

## **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 Years**  
(In millions, except percentages)

	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Revenue:			
Product	\$ 1,363.1	\$ 1,578.4	\$ 1,603.3
Subscription and support	4,138.4	5,314.3	6,424.2
Total revenue	<u>5,501.5</u>	<u>6,892.7</u>	<u>8,027.5</u>
Cost of revenue:			
Product	455.5	418.3	348.2
Subscription and support	1,263.2	1,491.4	1,711.0
Total cost of revenue	<u>1,718.7</u>	<u>1,909.7</u>	<u>2,059.2</u>
Total gross profit	3,782.8	4,983.0	5,968.3
<i>Product gross margin</i>	66.6 %	73.5 %	78.3 %
<i>Subscription and support gross margin</i>	69.5 %	71.9 %	73.4 %
<i>Total gross margin</i>	68.8 %	72.3 %	74.3 %
Operating expenses:			
Research and development	1,417.7	1,604.0	1,809.4
Sales and marketing	2,148.9	2,544.0	2,794.5
General and administrative	405.0	447.7	680.5
Total operating expenses	<u>3,971.6</u>	<u>4,595.7</u>	<u>5,284.4</u>
Operating income (loss)	(188.8)	387.3	683.9
Interest expense	(27.4)	(27.2)	(8.3)
Other income, net	9.0	206.2	312.7
Income (loss) before income taxes	<u>(207.2)</u>	<u>566.3</u>	<u>988.3</u>
Provision for (benefit from) income taxes	59.8	126.6	(1,589.3)
Net income (loss)	<u>\$ (267.0)</u>	<u>\$ 439.7</u>	<u>\$ 2,577.6</u>

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

	Q123	Q223	Q323	Q423	Q124	Q224	Q324	Q424
Revenue:								
Product	\$ 330.0	\$ 352.9	\$ 388.1	\$ 507.4	\$ 341.1	\$ 390.7	\$ 391.0	\$ 480.5
Subscription and support	1,233.4	1,302.2	1,332.8	1,445.9	1,537.0	1,584.4	1,593.8	1,709.0
Total revenue	1,563.4	1,655.1	1,720.9	1,953.3	1,878.1	1,975.1	1,984.8	2,189.5
Cost of revenue:								
Product	120.1	100.5	93.4	104.3	77.4	88.2	77.9	104.7
Subscription and support	341.8	365.7	381.4	402.5	395.4	410.9	435.7	469.0
Total cost of revenue	461.9	466.2	474.8	506.8	472.8	499.1	513.6	573.7
Total gross profit	1,101.5	1,188.9	1,246.1	1,446.5	1,405.3	1,476.0	1,471.2	1,615.8
<i>Product gross margin</i>	63.6 %	71.5 %	75.9 %	79.4 %	77.3 %	77.4 %	80.1 %	78.2 %
<i>Subscription and support gross margin</i>	72.3 %	71.9 %	71.4 %	72.2 %	74.3 %	74.1 %	72.7 %	72.6 %
<i>Total gross margin</i>	70.5 %	71.8 %	72.4 %	74.1 %	74.8 %	74.7 %	74.1 %	73.8 %
Operating expenses:								
Research and development	371.8	404.1	413.7	414.4	409.5	447.9	457.2	494.8
Sales and marketing	615.0	625.5	639.5	664.0	660.5	673.0	718.7	742.3
General and administrative	99.5	119.4	114.2	114.6	120.1	301.5	118.6	140.3
Total operating expenses	1,086.3	1,149.0	1,167.4	1,193.0	1,190.1	1,422.4	1,294.5	1,377.4
Operating income	15.2	39.9	78.7	253.5	215.2	53.6	176.7	238.4
Interest expense	(6.8)	(6.9)	(7.8)	(5.7)	(2.9)	(2.8)	(2.3)	(0.3)
Other income, net	26.0	51.4	60.1	68.7	70.3	84.7	76.8	80.9
Income before income taxes	34.4	84.4	131.0	316.5	282.6	135.5	251.2	319.0
Provision for (benefit from) income taxes	14.4	0.2	23.2	88.8	88.4	(1,611.4)	(27.6)	(38.7)
Net income	\$ 20.0	\$ 84.2	\$ 107.8	\$ 227.7	\$ 194.2	\$1,746.9	\$ 278.8	\$ 357.7

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

	FY22	FY23	FY24
Revenue:			
Product	\$ 1,363.1	\$ 1,578.4	\$ 1,603.3
Subscription and support	4,138.4	5,314.3	6,424.2
Total revenue	5,501.5	6,892.7	8,027.5
Cost of revenue:			
Product	441.2	403.9	334.8
Subscription and support	1,011.3	1,258.5	1,463.5
Total cost of revenue	1,452.5	1,662.4	1,798.3
Total gross profit	4,049.0	5,230.3	6,229.2
<i>Product gross margin</i>	67.6 %	74.4 %	79.1 %
<i>Subscription and support gross margin</i>	75.6 %	76.3 %	77.2 %
<i>Total gross margin</i>	73.6 %	75.9 %	77.6 %
Operating expenses:			
Research and development	926.3	1,097.4	1,258.2
Sales and marketing	1,805.9	2,168.0	2,449.1
General and administrative	274.0	305.0	332.2
Total operating expenses	3,006.2	3,570.4	4,039.5
Operating income	1,042.8	1,659.9	2,189.7
Interest expense	(20.2)	(20.4)	(4.8)
Other income, net	6.3	206.7	312.7
Income before income taxes	1,028.9	1,846.2	2,497.6
Provision for income taxes	226.4	406.2	549.5
Net income	\$ 802.5	\$ 1,440.0	\$ 1,948.1

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

	Q123	Q223	Q323	Q423	Q124	Q224	Q324	Q424
Revenue:								
Product	\$ 330.0	\$ 352.9	\$ 388.1	\$ 507.4	\$ 341.1	\$ 390.7	\$ 391.0	\$ 480.5
Subscription and support	1,233.4	1,302.2	1,332.8	1,445.9	1,537.0	1,584.4	1,593.8	1,709.0
Total revenue	1,563.4	1,655.1	1,720.9	1,953.3	1,878.1	1,975.1	1,984.8	2,189.5
Cost of revenue:								
Product	116.5	96.9	89.7	100.8	73.8	84.8	74.4	101.8
Subscription and support	285.2	309.1	321.0	343.2	338.5	349.8	370.0	405.2
Total cost of revenue	401.7	406.0	410.7	444.0	412.3	434.6	444.4	507.0
Total gross profit	1,161.7	1,249.1	1,310.2	1,509.3	1,465.8	1,540.5	1,540.4	1,682.5
<i>Product gross margin</i>	64.7 %	72.5 %	76.9 %	80.1 %	78.4 %	78.3 %	81.0 %	78.8 %
<i>Subscription and support gross margin</i>	76.9 %	76.3 %	75.9 %	76.3 %	78.0 %	77.9 %	76.8 %	76.3 %
<i>Total gross margin</i>	74.3 %	75.5 %	76.1 %	77.3 %	78.0 %	78.0 %	77.6 %	76.8 %
Operating expenses:								
Research and development	251.4	270.1	281.4	294.5	285.6	302.0	319.8	350.8
Sales and marketing	518.8	527.7	547.4	574.1	571.2	586.0	631.8	660.1
General and administrative	69.1	74.5	74.7	86.7	79.7	88.3	80.9	83.3
Total operating expenses	839.3	872.3	903.5	955.3	936.5	976.3	1,032.5	1,094.2
Operating income	322.4	376.8	406.7	554.0	529.3	564.2	507.9	588.3
Interest expense	(5.0)	(5.2)	(6.0)	(4.2)	(1.9)	(1.7)	(1.5)	0.3
Other income, net	24.2	53.7	60.1	68.7	70.3	84.7	76.8	80.9
Income before income taxes	341.6	425.3	460.8	618.5	597.7	647.2	583.2	669.5
Provision for income taxes	75.2	93.6	101.4	136.0	131.4	142.5	128.3	147.3
Net income	\$ 266.4	\$ 331.7	\$ 359.4	\$ 482.5	\$ 466.3	\$ 504.7	\$ 454.9	\$ 522.2

**Palo Alto Networks, Inc.**

**GAAP to Non-GAAP Reconciliations, Disaggregation of Revenue by Type, and Calculation of Other Key Metrics - Fiscal Years**

(In millions, except percentages and per share amounts)

	FY22	FY23	FY24
<b>GAAP to Non-GAAP Reconciliations</b>			
GAAP product gross profit	\$ 907.6	\$ 1,160.1	\$ 1,255.1
Share-based compensation-related charges	7.2	7.3	6.3
Litigation-related charges <sup>(1)</sup>	7.1	7.1	7.1
Non-GAAP product gross profit	<u>\$ 921.9</u>	<u>\$ 1,174.5</u>	<u>\$ 1,268.5</u>
Non-GAAP product gross margin	<u>67.6 %</u>	<u>74.4 %</u>	<u>79.1 %</u>
GAAP subscription and support gross profit	\$ 2,875.2	\$ 3,822.9	\$ 4,713.2
Share-based compensation-related charges	133.8	153.1	150.7
Amortization expense of acquired intangible assets	104.1	81.5	96.8
Restructuring and other costs <sup>(2)</sup>	14.0	(1.7)	—
Non-GAAP subscription and support gross profit	<u>\$ 3,127.1</u>	<u>\$ 4,055.8</u>	<u>\$ 4,960.7</u>
Non-GAAP subscription and support gross margin	<u>75.6 %</u>	<u>76.3 %</u>	<u>77.2 %</u>
GAAP total gross profit	\$ 3,782.8	\$ 4,983.0	\$ 5,968.3
Share-based compensation-related charges	141.0	160.4	157.0
Amortization expense of acquired intangible assets	104.1	81.5	96.8
Litigation-related charges <sup>(1)</sup>	7.1	7.1	7.1
Restructuring and other costs <sup>(2)</sup>	14.0	(1.7)	—
Non-GAAP total gross profit	<u>\$ 4,049.0</u>	<u>\$ 5,230.3</u>	<u>\$ 6,229.2</u>
Non-GAAP gross margin	<u>73.6 %</u>	<u>75.9 %</u>	<u>77.6 %</u>
GAAP research and development expense	\$ 1,417.7	\$ 1,604.0	\$ 1,809.4
Share-based compensation-related charges	489.1	507.1	551.2
Restructuring and other costs <sup>(2)</sup>	2.3	(0.5)	—
Non-GAAP research and development expense	<u>\$ 926.3</u>	<u>\$ 1,097.4</u>	<u>\$ 1,258.2</u>
Non-GAAP research and development expense as a percentage of revenue	<u>16.8 %</u>	<u>15.9 %</u>	<u>15.7 %</u>
GAAP sales and marketing expense	\$ 2,148.9	\$ 2,544.0	\$ 2,794.5
Share-based compensation-related charges	321.3	354.4	323.2
Amortization expense of acquired intangible assets	21.7	21.6	22.2
Non-GAAP sales and marketing expense	<u>\$ 1,805.9</u>	<u>\$ 2,168.0</u>	<u>\$ 2,449.1</u>
Non-GAAP sales and marketing expense as a percentage of revenue	<u>32.8 %</u>	<u>31.5 %</u>	<u>30.5 %</u>
GAAP general and administrative expense	\$ 405.0	\$ 447.7	\$ 680.5
Share-based compensation-related charges	120.6	123.2	130.3
Acquisition-related costs <sup>(3)</sup>	5.5	19.5	13.6
Litigation-related charges <sup>(1)</sup>	—	—	204.4
Restructuring and other costs <sup>(2)</sup>	4.9	—	—
Non-GAAP general and administrative expense	<u>\$ 274.0</u>	<u>\$ 305.0</u>	<u>\$ 332.2</u>
Non-GAAP general and administrative expense as a percentage of revenue	<u>5.0 %</u>	<u>4.4 %</u>	<u>4.1 %</u>

(1) Consists of the amortization of intellectual property licenses and covenant not to sue. For FY'24, also includes a legal contingency charge and a litigation settlement charge.

(2) Consists of manufacturing related charges, loss on the closure of an office facility, other costs, and related adjustments.

(3) Consists of acquisition transaction costs, share-based compensation related to the cash settlement of certain equity awards, and costs to terminate certain employment, operating lease, and other contracts of the acquired companies.

**Palo Alto Networks, Inc.**  
**GAAP to Non-GAAP Reconciliations, Disaggregation of Revenue by Type, and Calculation of Other Key Metrics -**  
**Fiscal Years (Continued)**  
(In millions, except percentages and per share amounts)

	FY22	FY23	FY24
GAAP total operating expense	\$ 3,971.6	\$ 4,595.7	\$ 5,284.4
Share-based compensation-related charges	931.0	984.7	1,004.7
Acquisition-related costs <sup>(1)</sup>	5.5	19.5	13.6
Amortization expense of acquired intangible assets	21.7	21.6	22.2
Litigation-related charges <sup>(2)</sup>	—	—	204.4
Restructuring and other costs <sup>(3)</sup>	7.2	(0.5)	—
Non-GAAP total operating expense	<u>\$ 3,006.2</u>	<u>\$ 3,570.4</u>	<u>\$ 4,039.5</u>
<i>Non-GAAP total operating expense as a percentage of revenue</i>	<u>54.6 %</u>	<u>51.8 %</u>	<u>50.3 %</u>
GAAP operating income (loss)	\$ (188.8)	\$ 387.3	\$ 683.9
Share-based compensation-related charges	1,072.0	1,145.1	1,161.7
Acquisition-related costs <sup>(1)</sup>	5.5	19.5	13.6
Amortization expense of acquired intangible assets	125.8	103.1	119.0
Litigation-related charges <sup>(2)</sup>	7.1	7.1	211.5
Restructuring and other costs <sup>(3)</sup>	21.2	(2.2)	—
Non-GAAP operating income	<u>\$ 1,042.8</u>	<u>\$ 1,659.9</u>	<u>\$ 2,189.7</u>
<i>Non-GAAP operating margin</i>	<u>19.0 %</u>	<u>24.1 %</u>	<u>27.3 %</u>
GAAP interest expense	\$ (27.4)	\$ (27.2)	\$ (8.3)
Non-cash charges related to convertible notes <sup>(4)</sup>	7.2	6.8	3.5
Non-GAAP interest expense	<u>\$ (20.2)</u>	<u>\$ (20.4)</u>	<u>\$ (4.8)</u>
<i>Non-GAAP interest expense as a percentage of revenue</i>	<u>(0.4)%</u>	<u>(0.3)%</u>	<u>(0.1)%</u>
GAAP other income, net	\$ 9.0	\$ 206.2	\$ 312.7
Foreign currency (gain) loss associated with non-GAAP adjustments	(2.7)	0.5	—
Non-GAAP other income, net	<u>\$ 6.3</u>	<u>\$ 206.7</u>	<u>\$ 312.7</u>
<i>Non-GAAP other income, net as a percentage of revenue</i>	<u>0.1 %</u>	<u>3.0 %</u>	<u>3.9 %</u>
GAAP income (loss) before income taxes	\$ (207.2)	\$ 566.3	\$ 988.3
Share-based compensation-related charges	1,072.0	1,145.1	1,161.7
Acquisition-related costs <sup>(1)</sup>	5.5	19.5	13.6
Amortization expense of acquired intangible assets	125.8	103.1	119.0
Litigation-related charges <sup>(2)</sup>	7.1	7.1	211.5
Restructuring and other costs <sup>(3)</sup>	21.2	(2.2)	—
Non-cash charges related to convertible notes <sup>(4)</sup>	7.2	6.8	3.5
Foreign currency (gain) loss associated with non-GAAP adjustments	(2.7)	0.5	—
Non-GAAP income before income taxes	<u>\$ 1,028.9</u>	<u>\$ 1,846.2</u>	<u>\$ 2,497.6</u>

(1) Consists of acquisition transaction costs, share-based compensation related to the cash settlement of certain equity awards, and costs to terminate certain employment, operating lease, and other contracts of the acquired companies.

(2) Consists of the amortization of intellectual property licenses and covenant not to sue. For FY'24, also includes a legal contingency charge and a litigation settlement charge.

(3) Consists of manufacturing related charges, loss on the closure of an office facility, other costs, and related adjustments.

(4) Consists of non-cash interest expense for amortization of debt issuance costs related to our convertible senior notes.

**Palo Alto Networks, Inc.**

**GAAP to Non-GAAP Reconciliations, Disaggregation of Revenue by Type, and Calculation of Other Key Metrics - Fiscal Years (Continued)**

(In millions, except percentages and per share amounts)

	FY22	FY23	FY24
GAAP provision for (benefit from) income taxes	\$ 59.8	\$ 126.6	\$ (1,589.3)
Income tax and other tax adjustments <sup>(1)</sup>	166.6	279.6	2,138.8
Non-GAAP provision for income taxes	<u>\$ 226.4</u>	<u>\$ 406.2</u>	<u>\$ 549.5</u>
Non-GAAP effective tax rate	<u>22.0 %</u>	<u>22.0 %</u>	<u>22.0 %</u>
GAAP net income (loss)	\$ (267.0)	\$ 439.7	\$ 2,577.6
Share-based compensation-related charges	1,072.0	1,145.1	1,161.7
Acquisition-related costs <sup>(2)</sup>	5.5	19.5	13.6
Amortization expense of acquired intangible assets	125.8	103.1	119.0
Litigation-related charges <sup>(3)</sup>	7.1	7.1	211.5
Restructuring and other costs <sup>(4)</sup>	21.2	(2.2)	—
Non-cash charges related to convertible notes <sup>(5)</sup>	7.2	6.8	3.5
Foreign currency (gain) loss associated with non-GAAP adjustments	(2.7)	0.5	—
Income tax and other tax adjustments <sup>(1)</sup>	(166.6)	(279.6)	(2,138.8)
Non-GAAP net income	<u>\$ 802.5</u>	<u>\$ 1,440.0</u>	<u>\$ 1,948.1</u>
GAAP net income (loss) per share, diluted	\$ (0.90)	\$ 1.28	\$ 7.28
Share-based compensation-related charges	3.42	3.59	3.44
Acquisition-related costs <sup>(2)</sup>	0.02	0.06	0.04
Amortization expense of acquired intangible assets	0.43	0.30	0.34
Litigation-related charges <sup>(3)</sup>	0.02	0.02	0.60
Restructuring and other costs <sup>(4)</sup>	0.08	(0.01)	0.00
Non-cash charges related to convertible notes <sup>(5)</sup>	0.02	0.02	0.01
Foreign currency (gain) loss associated with non-GAAP adjustments	(0.01)	0.00	0.00
Income tax and other tax adjustments <sup>(1)</sup>	(0.56)	(0.82)	(6.04)
Non-GAAP net income per share, diluted	<u>\$ 2.52</u>	<u>\$ 4.44</u>	<u>\$ 5.67</u>
GAAP weighted-average shares used to compute net income (loss) per share, diluted	295.6	342.3	354.0
Weighted-average dilutive effect of potentially dilutive securities <sup>(6)</sup>	40.0	—	—
Weighted-average anti-dilutive impact of note hedge agreements	(17.4)	(17.9)	(10.4)
Non-GAAP weighted-average shares used to compute net income per share, diluted	<u>318.2</u>	<u>324.4</u>	<u>343.6</u>

- (1) Consists of income tax adjustments related to our long-term non-GAAP effective tax rate of 22%. In FY'23, it included tax benefits from releases of tax reserves related to uncertain tax positions resulting from tax settlements. In FY'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.
- (2) Consists of acquisition transaction costs, share-based compensation related to the cash settlement of certain equity awards, and costs to terminate certain employment, operating lease, and other contracts of the acquired companies.
- (3) Consists of the amortization of intellectual property licenses and covenant not to sue. For FY'24, also includes a legal contingency charge and a litigation settlement charge.
- (4) Consists of manufacturing related charges, loss on the closure of an office facility, other costs, and related adjustments.
- (5) Consists of non-cash interest expense for amortization of debt issuance costs related to our convertible senior notes.
- (6) Consists of potentially dilutive effect of employee equity incentive plan awards and convertible senior notes outstanding and related warrants 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, Disaggregation of Revenue by Type, and Calculation of Other Key Metrics - Fiscal Years (Continued)**

(In millions, except percentages and per share amounts)

	FY22	FY23	FY24
Net cash provided by operating activities	\$ 1,984.7	\$ 2,777.5	\$ 3,257.6
Less: purchases of property, equipment, and other assets	192.8	146.3	156.8
Free cash flow (non-GAAP)	\$ 1,791.9	\$ 2,631.2	\$ 3,100.8
Add: capital expenditures for headquarters <sup>(1)</sup>	38.9	—	—
Add: cash payment related to tax settlement	—	39.8	—
Add: litigation-related payment <sup>(2)</sup>	—	—	20.0
Adjusted free cash flow (non-GAAP)	\$ 1,830.8	\$ 2,671.0	\$ 3,120.8
Net cash used in investing activities	\$ (933.4)	\$ (2,033.8)	\$ (1,509.9)
Net cash used in financing activities	\$ (806.6)	\$ (1,726.3)	\$ (1,343.1)
Free cash flow margin (non-GAAP)	32.6 %	38.2 %	38.6 %
Adjusted free cash flow margin (non-GAAP)	33.3 %	38.8 %	38.9 %

**Disaggregation of Revenue by Type**

Revenue:			
Product	1,363.1	1,578.4	1,603.3
Subscription and support			
Subscription	2,539.0	3,335.4	4,188.5
Support	1,599.4	1,978.9	2,235.7
Total subscription and support	4,138.4	5,314.3	6,424.2
Total revenue	5,501.5	6,892.7	8,027.5

**Other Key Metrics - Calculation of Billings**

Total revenue	\$ 5,501.5	\$ 6,892.7	\$ 8,027.5
Add: change in total deferred revenue, net of acquired deferred revenue	1,970.0	2,301.7	2,180.6
Total billings	\$ 7,471.5	\$ 9,194.4	\$ 10,208.1
Product revenue	\$ 1,363.1	\$ 1,578.4	\$ 1,603.3
Add: change in product deferred revenue	(10.9)	22.4	(1.9)
Product billings	\$ 1,352.2	\$ 1,600.8	\$ 1,601.4
Subscription revenue	\$ 2,539.0	\$ 3,335.4	\$ 4,188.5
Add: change in subscription deferred revenue, net of acquired subscription deferred revenue	1,352.1	1,626.3	1,704.6
Subscription billings	\$ 3,891.1	\$ 4,961.7	\$ 5,893.1
Support revenue	\$ 1,599.4	\$ 1,978.9	\$ 2,235.7
Add: change in support deferred revenue, net of acquired support deferred revenue	628.8	653.0	477.9
Support billings	\$ 2,228.2	\$ 2,631.9	\$ 2,713.6

(1) Consists of a land purchase of \$38.9 million.

(2) Consists of a one-time payment in Q4'24 to settle a litigation-related matter.

**Palo Alto Networks, Inc.**

**GAAP to Non-GAAP Reconciliations, Disaggregation of Revenue by Type, and Calculation of Other Key Metrics - Fiscal Quarters**

(In millions, except percentages and per share amounts)

	Q123	Q223	Q323	Q423	Q124	Q224	Q324	Q424
<b>GAAP to Non-GAAP Reconciliations</b>								
GAAP product gross profit	\$ 209.9	\$ 252.4	\$ 294.7	\$ 403.1	\$ 263.7	\$ 302.5	\$ 313.1	\$ 375.8
Share-based compensation-related charges	1.8	1.8	1.9	1.8	1.8	1.6	1.7	1.2
Litigation-related charges <sup>(1)</sup>	1.8	1.8	1.8	1.7	1.8	1.8	1.8	1.7
Non-GAAP product gross profit	\$ 213.5	\$ 256.0	\$ 298.4	\$ 406.6	\$ 267.3	\$ 305.9	\$ 316.6	\$ 378.7
Non-GAAP product gross margin	64.7 %	72.5 %	76.9 %	80.1 %	78.4 %	78.3 %	81.0 %	78.8 %
GAAP subscription and support gross profit	\$ 891.6	\$ 936.5	\$ 951.4	\$ 1,043.4	\$ 1,141.6	\$ 1,173.5	\$ 1,158.1	\$ 1,240.0
Share-based compensation-related charges	35.0	37.6	40.5	40.0	37.8	38.6	38.0	36.3
Amortization expense of acquired intangible assets	23.3	19.0	19.9	19.3	19.1	22.5	27.7	27.5
Restructuring and other costs <sup>(2)</sup>	(1.7)	—	—	—	—	—	—	—
Non-GAAP subscription and support gross profit	\$ 948.2	\$ 993.1	\$ 1,011.8	\$ 1,102.7	\$ 1,198.5	\$ 1,234.6	\$ 1,223.8	\$ 1,303.8
Non-GAAP subscription and support gross margin	76.9 %	76.3 %	75.9 %	76.3 %	78.0 %	77.9 %	76.8 %	76.3 %
GAAP total gross profit	\$ 1,101.5	\$ 1,188.9	\$ 1,246.1	\$ 1,446.5	\$ 1,405.3	\$ 1,476.0	\$ 1,471.2	\$ 1,615.8
Share-based compensation-related charges	36.8	39.4	42.4	41.8	39.6	40.2	39.7	37.5
Amortization expense of acquired intangible assets	23.3	19.0	19.9	19.3	19.1	22.5	27.7	27.5
Litigation-related charges <sup>(1)</sup>	1.8	1.8	1.8	1.7	1.8	1.8	1.8	1.7
Restructuring and other costs <sup>(2)</sup>	(1.7)	—	—	—	—	—	—	—
Non-GAAP total gross profit	\$ 1,161.7	\$ 1,249.1	\$ 1,310.2	\$ 1,509.3	\$ 1,465.8	\$ 1,540.5	\$ 1,540.4	\$ 1,682.5
Non-GAAP gross margin	74.3 %	75.5 %	76.1 %	77.3 %	78.0 %	78.0 %	77.6 %	76.8 %
GAAP research and development expense	\$ 371.8	\$ 404.1	\$ 413.7	\$ 414.4	\$ 409.5	\$ 447.9	\$ 457.2	\$ 494.8
Share-based compensation-related charges	120.9	134.0	132.3	119.9	123.9	145.9	137.4	144.0
Restructuring and other costs <sup>(2)</sup>	(0.5)	—	—	—	—	—	—	—
Non-GAAP research and development expense	\$ 251.4	\$ 270.1	\$ 281.4	\$ 294.5	\$ 285.6	\$ 302.0	\$ 319.8	\$ 350.8
Non-GAAP research and development expense as a percentage of revenue	16.1 %	16.3 %	16.4 %	15.1 %	15.2 %	15.3 %	16.1 %	16.0 %
GAAP sales and marketing expense	\$ 615.0	\$ 625.5	\$ 639.5	\$ 664.0	\$ 660.5	\$ 673.0	\$ 718.7	\$ 742.3
Share-based compensation-related charges	90.8	92.4	86.7	84.5	83.9	81.6	81.7	76.0
Amortization expense of acquired intangible assets	5.4	5.4	5.4	5.4	5.4	5.4	5.2	6.2
Non-GAAP sales and marketing expense	\$ 518.8	\$ 527.7	\$ 547.4	\$ 574.1	\$ 571.2	\$ 586.0	\$ 631.8	\$ 660.1
Non-GAAP sales and marketing expense as a percentage of revenue	33.2 %	31.9 %	31.8 %	29.4 %	30.4 %	29.6 %	31.8 %	30.1 %
GAAP general and administrative expense	\$ 99.5	\$ 119.4	\$ 114.2	\$ 114.6	\$ 120.1	\$ 301.5	\$ 118.6	\$ 140.3
Share-based compensation-related charges	30.4	32.8	32.1	27.9	40.4	29.1	31.2	29.6
Acquisition-related costs <sup>(3)</sup>	—	12.1	7.4	—	—	7.3	2.8	3.5
Litigation-related charges <sup>(1)</sup>	—	—	—	—	—	176.8	3.7	23.9
Non-GAAP general and administrative expense	\$ 69.1	\$ 74.5	\$ 74.7	\$ 86.7	\$ 79.7	\$ 88.3	\$ 80.9	\$ 83.3
Non-GAAP general and administrative expense as a percentage of revenue	4.4 %	4.5 %	4.3 %	4.4 %	4.2 %	4.5 %	4.1 %	3.8 %

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

(2) Consists of adjustments to restructuring and other costs.

(3) Consists of acquisition transaction costs, share-based compensation related to the cash settlement of certain equity awards, and costs to terminate certain employment, operating lease, and other contracts of the acquired companies.

**Palo Alto Networks, Inc.**

**GAAP to Non-GAAP Reconciliations, Disaggregation of Revenue by Type, and Calculation of Other Key Metrics - Fiscal Quarters (Continued)**

(In millions, except percentages and per share amounts)

	Q123	Q223	Q323	Q423	Q124	Q224	Q324	Q424
GAAP total operating expense	\$1,086.3	\$1,149.0	\$1,167.4	\$1,193.0	\$1,190.1	\$1,422.4	\$1,294.5	\$1,377.4
Share-based compensation-related charges	242.1	259.2	251.1	232.3	248.2	256.6	250.3	249.6
Acquisition-related costs <sup>(1)</sup>	—	12.1	7.4	—	—	7.3	2.8	3.5
Amortization expense of acquired intangible assets	5.4	5.4	5.4	5.4	5.4	5.4	5.2	6.2
Litigation-related charges <sup>(2)</sup>	—	—	—	—	—	176.8	3.7	23.9
Restructuring and other costs <sup>(3)</sup>	(0.5)	—	—	—	—	—	—	—
Non-GAAP total operating expense	\$ 839.3	\$ 872.3	\$ 903.5	\$ 955.3	\$ 936.5	\$ 976.3	\$1,032.5	\$1,094.2
<i>Non-GAAP total operating expense as a percentage of revenue</i>	<i>53.7 %</i>	<i>52.7 %</i>	<i>52.5 %</i>	<i>48.9 %</i>	<i>49.8 %</i>	<i>49.4 %</i>	<i>52.0 %</i>	<i>49.9 %</i>
GAAP operating income	\$ 15.2	\$ 39.9	\$ 78.7	\$ 253.5	\$ 215.2	\$ 53.6	\$ 176.7	\$ 238.4
Share-based compensation-related charges	278.9	298.6	293.5	274.1	287.8	296.8	290.0	287.1
Acquisition-related costs <sup>(1)</sup>	—	12.1	7.4	—	—	7.3	2.8	3.5
Amortization expense of acquired intangible assets	28.7	24.4	25.3	24.7	24.5	27.9	32.9	33.7
Litigation-related charges <sup>(2)</sup>	1.8	1.8	1.8	1.7	1.8	178.6	5.5	25.6
Restructuring and other costs <sup>(3)</sup>	(2.2)	—	—	—	—	—	—	—
Non-GAAP operating income	\$ 322.4	\$ 376.8	\$ 406.7	\$ 554.0	\$ 529.3	\$ 564.2	\$ 507.9	\$ 588.3
<i>Non-GAAP operating margin</i>	<i>20.6 %</i>	<i>22.8 %</i>	<i>23.6 %</i>	<i>28.4 %</i>	<i>28.2 %</i>	<i>28.6 %</i>	<i>25.6 %</i>	<i>26.9 %</i>
GAAP interest expense	\$ (6.8)	\$ (6.9)	\$ (7.8)	\$ (5.7)	\$ (2.9)	\$ (2.8)	\$ (2.3)	\$ (0.3)
Non-cash charges related to convertible notes <sup>(4)</sup>	1.8	1.7	1.8	1.5	1.0	1.1	0.8	0.6
Non-GAAP interest expense	\$ (5.0)	\$ (5.2)	\$ (6.0)	\$ (4.2)	\$ (1.9)	\$ (1.7)	\$ (1.5)	\$ 0.3
<i>Non-GAAP interest expense as a percentage of revenue</i>	<i>(0.3)%</i>	<i>(0.3)%</i>	<i>(0.3)%</i>	<i>(0.2)%</i>	<i>(0.1)%</i>	<i>(0.1)%</i>	<i>(0.1)%</i>	<i>0.0 %</i>
GAAP other income, net	\$ 26.0	\$ 51.4	\$ 60.1	\$ 68.7	\$ 70.3	\$ 84.7	\$ 76.8	\$ 80.9
Foreign currency (gain) loss associated with non-GAAP adjustments	(1.8)	2.3	—	—	—	—	—	—
Non-GAAP other income, net	\$ 24.2	\$ 53.7	\$ 60.1	\$ 68.7	\$ 70.3	\$ 84.7	\$ 76.8	\$ 80.9
<i>Non-GAAP other income, net as a percentage of revenue</i>	<i>1.5 %</i>	<i>3.2 %</i>	<i>3.5 %</i>	<i>3.5 %</i>	<i>3.7 %</i>	<i>4.3 %</i>	<i>3.9 %</i>	<i>3.7 %</i>
GAAP income before income taxes	\$ 34.4	\$ 84.4	\$ 131.0	\$ 316.5	\$ 282.6	\$ 135.5	\$ 251.2	\$ 319.0
Share-based compensation-related charges	278.9	298.6	293.5	274.1	287.8	296.8	290.0	287.1
Acquisition-related costs <sup>(1)</sup>	—	12.1	7.4	—	—	7.3	2.8	3.5
Amortization expense of acquired intangible assets	28.7	24.4	25.3	24.7	24.5	27.9	32.9	33.7
Litigation-related charges <sup>(2)</sup>	1.8	1.8	1.8	1.7	1.8	178.6	5.5	25.6
Restructuring and other costs <sup>(3)</sup>	(2.2)	—	—	—	—	—	—	—
Non-cash charges related to convertible notes <sup>(4)</sup>	1.8	1.7	1.8	1.5	1.0	1.1	0.8	0.6
Foreign currency (gain) loss associated with non-GAAP adjustments	(1.8)	2.3	—	—	—	—	—	—
Non-GAAP income before income taxes	\$ 341.6	\$ 425.3	\$ 460.8	\$ 618.5	\$ 597.7	\$ 647.2	\$ 583.2	\$ 669.5

(1) Consists of acquisition transaction costs, share-based compensation related to the cash settlement of certain equity awards, and costs to terminate certain employment, operating lease, and other contracts of the acquired companies.

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

(3) Consists of adjustments to restructuring and other costs.

(4) Consists of non-cash interest expense for amortization of debt issuance costs related to our convertible senior notes.

**Palo Alto Networks, Inc.**

**GAAP to Non-GAAP Reconciliations, Disaggregation of Revenue by Type, and Calculation of Other Key Metrics - Fiscal Quarters (Continued)**

(In millions, except percentages and per share amounts)

	Q123	Q223	Q323	Q423	Q124	Q224	Q324	Q424
GAAP provision for (benefit from) income taxes	\$ 14.4	\$ 0.2	\$ 23.2	\$ 88.8	\$ 88.4	\$(1,611.4)	\$ (27.6)	\$ (38.7)
Income tax and other tax adjustments <sup>(1)</sup>	60.8	93.4	78.2	47.2	43.0	1,753.9	155.9	186.0
Non-GAAP provision for income taxes	\$ 75.2	\$ 93.6	\$ 101.4	\$ 136.0	\$ 131.4	\$ 142.5	\$ 128.3	\$ 147.3
Non-GAAP effective tax rate	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %
GAAP net income	\$ 20.0	\$ 84.2	\$ 107.8	\$ 227.7	\$ 194.2	\$ 1,746.9	\$ 278.8	\$ 357.7
Share-based compensation-related charges	278.9	298.6	293.5	274.1	287.8	296.8	290.0	287.1
Acquisition-related costs <sup>(2)</sup>	—	12.1	7.4	—	—	7.3	2.8	3.5
Amortization expense of acquired intangible assets	28.7	24.4	25.3	24.7	24.5	27.9	32.9	33.7
Litigation-related charges <sup>(3)</sup>	1.8	1.8	1.8	1.7	1.8	178.6	5.5	25.6
Restructuring and other costs <sup>(4)</sup>	(2.2)	—	—	—	—	—	—	—
Non-cash charges related to convertible notes <sup>(5)</sup>	1.8	1.7	1.8	1.5	1.0	1.1	0.8	0.6
Foreign currency (gain) loss associated with non-GAAP adjustments	(1.8)	2.3	—	—	—	—	—	—
Income tax and other tax adjustments <sup>(1)</sup>	(60.8)	(93.4)	(78.2)	(47.2)	(43.0)	(1,753.9)	(155.9)	(186.0)
Non-GAAP net income	\$ 266.4	\$ 331.7	\$ 359.4	\$ 482.5	\$ 466.3	\$ 504.7	\$ 454.9	\$ 522.2
GAAP net income per share, diluted	\$ 0.06	\$ 0.25	\$ 0.31	\$ 0.64	\$ 0.56	\$ 4.89	\$ 0.79	\$ 1.01
Share-based compensation-related charges	0.87	0.94	0.91	0.86	0.86	0.88	0.85	0.85
Acquisition-related costs <sup>(2)</sup>	0.00	0.04	0.02	0.00	0.00	0.02	0.01	0.01
Amortization expense of acquired intangible assets	0.08	0.07	0.07	0.07	0.07	0.08	0.09	0.10
Litigation-related charges <sup>(3)</sup>	0.01	0.01	0.01	0.00	0.01	0.50	0.02	0.07
Restructuring and other costs <sup>(4)</sup>	(0.01)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-cash charges related to convertible notes <sup>(5)</sup>	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00
Foreign currency (gain) loss associated with non-GAAP adjustments	(0.01)	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Income tax and other tax adjustments <sup>(1)</sup>	(0.18)	(0.28)	(0.23)	(0.13)	(0.12)	(4.91)	(0.44)	(0.53)
Non-GAAP net income per share, diluted	\$ 0.83	\$ 1.05	\$ 1.10	\$ 1.44	\$ 1.38	\$ 1.46	\$ 1.32	\$ 1.51
GAAP weighted-average shares used to compute net income per share, diluted	338.4	331.6	344.7	354.5	349.8	357.5	354.6	353.9
Weighted-average anti-dilutive impact of note hedge agreements	(17.8)	(15.2)	(19.3)	(19.3)	(11.6)	(13.0)	(9.5)	(7.4)
Non-GAAP weighted-average shares used to compute net income per share, diluted	320.6	316.4	325.4	335.2	338.2	344.5	345.1	346.5

(1) Consists of income tax adjustments related to our long-term non-GAAP effective tax rate of 22%. In Q2'23, it included a tax benefit from a release of tax reserves related to uncertain tax positions resulting from a tax settlement. In Q2'24 through 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.

(2) Consists of acquisition transaction costs, share-based compensation related to the cash settlement of certain equity awards, and costs to terminate certain employment, operating lease, and other contracts of the acquired companies.

(3) Consists of the amortization of intellectual property licenses and covenant not to sue. Also includes a legal contingency charge in Q2'24 through Q4'24, and a litigation settlement charge in Q4'24.

(4) Consists of adjustments to restructuring and other costs.

(5) Consists of non-cash interest expense for amortization of debt issuance costs related to our convertible senior notes.

**Palo Alto Networks, Inc.**

**GAAP to Non-GAAP Reconciliations, Disaggregation of Revenue by Type, and Calculation of Other Key Metrics - Fiscal Quarters (Continued)**

(In millions, except percentages and per share amounts)

	Q123	Q223	Q323	Q423	Q124	Q224	Q324	Q424
Net cash provided by operating activities	\$1,236.7	\$ 694.6	\$ 432.1	\$ 414.1	\$1,526.0	\$ 690.0	\$ 528.9	\$ 512.7
Less: purchases of property, equipment, and other assets	39.6	38.3	31.2	37.2	36.8	35.2	37.4	47.4
Free cash flow (non-GAAP)	\$1,197.1	\$ 656.3	\$ 400.9	\$ 376.9	\$1,489.2	\$ 654.8	\$ 491.5	\$ 465.3
Add: cash payment related to tax settlement	—	28.9	—	10.9	—	—	—	—
Add: litigation-related payment <sup>(1)</sup>	—	—	—	—	—	—	—	20.0
Adjusted free cash flow (non-GAAP)	\$1,197.1	\$ 685.2	\$ 400.9	\$ 387.8	\$1,489.2	\$ 654.8	\$ 491.5	\$ 485.3
Net cash provided by (used in) investing activities	\$(1,319.8)	\$(1,164.5)	\$ 87.9	\$ 362.6	\$(129.0)	\$(1,325.5)	\$ 113.1	\$(168.5)
Net cash provided by (used in) financing activities	\$ 31.1	\$(250.8)	\$ 128.2	\$(1,634.8)	\$(41.8)	\$(72.6)	\$(1,049.4)	\$(179.3)
Free cash flow margin (non-GAAP)	76.6 %	39.7 %	23.3 %	19.3 %	79.3 %	33.2 %	24.8 %	21.3 %
Adjusted free cash flow margin (non-GAAP)	76.6 %	41.4 %	23.3 %	19.9 %	79.3 %	33.2 %	24.8 %	22.2 %

**Disaggregation of Revenue by Type**

Revenue:

Product	\$ 330.0	\$ 352.9	\$ 388.1	\$ 507.4	\$ 341.1	\$ 390.7	\$ 391.0	\$ 480.5
Subscription and support								
Subscription	764.0	815.4	838.1	917.9	988.3	1,027.1	1,045.6	1,127.5
Support	469.4	486.8	494.7	528.0	548.7	557.3	548.2	581.5
Total subscription and support	1,233.4	1,302.2	1,332.8	1,445.9	1,537.0	1,584.4	1,593.8	1,709.0
Total revenue	\$1,563.4	\$1,655.1	\$1,720.9	\$1,953.3	\$1,878.1	\$1,975.1	\$1,984.8	\$2,189.5

**Other Key Metrics - Calculation of Billings**

Total revenue	\$1,563.4	\$1,655.1	\$1,720.9	\$1,953.3	\$1,878.1	\$1,975.1	\$1,984.8	\$2,189.5
Add: change in total deferred revenue, net of acquired deferred revenue	185.6	374.0	535.3	1,206.8	146.4	372.1	349.2	1,312.9
Total billings	\$1,749.0	\$2,029.1	\$2,256.2	\$3,160.1	\$2,024.5	\$2,347.2	\$2,334.0	\$3,502.4

(1) Consists of a one-time payment in Q4'24 to settle a litigation-related matter.

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

	FY22	FY23	FY24
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 2,118.5	\$ 1,135.3	\$ 1,535.2
Short-term investments	1,516.0	1,254.7	1,043.6
Accounts receivable, net	2,142.5	2,463.2	2,618.6
Short-term financing receivables, net	111.3	388.8	725.9
Short-term deferred contract costs	317.7	339.2	369.0
Prepaid expenses and other current assets	208.9	466.8	557.4
Total current assets	<u>6,414.9</u>	<u>6,048.0</u>	<u>6,849.7</u>
Property and equipment, net	357.8	354.5	361.1
Operating lease right-of-use assets	242.0	263.3	385.9
Long-term investments	1,051.9	3,047.9	4,173.2
Long-term financing receivables, net	192.1	653.3	1,182.1
Long-term deferred contract costs	550.1	547.1	562.0
Goodwill	2,747.7	2,926.8	3,350.1
Intangible assets, net	384.5	315.4	374.9
Deferred tax assets	17.0	23.1	2,399.0
Other assets	295.6	321.7	352.9
Total assets	<u>\$ 12,253.6</u>	<u>\$ 14,501.1</u>	<u>\$ 19,990.9</u>
<b>Liabilities and stockholders' equity</b>			
Current liabilities:			
Accounts payable	\$ 128.0	\$ 132.3	\$ 116.3
Accrued compensation	461.1	548.3	554.7
Accrued and other liabilities	399.2	390.8	506.7
Deferred revenue	3,641.2	4,674.6	5,541.1
Convertible senior notes, net	3,676.8	1,991.5	963.9
Total current liabilities	<u>8,306.3</u>	<u>7,737.5</u>	<u>7,682.7</u>
Long-term deferred revenue	3,352.8	4,621.8	5,939.4
Deferred tax liabilities	5.8	28.1	387.7
Long-term operating lease liabilities	276.1	279.2	380.5
Other long-term liabilities	102.6	86.1	430.9
Total liabilities	<u>12,043.6</u>	<u>12,752.7</u>	<u>14,821.2</u>
Stockholders' equity:			
Preferred stock	—	—	—
Common stock and additional paid-in capital	1,932.7	3,019.0	3,821.1
Accumulated other comprehensive loss	(55.6)	(43.2)	(1.6)
Retained earnings (accumulated deficit)	(1,667.1)	(1,227.4)	1,350.2
Total stockholders' equity	<u>210.0</u>	<u>1,748.4</u>	<u>5,169.7</u>
Total liabilities and stockholders' equity	<u>\$ 12,253.6</u>	<u>\$ 14,501.1</u>	<u>\$ 19,990.9</u>

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

	Q123	Q223	Q323	Q423	Q124	Q224	Q324	Q424
<b>Assets</b>								
Current assets:								
Cash and cash equivalents	\$ 2,067.2	\$ 1,346.3	\$ 1,992.9	\$ 1,135.3	\$ 2,491.4	\$ 1,782.5	\$ 1,373.7	\$ 1,535.2
Short-term investments	1,736.5	2,000.6	1,965.3	1,254.7	1,402.4	1,588.5	1,516.7	1,043.6
Accounts receivable, net	1,238.1	1,278.1	1,443.6	2,463.2	1,413.0	1,896.3	1,715.4	2,618.6
Short-term financing receivables, net	153.7	171.8	245.2	388.8	445.9	445.5	572.3	725.9
Short-term deferred contract costs	310.6	313.4	317.3	339.2	328.7	328.0	337.0	369.0
Prepaid expenses and other current assets	227.4	295.6	449.3	466.8	396.2	405.9	403.7	557.4
Total current assets	5,733.5	5,405.8	6,413.6	6,048.0	6,477.6	6,446.7	5,918.8	6,849.7
Property and equipment, net	353.7	344.7	341.7	354.5	352.6	352.3	350.3	361.1
Operating lease right-of-use assets	260.4	251.1	248.3	263.3	274.3	355.8	369.7	385.9
Long-term investments	2,094.7	2,820.6	2,709.8	3,047.9	2,988.9	3,619.6	3,504.4	4,173.2
Long-term financing receivables, net	162.1	218.1	390.4	653.3	639.8	639.9	882.5	1,182.1
Long-term deferred contract costs	520.3	511.3	503.6	547.1	515.4	504.6	511.2	562.0
Goodwill	2,747.7	2,912.3	2,926.8	2,926.8	2,926.8	3,372.7	3,372.7	3,350.1
Intangible assets, net	355.4	361.7	340.6	315.4	290.5	440.1	407.9	374.9
Deferred tax assets	18.0	19.5	19.8	23.1	25.4	2,234.3	2,291.9	2,399.0
Other assets	298.0	318.3	275.9	321.7	317.2	326.0	321.4	352.9
Total assets	\$ 12,543.8	\$ 13,163.4	\$ 14,170.5	\$ 14,501.1	\$ 14,808.5	\$ 18,292.0	\$ 17,930.8	\$ 19,990.9
<b>Liabilities and stockholders' equity</b>								
Current liabilities:								
Accounts payable	\$ 125.9	\$ 128.3	\$ 91.6	\$ 132.3	\$ 131.8	\$ 178.8	\$ 108.9	\$ 116.3
Accrued compensation	268.9	395.1	344.7	548.3	331.4	452.6	385.9	554.7
Accrued and other liabilities	380.4	328.9	376.1	390.8	371.5	394.2	412.6	506.7
Deferred revenue	3,741.3	3,942.5	4,146.7	4,674.6	4,732.0	4,918.1	5,014.9	5,541.1
Convertible senior notes, net	3,678.6	3,680.3	3,682.1	1,991.5	1,946.7	1,821.8	1,162.5	963.9
Total current liabilities	8,195.1	8,475.1	8,641.2	7,737.5	7,513.4	7,765.5	7,084.8	7,682.7
Long-term deferred revenue	3,438.3	3,611.5	3,942.9	4,621.8	4,710.8	4,900.3	5,152.7	5,939.4
Deferred tax liabilities	9.4	14.5	17.6	28.1	30.1	588.5	503.0	387.7
Long-term operating lease liabilities	283.1	274.2	264.5	279.2	275.8	362.7	369.8	380.5
Other long-term liabilities	109.9	59.1	71.9	86.1	107.9	317.8	352.7	430.9
Total liabilities	12,035.8	12,434.4	12,938.1	12,752.7	12,638.0	13,934.8	13,463.0	14,821.2
Stockholders' equity:								
Preferred stock	—	—	—	—	—	—	—	—
Common stock and additional paid-in capital	2,266.2	2,303.0	2,708.2	3,019.0	3,296.7	3,650.0	3,530.7	3,821.1
Accumulated other comprehensive loss	(111.1)	(11.1)	(20.7)	(43.2)	(93.0)	(6.5)	(55.4)	(1.6)
Retained earnings (accumulated deficit)	(1,647.1)	(1,562.9)	(1,455.1)	(1,227.4)	(1,033.2)	713.7	992.5	1,350.2
Total stockholders' equity	508.0	729.0	1,232.4	1,748.4	2,170.5	4,357.2	4,467.8	5,169.7
Total liabilities and stockholders' equity	\$ 12,543.8	\$ 13,163.4	\$ 14,170.5	\$ 14,501.1	\$ 14,808.5	\$ 18,292.0	\$ 17,930.8	\$ 19,990.9

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

	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
<b>Cash flows from operating activities</b>			
Net income (loss)	\$ (267.0)	\$ 439.7	\$ 2,577.6
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Share-based compensation for equity-based awards	1,011.1	1,074.5	1,075.4
Deferred income taxes	(3.1)	12.5	(2,033.7)
Depreciation and amortization	282.6	282.2	283.3
Amortization of deferred contract costs	362.1	413.4	446.0
Amortization of debt issuance costs	7.2	6.7	3.5
Reduction of operating lease right-of-use assets	54.4	49.9	55.3
Amortization of investment premiums, net of accretion of purchase discounts	13.5	(52.2)	(60.1)
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable, net	(902.0)	(320.3)	(154.3)
Financing receivables, net	(30.1)	(738.7)	(865.9)
Deferred contract costs	(458.8)	(431.9)	(489.3)
Prepaid expenses and other assets	(110.0)	(270.6)	(134.1)
Accounts payable	69.3	1.0	(15.0)
Accrued compensation	30.4	84.4	3.8
Accrued and other liabilities	(44.9)	(74.8)	384.5
Deferred revenue	1,970.0	2,301.7	2,180.6
Net cash provided by operating activities	<u>1,984.7</u>	<u>2,777.5</u>	<u>3,257.6</u>
<b>Cash flows from investing activities</b>			
Purchases of investments	(2,271.7)	(5,460.4)	(3,551.3)
Proceeds from sales of investments	449.2	965.9	956.2
Proceeds from maturities of investments	1,118.9	2,811.5	1,852.6
Business acquisitions, net of cash and restricted cash acquired	(37.0)	(204.5)	(610.6)
Purchases of property, equipment, and other assets	(192.8)	(146.3)	(156.8)
Net cash used in investing activities	<u>(933.4)</u>	<u>(2,033.8)</u>	<u>(1,509.9)</u>
<b>Cash flows from financing activities</b>			
Repayments of convertible senior notes	(0.6)	(1,692.0)	(1,033.7)
Repurchases of common stock	(892.3)	(272.7)	(566.7)
Proceeds from sales of shares through employee equity incentive plans	136.6	258.8	283.9
Payments for taxes related to net share settlement of equity awards	(50.3)	(20.4)	(26.6)
Net cash used in financing activities	<u>(806.6)</u>	<u>(1,726.3)</u>	<u>(1,343.1)</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	244.7	(982.6)	404.6
Cash, cash equivalents, and restricted cash - beginning of period	1,880.1	2,124.8	1,142.2
Cash, cash equivalents, and restricted cash - end of period	<u>\$2,124.8</u>	<u>\$1,142.2</u>	<u>\$1,546.8</u>
<b>Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets</b>			
Cash and cash equivalents	\$2,118.5	\$1,135.3	\$1,535.2
Restricted cash included in prepaid expenses and other current assets	6.3	6.9	11.6
Total cash, cash equivalents, and restricted cash	<u>\$2,124.8</u>	<u>\$1,142.2</u>	<u>\$1,546.8</u>



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

	Q123	Q223	Q323	Q423	Q124	Q224	Q324	Q424
<b>Cash flows from operating activities</b>								
Net income	\$ 20.0	\$ 84.2	\$ 107.8	\$ 227.7	\$ 194.2	\$1,746.9	\$ 278.8	\$ 357.7
Adjustments to reconcile net income to net cash provided by operating activities:								
Share-based compensation for equity-based awards	266.0	283.3	271.0	254.2	271.0	272.0	263.5	268.9
Deferred income taxes	2.6	(0.1)	2.8	7.2	(0.3)	(1,691.0)	(127.0)	(215.4)
Depreciation and amortization	70.7	69.9	72.3	69.3	64.3	68.6	74.3	76.1
Amortization of deferred contract costs	97.0	99.0	101.4	116.0	105.5	108.9	110.3	121.3
Amortization of debt issuance costs	1.8	1.7	1.8	1.4	1.0	1.1	0.8	0.6
Reduction of operating lease right-of-use assets	12.1	12.5	12.1	13.2	12.4	13.7	14.6	14.6
Amortization of investment premiums, net of accretion of purchase discounts	1.7	(16.0)	(20.1)	(17.8)	(14.7)	(16.2)	(15.6)	(13.6)
Changes in operating assets and liabilities, net of effects of acquisitions:								
Accounts receivable, net	904.4	(39.8)	(165.3)	(1,019.6)	1,050.2	(482.2)	180.9	(903.2)
Financing receivables, net	(12.4)	(74.1)	(245.7)	(406.5)	(43.6)	0.3	(369.4)	(453.2)
Deferred contract costs	(60.1)	(92.8)	(97.6)	(181.4)	(63.3)	(96.0)	(125.9)	(204.1)
Prepaid expenses and other assets	(28.7)	(49.7)	(91.0)	(101.2)	54.0	(8.1)	1.3	(181.3)
Accounts payable	(1.0)	1.7	(37.0)	37.3	(0.4)	47.7	(67.8)	5.5
Accrued compensation	(192.3)	124.0	(50.9)	203.6	(216.9)	118.6	(66.7)	168.8
Accrued and other liabilities	(30.7)	(83.2)	35.2	3.9	(33.8)	233.6	27.6	157.1
Deferred revenue	185.6	374.0	535.3	1,206.8	146.4	372.1	349.2	1,312.9
Net cash provided by operating activities	1,236.7	694.6	432.1	414.1	1,526.0	690.0	528.9	512.7
<b>Cash flows from investing activities</b>								
Purchases of investments	(2,112.8)	(1,606.5)	(742.1)	(999.0)	(854.7)	(1,156.7)	(475.1)	(1,064.8)
Proceeds from sales of investments	485.0	14.6	375.4	90.9	304.6	126.6	69.6	455.4
Proceeds from maturities of investments	347.6	651.3	504.7	1,307.9	457.9	350.4	556.0	488.3
Business acquisitions, net of cash and restricted cash acquired	—	(185.6)	(18.9)	—	—	(610.6)	—	—
Purchases of property, equipment, and other assets	(39.6)	(38.3)	(31.2)	(37.2)	(36.8)	(35.2)	(37.4)	(47.4)
Net cash provided by (used in) investing activities	(1,319.8)	(1,164.5)	87.9	362.6	(129.0)	(1,325.5)	113.1	(168.5)
<b>Cash flows from financing activities</b>								
Repayments of convertible senior notes	—	—	—	(1,692.0)	(46.0)	(126.3)	(661.8)	(199.6)
Repurchases of common stock	(22.7)	(250.0)	—	—	(66.7)	—	(500.0)	—
Proceeds from sales of shares through employee equity incentive plans	67.7	0.7	130.3	60.1	86.4	57.5	115.8	24.2
Payments for taxes related to net share settlement of equity awards	(13.9)	(1.5)	(2.1)	(2.9)	(15.5)	(3.8)	(3.4)	(3.9)
Net cash provided by (used in) financing activities	31.1	(250.8)	128.2	(1,634.8)	(41.8)	(72.6)	(1,049.4)	(179.3)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(52.0)	(720.7)	648.2	(858.1)	1,355.2	(708.1)	(407.4)	164.9
Cash, cash equivalents, and restricted cash - beginning of period	2,124.8	2,072.8	1,352.1	2,000.3	1,142.2	2,497.4	1,789.3	1,381.9
Cash, cash equivalents, and restricted cash - end of period	<u>\$2,072.8</u>	<u>\$1,352.1</u>	<u>\$2,000.3</u>	<u>\$1,142.2</u>	<u>\$2,497.4</u>	<u>\$1,789.3</u>	<u>\$1,381.9</u>	<u>\$1,546.8</u>
<b>Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets</b>								
Cash and cash equivalents	\$2,067.2	\$1,346.3	\$1,992.9	\$1,135.3	\$2,491.4	\$1,782.5	\$1,373.7	\$1,535.2
Restricted cash included in prepaid expenses and other current assets	5.6	5.8	7.4	6.9	6.0	6.3	8.2	11.6
Restricted cash included in other assets	—	—	—	—	—	0.5	—	—
Total cash, cash equivalents, and restricted cash	<u>\$2,072.8</u>	<u>\$1,352.1</u>	<u>\$2,000.3</u>	<u>\$1,142.2</u>	<u>\$2,497.4</u>	<u>\$1,789.3</u>	<u>\$1,381.9</u>	<u>\$1,546.8</u>