

Non-GAAP Financial Measures and Other Key Metrics

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

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

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

	Q420	Q121	Q221	Q321	Q421	Q122	Q222	Q322
Revenue:								
Product	\$ 305.6	\$ 237.3	\$ 254.7	\$ 288.9	\$ 339.4	\$ 295.5	\$ 308.0	\$ 351.5
Subscription and support	644.8	708.7	762.2	785.0	879.9	951.9	1,008.9	1,035.2
Total revenue	950.4	946.0	1,016.9	1,073.9	1,219.3	1,247.4	1,316.9	1,386.7
Cost of revenue:								
Product	87.3	62.2	75.6	81.9	88.8	88.9	97.8	126.0
Subscription and support	203.1	215.6	232.0	248.7	270.1	291.7	307.5	314.5
Total cost of revenue	290.4	277.8	307.6	330.6	358.9	380.6	405.3	440.5
Total gross profit	660.0	668.2	709.3	743.3	860.4	866.8	911.6	946.2
<i>Product gross margin</i>	71.4 %	73.8 %	70.3 %	71.7 %	73.8 %	69.9 %	68.2 %	64.2 %
<i>Subscription and support gross margin</i>	68.5 %	69.6 %	69.6 %	68.3 %	69.3 %	69.4 %	69.5 %	69.6 %
<i>Total gross margin</i>	69.4 %	70.6 %	69.8 %	69.2 %	70.6 %	69.5 %	69.2 %	68.2 %
Operating expenses:								
Research and development	215.9	237.4	266.7	311.0	325.3	339.5	359.0	355.4
Sales and marketing	391.2	388.6	427.4	448.0	489.8	505.9	528.8	543.6
General and administrative	70.7	86.7	104.0	94.7	105.7	104.1	97.7	94.8
Total operating expenses	677.8	712.7	798.1	853.7	920.8	949.5	985.5	993.8
Operating loss	(17.8)	(44.5)	(88.8)	(110.4)	(60.4)	(82.7)	(73.9)	(47.6)
Interest expense	(31.4)	(40.2)	(40.7)	(41.0)	(41.4)	(6.9)	(6.8)	(6.8)
Other income (expense), net	0.8	2.4	(0.5)	1.0	(0.5)	(1.6)	(0.1)	1.9
Loss before income taxes	(48.4)	(82.3)	(130.0)	(150.4)	(102.3)	(91.2)	(80.8)	(52.5)
Provision for (benefit from) income taxes	10.5	9.9	12.3	(5.3)	17.0	12.4	12.7	20.7
Net loss	\$ (58.9)	\$ (92.2)	\$ (142.3)	\$ (145.1)	\$ (119.3)	\$ (103.6)	\$ (93.5)	\$ (73.2)

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

	Q420	Q121	Q221	Q321	Q421	Q122	Q222	Q322
Revenue:								
Product	\$ 305.6	\$ 237.3	\$ 254.7	\$ 288.9	\$ 339.4	\$ 295.5	\$ 308.0	\$ 351.5
Subscription and support	644.8	708.7	762.2	785.0	879.9	951.9	1,008.9	1,035.2
Total revenue	950.4	946.0	1,016.9	1,073.9	1,219.3	1,247.4	1,316.9	1,386.7
Cost of revenue:								
Product	83.9	58.9	72.1	78.4	85.4	85.4	94.2	122.3
Subscription and support	160.0	170.3	179.5	194.0	216.1	234.0	247.7	254.1
Total cost of revenue	243.9	229.2	251.6	272.4	301.5	319.4	341.9	376.4
Total gross profit	706.5	716.8	765.3	801.5	917.8	928.0	975.0	1,010.3
<i>Product gross margin</i>	72.5 %	75.2 %	71.7 %	72.9 %	74.8 %	71.1 %	69.4 %	65.2 %
<i>Subscription and support gross margin</i>	75.2 %	76.0 %	76.4 %	75.3 %	75.4 %	75.4 %	75.4 %	75.5 %
<i>Total gross margin</i>	74.3 %	75.8 %	75.3 %	74.6 %	75.3 %	74.4 %	74.0 %	72.9 %
Operating expenses:								
Research and development	137.4	141.1	159.5	189.0	211.6	211.2	228.7	236.4
Sales and marketing	326.9	318.9	348.3	368.8	416.1	423.9	438.8	456.8
General and administrative	53.8	51.4	55.7	61.4	77.3	68.9	64.8	64.2
Total operating expenses	518.1	511.4	563.5	619.2	705.0	704.0	732.3	757.4
Operating income	188.4	205.4	201.8	182.3	212.8	224.0	242.7	252.9
Interest expense	(4.5)	(5.1)	(5.2)	(5.1)	(5.0)	(5.1)	(5.0)	(5.0)
Other income (expense), net	2.0	2.3	1.2	1.6	(0.3)	(0.5)	(0.6)	(0.4)
Income before income taxes	185.9	202.6	197.8	178.8	207.5	218.4	237.1	247.5
Provision for income taxes	41.0	44.5	43.6	39.3	45.6	48.1	52.1	54.4
Net income	\$ 144.9	\$ 158.1	\$ 154.2	\$ 139.5	\$ 161.9	\$ 170.3	\$ 185.0	\$ 193.1

Palo Alto Networks, Inc.

GAAP to Non-GAAP Reconciliations and Calculation of Other Key Metrics - Fiscal Quarters

(In millions, except percentages and per share amounts)

	Q420	Q121	Q221	Q321	Q421	Q122	Q222	Q322
GAAP to Non-GAAP Reconciliations								
GAAP product gross profit	\$ 218.3	\$ 175.1	\$ 179.1	\$ 207.0	\$ 250.6	\$ 206.6	\$ 210.2	\$ 225.5
Share-based compensation-related charges	1.6	1.5	1.7	1.7	1.7	1.7	1.8	1.9
Litigation-related charges ⁽¹⁾	1.8	1.8	1.8	1.8	1.7	1.8	1.8	1.8
Non-GAAP product gross profit	\$ 221.7	\$ 178.4	\$ 182.6	\$ 210.5	\$ 254.0	\$ 210.1	\$ 213.8	\$ 229.2
Non-GAAP product gross margin	72.5 %	75.2 %	71.7 %	72.9 %	74.8 %	71.1 %	69.4 %	65.2 %
GAAP subscription and support gross profit	\$ 441.7	\$ 493.1	\$ 530.2	\$ 536.3	\$ 609.8	\$ 660.2	\$ 701.4	\$ 720.7
Share-based compensation-related charges	23.1	25.1	28.0	28.1	27.9	31.5	33.7	34.4
Amortization expense of acquired intangible assets	20.0	20.2	24.5	26.6	26.1	26.2	26.1	26.0
Non-GAAP subscription and support gross profit	\$ 484.8	\$ 538.4	\$ 582.7	\$ 591.0	\$ 663.8	\$ 717.9	\$ 761.2	\$ 781.1
Non-GAAP subscription and support gross margin	75.2 %	76.0 %	76.4 %	75.3 %	75.4 %	75.4 %	75.4 %	75.5 %
GAAP total gross profit	\$ 660.0	\$ 668.2	\$ 709.3	\$ 743.3	\$ 860.4	\$ 866.8	\$ 911.6	\$ 946.2
Share-based compensation-related charges	24.7	26.6	29.7	29.8	29.6	33.2	35.5	36.3
Amortization expense of acquired intangible assets	20.0	20.2	24.5	26.6	26.1	26.2	26.1	26.0
Litigation-related charges ⁽¹⁾	1.8	1.8	1.8	1.8	1.7	1.8	1.8	1.8
Non-GAAP total gross profit	\$ 706.5	\$ 716.8	\$ 765.3	\$ 801.5	\$ 917.8	\$ 928.0	\$ 975.0	\$1,010.3
Non-GAAP gross margin	74.3 %	75.8 %	75.3 %	74.6 %	75.3 %	74.4 %	74.0 %	72.9 %
GAAP research and development expense	\$ 215.9	\$ 237.4	\$ 266.7	\$ 311.0	\$ 325.3	\$ 339.5	\$ 359.0	\$ 355.4
Share-based compensation-related charges	78.5	96.3	107.2	122.0	113.7	128.3	130.3	119.0
Non-GAAP research and development expense	\$ 137.4	\$ 141.1	\$ 159.5	\$ 189.0	\$ 211.6	\$ 211.2	\$ 228.7	\$ 236.4
Non-GAAP research and development expense as a percentage of revenue	14.5 %	14.9 %	15.7 %	17.6 %	17.4 %	16.9 %	17.4 %	17.0 %
GAAP sales and marketing expense	\$ 391.2	\$ 388.6	\$ 427.4	\$ 448.0	\$ 489.8	\$ 505.9	\$ 528.8	\$ 543.6
Share-based compensation-related charges	61.6	66.4	74.0	73.8	68.2	76.6	84.6	81.3
Amortization expense of acquired intangible assets	2.7	3.3	5.1	5.4	5.5	5.4	5.4	5.5
Non-GAAP sales and marketing expense	\$ 326.9	\$ 318.9	\$ 348.3	\$ 368.8	\$ 416.1	\$ 423.9	\$ 438.8	\$ 456.8
Non-GAAP sales and marketing expense as a percentage of revenue	34.3 %	33.8 %	34.3 %	34.3 %	34.1 %	34.0 %	33.3 %	33.1 %
GAAP general and administrative expense	\$ 70.7	\$ 86.7	\$ 104.0	\$ 94.7	\$ 105.7	\$ 104.1	\$ 97.7	\$ 94.8
Share-based compensation-related charges	16.5	22.2	27.7	21.6	27.7	32.1	32.9	30.6
Acquisition-related costs ⁽²⁾	0.4	13.1	20.6	11.7	0.7	3.1	—	—
Non-GAAP general and administrative expense	\$ 53.8	\$ 51.4	\$ 55.7	\$ 61.4	\$ 77.3	\$ 68.9	\$ 64.8	\$ 64.2
Non-GAAP general and administrative expense as a percentage of revenue	5.7 %	5.4 %	5.5 %	5.7 %	6.3 %	5.5 %	4.9 %	4.6 %

(1) Consists of the amortization of intellectual property licenses and covenant not to sue.

(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.

Palo Alto Networks, Inc.

GAAP to Non-GAAP Reconciliations and Calculation of Other Key Metrics - Fiscal Quarters

(In millions, except percentages and per share amounts)

	Q420	Q121	Q221	Q321	Q421	Q122	Q222	Q322
GAAP total operating expense	\$ 677.8	\$ 712.7	\$ 798.1	\$ 853.7	\$ 920.8	\$ 949.5	\$ 985.5	\$ 993.8
Share-based compensation-related charges	156.6	184.9	208.9	217.4	209.6	237.0	247.8	230.9
Acquisition-related costs ⁽¹⁾	0.4	13.1	20.6	11.7	0.7	3.1	—	—
Amortization expense of acquired intangible assets	2.7	3.3	5.1	5.4	5.5	5.4	5.4	5.5
Non-GAAP total operating expense	\$ 518.1	\$ 511.4	\$ 563.5	\$ 619.2	\$ 705.0	\$ 704.0	\$ 732.3	\$ 757.4
Non-GAAP total operating expense as a percentage of revenue	54.5 %	54.1 %	55.5 %	57.6 %	57.8 %	56.4 %	55.6 %	54.7 %
GAAP operating loss	\$ (17.8)	\$ (44.5)	\$ (88.8)	\$ (110.4)	\$ (60.4)	\$ (82.7)	\$ (73.9)	\$ (47.6)
Share-based compensation-related charges	181.3	211.5	238.6	247.2	239.2	270.2	283.3	267.2
Acquisition-related costs ⁽¹⁾	0.4	13.1	20.6	11.7	0.7	3.1	—	—
Amortization expense of acquired intangible assets	22.7	23.5	29.6	32.0	31.6	31.6	31.5	31.5
Litigation-related charges ⁽²⁾	1.8	1.8	1.8	1.8	1.7	1.8	1.8	1.8
Non-GAAP operating income	\$ 188.4	\$ 205.4	\$ 201.8	\$ 182.3	\$ 212.8	\$ 224.0	\$ 242.7	\$ 252.9
Non-GAAP operating margin	19.8 %	21.7 %	19.8 %	17.0 %	17.5 %	18.0 %	18.4 %	18.2 %
GAAP interest expense	\$ (31.4)	\$ (40.2)	\$ (40.7)	\$ (41.0)	\$ (41.4)	\$ (6.9)	\$ (6.8)	\$ (6.8)
Non-cash charges related to convertible notes ⁽³⁾	26.9	35.1	35.5	35.9	36.4	1.8	1.8	1.8
Non-GAAP interest expense	\$ (4.5)	\$ (5.1)	\$ (5.2)	\$ (5.1)	\$ (5.0)	\$ (5.1)	\$ (5.0)	\$ (5.0)
Non-GAAP interest expense as a percentage of revenue	(0.5)%	(0.5)%	(0.5)%	(0.5)%	(0.4)%	(0.4)%	(0.4)%	(0.4)%
GAAP other income (expense), net	\$ 0.8	\$ 2.4	\$ (0.5)	\$ 1.0	\$ (0.5)	\$ (1.6)	\$ (0.1)	\$ 1.9
Foreign currency (gain) loss associated with non-GAAP adjustments	1.2	(0.1)	1.7	0.6	0.2	1.1	(0.5)	(2.3)
Non-GAAP other income (expense), net	\$ 2.0	\$ 2.3	\$ 1.2	\$ 1.6	\$ (0.3)	\$ (0.5)	\$ (0.6)	\$ (0.4)
Non-GAAP other income (expense), net as a percentage of revenue	0.2 %	0.2 %	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
GAAP loss before income taxes	\$ (48.4)	\$ (82.3)	\$ (130.0)	\$ (150.4)	\$ (102.3)	\$ (91.2)	\$ (80.8)	\$ (52.5)
Share-based compensation-related charges	181.3	211.5	238.6	247.2	239.2	270.2	283.3	267.2
Acquisition-related costs ⁽¹⁾	0.4	13.1	20.6	11.7	0.7	3.1	—	—
Amortization expense of acquired intangible assets	22.7	23.5	29.6	32.0	31.6	31.6	31.5	31.5
Litigation-related charges ⁽²⁾	1.8	1.8	1.8	1.8	1.7	1.8	1.8	1.8
Non-cash charges related to convertible notes ⁽³⁾	26.9	35.1	35.5	35.9	36.4	1.8	1.8	1.8
Foreign currency (gain) loss associated with non-GAAP adjustments	1.2	(0.1)	1.7	0.6	0.2	1.1	(0.5)	(2.3)
Non-GAAP income before income taxes	\$ 185.9	\$ 202.6	\$ 197.8	\$ 178.8	\$ 207.5	\$ 218.4	\$ 237.1	\$ 247.5

(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.

(3) Consists primarily of non-cash interest expense for amortization of debt discount and issuance costs related to our convertible senior notes. Effective Q1'22, we no longer recognize interest expense for amortization of debt discount as a result of the adoption of new debt guidance.

Palo Alto Networks, Inc.

GAAP to Non-GAAP Reconciliations and Calculation of Other Key Metrics - Fiscal Quarters

(In millions, except percentages and per share amounts)

	Q420	Q121	Q221	Q321	Q421	Q122	Q222	Q322
GAAP provision for (benefit from) income taxes	\$ 10.5	\$ 9.9	\$ 12.3	\$ (5.3)	\$ 17.0	\$ 12.4	\$ 12.7	\$ 20.7
Income tax and other tax adjustments related to the above	30.5	34.6	31.3	44.6	28.6	35.7	39.4	33.7
Non-GAAP provision for income taxes	\$ 41.0	\$ 44.5	\$ 43.6	\$ 39.3	\$ 45.6	\$ 48.1	\$ 52.1	\$ 54.4
Non-GAAP effective tax rate	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %
GAAP net loss	\$ (58.9)	\$ (92.2)	\$ (142.3)	\$ (145.1)	\$ (119.3)	\$ (103.6)	\$ (93.5)	\$ (73.2)
Share-based compensation-related charges	181.3	211.5	238.6	247.2	239.2	270.2	283.3	267.2
Acquisition-related costs ⁽¹⁾	0.4	13.1	20.6	11.7	0.7	3.1	—	—
Amortization expense of acquired intangible assets	22.7	23.5	29.6	32.0	31.6	31.6	31.5	31.5
Litigation-related charges ⁽²⁾	1.8	1.8	1.8	1.8	1.7	1.8	1.8	1.8
Non-cash charges related to convertible notes ⁽³⁾	26.9	35.1	35.5	35.9	36.4	1.8	1.8	1.8
Foreign currency (gain) loss associated with non-GAAP adjustments	1.2	(0.1)	1.7	0.6	0.2	1.1	(0.5)	(2.3)
Income tax and other tax adjustments related to the above	(30.5)	(34.6)	(31.3)	(44.6)	(28.6)	(35.7)	(39.4)	(33.7)
Non-GAAP net income	\$ 144.9	\$ 158.1	\$ 154.2	\$ 139.5	\$ 161.9	\$ 170.3	\$ 185.0	\$ 193.1
GAAP net loss per share, diluted	\$ (0.61)	\$ (0.97)	\$ (1.48)	\$ (1.50)	\$ (1.23)	\$ (1.06)	\$ (0.95)	\$ (0.74)
Share-based compensation-related charges	1.86	2.17	2.43	2.49	2.39	2.67	2.74	2.53
Acquisition-related costs ⁽¹⁾	0.00	0.14	0.21	0.12	0.01	0.03	0.00	0.00
Amortization expense of acquired intangible assets	0.24	0.25	0.31	0.33	0.33	0.32	0.32	0.32
Litigation-related charges ⁽²⁾	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Non-cash charges related to convertible notes ⁽³⁾	0.28	0.37	0.37	0.37	0.37	0.02	0.02	0.02
Foreign currency (gain) loss associated with non-GAAP adjustments	0.01	0.00	0.02	0.01	0.00	0.01	(0.01)	(0.02)
Income tax and other tax adjustments related to the above	(0.32)	(0.36)	(0.33)	(0.46)	(0.29)	(0.37)	(0.40)	(0.34)
Non-GAAP net income per share, diluted	\$ 1.48	\$ 1.62	\$ 1.55	\$ 1.38	\$ 1.60	\$ 1.64	\$ 1.74	\$ 1.79
GAAP weighted-average shares used to compute net loss per share, diluted	96.0	95.5	95.9	96.9	97.2	97.6	98.2	98.9
Weighted-average effect of potentially dilutive securities ⁽⁴⁾	2.2	2.2	3.7	4.1	4.2	6.3	8.1	8.9
Non-GAAP weighted-average shares used to compute net income per share, diluted	98.2	97.7	99.6	101.0	101.4	103.9	106.3	107.8

(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.

(3) Consists primarily of non-cash interest expense for amortization of debt discount and issuance costs related to our convertible senior notes. Effective Q1'22, we no longer recognize interest expense for amortization of debt discount as a result of the adoption of new debt guidance.

(4) Our potentially dilutive securities include the potentially dilutive effect of employee equity incentive plan awards and our convertible senior notes outstanding and related warrant agreements, partially offset by the anti-dilutive impact of our note hedge agreements.

Palo Alto Networks, Inc.

GAAP to Non-GAAP Reconciliations and Calculation of Other Key Metrics - Fiscal Quarters

(In millions, except percentages and per share amounts)

	Q420	Q121	Q221	Q321	Q421	Q122	Q222	Q322
Net cash provided by operating activities	\$ 333.7	\$ 534.9	\$ 364.5	\$ 277.8	\$ 325.8	\$ 588.9	\$ 482.6	\$ 389.5
Less: purchases of property, equipment, and other assets	31.8	29.6	32.1	26.9	27.4	34.6	80.7	38.3
Free cash flow (non-GAAP)	\$ 301.9	\$ 505.3	\$ 332.4	\$ 250.9	\$ 298.4	\$ 554.3	\$ 401.9	\$ 351.2
Add: capital expenditures for headquarters ⁽¹⁾	—	—	—	—	—	—	38.9	—
Add: repayments of convertible senior notes attributable to debt discount	—	—	—	—	0.1	—	—	—
Adjusted free cash flow (non-GAAP)	\$ 301.9	\$ 505.3	\$ 332.4	\$ 250.9	\$ 298.5	\$ 554.3	\$ 440.8	\$ 351.2
Net cash provided by (used in) investing activities	\$ (667.6)	\$ (886.2)	\$ (384.4)	\$ (207.6)	\$ (2.4)	\$ (229.9)	\$ (274.3)	\$ 42.9
Net cash provided by (used in) financing activities	\$ 1,805.5	\$ (464.5)	\$ (5.4)	\$ (298.5)	\$ (335.6)	\$ 38.7	\$ (558.5)	\$ 66.3
Free cash flow margin (non-GAAP)	31.8 %	53.4 %	32.7 %	23.4 %	24.5 %	44.4 %	30.5 %	25.3 %
Adjusted free cash flow margin (non-GAAP)	31.8 %	53.4 %	32.7 %	23.4 %	24.5 %	44.4 %	33.5 %	25.3 %

Other Key Metrics - Calculation of Billings

Total revenue	\$ 950.4	\$ 946.0	\$1,016.9	\$1,073.9	\$1,219.3	\$1,247.4	\$1,316.9	\$1,386.7
Add: change in total deferred revenue, net of acquired deferred revenue	439.6	136.8	197.8	212.5	649.0	134.2	291.0	410.2
Total billings	\$ 1,390.0	\$1,082.8	\$1,214.7	\$1,286.4	\$1,868.3	\$1,381.6	\$1,607.9	\$1,796.9

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

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

	Q420	Q121	Q221	Q321	Q421	Q122	Q222	Q322
Assets								
Current assets:								
Cash and cash equivalents	\$ 2,958.0	\$ 2,142.0	\$ 2,113.2	\$ 1,886.1	\$ 1,874.2	\$ 2,272.9	\$ 1,922.7	\$ 2,419.9
Short-term investments	789.8	1,075.6	1,058.0	1,059.3	1,026.9	1,188.5	1,417.6	1,454.7
Accounts receivable, net	1,037.1	675.5	669.2	766.8	1,240.4	812.1	952.2	1,240.6
Short-term deferred contract costs	206.0	213.0	224.4	235.0	276.5	272.9	278.1	286.8
Prepaid expenses and other current assets	138.3	194.8	211.0	193.7	229.3	292.7	298.0	295.6
Total current assets	5,129.2	4,300.9	4,275.8	4,140.9	4,647.3	4,839.1	4,868.6	5,697.6
Property and equipment, net	348.1	337.9	330.7	322.7	318.4	324.3	362.7	355.6
Operating lease right-of-use assets	258.7	251.2	252.1	258.7	262.9	251.8	238.8	239.9
Long-term investments	554.4	873.2	857.1	885.4	888.3	898.8	851.0	714.7
Long-term deferred contract costs	422.3	408.8	410.5	420.1	494.6	476.1	472.1	480.3
Goodwill	1,812.9	1,968.6	2,583.5	2,713.1	2,710.1	2,732.3	2,731.3	2,731.3
Intangible assets, net	358.2	388.8	541.1	530.3	498.6	471.3	443.9	412.1
Other assets	181.6	197.1	237.6	290.9	421.4	432.7	432.1	468.5
Total assets	\$ 9,065.4	\$ 8,726.5	\$ 9,488.4	\$ 9,562.1	\$ 10,241.6	\$ 10,426.4	\$ 10,400.5	\$ 11,100.0
Liabilities, temporary equity, and stockholders' equity								
Current liabilities:								
Accounts payable	\$ 63.6	\$ 48.5	\$ 44.7	\$ 71.8	\$ 56.9	\$ 95.3	\$ 120.4	\$ 108.0
Accrued compensation	322.2	188.4	261.0	252.8	430.6	250.8	329.9	365.2
Accrued and other liabilities	256.8	260.7	255.3	261.5	329.4	324.6	324.0	375.4
Deferred revenue	2,049.1	2,137.5	2,289.7	2,421.2	2,741.9	2,801.6	2,958.2	3,152.9
Convertible senior notes, net	—	—	1,525.6	—	1,557.9	3,672.1	3,673.9	3,675.7
Total current liabilities	2,691.7	2,635.1	4,376.3	3,007.3	5,116.7	7,144.4	7,406.4	7,677.2
Convertible senior notes, net	3,084.1	3,119.2	1,629.1	3,190.6	1,668.1	—	—	—
Long-term deferred revenue	1,761.1	1,809.3	1,872.7	1,953.8	2,282.1	2,356.6	2,491.0	2,706.5
Long-term operating lease liabilities	336.6	323.9	317.9	317.7	313.4	299.5	282.4	275.7
Other long-term liabilities	90.1	92.0	93.9	95.5	97.7	107.0	102.9	103.0
Temporary equity	—	—	161.2	—	129.1	—	—	—
Stockholders' equity:								
Preferred stock	—	—	—	—	—	—	—	—
Common stock and additional paid-in capital	2,259.2	2,003.9	2,429.8	2,541.1	2,311.2	2,033.9	1,745.2	2,066.3
Accumulated other comprehensive income (loss)	10.5	3.2	9.9	3.6	(9.9)	(11.3)	(30.2)	(58.3)
Accumulated deficit	(1,167.9)	(1,260.1)	(1,402.4)	(1,547.5)	(1,666.8)	(1,503.7)	(1,597.2)	(1,670.4)
Total stockholders' equity	1,101.8	747.0	1,037.3	997.2	634.5	518.9	117.8	337.6
Total liabilities, temporary equity, and stockholders' equity	\$ 9,065.4	\$ 8,726.5	\$ 9,488.4	\$ 9,562.1	\$ 10,241.6	\$ 10,426.4	\$ 10,400.5	\$ 11,100.0

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

	Q420	Q121	Q221	Q321	Q421	Q122	Q222	Q322
Cash flows from operating activities								
Net loss	\$ (58.9)	\$ (92.2)	\$ (142.3)	\$ (145.1)	\$ (119.3)	\$ (103.6)	\$ (93.5)	\$ (73.2)
Adjustments to reconcile net loss to net cash provided by operating activities:								
Share-based compensation for equity-based awards	174.2	205.8	225.6	233.1	230.0	259.1	265.1	247.3
Depreciation and amortization	60.5	58.0	64.9	68.7	68.8	69.0	69.7	71.4
Amortization of deferred contract costs	83.0	65.8	68.6	73.9	89.7	85.9	86.1	89.1
Amortization of debt discount and debt issuance costs	26.9	35.1	35.5	35.9	36.4	1.8	1.8	1.8
Amortization of operating lease right-of-use assets	13.2	10.0	10.7	11.9	11.9	12.7	12.4	12.4
Amortization of investment premiums, net of accretion of purchase discounts	—	2.7	3.2	3.3	3.9	3.6	3.7	3.2
Repayments of convertible senior notes attributable to debt discount	—	—	—	—	(0.1)	—	—	—
Changes in operating assets and liabilities, net of effects of acquisitions:								
Accounts receivable, net	(368.4)	382.3	16.4	(97.4)	(473.7)	428.4	(140.1)	(288.4)
Deferred contract costs	(194.0)	(59.3)	(81.7)	(94.1)	(205.7)	(63.8)	(87.4)	(105.9)
Prepaid expenses and other assets	(7.0)	(37.6)	(61.8)	(36.1)	(163.6)	(72.8)	(0.1)	(26.0)
Accounts payable	10.0	(17.7)	(5.9)	27.0	(15.2)	37.6	22.2	(8.2)
Accrued compensation	147.3	(134.8)	70.6	(8.5)	177.8	(179.8)	79.0	35.4
Accrued and other liabilities	7.3	(20.0)	(37.1)	(7.3)	35.9	(23.4)	(27.3)	20.4
Deferred revenue	439.6	136.8	197.8	212.5	649.0	134.2	291.0	410.2
Net cash provided by operating activities	333.7	534.9	364.5	277.8	325.8	588.9	482.6	389.5
Cash flows from investing activities								
Purchases of investments	(885.3)	(829.7)	(282.8)	(381.6)	(464.8)	(439.1)	(616.2)	(241.1)
Proceeds from sales of investments	3.2	—	—	36.7	94.4	36.1	246.1	7.0
Proceeds from maturities of investments	246.3	198.2	335.9	311.0	395.4	225.1	176.5	315.3
Business acquisitions, net of cash acquired	—	(225.1)	(405.4)	(146.8)	—	(17.4)	—	—
Purchases of property, equipment, and other assets	(31.8)	(29.6)	(32.1)	(26.9)	(27.4)	(34.6)	(80.7)	(38.3)
Net cash provided by (used in) investing activities	(667.6)	(886.2)	(384.4)	(207.6)	(2.4)	(229.9)	(274.3)	42.9
Cash flows from financing activities								
Repayments of convertible senior notes attributable to principal and equity component	—	—	—	—	(0.9)	—	—	—
Payments for debt issuance costs	—	(0.2)	—	—	—	—	—	—
Proceeds from borrowings on convertible senior notes, net	1,979.1	—	—	—	—	—	—	—
Proceeds from issuance of warrants	202.8	—	—	—	—	—	—	—
Purchase of note hedges	(370.8)	—	—	—	—	—	—	—
Repurchases of common stock	—	(500.0)	—	(350.0)	(328.1)	—	(550.0)	—
Proceeds from sales of shares through employee equity incentive plans	0.3	45.4	0.3	58.0	0.3	58.7	0.1	77.5
Payments for taxes related to net share settlement of equity awards	(5.9)	(9.7)	(5.7)	(6.5)	(6.9)	(20.0)	(8.6)	(11.2)
Net cash provided by (used in) financing activities	1,805.5	(464.5)	(5.4)	(298.5)	(335.6)	38.7	(558.5)	66.3
Net increase (decrease) in cash, cash equivalents, and restricted cash	1,471.6	(815.8)	(25.3)	(228.3)	(12.2)	397.7	(350.2)	498.7
Cash, cash equivalents, and restricted cash - beginning of period	1,490.1	2,961.7	2,145.9	2,120.6	1,892.3	1,880.1	2,277.8	1,927.6
Cash, cash equivalents, and restricted cash - end of period	<u>\$2,961.7</u>	<u>\$2,145.9</u>	<u>\$2,120.6</u>	<u>\$1,892.3</u>	<u>\$1,880.1</u>	<u>\$2,277.8</u>	<u>\$1,927.6</u>	<u>\$2,426.3</u>
Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets								
Cash and cash equivalents	\$2,958.0	\$2,142.0	\$2,113.2	\$1,886.1	\$1,874.2	\$2,272.9	\$1,922.7	\$2,419.9
Restricted cash included in prepaid expenses and other current assets	2.8	2.9	3.8	5.2	5.4	4.4	4.9	6.4
Restricted cash included in other assets	0.9	1.0	3.6	1.0	0.5	0.5	—	—
Total cash, cash equivalents, and restricted cash	<u>\$2,961.7</u>	<u>\$2,145.9</u>	<u>\$2,120.6</u>	<u>\$1,892.3</u>	<u>\$1,880.1</u>	<u>\$2,277.8</u>	<u>\$1,927.6</u>	<u>\$2,426.3</u>