Q4 Fiscal Year 2026 Earnings Call

September 1, 2026

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 first quarter of fiscal 2027 and fiscal year 2027, mid- and long-term financial expectations, 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: 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 September 1, 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.

Nikesh Arora

CEO & CHAIRMAN

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We Had a Strong Finish to a Transformative Year in FY'26, With Accelerating Top-line Growth and Nearly $1B Net New NGS ARR

Accelerating Proforma Bookings & NGS ARR Growth

$21.2B
Q4'26 Total RPO
+34% y/y

$9.10B
Q4'26 NGS ARR[1]
+63% y/y

$3.41B
Q4'26 Total Revenue
+34% y/y

Record Platformizations Drove Nearly $1B Net New NGS ARR in Q4

~$970M
Net New NGS ARR
+98% y/y

~220
Net New Platformizations
+44% y/y

Strong Free Cash Flow Growth & Profitability

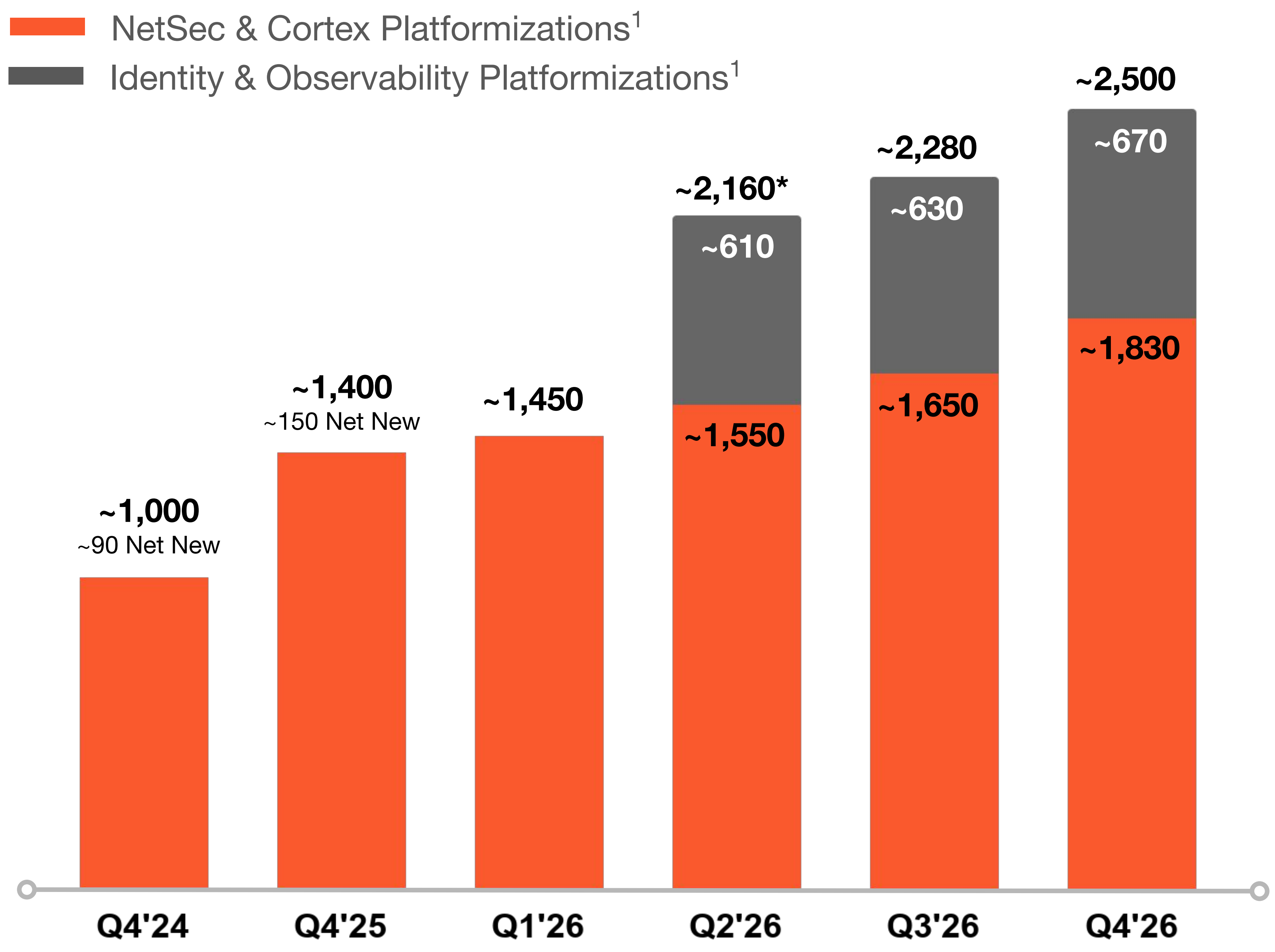
29.2%
FY'26 Operating Margin
(Non-GAAP)
+40 bps y/y

38.4%
FY'26 Adj. FCF Margin
(Non-GAAP)
$4.41B FY26 Adj. FCF, +26% y/y

$3.84
FY'26 EPS
(Non-GAAP)
+15% 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.

Record Net New Platformizations in Q4 Continues to Keep Us on Track Towards Our Long-Term Targets



~220
Record Net New Platformizations in Q4

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

>65%
of NGS ARR is from **Platformized Customers**

On Track to Deliver 4K+ Platformizations Driving The Majority of $20B NGS ARR by FY'30

* 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.

Our Largest Q4 Wins Show Platformization in Action

Telecommunications Leader

$126M Deal

Full **NetSec Platformization** led by SASE & NGFW, as customer standardized network security on PANW, complemented by **cross-sell of Idira** and Cortex XSIAM.

Global Technology Services

$72M Deal

Platformized on NetSec, Idira cross-sell and Cortex Cloud with **8+ figure purchase from each**.

Customers[1] with **>$5M NGS ARR**

223 | +45% y/y

Global Payments Platform

$53M Deal

Platformized across multiple NetSec form factors (SASE, NGFW, SWFW) including nearly **$10M in AIRS**.

Regional Bank

$42M Deal

Platformized on Cortex, including **XSIAM** and **Agentic Endpoint Security** to drive AI modernization. Expanded on NetSec with **NGFW, SASE** and **Secure Browser**.

Customers[1] with **>$10M NGS ARR**

78 | +50% y/y

[1] Customer counts and growth rates exclude contributions from CyberArk and Chronosphere due to the absence of comparable historical information.

Three Major AI Inflections Are Accelerating the Evolution of Cybersecurity

January: The Open Claw Catalyst

The world is evolving from prompting LLMs to one where AI has agency. Autonomous agents will far outnumber humans - **creating more traffic that must be inspected, data that must be observed, and credentials that must be secured.**

April: The Mythos Moment

The pivotal use case of AI coding has also unearthed the other side of the coin - weaponizing AI to discover and exploit vulnerabilities in the same code, **leaving nowhere to hide and requiring real time defense.**

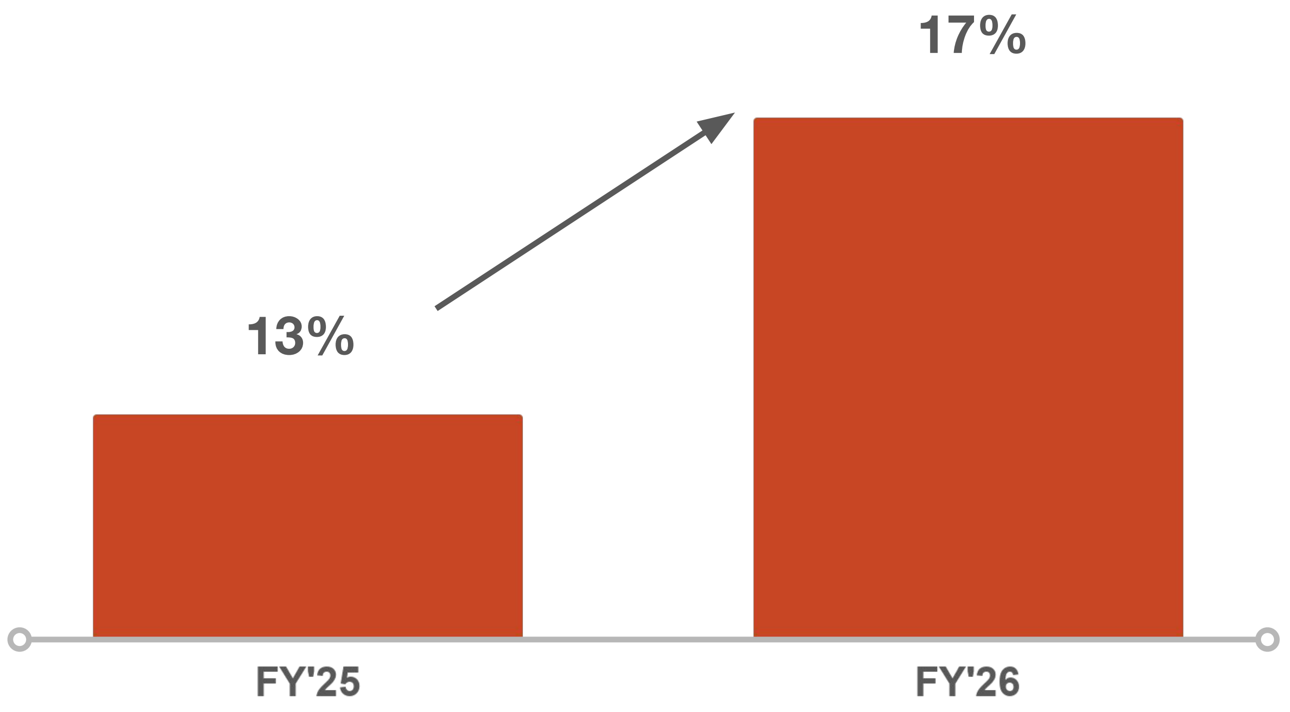
June: Open Weight Models Normalize

As enterprises seek sovereign control of their own weights, context becomes even more important, and **every AI deployment creates more surface area to secure.**

NetSec: The AI Infrastructure Build Out and the Rise in Agentic AI Traffic is a Multi-Year Tailwind for Our Largest Business

Growth Accelerated Across Hardware and Software Firewalls

Total Firewall Bookings Growth (HW+SW), y/y



Software Firewall AI Traffic
>4x
Since June'26

NGFW Competitive Displacements
>$250M
FY'26 TCV Bookings

Software Firewall ARR
+29%
Q4'26 Growth, y/y

We Continue to Platformize the SASE Market

SASE Agentic Traffic
>9x
Over the last 9 months

Competitive Displacements (TCV)[1]
~$450M
~2X y/y across ~100 accounts

Strong Growth Across the SASE Platform

Prisma Access
>30%
FY'26 Bookings Growth, y/y

SD-WAN
>80%
FY'26 Bookings Growth, y/y

Secure Browser Licenses
>2x
Growth y/y, Totaling ~15M to Date

[1]Growth rate for competitive displacements is for Prisma Access only and based on cumulative Q1-Q4'FY26 displacements compared to cumulative Q1-Q4'FY25 displacements.

Spotlight | Prisma AIRS Surpassed $100M ARR in Four Quarters, Driven by the Need to Secure the Rapid Rise in Enterprise AI Deployments

Platform Evolution Since Launch

Prisma AIRS Launch

Apr'25

- AI Runtime Security
- AI Security Posture Mgmt.
- AI Access
- Agentic Threat Prevention

Comprehensive AI Security Platform

Today

- Agent Artifact Scanning
- Agent Red Teaming
- Agent Security Posture Management
- Agentic Runtime Security
- Agent Observability
- Agentic Identity Security
- Agentic Endpoint Security
- AI Agent Gateway
- AI Model Scanning
- AI Red Teaming

Prisma AIRS Evolved From Securing AI Models & Apps to Rising AI Agents

Prisma AIRS ARR[1]

~$120M

Achieved in 1 year since General Availability

Prisma AIRS Customers[2]

>800

>2X q/q

Agentic Endpoint Security (AES) Logos

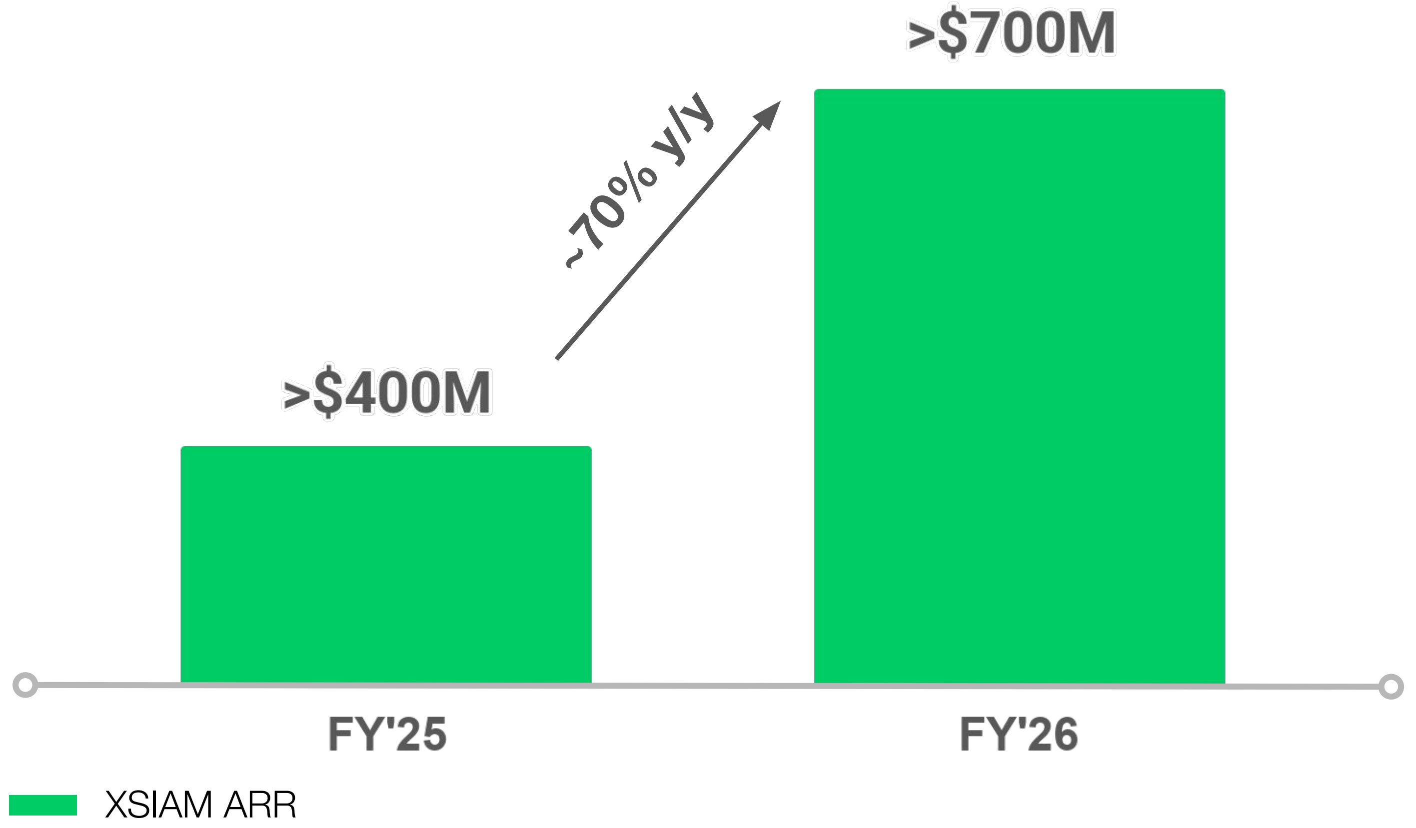
>100

up ~2.5x since Koi Close

[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.

Cortex: We Continued to See Strong Growth in XSIAM and Observability in Q4

XSIAM Scaling Rapidly as Machine-Speed Attacks Make AI SOC a Top Priority



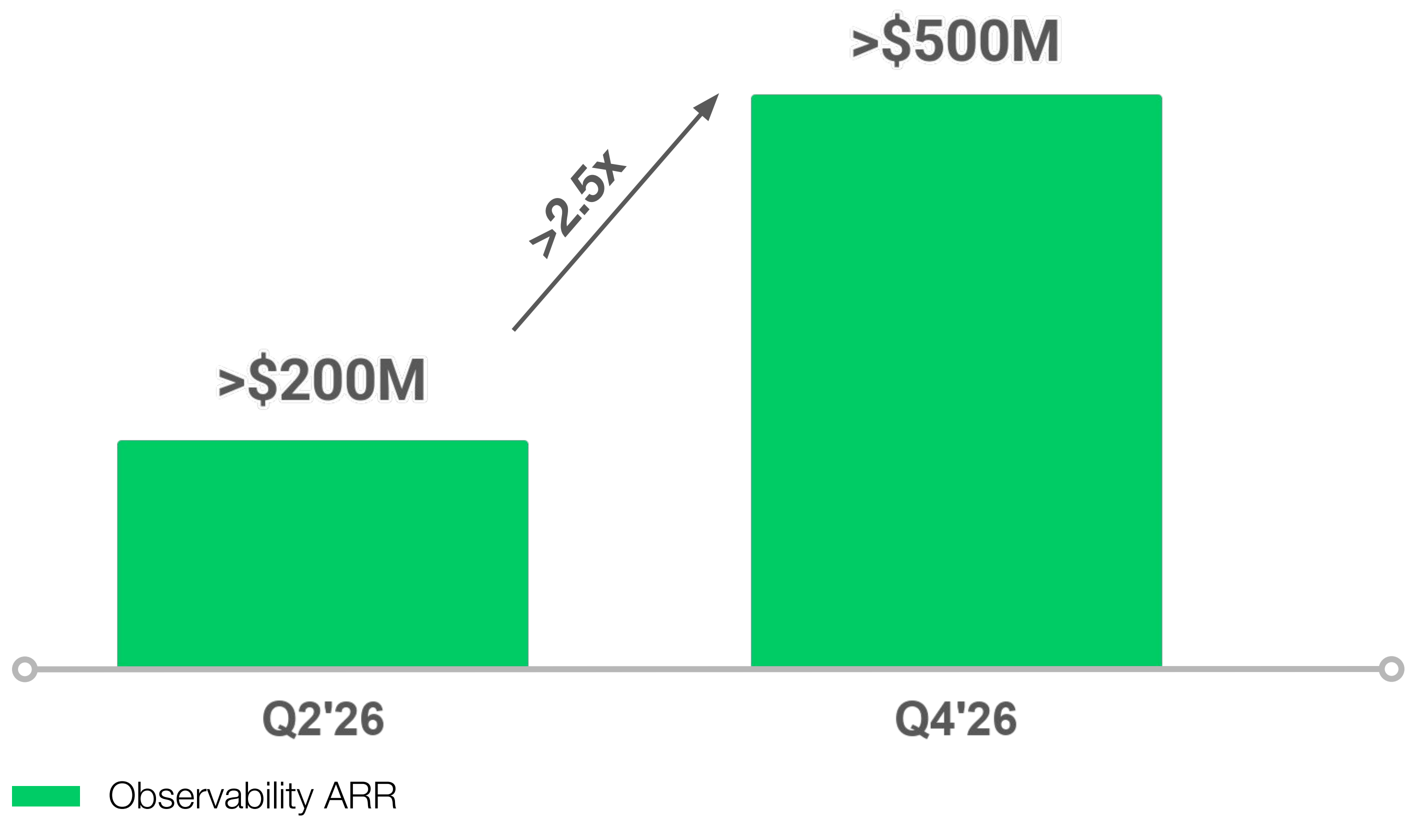
~1K

Customers[1]**,**
>2x y/y

+45%

Y/Y Growth in
$10M+ deals[1]

ARR More Than Doubled in 2 Quarters, as the Leading AI-Natives Adopt Chronosphere



$20M Deal

Signed one of the fastest-growing AI Inference providers serving **tens of trillions of tokens daily**

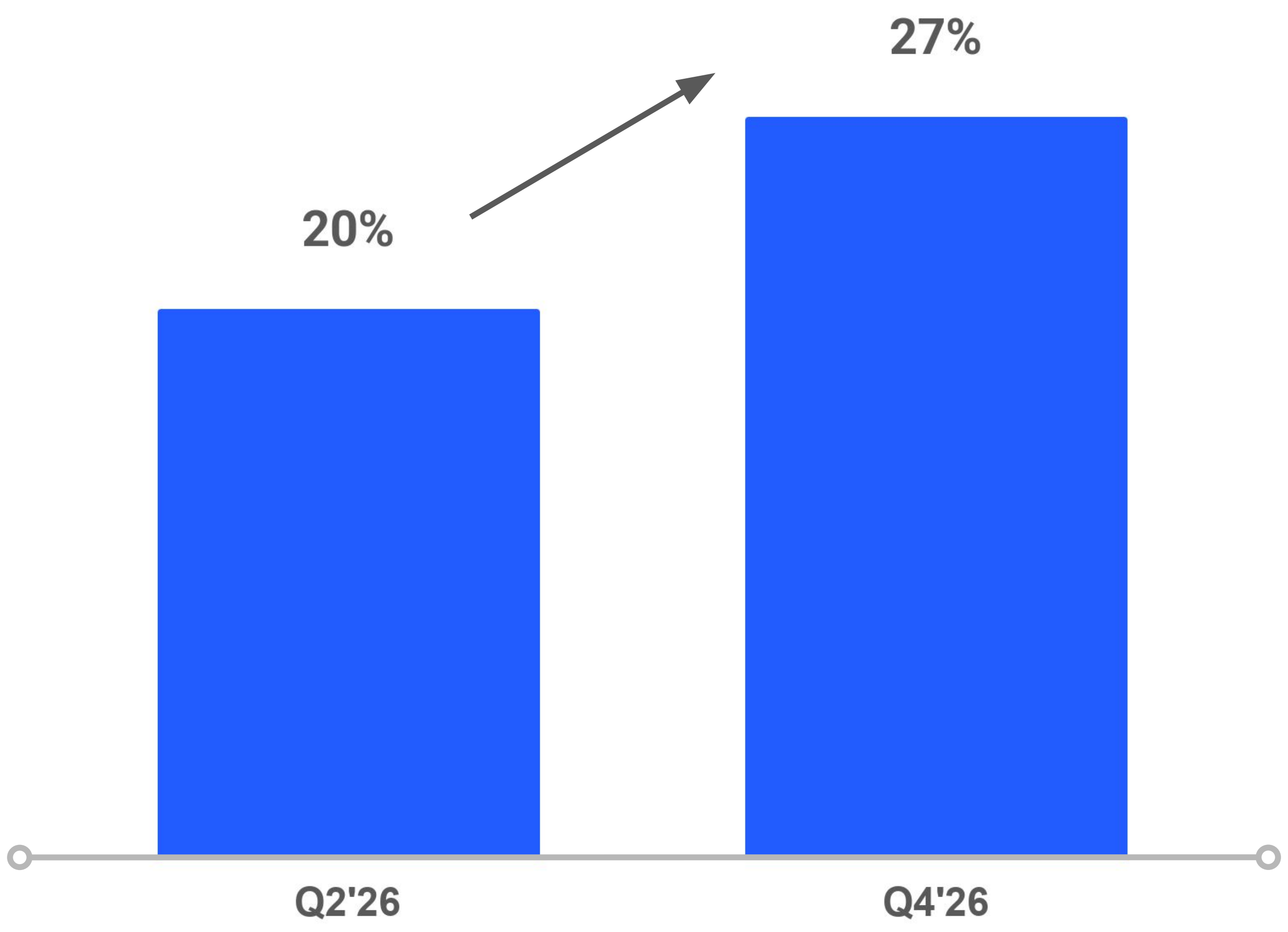
50%

of Observability Q4 **net new logos included XSIAM** cross-sell in 2H'26

[1] XSIAM active customers and growth in $10M deals are all as of Q4'26.

Idira: CyberArk is Accelerating Inside our Platform as the Demand For Securing Machine Identities Grows

CyberArk ACV Growth, y/y



Secrets & AI Bookings

~40%

FY'26 growth, y/y

Integration Efforts Are Yielding Early Success

>400

***Shared leads** sourced between PANW and CYBR sales teams, **up ~50% from May 2026**[1]*

>200

*CyberArk **new logo wins** from core PANW installed base[2]*

+50%

*Increase in **$5M+ Deals, y/y** in Q4'26*

[1] Shared leads as of August 12, 2026 compared to shared leads as of May 27, 2026

[2] New logo wins from Palo Alto Networks installed base, excluding CyberArk and Chronosphere installed base, following the CyberArk acquisition close on February 11, 2026.

Looking Ahead, We Expect AI Tailwinds Driving Cybersecurity Demand Will Only Grow Stronger in FY27 and Beyond

More capex will be deployed in the next 5 years than the last 25, creating a surge in infrastructure hardware to secure and more traffic to inspect.

AI increases the need for real-time cybersecurity, accelerating the urgency to modernize one trillion dollars of legacy security infrastructure within the next decade.

Agents will drive significantly more traffic - governance, security and kill switch requirements create a new platform for AI security.

Dipak Golechha

CHIEF FINANCIAL OFFICER

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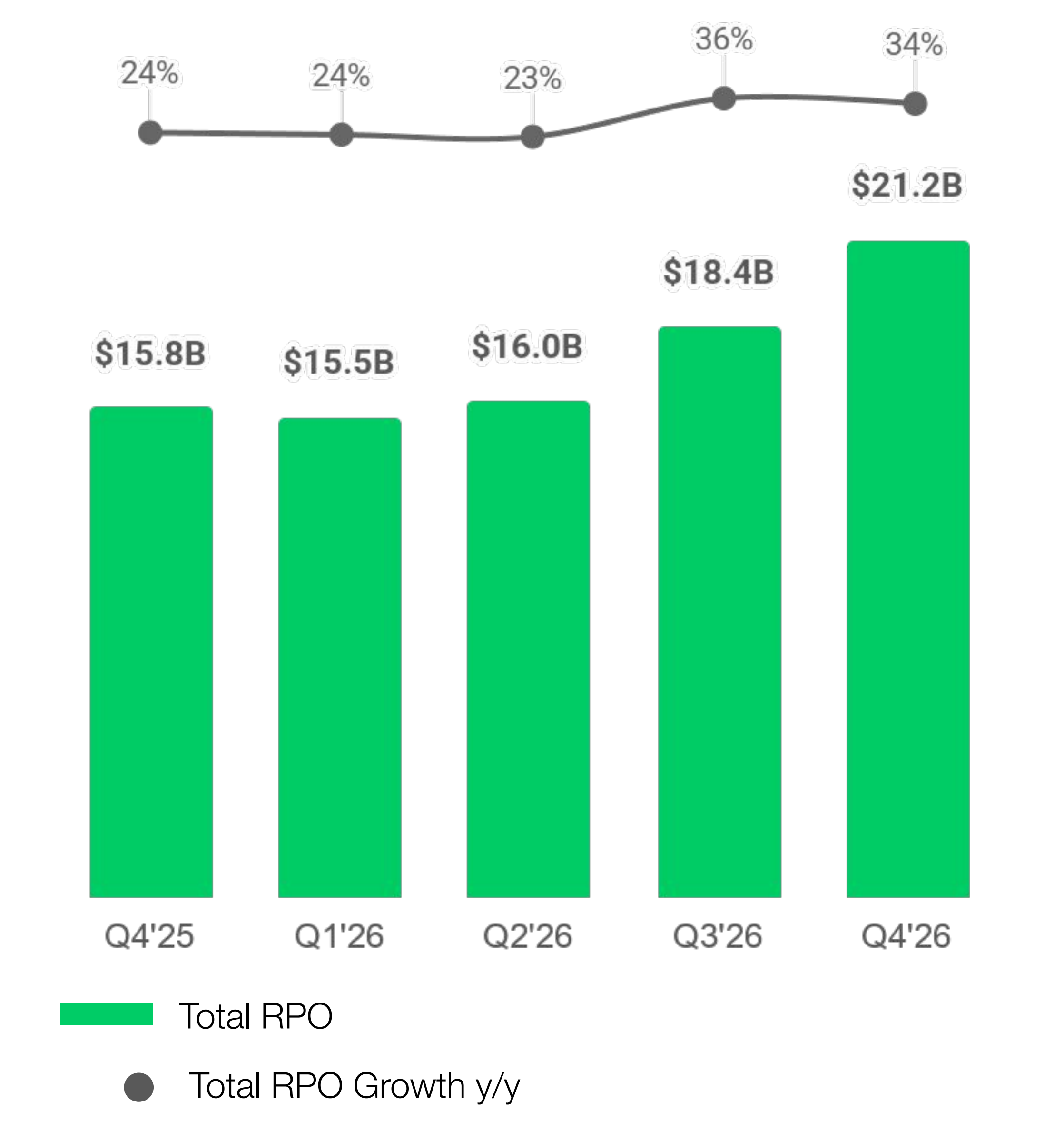
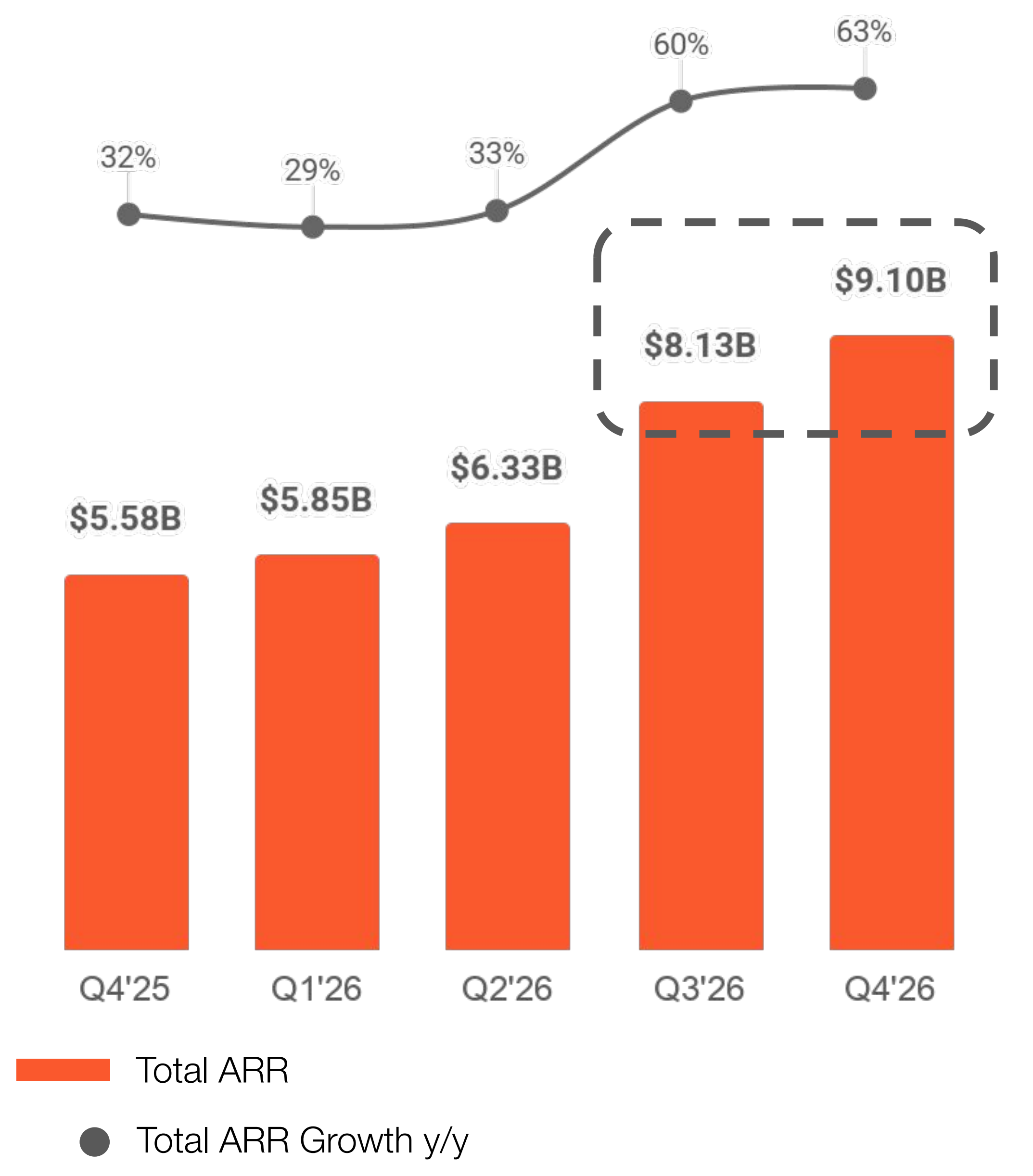
Record Top Line Results Across the Board in Q4'26

Remaining Performance Obligations

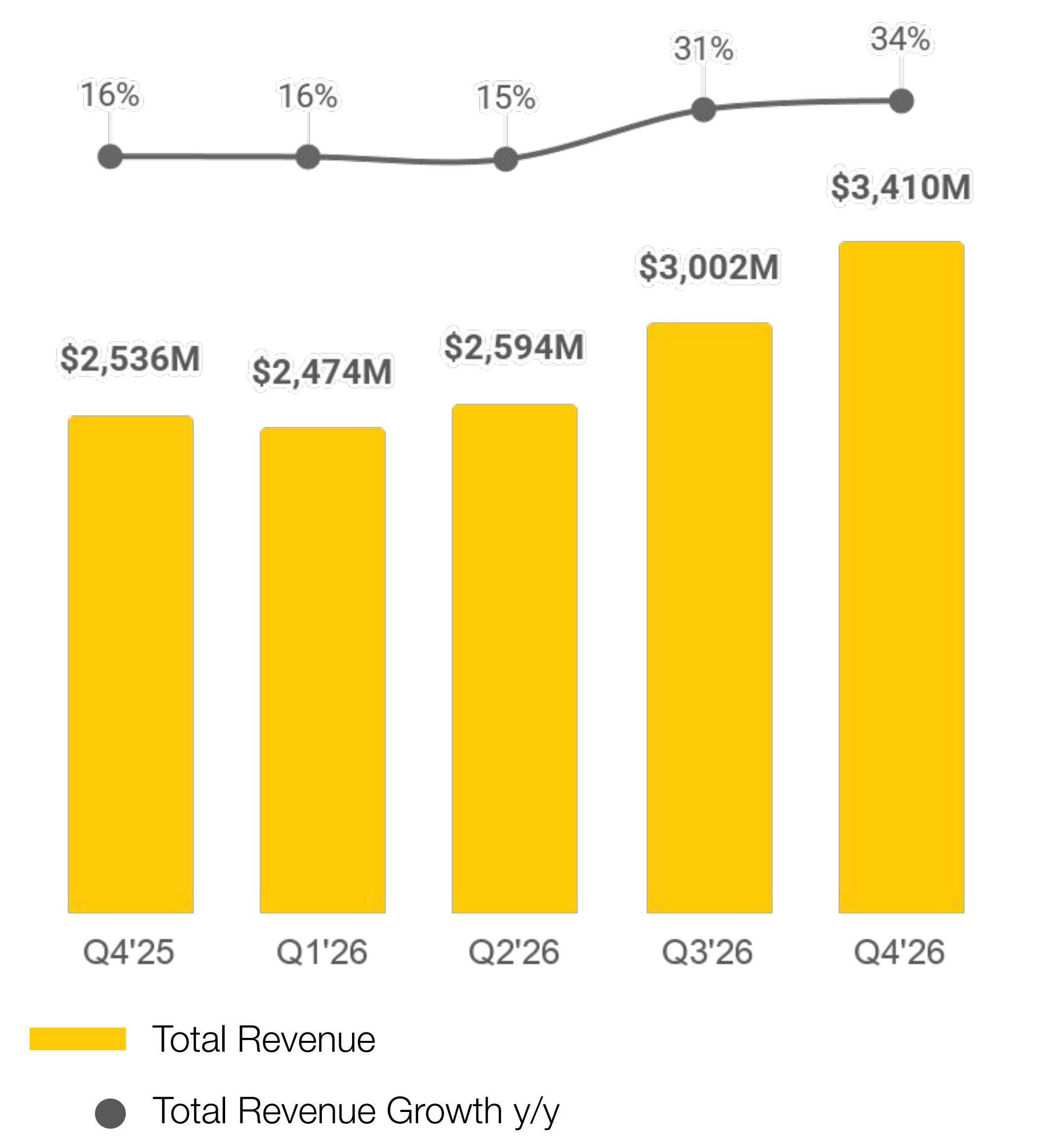


Next-Generation Security ARR

~$970M
Record Net New ARR in Q4'26



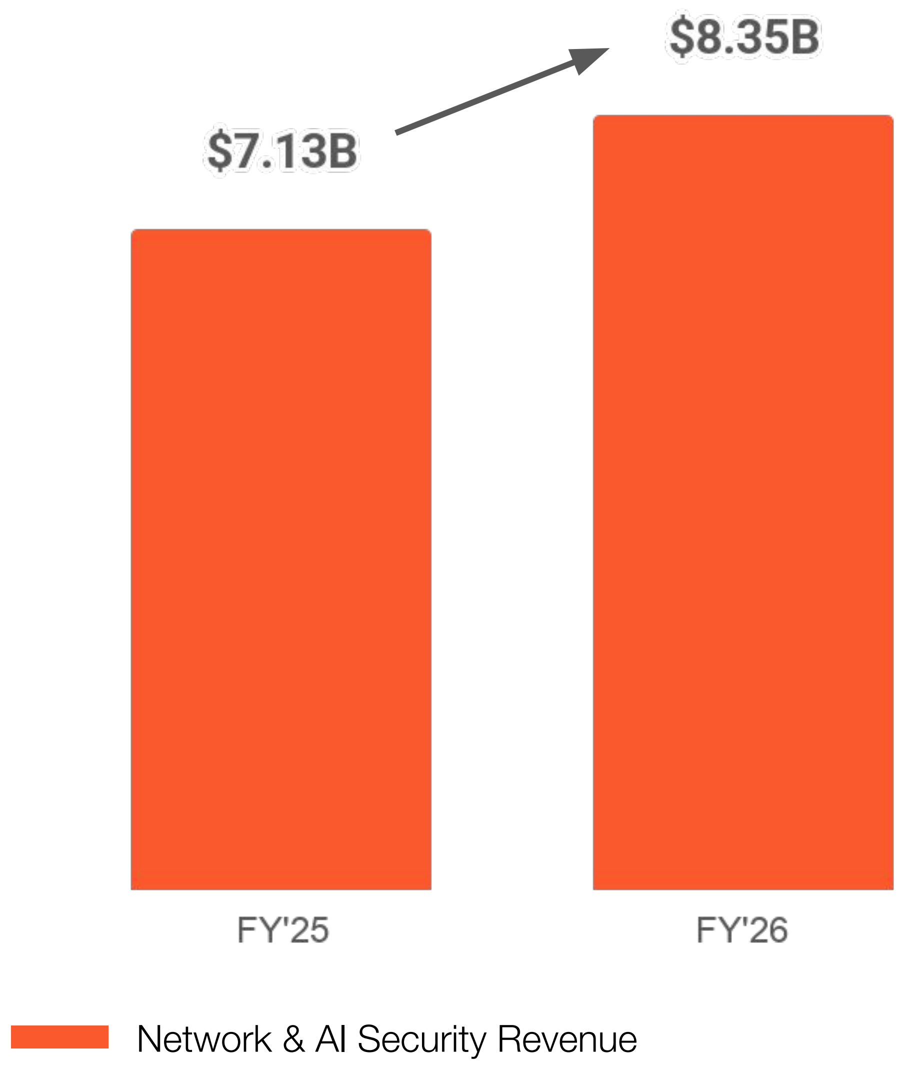
Revenue



Revenue Momentum Was Driven Across Platforms

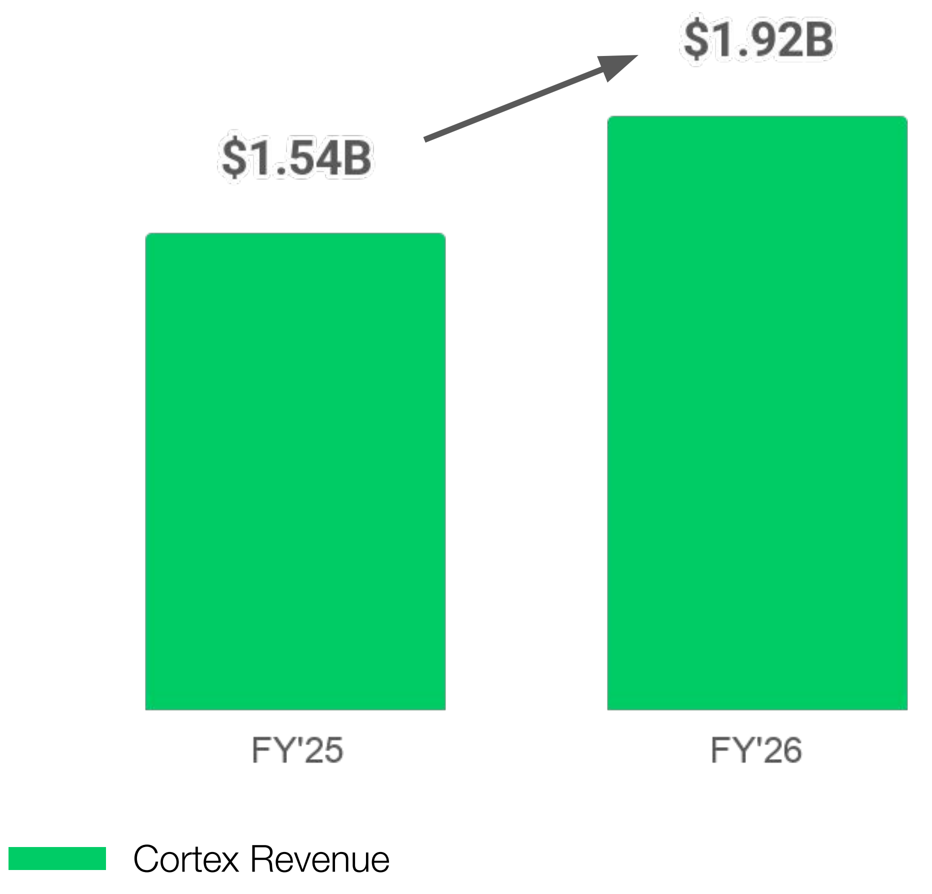
Network & AI Security

+17% y/y



Cortex

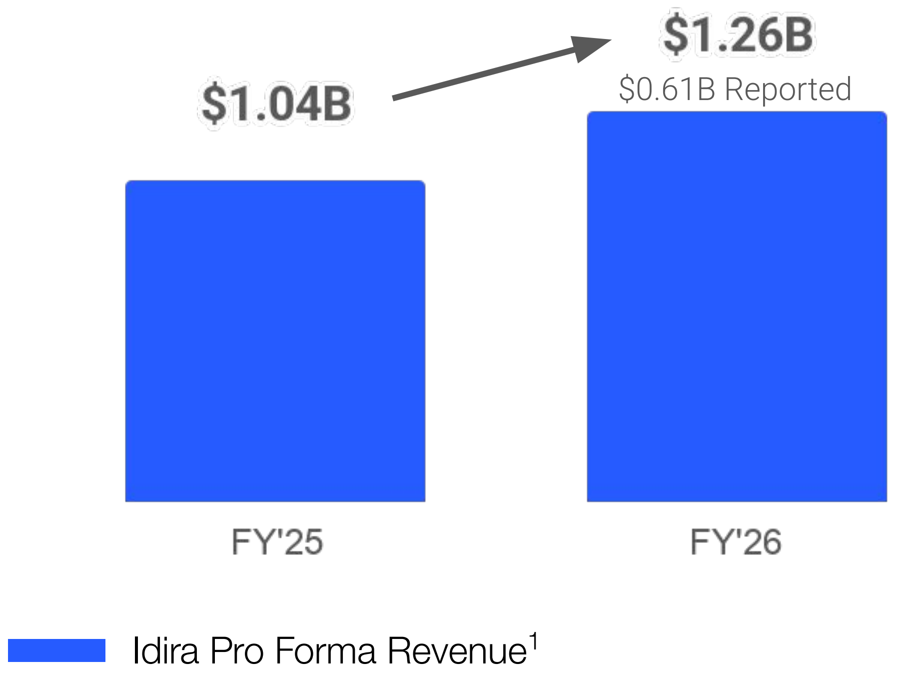
+25% y/y



Idira

+21% y/y

Pro forma Growth



Reported platform revenue included in appendix & Q4’26 Supplemental Financial Information. Fiscal year ending on July 31.

[1] 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. For Palo Alto Networks' FY'26, Idira revenue reported was $0.61B.

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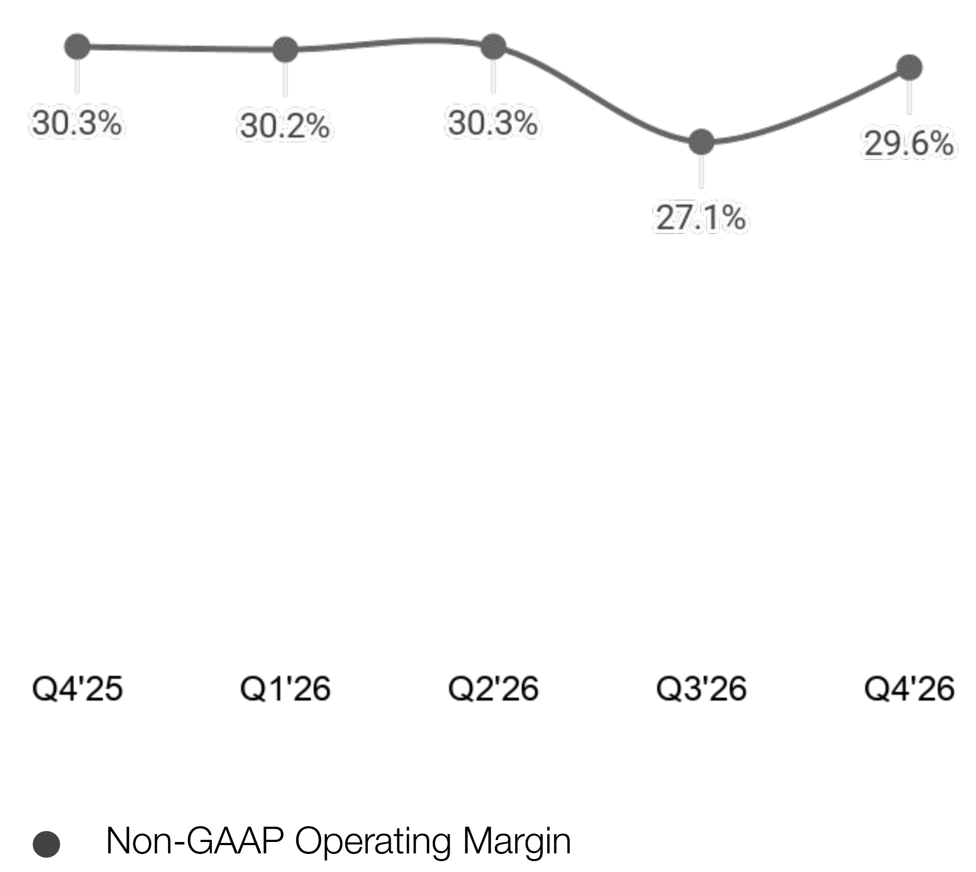
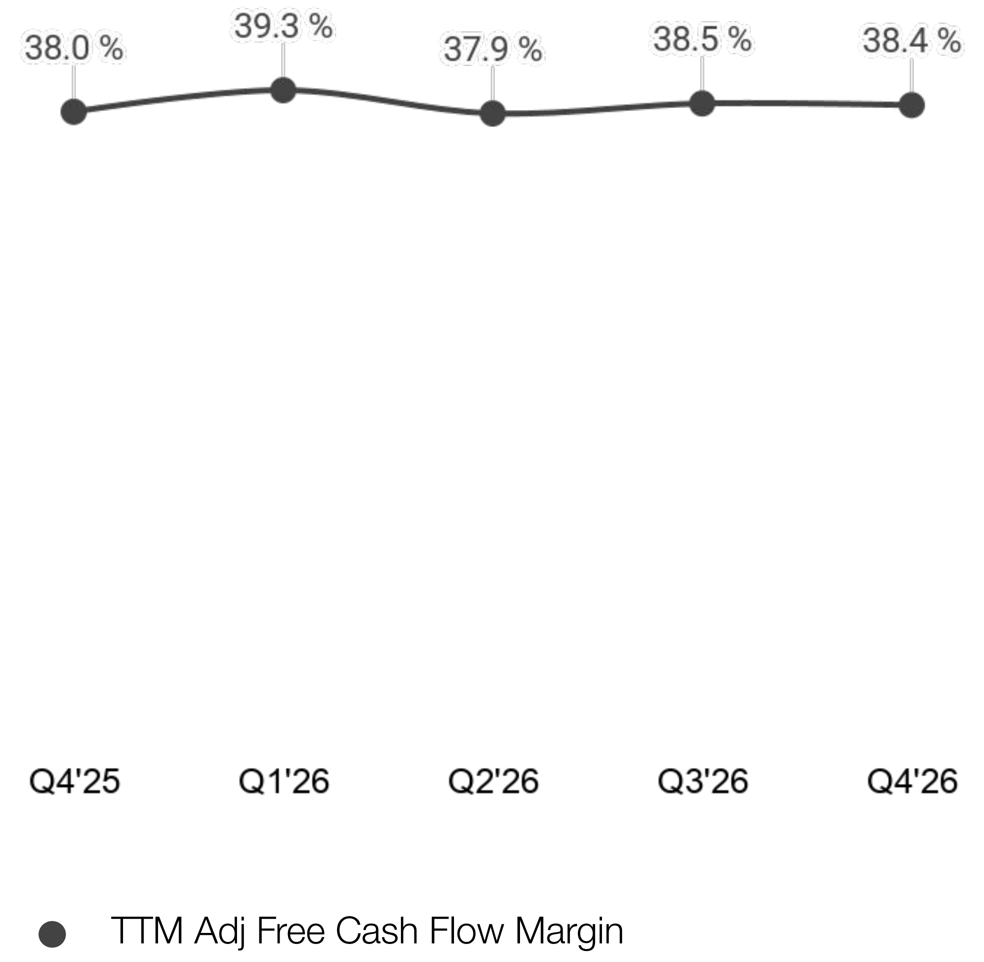
Q4’26 Operating Margin & Adj. Free Cash Flow Margin

Non-GAAP Operating Margin



TTM Adj. Free Cash Flow Margin

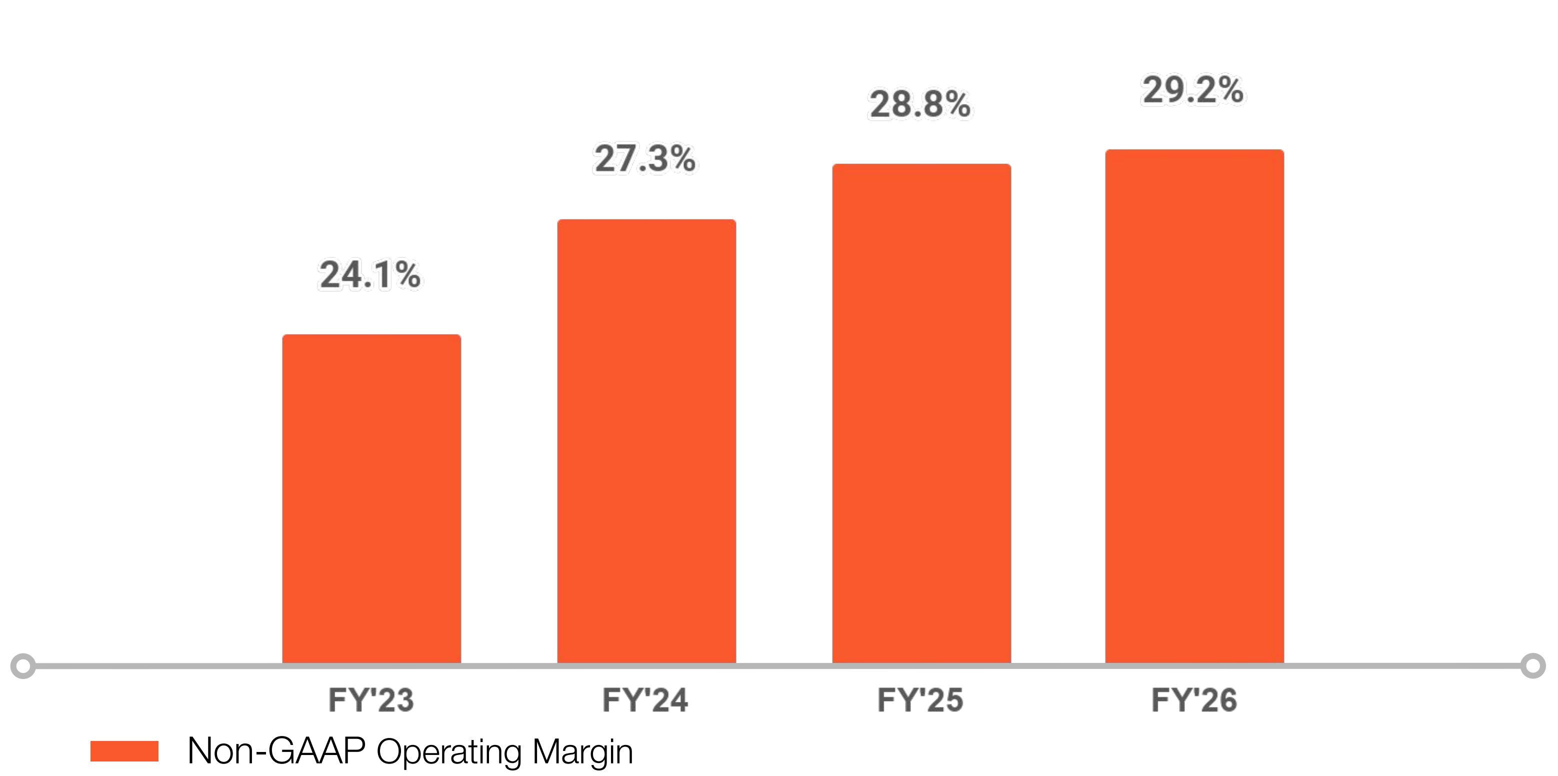


Reconciliations of historical non-GAAP measures can be found in the Appendix.

We Have Consistently Expanded Margins and Sustained Robust Free Cash Flow While Integrating Multiple Recent Acquisitions

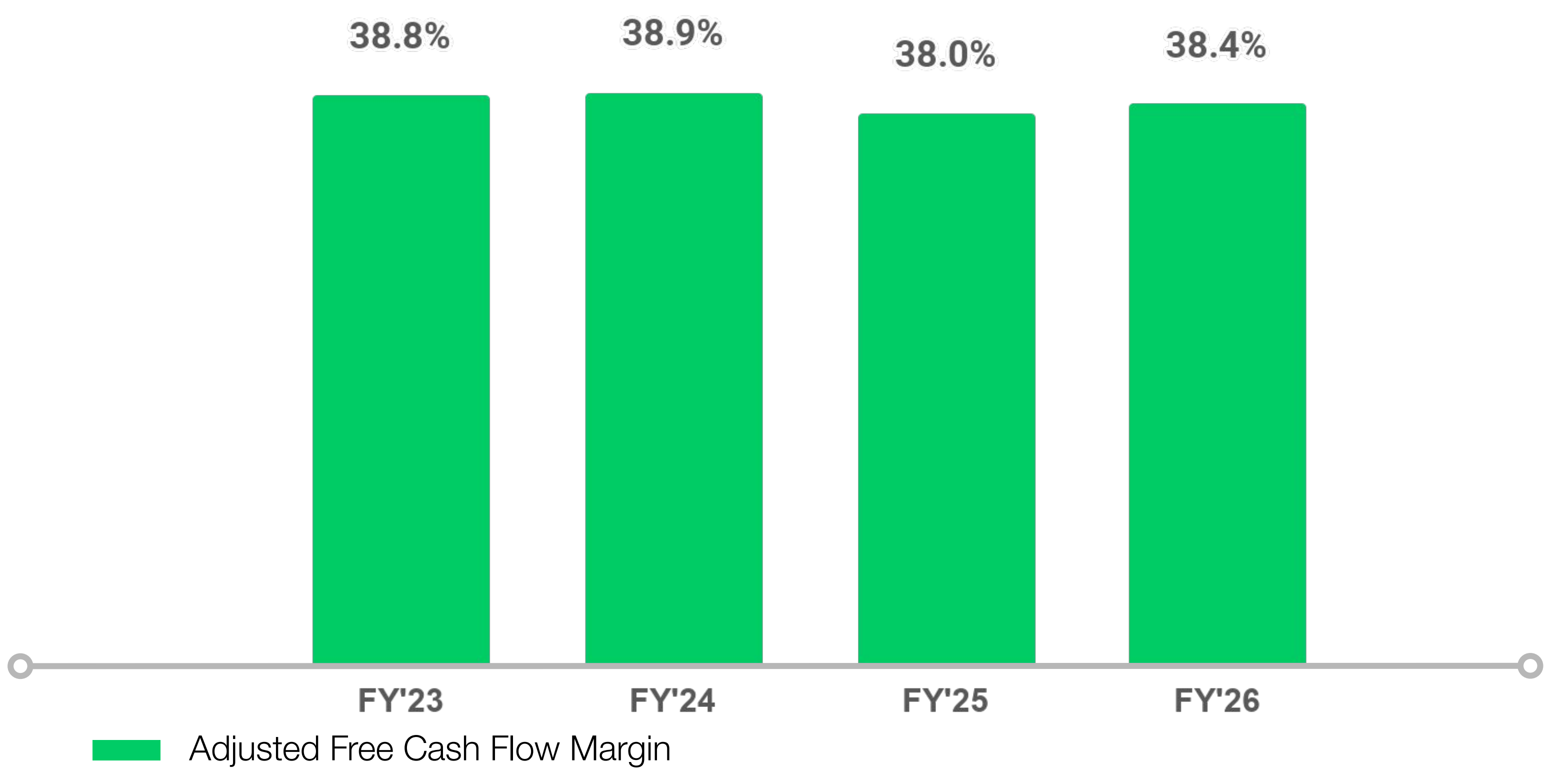
Scaling Profitably with Over 500 bps of Operating Margin Expansion Since FY’23

~26% FY23-FY26 Op-Income CAGR



Consistently Delivered 38%+ Adj. FCF Margins Since FY’23

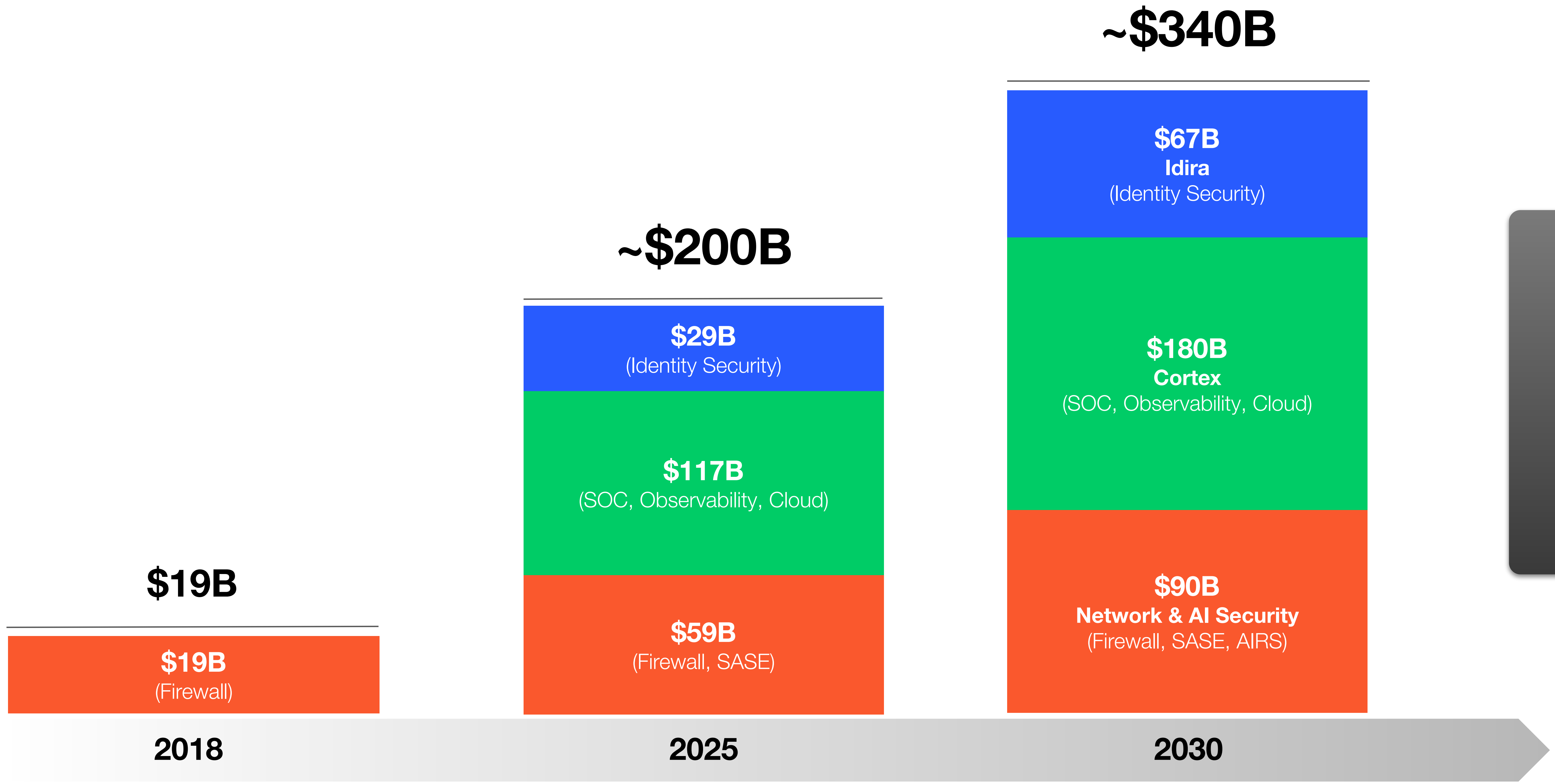
~18% ‘23-‘26 Adj. FCF CAGR



Reaffirming 40%+ FY’28 Adj. Free Cash Flow Margin

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

Our Large and Growing TAM Garner Confidence in Achieving $20B NGS ARR by FY30



Reaffirming

$20B

NGS ARR by FY'30

Estimates and figures related to total addressable markets or market sizes (TAMs) are based on Palo Alto Networks estimates using third-party data. TAM data are for calendar years. In particular, for 2018 and 2025 for firewall, SASE, Security Operations, and Cloud, the third-party data includes the sources described in the appendix to Palo Alto Networks Q4'23 Earnings Call and Medium Term Update Investor Presentation available on Palo Alto Networks' website. For 2025 for Observability, the third party data includes Gartner ITOM Software Forecast 2Q'24, "Health & Performance Analysis" TAM; and for Identity Security, IDC Semiannual Security Products Tracker - Forecast for Identity and Access Management, May 2025. For 2030, the data includes the following sources: Gartner, Forecast: AI Spending, Worldwide, 2025-2030, 2Q26 (July 2026); Gartner, Forecast: Information Security, Worldwide, 2024-2030, 2Q26 (June 2026); Gartner, Forecast: Enterprise Infrastructure Software, Worldwide, 2023-2029, 4Q25 (March 2026); IDC, Worldwide Security Spending Guide (July 2026); IDC, Worldwide Semiannual Security Products Tracker (April 2026); Dell'Oro Group, SASE/SD-WAN Market Forecast (July 2026); Dell'Oro Group, Network Security Market Forecast (July 2026); Dell'Oro Group, AI and Cloud-native Security Advanced Research Report (May 2026); Westlands Advisory, Industrial OT Cybersecurity Forecast (August 2025); Omdia, Infrastructure Security Products Market Database – 4Q25 (June 2026).

Q4’26 Metrics Summary

	Q4’26 Guidance (as of 6/2/26)	Q4’26 Actual
Total Revenue	$3.345B - $3.355B 32% y/y	$3.41B 34% y/y
Product Revenue		$738M
Remaining Performance Obligations	$20.9B - $21.0B 32% - 33% y/y	$21.2B *34% y/y*
Next-Gen Security ARR	$8.90 - $8.95B 59% - 60% y/y	$9.10B *63% y/y*
Gross Margin (Non-GAAP)		74.8%
Operating Income (Non-GAAP)		$1,011M
Operating Margin (Non-GAAP)		29.6%
Diluted EPS (Non-GAAP)	$0.96 - $0.98	$1.02
Diluted EPS (GAAP)		($0.35)
Adj. Free Cash Flow (Non-GAAP)		$1,289M

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

Q1 & Fiscal Year 2027 Guidance

	Q1'27 Guidance (as of 9/1/26)	FY'27 Guidance (as of 9/1/26)
Next-Gen Security ARR	$9.54B - $9.56B 63% y/y	$11.075B - $11.175B 22% - 23% y/y
Remaining Performance Obligations	$20.8B - $20.9B 34% - 35% y/y	$25.2B - $25.4B 19% - 20% y/y
Total Revenue	$3,300M - $3,310M 33% - 34% y/y	$14.10B - $14.20B 23% -24% y/y
Operating Margin (Non-GAAP)		29.5% +30 bps y/y
Diluted EPS (Non-GAAP)	$0.96 - $0.98	$4.16 - $4.19
Adj. Free Cash Flow Margin (Non-GAAP)		38.0%

Fiscal year ending on July 31.

Q&A

Appendix

Modeling Points

- Q1’27 and FY’27 non-GAAP effective tax rate of 22%[1]
- Q1’27 net interest and other income of $75M – $80M
- Q1’27 diluted shares outstanding 837 – 844 million
- FY’27 diluted shares outstanding 844 – 847 million
- 2H FY’27 represents 60%-61% of full year Net New NGS ARR
- FY’27 Revenue Platforms Modeling Points:
  - Network & AI Security revenue growth of low double-digits year-over-year
  - Cortex revenue up approximately 30% year-over-year
  - Idira revenue of approximately $1.5B, representing pro forma growth of high-teens to 20% year-over-year

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.

Revenue by Platform Definitions & Classifications

$ In millions

Revenue by platform:	Q126	Q226	Q326	Q426	FY'25	FY'26
Network & AI Security	$1,904	$2,025	$2,094	$2,331	$7,131	$8,354
Cortex	422	431	481	586	1,539	1,920
Idira	-	-	278	336	-	614
Other	148	138	149	157	551	592
Total revenue	$2,474	$2,594	$3,002	$3,410	$9,221	$11,480

- **Network & AI Security** - Includes Secure Access Service Edge (“SASE”), Hardware and Software Firewalls, Prisma AIRS and Cloud-Delivered Security Services (“CDSS”). This platform also includes Next-Generation Trust Security, the Certificate LifeCycle Management (CLM) business that was previously part of the CyberArk portfolio.
- **Cortex** - Encompasses Security Operations (XSIAM, XDR, XSOAR, Xpanse, Cloud Security, and others), and Observability offerings.
- **Idira** - Represents our Identity Security portfolio. This platform excludes Certificate LifeCycle Management (CLM) which is included in Network & AI Security.
- **Other** - Consists of activities not allocated to the operating platforms, including Unit 42, professional services, and financing income.

Fiscal year ends on July 31.

GAAP to Non-GAAP Reconciliations – Gross Margin

$ In millions

Non-GAAP gross profit and gross margin:	Q425		Q426		FY'25		FY'26	
	$	%	$	%	$	%	$	%
GAAP gross profit and gross margin	$1,857	73.2%	$2,304	67.6%	$6,770	73.4%	$8,077	70.4%
Share-based compensation-related charges	40	1.6%	59	1.6%	159	1.7%	197	1.6%
Acquisition-related costs[(1)]	-	0.0%	3	0.1%	-	0.0%	8	0.1%
Amortization expense of acquired intangible assets	23	0.9%	184	5.4%	109	1.2%	416	3.6%
Litigation-related charges[(2)]	2	0.1%	2	0.1%	7	0.1%	7	0.1%
Non-GAAP gross profit and gross margin	$1,922	75.8%	$2,552	74.8%	$7,045	76.4%	$8,705	75.8%

[(1)] Consists of share-based compensation related to the cash settlement of certain equity awards and costs to terminate certain employment contracts of the acquired companies.
[(2)] Consists of the amortization of intellectual property licenses and covenant not to sue.
Fiscal year ends on July 31.

GAAP to Non-GAAP Reconciliations – Operating Margin

$ In millions

Non-GAAP operating income and operating margin:	Q425		Q126		Q226		Q326		Q426	
	$	%	$	%	$	%	$	%	$	%
GAAP operating income (loss) and operating margin	$497	19.6%	$309	12.5%	$397	15.3%	($183)	-6.1%	$172	5.0%
Share-based compensation-related charges	372	14.7%	387	15.7%	321	12.4%	517	17.2%	487	14.3%
Acquisition-related costs[(1)]	(142)	-5.6%	5	0.2%	24	0.9%	198	6.6%	68	2.0%
Amortization expense of acquired intangible assets	37	1.5%	39	1.6%	38	1.5%	280	9.3%	281	8.2%
Litigation-related charges[(2)]	4	0.1%	6	0.2%	5	0.2%	2	0.1%	3	0.1%
Non-GAAP operating income and operating margin	$768	30.3%	$746	30.2%	$785	30.3%	$814	27.1%	$1,011	29.6%

[(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 Q4'26, 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. Also includes a litigation settlement charge in Q2'26.
Fiscal year ends on July 31.

GAAP to Non-GAAP Reconciliations – Operating Margin

$ In millions

Non-GAAP operating income and operating margin:	FY'23		FY'24		FY'25		FY'26	
	$	%	$	%	$	%	$	%
GAAP operating income (loss) and operating margin	$387	5.6%	$684	8.5%	$1,243	13.5%	$695	6.1%
Share-based compensation-related charges	1,145	16.6%	1,162	14.5%	1,386	15.0%	1,712	14.8%
Acquisition-related costs(1)	20	0.3%	13	0.2%	(110)	-1.2%	295	2.6%
Amortization expense of acquired intangible assets	103	1.5%	119	1.5%	164	1.8%	638	5.6%
Litigation-related charges(2)	7	0.1%	212	2.6%	(31)	-0.3%	16	0.1%
Restructuring and other costs(3)	(2)	0.0%	-	0.0%	-	0.0%	-	0.0%
Non-GAAP operating income and operating margin	$1,660	24.1%	$2,190	27.3%	$2,652	28.8%	$3,356	29.2%

(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 FY'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 a legal contingency charge (credit). Also includes litigation settlement charges in FY'24 and FY'26.
(3) Consists of adjustments to restructuring and other costs.
Fiscal year ends on July 31.

GAAP to Non-GAAP Reconciliations – EPS

Non-GAAP net income per share, diluted:	Q426	FY'25	FY'26
GAAP net income (loss) per share, diluted	($0.35)	$1.60	$0.40
Share-based compensation-related charges	0.59	1.98	2.23
Acquisition-related costs[(1)]	0.08	(0.15)	0.39
Amortization expense of acquired intangible assets	0.34	0.23	0.84
Litigation-related charges[(2)]	0.00	(0.04)	0.02
Change in fair value of convertible senior notes and capped calls[(3)]	0.64	0.00	0.74
Income tax and other tax adjustments[(4)]	(0.28)	(0.28)	(0.78)
Non-GAAP net income per share, diluted	$1.02	$3.34	$3.84

[(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 Q4'26 and FY'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 charge in FY'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. In FY'25, it included a one-time deferred tax provision adjustment relating to the enactment of One Big Beautiful Bill.
Fiscal year ends on July 31.

GAAP to Non-GAAP Reconciliations – Adjusted Free Cash Flow

$ In millions

Free cash flow and adjusted free cash flow (non-GAAP):	Q425	Q426	TTM Q425	TTM Q126	TTM Q226	TTM Q326	TTM Q426
Net cash provided by operating activities	$1,021	$1,357	$3,716	$3,977	$3,974	$4,217	$4,553
Less: purchases of property, equipment, and other assets	87	103	247	287	409	424	440
Free cash flow (non-GAAP)	$934	$1,254	$3,469	$3,690	$3,565	$3,793	$4,113
Add: capital expenditures for headquarters[(1)]	-	-	-	-	91	91	91
Add: capital expenditures for certain corporate assets[(2)]	20	7	38	53	68	55	42
Add: payments of acquisition-related costs[(3)]	-	28	-	11	19	136	164
Add: litigation-related payment[(4)]	-	-	-	-	4	4	4
Adjusted free cash flow (non-GAAP)	$954	$1,289	$3,507	$3,754	$3,747	$4,079	$4,414
Adjusted free cash flow margin (non-GAAP)	*37.6%*	*37.8%*	*38.0%*	*39.3%*	*37.9%*	*38.5%*	*38.4%*

[(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.

GAAP to Non-GAAP Reconciliations – Adjusted Free Cash Flow

$ In millions

Free cash flow and adjusted free cash flow (non-GAAP):	FY'23	FY'24	FY'25	FY'26
Net cash provided by operating activities	$2,777	$3,258	$3,716	$4,553
Less: purchases of property, equipment, and other assets	146	157	247	440
Free cash flow (non-GAAP)	$2,631	$3,101	$3,469	$4,113
Add: capital expenditures for headquarters[1]	-	-	-	91
Add: capital expenditures for certain corporate assets[2]	-	-	38	42
Add: payments of acquisition-related costs[3]	-	-	-	164
Add: cash payment related to tax settlement	40	-	-	-
Add: litigation-related payments[4]	-	20	-	4
Adjusted free cash flow (non-GAAP)	$2,671	$3,121	$3,507	$4,414
Adjusted free cash flow margin (non-GAAP)	*38.8%*	*38.9 %*	*38.0 %*	*38.4 %*

(1) Consists of a land purchase of $91 million in FY'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 acquisitions of CyberArk Software Ltd. and Koi Security Ltd.
(4) Consists of non-recurring litigation settlement payments in FY'24 and FY'26.
Fiscal year ends on July 31.

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.

Thank You