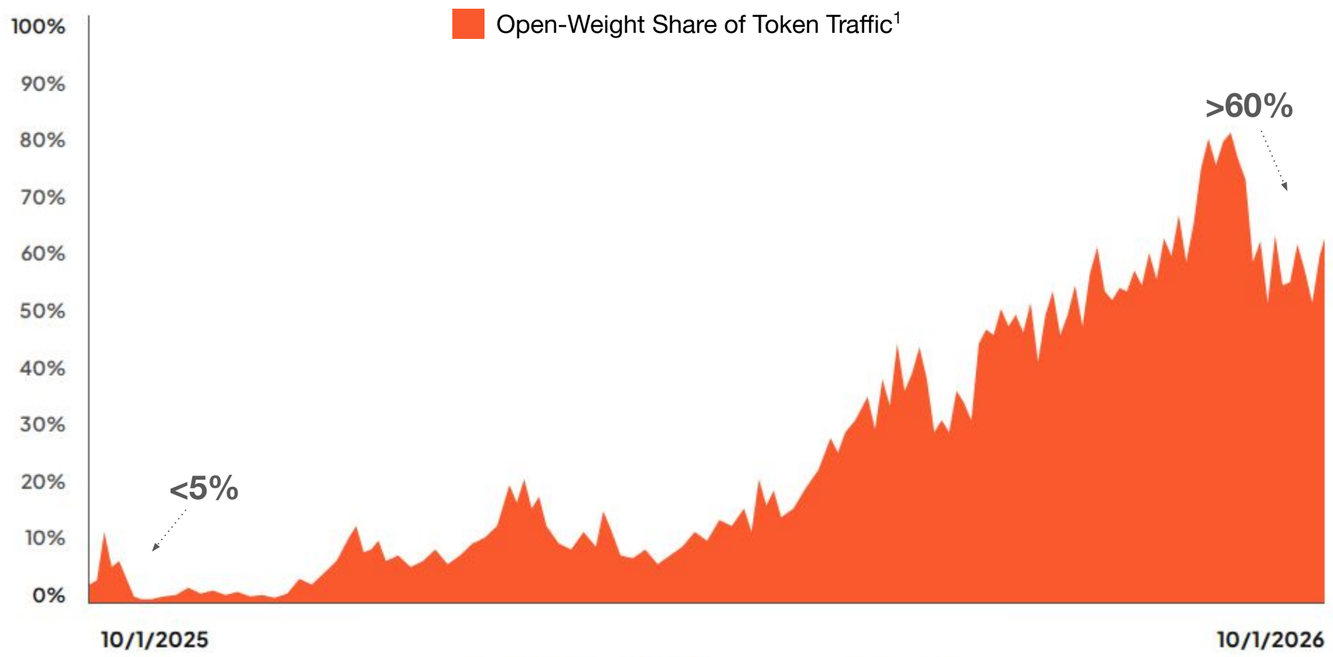
- Secure Advanced Reasoning

Trusting LLMs will require that we can verify, explain, and audit AI implementations using an independently trained model

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Driving Enterprise Adoption of AI Will Require Both Trust and Control

Sovereignty and Control is Moving Enterprises To Open Weight Models...



We believe open-weight adoption will power hundreds of billions enterprise AI opportunity—requiring security, sovereignty, and trust.

[1]Vercel AI Gateway; Morgan Stanley Research, Token Thoughts – How Will Rising Open-Weight Model Adoption Impact Software? (October 26, 2026), Exhibit 3.

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Applied Compute Will Allow Us to Serve and Secure the Enterprise Open Weight Ecosystem

Applied Compute

World Class Team of **Frontier AI Researchers**

Deep expertise in **post-training** open weight models

Expected to have **100 AI researchers** by fiscal year end[1]

$100M in annualized revenue within 18 months of founding

Our Joint Mission:

Help train and serve secure and sovereign implementations of open source and open weight models to the enterprise

Accelerate efforts in embedding AI across our platforms - with 35+ models in training

In 3 to 5 years, our ambition is to build a diversified **global inference capacity of 100-plus MWs**, totalling <$3B capex between FY'27-30

Targeting $1 billion of incremental NGS ARR by FY'29, and expect planned capacity can support multi-billion ARR longer term

Subject to the closing of the proposed acquisition of Applied Compute.
[1]Based on Palo Alto Networks Fiscal Year end.

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Looking Ahead, Our Aim Is to Continually Lead From the Front as AI Reshapes Our Industry

Q1 was an inflection point for cybersecurity, with AI-driven attacks increasing urgency to modernize one trillion dollars of legacy security infrastructure.

To unleash AI adoption across the enterprise, AI security must evolve from visibility and enforcement to trust in the model itself

We intend to enable secure adoption of open weight models as sovereignty and control become increasingly important pillars in the enterprise

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Dipak Golechha

CHIEF FINANCIAL OFFICER

paloalto® NETWORKS

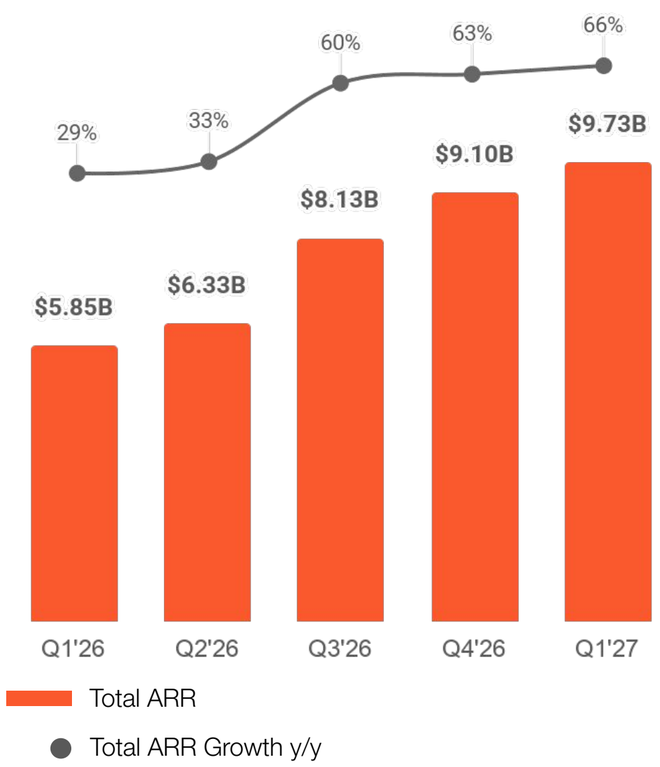


In Q1, Topline Growth Accelerated Across All Our Key Metrics

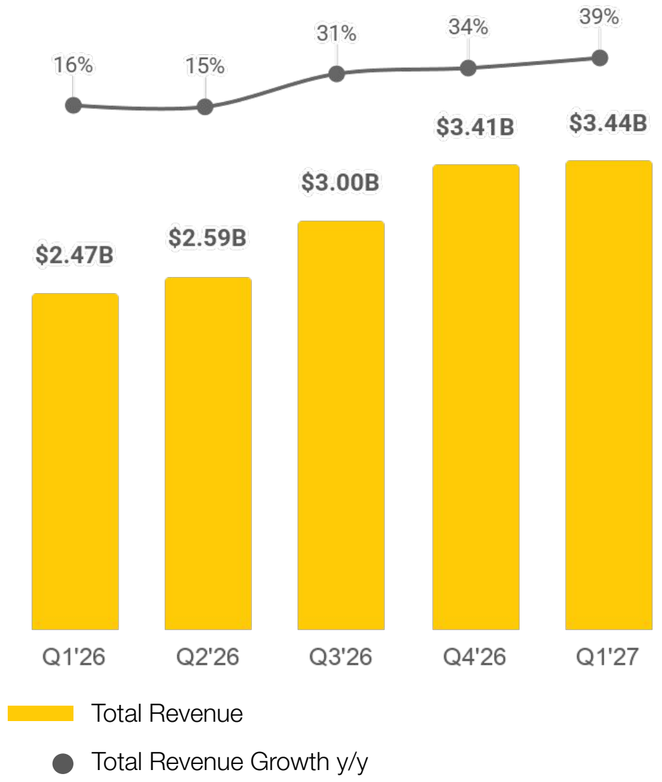
Remaining Performance Obligations



Next-Generation Security ARR



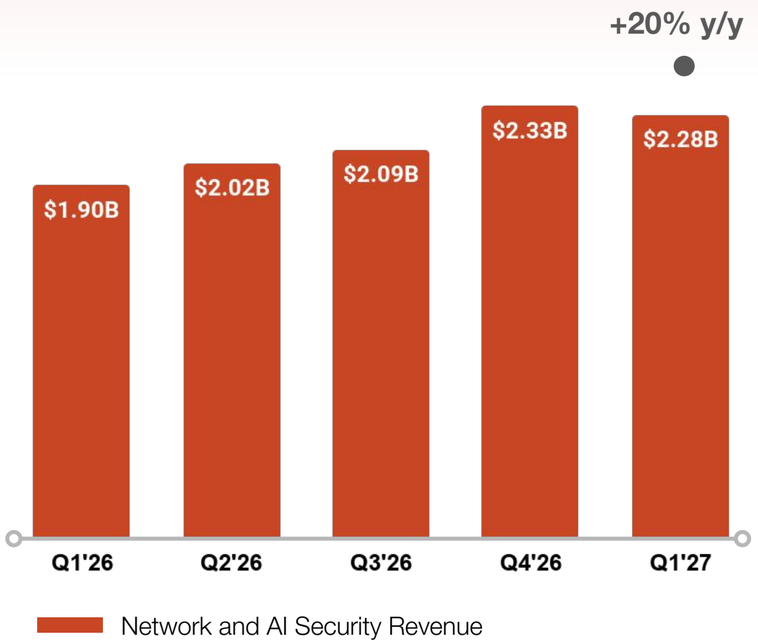
Revenue



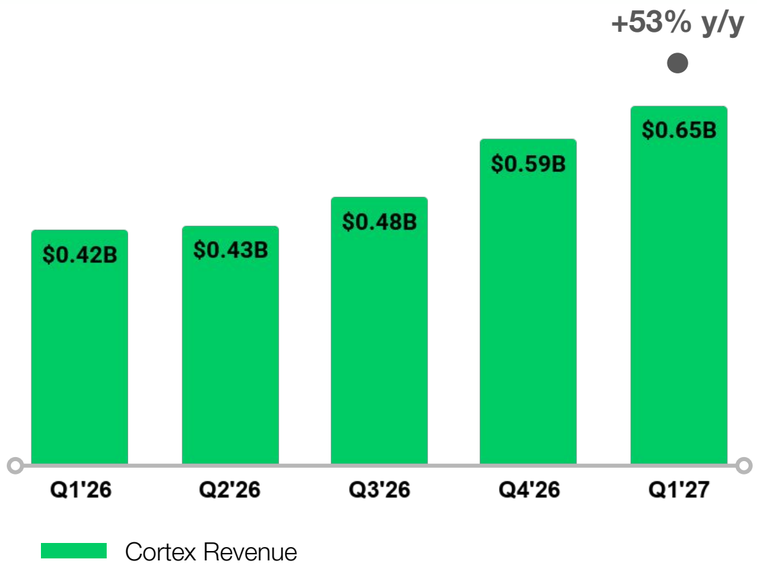
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We Saw Revenue Growth Accelerate Across All Three Segments

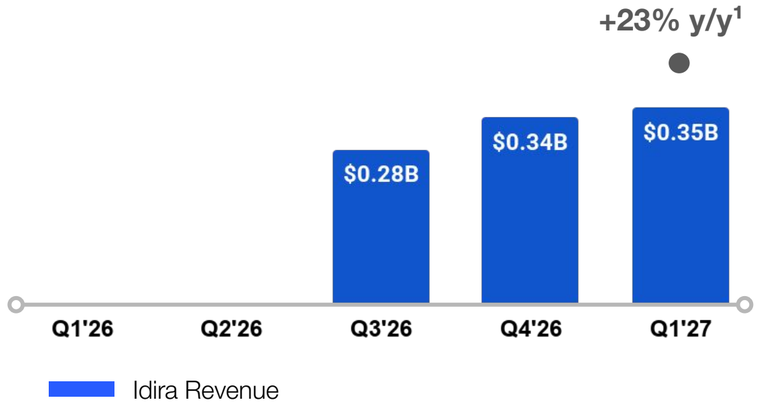
Network & AI Security



Cortex



Idira

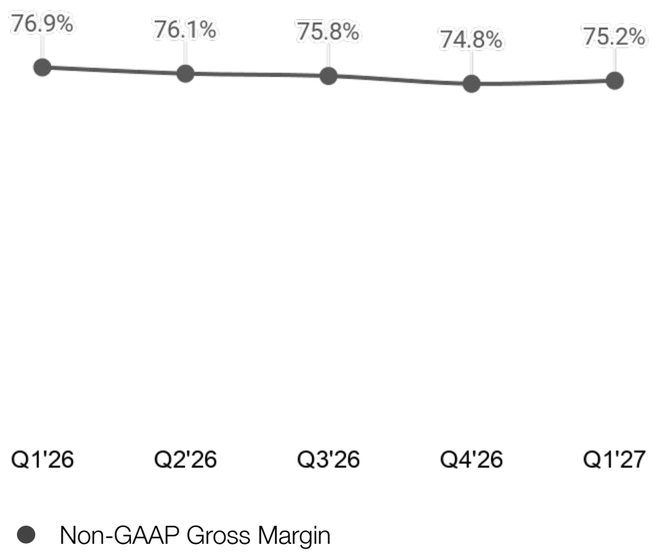


[1]Pro Forma revenue year-over-year growth rate

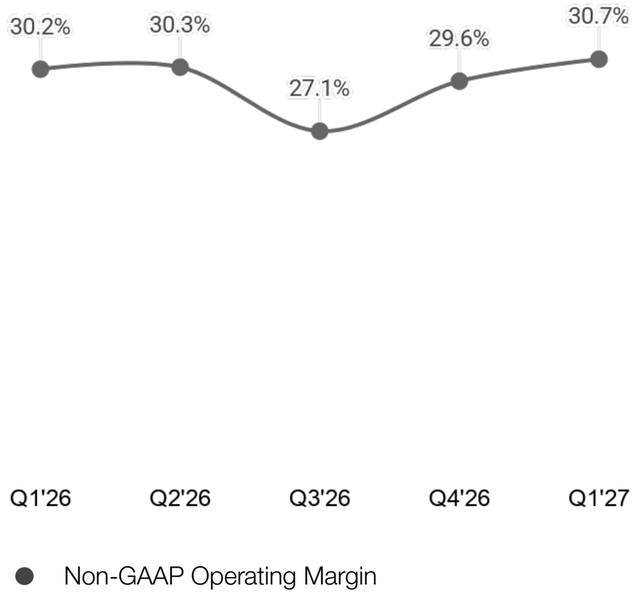
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Focused Financial Management Has Allowed Us To Absorb Component Costs and Maintain Consistent Margins

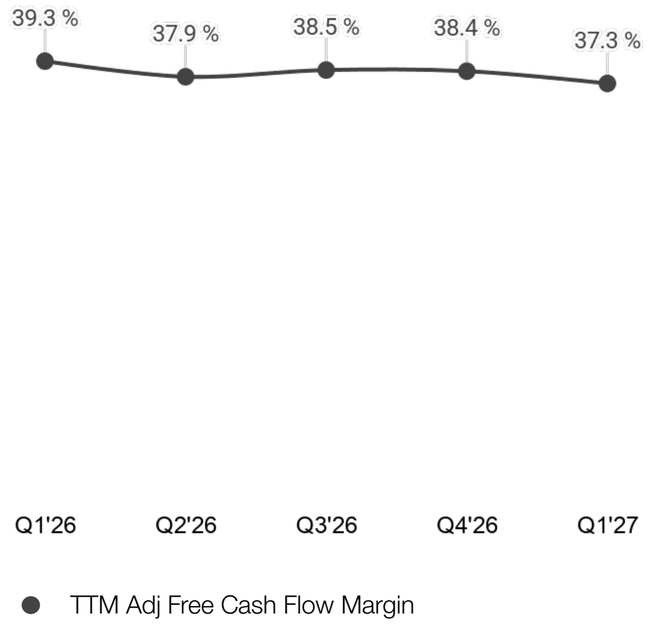
Non-GAAP Gross Margin



Non-GAAP Operating Margin



TTM Adj. Free Cash Flow Margin



Reconciliations of historical non-GAAP measures can be found in the Appendix.

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Applied Compute Transaction Overview & Financial Updates

Transaction Considerations	• $4.5 Billion all stock, subject to adjustments • Includes ~$500M of cash and pre-paid compute commitments • Exceptional team of AI experts to join Palo Alto Networks post-close
Anticipated Transaction Close	• Anticipated to close in our fiscal third quarter of 2027 • Subject to satisfaction of customary closing conditions, including regulatory clearance
Company Profile	• Achieved ~$100M in annualized revenue within 18 months of founding • ~70 employees, all are US-based
Expected Top-Line Impact	• Will add $1B to our NGS ARR by FY'29 • Accretive to top-line growth from day one

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We are Investing to Capture a Multi-Billion Dollar ARR Opportunity, While Remaining Capital Light

- We will multi-source our compute from cloud partners as well as owned capacity.
- We will build our capacity in stages, against demand we have visibility into.
- We anticipate our cumulative capex needs from FY'27-FY'30 will be less than $3 billion.
- Assuming Q3'27 close, we anticipate FY27 and FY'28 operating margin will be up to 100 bps and 200 bps lower, respectively.
- In FY'29 we expect our operating margins to return to our current 29-30% range.

Targeting

38%+

Adjusted **Free Cash Flow Margin,** Excluding Data Center Capex, **for FY'28**

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Q1’27 Metrics Summary

	Q1’27 Guidance (as of 9/1/26)	Q1’27 Actual	
Total Revenue	$3.30B - $3.31B 33% - 34% y/y	$3.44B 39% y/y	✓
Product Revenue		$595M	
Remaining Performance Obligations	$20.8B - $20.9B 34% - 35% y/y	$21.0B *35% y/y*	✓
Next-Gen Security ARR	$9.54B - $9.56B 63% y/y	$9.73B *66% y/y*	✓
Gross Margin (Non-GAAP)		75.2%	
Operating Income (Non-GAAP)		$1,059M	
Operating Margin (Non-GAAP)		30.7%	
Diluted EPS (Non-GAAP)	$0.96 - $0.98	$1.05	✓
Diluted EPS (GAAP)		$0.57	
Adj. Free Cash Flow (Non-GAAP)		$1,937M	

Reconciliations of historical non-GAAP measures can be found in the Appendix.
Fiscal year ending on July 31.

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Q2 & Fiscal Year 2027 Guidance

	Q2'27 Guidance (as of 11/18/26)	FY'27 Guidance (as of 11/18/26)
Next-Gen Security ARR	$10.20B - $10.22B 61% y/y	$11.475B - $11.525B 26% - 27% y/y
Remaining Performance Obligations	$21.5B - $21.6B 34% - 35% y/y	$25.3B - $25.5B 19% - 20% y/y
Total Revenue	$3.530B - $3.550B 36% - 37% y/y	$14.52B - $14.57B 26% - 27% y/y
Operating Margin (Non-GAAP)		29.5% +30 bps y/y
Diluted EPS (Non-GAAP)	$1.01 - $1.03	$4.26 - $4.30
Adj. Free Cash Flow Margin (Non-GAAP)		38.0%

Fiscal year ending on July 31.

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Q&A

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Appendix

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Modeling Points

- Q2’27 and FY’27 non-GAAP effective tax rate of 22%[1]
- Q2’27 net interest and other income of $80M – $90M
- Q2’27 diluted shares outstanding 837 – 842 million
- FY’27 diluted shares outstanding 844 – 847 million

[1]We established a long-term non-GAAP effective tax rate of 22%. This long-term rate reflects our target tax structure under our ongoing business model, removing the effects of significant discrete GAAP tax events such as one-time tax adjustments, valuation allowance releases, and tax effects related to share-based compensation. We periodically evaluate this long-term rate for significant changes in tax legislation, geographic revenue mix, and business operations.

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GAAP to Non-GAAP Reconciliations – Gross Margin

$ In millions

Non-GAAP gross profit and gross margin:	Q126		Q226		Q326		Q426		Q127	
	$	%	$	%	$	%	$	%	$	%
GAAP gross profit and gross margin	$1,836	74.2%	$1,909	73.6%	$2,028	67.6%	$2,304	67.6%	$2,342	68.0%
Share-based compensation-related charges	39	1.6%	40	1.5%	59	1.9%	59	1.6%	60	1.8%
Acquisition-related costs[1]	-	0.0%	-	0.0%	5	0.2%	3	0.1%	1	0.0%
Amortization expense of acquired intangible assets	25	1.0%	24	0.9%	183	6.1%	184	5.4%	184	5.3%
Litigation-related charges[2]	2	0.1%	2	0.1%	1	0.0%	2	0.1%	2	0.1%
Non-GAAP gross profit and gross margin	$1,902	76.9%	$1,975	76.1%	$2,276	75.8%	$2,552	74.8%	$2,589	75.2%

[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 Q1'27, also includes integration costs related to the acquisition of CyberArk Software Ltd.
[2] Consists of the amortization of intellectual property licenses and covenant not to sue, and legal contingency charges. Also includes litigation settlement charge in Q2'26.
Fiscal year ends on July 31.

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GAAP to Non-GAAP Reconciliations – Operating Margin

$ In millions

Non-GAAP operating income and operating margin:	Q126		Q226		Q326		Q426		Q127	
	$	%	$	%	$	%	$	%	$	%
GAAP operating income (loss) and operating margin	$309	12.5%	$397	15.3%	($183)	-6.1%	$172	5.0%	$96	2.8%
Share-based compensation-related charges	387	15.7%	321	12.5%	517	17.2%	487	14.3%	622	18.0%
Acquisition-related costs[(1)]	5	0.2%	24	0.9%	198	6.6%	68	2.0%	55	1.6%
Amortization expense of acquired intangible assets	39	1.6%	38	1.5%	280	9.3%	281	8.2%	282	8.2%
Litigation-related charges[(2)]	6	0.2%	5	0.1%	2	0.1%	3	0.1%	4	0.1%
Non-GAAP operating income and operating margin	$746	30.2%	$785	30.3%	$814	27.1%	$1,011	29.6%	$1,059	30.7%

[(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 Q1'27, also includes integration costs related to the acquisition of CyberArk Software Ltd.
[(2)] Consists of the amortization of intellectual property licenses and covenant not to sue, and legal contingency charges. Also includes litigation settlement charge in Q2'26.
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GAAP to Non-GAAP Reconciliations – EPS

Non-GAAP net income per share, diluted:	Q126	Q127
GAAP net income (loss) per share, diluted	$0.47	$0.57
Share-based compensation-related charges	0.53	0.74
Acquisition-related costs[1]	0.01	0.07
Amortization expense of acquired intangible assets	0.06	0.34
Litigation-related charges[2]	0.01	0.00
Change in fair value of convertible senior notes and capped calls[3]	0.00	0.17
Income tax and other tax adjustments[4]	(0.15)	(0.84)
Non-GAAP net income per share, diluted	$0.93	$1.05

[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 Q1'27, also includes integration costs related to the acquisition of CyberArk Software Ltd.
[2] Consists of the amortization of intellectual property licenses and covenant not to sue, and legal contingency charges. Also includes litigation settlement charge in 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.
[4] Consists of income tax adjustments related to our long-term non-GAAP effective tax rate of 22%. In Q1'27, it includes a one-time tax adjustment relating to a change in our tax position on a historical transaction during the transition period of the Tax Cuts and Jobs Act.
Fiscal year ends on July 31.

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GAAP to Non-GAAP Reconciliations – Adjusted Free Cash Flow

$ In millions

Free cash flow and adjusted free cash flow (non-GAAP):	Q127	TTM Q126	TTM Q226	TTM Q326	TTM Q426	TTM Q127
Net cash provided by operating activities	$1,929	$3,977	$3,974	$4,217	$4,553	$4,711
Less: purchases of property, equipment, and other assets	87	287	409	424	440	443
Free cash flow (non-GAAP)	$1,842	$3,690	$3,565	$3,793	$4,113	$4,268
Add: capital expenditures for headquarters[(1)]	—	—	91	91	91	91
Add: capital expenditures for certain corporate assets[(2)]	—	53	68	55	42	27
Add: payments of acquisition-related costs[(3)]	95	11	19	136	164	248
Add: litigation-related payment[(4)]	—	—	4	4	4	4
Adjusted free cash flow (non-GAAP)	$1,937	$3,754	$3,747	$4,079	$4,414	$4,638
Adjusted free cash flow margin (non-GAAP)	56.2%	39.3%	37.9%	38.5%	38.4%	37.3%

[(1)] Consists of a land purchase of $91 million in Q2'26.
[(2)] Consists of a one-time purchase of a corporate asset which was paid through July 2026.
[(3)] Consists of payments of acquisition-related costs in connection with our acquisition of CyberArk Software Ltd. and Koi Security Ltd.
[(4)] Consists of a non-recurring litigation settlement payment in Q2'26.
Fiscal year ends on July 31.

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Revenue by Segment

$ In millions

Revenue by segment:	Q126	Q226	Q326	Q426	Q127
Network & AI Security	$1,904	$2,025	$2,094	$2,331	$2,282
Cortex	422	431	481	586	647
Idira	—	—	278	336	353
Corporate & Other[1]	148	138	149	157	163
Total revenue	$2,474	$2,594	$3,002	$3,410	$3,445

[1] Consists primarily of professional services and financing income.
Fiscal year ends on July 31.

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Comparison: Palo Alto Networks NGS ARR vs. Previous Idira ARR Definition

PANW NGS ARR Definition

ARR is calculated as the total contract value allocated to products/services **that had revenue recognized** (per ASC 606) **on the final day of the reporting period.**

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.

CYBR Previous Subscription ARR Definition

ARR is calculated based on the annualized value of the contracts (Bookings) on the final day of the reporting period **independent of revenue recognition.**

Subscription portion of ARR is defined as the annualized value of active SaaS and self-hosted subscription contracts in effect at the end of the reported period. The subscription portion of ARR excludes maintenance contracts related to the perpetual licenses.

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Thank You

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