

## **Non-GAAP Financial Measures and Other Key Metrics**

This 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 use of these non-GAAP financial measures and key metrics is useful to investors as an additional tool to evaluate 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>FY17<sup>(1)</sup></u>	<u>FY18<sup>(1)</sup></u>	<u>FY19</u>
Revenue:			
Product	\$ 708.5	\$ 879.8	\$ 1,096.2
Subscription and support	1,046.6	1,393.8	1,803.4
Total revenue	<u>1,755.1</u>	<u>2,273.6</u>	<u>2,899.6</u>
Cost of revenue:			
Product	201.4	272.4	315.9
Subscription and support	275.0	372.7	492.5
Total cost of revenue	<u>476.4</u>	<u>645.1</u>	<u>808.4</u>
Total gross profit	1,278.7	1,628.5	2,091.2
<i>Product gross margin</i>	71.6 %	69.0 %	71.2 %
<i>Subscription and support gross margin</i>	73.7 %	73.3 %	72.7 %
<i>Total gross margin</i>	72.9 %	71.6 %	72.1 %
Operating expenses:			
Research and development	347.4	400.7	539.5
Sales and marketing	898.8	1,074.2	1,344.0
General and administrative	198.3	257.8	261.8
Total operating expenses	<u>1,444.5</u>	<u>1,732.7</u>	<u>2,145.3</u>
Operating loss	(165.8)	(104.2)	(54.1)
Interest expense	(24.5)	(29.6)	(83.9)
Other income, net	10.2	28.5	63.4
Loss before income taxes	<u>(180.1)</u>	<u>(105.3)</u>	<u>(74.6)</u>
Provision for income taxes	22.9	16.9	7.3
Net loss	<u>\$ (203.0)</u>	<u>\$ (122.2)</u>	<u>\$ (81.9)</u>

(1) In Q1'19, we adopted new accounting guidance related to revenue recognition. As a result, certain amounts for FY'17 and FY'18 have been adjusted.

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

	Q118 <sup>(1)</sup>	Q218 <sup>(1)</sup>	Q318 <sup>(1)</sup>	Q418 <sup>(1)</sup>	Q119	Q219	Q319	Q419
Revenue:								
Product	\$ 184.8	\$ 204.8	\$ 218.1	\$ 272.1	\$ 240.5	\$ 271.6	\$ 278.4	\$ 305.7
Subscription and support	317.0	340.8	349.6	386.4	415.5	439.6	448.2	500.1
Total revenue	501.8	545.6	567.7	658.5	656.0	711.2	726.6	805.8
Cost of revenue:								
Product	57.6	63.9	68.9	82.0	73.2	82.5	78.0	82.2
Subscription and support	83.7	95.5	91.0	102.5	110.3	120.1	126.9	135.2
Total cost of revenue	141.3	159.4	159.9	184.5	183.5	202.6	204.9	217.4
Total gross profit	360.5	386.2	407.8	474.0	472.5	508.6	521.7	588.4
<i>Product gross margin</i>	68.8 %	68.8 %	68.4 %	69.9 %	69.6 %	69.6 %	72.0 %	73.1 %
<i>Subscription and support gross margin</i>	73.6 %	72.0 %	74.0 %	73.5 %	73.5 %	72.7 %	71.7 %	73.0 %
<i>Total gross margin</i>	71.8 %	70.8 %	71.8 %	72.0 %	72.0 %	71.5 %	71.8 %	73.0 %
Operating expenses:								
Research and development	94.2	96.6	99.6	110.3	113.4	128.3	139.1	158.7
Sales and marketing	254.1	258.8	271.4	289.9	314.6	320.0	339.0	370.4
General and administrative	65.7	53.3	82.1	56.7	76.6	53.7	62.3	69.2
Total operating expenses	414.0	408.7	453.1	456.9	504.6	502.0	540.4	598.3
Operating income (loss)	(53.5)	(22.5)	(45.3)	17.1	(32.1)	6.6	(18.7)	(9.9)
Interest expense	(6.3)	(6.4)	(6.5)	(10.4)	(22.7)	(20.6)	(20.6)	(20.0)
Other income, net	4.8	4.9	8.6	10.2	13.0	16.0	18.2	16.2
Income (loss) before income taxes	(55.0)	(24.0)	(43.2)	16.9	(41.8)	2.0	(21.1)	(13.7)
Provision for (benefit from) income taxes	8.2	1.6	(2.8)	9.9	(3.5)	4.6	(0.9)	7.1
Net income (loss)	\$ (63.2)	\$ (25.6)	\$ (40.4)	\$ 7.0	\$ (38.3)	\$ (2.6)	\$ (20.2)	\$ (20.8)

(1) In Q1'19, we adopted new accounting guidance related to revenue recognition. As a result, certain amounts for FY'18 have been adjusted.

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

	<u>FY17<sup>(1)</sup></u>	<u>FY18<sup>(1)</sup></u>	<u>FY19</u>
Revenue:			
Product	\$ 708.5	\$ 879.8	\$ 1,096.2
Subscription and support	1,046.6	1,393.8	1,803.4
Total revenue	<u>1,755.1</u>	<u>2,273.6</u>	<u>2,899.6</u>
Cost of revenue:			
Product	181.6	252.7	299.7
Subscription and support	207.9	287.3	373.9
Total cost of revenue	<u>389.5</u>	<u>540.0</u>	<u>673.6</u>
Total gross profit	1,365.6	1,733.6	2,226.0
<i>Product gross margin</i>	<i>74.4 %</i>	<i>71.3 %</i>	<i>72.7 %</i>
<i>Subscription and support gross margin</i>	<i>80.1 %</i>	<i>79.4 %</i>	<i>79.3 %</i>
<i>Total gross margin</i>	<i>77.8 %</i>	<i>76.2 %</i>	<i>76.8 %</i>
Operating expenses:			
Research and development	190.8	251.2	347.8
Sales and marketing	706.0	856.6	1,101.1
General and administrative	100.1	127.0	139.9
Total operating expenses	<u>996.9</u>	<u>1,234.8</u>	<u>1,588.8</u>
Operating income	368.7	498.8	637.2
Interest expense	-	(0.8)	(13.7)
Other income, net	12.6	27.5	68.1
Income before income taxes	<u>381.3</u>	<u>525.5</u>	<u>691.6</u>
Provision for income taxes	118.1	124.8	152.2
Net income	<u>\$ 263.2</u>	<u>\$ 400.7</u>	<u>\$ 539.4</u>

(1) In Q1'19, we adopted new accounting guidance related to revenue recognition. As a result, certain amounts for FY'17 and FY'18 have been adjusted.

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

	Q118 <sup>(1)</sup>	Q218 <sup>(1)</sup>	Q318 <sup>(1)</sup>	Q418 <sup>(1)</sup>	Q119	Q219	Q319	Q419
Revenue:								
Product	\$ 184.8	\$ 204.8	\$ 218.1	\$ 272.1	\$ 240.5	\$ 271.6	\$ 278.4	\$ 305.7
Subscription and support	317.0	340.8	349.6	386.4	415.5	439.6	448.2	500.1
Total revenue	501.8	545.6	567.7	658.5	656.0	711.2	726.6	805.8
Cost of revenue:								
Product	52.6	58.8	64.0	77.3	68.5	77.8	73.6	79.8
Subscription and support	64.6	72.2	71.2	79.3	84.5	91.1	96.8	101.5
Total cost of revenue	117.2	131.0	135.2	156.6	153.0	168.9	170.4	181.3
Total gross profit	384.6	414.6	432.5	501.9	503.0	542.3	556.2	624.5
<i>Product gross margin</i>	71.5 %	71.3 %	70.7 %	71.6 %	71.5 %	71.4 %	73.6 %	73.9 %
<i>Subscription and support gross margin</i>	79.6 %	78.8 %	79.6 %	79.5 %	79.7 %	79.3 %	78.4 %	79.7 %
<i>Total gross margin</i>	76.6 %	76.0 %	76.2 %	76.2 %	76.7 %	76.3 %	76.5 %	77.5 %
Operating expenses:								
Research and development	56.0	59.7	62.7	72.8	72.4	82.4	92.4	100.6
Sales and marketing	201.5	203.2	217.5	234.4	254.9	253.8	277.7	314.7
General and administrative	30.5	31.0	30.7	34.8	39.2	31.3	34.3	35.1
Total operating expenses	288.0	293.9	310.9	342.0	366.5	367.5	404.4	450.4
Operating income	96.6	120.7	121.6	159.9	136.5	174.8	151.8	174.1
Interest expense	-	-	-	(0.8)	(3.3)	(3.5)	(3.4)	(3.5)
Other income, net	5.3	5.9	6.6	9.7	14.7	17.0	18.7	17.7
Income before income taxes	101.9	126.6	128.2	168.8	147.9	188.3	167.1	188.3
Provision for income taxes	31.6	27.9	28.2	37.1	32.5	41.3	37.0	41.4
Net income	\$ 70.3	\$ 98.7	\$ 100.0	\$ 131.7	\$ 115.4	\$ 147.0	\$ 130.1	\$ 146.9

(1) In Q1'19, we adopted new accounting guidance related to revenue recognition. As a result, certain amounts for FY'18 have been adjusted.

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

	FY17 <sup>(1)</sup>	FY18 <sup>(1)</sup>	FY19
<b>GAAP to Non-GAAP Reconciliations</b>			
GAAP product gross profit	\$ 507.1	\$ 607.4	\$ 780.3
Share-based compensation-related charges	7.5	7.2	6.0
Amortization expense of acquired intangible assets	-	0.2	-
Litigation-related charges <sup>(2)</sup>	12.3	12.3	10.2
Non-GAAP product gross profit	\$ 526.9	\$ 627.1	\$ 796.5
Non-GAAP product gross margin	74.4%	71.3%	72.7%
GAAP subscription and support gross profit	\$ 771.6	\$ 1,021.1	\$ 1,310.9
Share-based compensation-related charges	58.7	71.2	78.2
Amortization expense of acquired intangible assets	8.4	14.2	40.4
Non-GAAP subscription and support gross profit	\$ 838.7	\$ 1,106.5	\$ 1,429.5
Non-GAAP subscription and support gross margin	80.1%	79.4%	79.3%
GAAP total gross profit	\$ 1,278.7	\$ 1,628.5	\$ 2,091.2
Share-based compensation-related charges	66.2	78.4	84.2
Amortization expense of acquired intangible assets	8.4	14.4	40.4
Litigation-related charges <sup>(2)</sup>	12.3	12.3	10.2
Non-GAAP total gross profit	\$ 1,365.6	\$ 1,733.6	\$ 2,226.0
Non-GAAP gross margin	77.8%	76.2%	76.8%
GAAP research and development expense	\$ 347.4	\$ 400.7	\$ 539.5
Share-based compensation-related charges	156.3	149.5	191.7
Amortization expense of acquired intangible assets	0.3	-	-
Non-GAAP research and development expense	\$ 190.8	\$ 251.2	\$ 347.8
Non-GAAP research and development expense as a percentage of revenue	10.9%	11.0%	12.0%
GAAP sales and marketing expense	\$ 898.8	\$ 1,074.2	\$ 1,344.0
Share-based compensation-related charges	192.6	216.3	230.3
Acquisition-related costs <sup>(3)</sup>	-	0.1	-
Amortization expense of acquired intangible assets	0.2	1.2	12.6
Non-GAAP sales and marketing expense	\$ 706.0	\$ 856.6	\$ 1,101.1
Non-GAAP sales and marketing expense as a percentage of revenue	40.2%	37.7%	38.0%
GAAP general and administrative expense	\$ 198.3	\$ 257.8	\$ 261.8
Share-based compensation-related charges	73.8	72.2	85.1
Acquisition-related costs <sup>(3)</sup>	3.1	17.8	29.8
Facility exit costs <sup>(4)</sup>	21.3	40.8	7.0
Non-GAAP general and administrative expense	\$ 100.1	\$ 127.0	\$ 139.9
Non-GAAP general and administrative expense as a percentage of revenue	5.7%	5.6%	4.8%
GAAP total operating expense	\$ 1,444.5	\$ 1,732.7	\$ 2,145.3
Share-based compensation-related charges	422.7	438.0	507.1
Acquisition-related costs <sup>(3)</sup>	3.1	17.9	29.8
Amortization expense of acquired intangible assets	0.5	1.2	12.6
Facility exit costs <sup>(4)</sup>	21.3	40.8	7.0
Non-GAAP total operating expense	\$ 996.9	\$ 1,234.8	\$ 1,588.8
Non-GAAP total operating expense as a percentage of revenue	56.8%	54.3%	54.8%
GAAP operating loss	\$ (165.8)	\$ (104.2)	\$ (54.1)
Share-based compensation-related charges	488.9	516.4	591.3
Acquisition-related costs <sup>(3)</sup>	3.1	17.9	29.8
Amortization expense of acquired intangible assets	8.9	15.6	53.0
Litigation-related charges <sup>(2)</sup>	12.3	12.3	10.2
Facility exit costs <sup>(4)</sup>	21.3	40.8	7.0
Non-GAAP operating income	\$ 368.7	\$ 498.8	\$ 637.2
Non-GAAP operating margin	21.0%	21.9%	22.0%
GAAP interest expense	\$ (24.5)	\$ (29.6)	\$ (83.9)
Non-cash charges related to convertible notes <sup>(5)</sup>	24.5	28.8	70.2
Non-GAAP interest expense	\$ -	\$ (0.8)	\$ (13.7)
Non-GAAP interest expense as a percentage of revenue	0.0%	0.0%	-0.5%
GAAP other income, net	\$ 10.2	\$ 28.5	\$ 63.4
Non-cash charges related to convertible notes <sup>(5)</sup>	-	-	2.6
Foreign currency (gain) loss associated with non-GAAP adjustments	2.4	(1.0)	2.1
Non-GAAP other income, net	\$ 12.6	\$ 27.5	\$ 68.1
Non-GAAP other income, net as a percentage of revenue	0.7%	1.2%	2.3%
GAAP loss before income taxes	\$ (180.1)	\$ (105.3)	\$ (74.6)
Share-based compensation-related charges	488.9	516.4	591.3
Acquisition-related costs <sup>(3)</sup>	3.1	17.9	29.8
Amortization expense of acquired intangible assets	8.9	15.6	53.0
Litigation-related charges <sup>(2)</sup>	12.3	12.3	10.2
Facility exit costs <sup>(4)</sup>	21.3	40.8	7.0
Non-cash charges related to convertible notes <sup>(5)</sup>	24.5	28.8	72.8
Foreign currency (gain) loss associated with non-GAAP adjustments	2.4	(1.0)	2.1
Non-GAAP income before income taxes	\$ 381.3	\$ 525.5	\$ 691.6

(1) In Q1'19, we adopted new accounting guidance related to revenue recognition. As a result, certain amounts for periods prior to FY'19 have been adjusted.

(2) Consists of the amortization of intellectual property licenses.

(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.

(4) Consists of charges related to the relocation of our corporate headquarters (impairment loss of \$20.9 million and accelerated depreciation in FY'17, cease-use loss of \$39.2 million and accelerated depreciation in FY'18, and additional cease-use loss of \$7.0 million in FY'19) and charges related to the relocation of our research and development center in Israel (cease-use loss of \$1.3 million and accelerated depreciation in FY'18).

(5) Consists primarily of non-cash interest expense related to our convertible senior notes. Also includes a non-cash loss of \$2.6 million in FY'19 related to early conversions of the convertible notes during the period.

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

	FY17 <sup>(1)</sup>	FY18 <sup>(1)</sup>	FY19
GAAP provision for income taxes	\$ 22.9	\$ 16.9	\$ 7.3
Income tax and other tax adjustments related to the above	95.2	107.9	144.9
Non-GAAP provision for income taxes	\$ 118.1	\$ 124.8	\$ 152.2
Non-GAAP effective tax rate <sup>(6)</sup>	31.0%	23.7%	22.0%
GAAP net loss	\$ (203.0)	\$ (122.2)	\$ (81.9)
Share-based compensation-related charges	488.9	516.4	591.3
Acquisition-related costs <sup>(3)</sup>	3.1	17.9	29.8
Amortization expense of acquired intangible assets	8.9	15.6	53.0
Litigation-related charges <sup>(2)</sup>	12.3	12.3	10.2
Facility exit costs <sup>(4)</sup>	21.3	40.8	7.0
Non-cash charges related to convertible notes <sup>(5)</sup>	24.5	28.8	72.8
Foreign currency (gain) loss associated with non-GAAP adjustments	2.4	(1.0)	2.1
Income tax and other tax adjustments related to the above	(95.2)	(107.9)	(144.9)
Non-GAAP net income	\$ 263.2	\$ 400.7	\$ 539.4
GAAP net loss per share, diluted	\$ (2.24)	\$ (1.33)	\$ (0.87)
Share-based compensation-related charges	5.29	5.47	6.00
Acquisition-related costs <sup>(3)</sup>	0.03	0.20	0.32
Amortization expense of acquired intangible assets	0.10	0.17	0.56
Litigation-related charges <sup>(2)</sup>	0.14	0.13	0.11
Facility exit costs <sup>(4)</sup>	0.24	0.44	0.07
Non-cash charges related to convertible notes <sup>(5)</sup>	0.27	0.31	0.77
Foreign currency (gain) loss associated with non-GAAP adjustments	0.03	(0.01)	0.02
Income tax and other tax adjustments related to the above	(1.05)	(1.18)	(1.53)
Non-GAAP net income per share, diluted	\$ 2.81	\$ 4.20	\$ 5.45
GAAP weighted-average shares used to compute net loss per share, diluted	90.6	91.7	94.5
Weighted-average effect of potentially dilutive securities <sup>(7)</sup>	3.0	3.8	4.5
Non-GAAP weighted-average shares used to compute net income per share, diluted	93.6	95.5	99.0
Net cash provided by operating activities <sup>(8)</sup>	\$ 868.8	\$ 1,038.1	\$ 1,055.6
Less: purchases of property, equipment, and other assets	163.4	112.0	131.2
Free cash flow (non-GAAP) <sup>(8)</sup>	\$ 705.4	\$ 926.1	\$ 924.4
Add: capital expenditures for new headquarters	92.0	11.2	28.4
Add: repayments of convertible senior notes attributable to debt discount	-	-	97.6
Less: cash reimbursement (payments), net related to landlord lease amendment <sup>(8)</sup>	-	16.8	(14.8)
Adjusted free cash flow (non-GAAP)	\$ 797.4	\$ 920.5	\$ 1,065.2
Net cash used in investing activities	\$ (472.6)	\$ (520.0)	\$ (1,825.9)
Net cash provided by (used in) financing activities	\$ (386.0)	\$ 1,245.6	\$ (773.9)
Free cash flow margin (non-GAAP) <sup>(8)</sup>	40.2%	40.7%	31.9%
Adjusted free cash flow margin (non-GAAP) <sup>(8)</sup>	45.4%	40.5%	36.7%
<b>Other Key Metrics - Calculation of Billings</b>			
Total revenue	\$ 1,755.1	\$ 2,273.6	\$ 2,899.6
Add: change in total deferred revenue, net of acquired deferred revenue	496.6	582.6	590.2
Total billings	\$ 2,251.7	\$ 2,856.2	\$ 3,489.8
Product revenue	\$ 708.5	\$ 879.8	\$ 1,096.2
Add: change in product deferred revenue	2.0	(1.2)	(0.2)
Product billings	\$ 710.5	\$ 878.6	\$ 1,096.0
Subscription revenue	\$ 548.8	\$ 758.1	\$ 1,032.7
Add: change in subscription deferred revenue, net of acquired subscription deferred revenue	295.0	379.3	413.7
Subscription billings	\$ 843.8	\$ 1,137.4	\$ 1,446.4
Support revenue	\$ 497.8	\$ 635.7	\$ 770.7
Add: change in support deferred revenue, net of acquired support deferred revenue	199.6	204.5	176.7
Support billings	\$ 697.4	\$ 840.2	\$ 947.4
Total revenue	\$ 1,755.1	\$ 2,273.6	\$ 2,899.6
Add: change in short-term deferred revenue, net of acquired short-term deferred revenue	257.2	289.5	353.3
Current billings	\$ 2,012.3	\$ 2,563.1	\$ 3,252.9

(1) In Q1'19, we adopted new accounting guidance related to revenue recognition and new accounting guidance related to the presentation of restricted cash in the statement of cash flows. As a result, certain amounts for periods prior to FY'19 have been adjusted.

(2) Consists of the amortization of intellectual property licenses.

(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.

(4) Consists of charges related to the relocation of our corporate headquarters (impairment loss of \$20.9 million and accelerated depreciation in FY'17, cease-use loss of \$39.2 million and accelerated depreciation in FY'18, and additional cease-use loss of \$7.0 million in FY'19) and charges related to the relocation of our research and development center in Israel (cease-use loss of \$1.3 million and accelerated depreciation in FY'18).

(5) Consists primarily of non-cash interest expense related to our convertible senior notes. Also includes non-cash loss of \$2.6 million in FY'19 related to early conversions of the convertible notes during the period.

(6) Effective Q1'17, our non-GAAP effective tax rate changed from 38% to 31%. Effective Q2'18, our non-GAAP effective tax rate changed from 31% to 22% due to the reduction of the U.S. federal corporate income tax rate under the U.S. Tax Cuts and Jobs Act, which was enacted into law on December 22, 2017.

(7) 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.

(8) Cash provided by operating activities during FY18 includes the receipt of an upfront cash reimbursement of \$38.2 million from our landlords in Q1'18 in connection with the exercise of their option to amend the lease payment schedules and eliminate the rent holiday periods under certain of our lease agreements. The upfront cash reimbursement has been and will be applied against increased rental payments totaling \$38.2 million due in FY'18 through FY'20 under the amended lease agreements. Adjusted free cash flow for FY'18 reflects an adjustment for the \$38.2 million received from our landlords, less related rental payments made during the period of \$21.4 million. Adjusted free cash flow for subsequent periods reflects adjustments for related rental payments made during the respective periods.





**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)

	Q118 <sup>(1)</sup>	Q218 <sup>(1)</sup>	Q318 <sup>(1)</sup>	Q418 <sup>(1)</sup>	Q119	Q219	Q319	Q419
GAAP net income (loss) per share, diluted	\$ (0.70)	\$ (0.28)	\$ (0.44)	\$ 0.07	\$ (0.41)	\$ (0.03)	\$ (0.21)	\$ (0.22)
Share-based compensation-related charges	1.38	1.46	1.30	1.29	1.44	1.53	1.48	1.56
Acquisition-related costs <sup>(3)</sup>	0.00	0.00	0.14	0.05	0.17	0.02	0.03	0.10
Amortization expense of acquired intangible assets	0.03	0.03	0.04	0.07	0.10	0.15	0.15	0.16
Litigation-related charges <sup>(2)</sup>	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.01
Facility exit costs <sup>(4)</sup>	0.17	0.02	0.26	0.00	0.00	0.00	0.04	0.03
Non-cash charges related to convertible notes <sup>(5)</sup>	0.07	0.07	0.07	0.10	0.23	0.19	0.18	0.17
Foreign currency (gain) loss associated with non-GAAP adjustments	0.01	0.01	(0.02)	0.00	(0.01)	0.01	0.01	0.02
Income tax and other tax adjustments related to the above	(0.24)	(0.29)	(0.34)	(0.27)	(0.38)	(0.39)	(0.40)	(0.36)
Non-GAAP net income per share, diluted	\$ 0.75	\$ 1.05	\$ 1.04	\$ 1.34	\$ 1.17	\$ 1.51	\$ 1.31	\$ 1.47
GAAP weighted-average shares used to compute net income (loss) per share, diluted	90.9	91.1	91.9	100.5	93.8	94.0	94.4	95.8
Weighted-average effect of potentially dilutive securities <sup>(6)</sup>	2.8	2.8	4.3	(2.5)	5.2	3.6	5.2	4.2
Non-GAAP weighted-average shares used to compute net income per share, diluted	93.7	93.9	96.2	98.0	99.0	97.6	99.6	100.0
Net cash provided by operating activities <sup>(7)</sup>	\$ 274.0	\$ 244.6	\$ 241.9	\$ 277.6	\$ 252.3	\$ 275.4	\$ 296.4	\$ 231.5
Less: purchases of property, equipment, and other assets	32.2	25.6	28.8	25.4	34.3	23.5	20.3	53.1
Free cash flow (non-GAAP) <sup>(7)</sup>	\$ 241.8	\$ 219.0	\$ 213.1	\$ 252.2	\$ 218.0	\$ 251.9	\$ 276.1	\$ 178.4
Add: capital expenditures for new headquarters	11.2	-	-	-	0.2	0.7	0.7	26.8
Add: repayments of convertible senior notes attributable to debt discount	-	-	-	-	52.3	14.8	-	30.5
Less: cash reimbursement (payments), net related to landlord lease amendment <sup>(7)</sup>	35.5	(5.9)	(6.9)	(5.9)	(4.9)	(4.0)	(3.0)	(2.9)
Adjusted free cash flow (non-GAAP)	\$ 217.5	\$ 224.9	\$ 220.0	\$ 258.1	\$ 275.4	\$ 271.4	\$ 279.8	\$ 238.6
Net cash used in investing activities	\$ (52.4)	\$ (36.1)	\$ (225.1)	\$ (206.4)	\$ (713.1)	\$ (523.8)	\$ (140.3)	\$ (448.7)
Net cash provided by (used in) financing activities	\$ (123.4)	\$ (135.2)	\$ 17.8	\$ 1,486.4	\$ (261.8)	\$ (407.8)	\$ 31.8	\$ (136.1)
Free cash flow margin (non-GAAP) <sup>(7)</sup>	48.2 %	40.1 %	37.5 %	38.3 %	33.2 %	35.4 %	38.0 %	22.1 %
Adjusted free cash flow margin (non-GAAP) <sup>(7)</sup>	43.3 %	41.2 %	38.8 %	39.2 %	42.0 %	38.2 %	38.5 %	29.6 %
<b>Other Key Metrics - Calculation of Billings</b>								
Total revenue	\$ 501.8	\$ 545.6	\$ 567.7	\$ 658.5	\$ 656.0	\$ 711.2	\$ 726.6	\$ 805.8
Add: change in total deferred revenue, net of acquired deferred revenue	93.6	127.6	157.0	204.4	102.5	141.3	95.3	251.1
Total billings	\$ 595.4	\$ 673.2	\$ 724.7	\$ 862.9	\$ 758.5	\$ 852.5	\$ 821.9	\$ 1,056.9
Total revenue	\$ 501.8	\$ 545.6	\$ 567.7	\$ 658.5	\$ 656.0	\$ 711.2	\$ 726.6	\$ 805.8
Add: change in short-term deferred revenue, net of acquired short-term deferred revenue	51.1	66.4	70.1	101.9	53.6	99.4	72.9	127.4
Current billings	\$ 552.9	\$ 612.0	\$ 637.8	\$ 760.4	\$ 709.6	\$ 810.6	\$ 799.5	\$ 933.2

(1) In Q1'19, we adopted new accounting guidance related to revenue recognition and new accounting guidance related to the presentation of restricted cash in the statement of cash flows. As a result, certain amounts for periods prior to FY'19 have been adjusted.

(2) Consists of the amortization of intellectual property licenses.

(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.

(4) Consists of charges related to the relocation of our corporate headquarters (impairment loss of \$20.9 million and accelerated depreciation in Q4'17, cease-use loss of \$15.4 million and accelerated depreciation in Q1'18, additional cease-use loss of \$23.8 million in Q3'18, additional cease-use loss of \$4.1 million in Q3'19, and additional cease-use loss of \$2.9 million in Q4'19) and charges related to the relocation of our research and development center in Israel (cease-use loss of \$1.3 million and accelerated depreciation in Q2'18).

(5) Consists primarily of non-cash interest expense related to our convertible senior notes. Also includes non-cash losses of \$2.2 million and \$0.4 million in Q1'19 and Q2'19, respectively, related to early conversions of the convertible notes during those periods.

(6) 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.

(7) Cash provided by operating activities during Q1'18 includes the receipt of an upfront cash reimbursement of \$38.2 million from our landlords in connection with the exercise of their option to amend the lease payment schedules and eliminate the rent holiday periods under certain of our lease agreements. The upfront cash reimbursement has been and will be applied against increased rental payments totaling \$38.2 million due in FY'18 through FY'20 under the amended lease agreements. Adjusted free cash flow for Q1'18 reflects an adjustment for the \$38.2 million received from our landlords, less related rental payments made during the period of \$2.7 million. Adjusted free cash flow for subsequent periods reflect adjustments for related rental payments made during the respective periods.

**Palo Alto Networks, Inc.**

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

(In millions, except per share amounts)

	<b>FY15</b>	<b>FY16</b>
<b><u>GAAP to Non-GAAP Reconciliations</u></b>		
GAAP net loss per share, diluted	\$ (1.61)	\$ (2.21)
Share-based compensation-related charges	2.79	4.58
Acquisition-related costs <sup>(1)</sup>	0.01	-
Amortization expense of acquired intangible assets	0.09	0.10
Litigation-related charges <sup>(2)</sup>	0.15	0.14
Non-cash charges related to convertible notes <sup>(3)</sup>	0.27	0.27
Foreign currency (gain) loss associated with non-GAAP adjustments	0.02	0.00
Income tax and other tax adjustments related to the above	(0.62)	(0.99)
Non-GAAP net income per share, diluted	<u>\$ 1.10</u>	<u>\$ 1.89</u>
<b><u>Other Key Metrics - Calculation of Billings</u></b>		
Total revenue	\$ 928.1	\$ 1,378.5
Add: change in total deferred revenue, net of acquired deferred revenue	291.0	527.1
Total billings	<u>\$ 1,219.1</u>	<u>\$ 1,905.6</u>
Total revenue	\$ 928.1	\$ 1,378.5
Add: change in short-term deferred revenue, net of acquired short-term deferred revenue	164.0	280.0
Current billings	<u>\$ 1,092.1</u>	<u>\$ 1,658.5</u>

Note: FY'15 and FY'16 reflect ASC 605, adjusted for deferred commissions recast.

(1) Consists of acquisition transaction costs.

(2) Consists of the amortization of intellectual property licenses.

(3) Consists of non-cash interest expense related to our convertible senior notes.

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

	FY17 <sup>(1)</sup>	FY18 <sup>(1)</sup>	FY19
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 744.3	\$ 2,506.9	\$ 961.4
Short-term investments	630.7	896.5	1,841.7
Accounts receivable, net	431.1	467.0	582.4
Prepaid expenses and other current assets	177.8	268.1	279.3
Total current assets	<u>1,983.9</u>	<u>4,138.5</u>	<u>3,664.8</u>
Property and equipment, net	211.1	273.1	296.0
Long-term investments	789.3	547.5	575.4
Goodwill	238.8	522.8	1,352.3
Intangible assets, net	53.7	140.8	280.6
Other assets	261.7	326.2	423.1
Total assets	<u>\$ 3,538.5</u>	<u>\$ 5,948.9</u>	<u>\$ 6,592.2</u>
<b>Liabilities, temporary equity, and stockholders' equity</b>			
Current liabilities:			
Accounts payable	\$ 35.5	\$ 49.4	\$ 73.3
Accrued compensation	117.5	163.7	235.5
Accrued and other liabilities	93.0	124.6	162.4
Deferred revenue	919.8	1,213.6	1,582.1
Convertible senior notes, net	-	550.4	-
Total current liabilities	<u>1,165.8</u>	<u>2,101.7</u>	<u>2,053.3</u>
Convertible senior notes, net	524.7	1,369.7	1,430.0
Long-term deferred revenue	772.6	1,065.7	1,306.6
Other long-term liabilities	147.6	229.6	216.0
Temporary equity	-	21.9	-
Stockholders' equity:			
Preferred stock	-	-	-
Common stock and additional paid-in capital	1,599.7	1,967.4	2,490.9
Accumulated other comprehensive income (loss)	(3.4)	(16.4)	(3.7)
Accumulated deficit	(668.5)	(790.7)	(900.9)
Total stockholders' equity	<u>927.8</u>	<u>1,160.3</u>	<u>1,586.3</u>
Total liabilities, temporary equity, and stockholders' equity	<u>\$ 3,538.5</u>	<u>\$ 5,948.9</u>	<u>\$ 6,592.2</u>

(1) In Q1'19, we adopted new accounting guidance related to revenue recognition. As a result, certain amounts for periods prior to FY'19 have been adjusted.

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

	Q118 <sup>(1)</sup>	Q218 <sup>(1)</sup>	Q318 <sup>(1)</sup>	Q418 <sup>(1)</sup>	Q119	Q219	Q319	Q419
<b>Assets</b>								
Current assets:								
Cash and cash equivalents	\$ 842.6	\$ 915.0	\$ 949.0	\$ 2,506.9	\$ 1,784.4	\$ 1,127.8	\$ 1,314.9	\$ 961.4
Short-term investments	660.6	720.7	672.2	896.5	1,419.4	1,702.2	1,733.2	1,841.7
Accounts receivable, net	350.7	363.1	361.5	467.0	382.3	415.0	407.5	582.4
Prepaid expenses and other current assets	195.2	219.1	233.1	268.1	229.1	242.5	261.9	279.3
Total current assets	2,049.1	2,217.9	2,215.8	4,138.5	3,815.2	3,487.5	3,717.5	3,664.8
Property and equipment, net	256.9	264.7	264.2	273.1	276.5	273.2	275.0	296.0
Long-term investments	777.4	722.3	592.9	547.5	565.5	808.6	669.9	575.4
Goodwill	238.8	238.8	522.2	522.8	636.4	636.4	1,027.3	1,352.3
Intangible assets, net	51.0	48.3	147.7	140.8	186.2	171.8	234.2	280.6
Other assets	218.9	245.0	282.7	326.2	321.7	330.0	337.9	423.1
Total assets	\$ 3,592.1	\$ 3,737.0	\$ 4,025.5	\$ 5,948.9	\$ 5,801.5	\$ 5,707.5	\$ 6,261.8	\$ 6,592.2
<b>Liabilities, temporary equity, and stockholders' equity</b>								
Current liabilities:								
Accounts payable	\$ 38.8	\$ 33.4	\$ 32.7	\$ 49.4	\$ 43.0	\$ 27.9	\$ 68.6	\$ 73.3
Accrued compensation	74.5	113.2	95.1	163.7	99.4	143.4	144.0	235.5
Accrued and other liabilities	95.9	97.9	118.6	124.6	163.6	171.4	178.5	162.4
Deferred revenue	970.9	1,037.3	1,111.7	1,213.6	1,269.8	1,369.2	1,449.6	1,582.1
Convertible senior notes, net	531.0	537.4	543.8	550.4	239.9	156.3	158.1	-
Total current liabilities	1,711.1	1,819.2	1,901.9	2,101.7	1,815.7	1,868.2	1,998.8	2,053.3
Convertible senior notes, net	-	-	-	1,369.7	1,384.5	1,399.5	1,414.7	1,430.0
Long-term deferred revenue	815.1	876.3	963.2	1,065.7	1,114.6	1,156.5	1,182.6	1,306.6
Other long-term liabilities	192.2	196.6	226.0	229.6	226.8	208.7	211.1	216.0
Temporary equity	39.2	33.5	27.7	21.9	6.9	2.8	1.1	-
Stockholders' equity:								
Preferred stock	-	-	-	-	-	-	-	-
Common stock and additional paid-in capital	1,573.2	1,575.9	1,717.6	1,967.4	2,129.3	1,941.5	2,340.8	2,490.9
Accumulated other comprehensive loss	(7.0)	(7.2)	(13.2)	(16.4)	(19.0)	(9.8)	(7.2)	(3.7)
Accumulated deficit	(731.7)	(757.3)	(797.7)	(790.7)	(857.3)	(859.9)	(880.1)	(900.9)
Total stockholders' equity	834.5	811.4	906.7	1,160.3	1,253.0	1,071.8	1,453.5	1,586.3
Total liabilities, temporary equity, and stockholders' equity	\$ 3,592.1	\$ 3,737.0	\$ 4,025.5	\$ 5,948.9	\$ 5,801.5	\$ 5,707.5	\$ 6,261.8	\$ 6,592.2

(1) In Q1'19, we adopted new accounting guidance related to revenue recognition. As a result, certain amounts for periods prior to FY'19 have been adjusted.

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

	FY17 <sup>(1)</sup>	FY18 <sup>(1)</sup>	FY19
<b>Cash flows from operating activities</b>			
Net loss	\$ (203.0)	\$ (122.2)	\$ (81.9)
Adjustments to reconcile loss to net cash provided by operating activities:			
Share-based compensation for equity based awards	474.5	496.7	567.7
Depreciation and amortization	59.8	96.4	153.8
Cease-use loss and asset impairment related to facility exit	20.9	41.1	7.0
Amortization of deferred contract costs	107.4	149.8	223.8
Amortization of debt discount and debt issuance costs	24.5	28.8	70.2
Amortization of investment premiums, net of accretion of purchase discounts	2.7	0.5	(17.5)
Loss on conversions of convertible senior notes	-	-	2.6
Repayments of convertible senior notes attributable to debt discount	-	-	(97.6)
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable, net	(42.1)	(33.7)	(108.7)
Prepaid expenses and other assets	(175.3)	(299.1)	(332.5)
Accounts payable	5.9	3.7	32.3
Accrued compensation	42.8	44.2	66.8
Accrued and other liabilities	54.1	49.3	(20.6)
Deferred revenue	496.6	582.6	590.2
Net cash provided by operating activities <sup>(2)</sup>	<u>868.8</u>	<u>1,038.1</u>	<u>1,055.6</u>
<b>Cash flows from investing activities</b>			
Purchases of investments	(995.9)	(725.7)	(2,984.6)
Proceeds from sales of investments	-	-	6.5
Proceeds from maturities of investments	777.4	691.8	2,057.1
Business acquisitions, net of cash acquired	(90.7)	(374.1)	(773.7)
Purchases of property, equipment, and other assets	(163.4)	(112.0)	(131.2)
Net cash used in investing activities	<u>(472.6)</u>	<u>(520.0)</u>	<u>(1,825.9)</u>
<b>Cash flows from financing activities</b>			
Repayments of convertible senior notes attributable to principal and equity component	-	-	(477.4)
Payments for debt issuance costs	-	-	(3.7)
Proceeds from borrowings on convertible senior notes, net	-	1,682.4	-
Proceeds from issuance of warrants	-	145.4	-
Purchase of note hedges	-	(332.0)	-
Repurchases of common stock	(411.0)	(259.1)	(330.0)
Proceeds from sales of shares through employee equity incentive plans	46.4	52.6	71.7
Payments for taxes related to net share settlement of equity awards	(21.4)	(43.7)	(33.2)
Payment of deferred consideration related to prior year business acquisition	-	-	(1.3)
Net cash provided by (used in) financing activities	<u>(386.0)</u>	<u>1,245.6</u>	<u>(773.9)</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	10.2	1,763.7	(1,544.2)
Cash, cash equivalents, and restricted cash - beginning of period	735.3	745.5	2,509.2
Cash, cash equivalents, and restricted cash - end of period	<u>\$ 745.5</u>	<u>\$ 2,509.2</u>	<u>\$ 965.0</u>
<b>Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets</b>			
Cash and cash equivalents	\$ 744.3	\$ 2,506.9	\$ 961.4
Restricted cash included in prepaid expenses and other current assets	0.6	1.1	1.9
Restricted cash included in other assets	0.6	1.2	1.7
<b>Total cash, cash equivalents, and restricted cash</b>	<u>\$ 745.5</u>	<u>\$ 2,509.2</u>	<u>\$ 965.0</u>

(1) In Q1'19, we adopted new accounting guidance related to revenue recognition and new accounting guidance related to the presentation of restricted cash in the statement of cash flows. As a result, certain amounts for periods prior to FY'19 have been adjusted.

(2) Cash provided by operating activities during FY'18 includes the receipt of an upfront cash reimbursement of \$38.2 million from our landlords in Q1'18 in connection with the exercise of their option to amend the lease payment schedules and eliminate the rent holiday periods under certain of our lease agreements. The upfront cash reimbursement has been and will be applied against increased rental payments totaling \$38.2 million due in FY'18 through FY'20 under the amended lease agreements.

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

	Q118 <sup>(1)</sup>	Q218 <sup>(1)</sup>	Q318 <sup>(1)</sup>	Q418 <sup>(1)</sup>	Q119	Q219	Q319	Q419
<b>Cash flows from operating activities</b>								
Net income (loss)	\$ (63.2)	\$ (25.6)	\$ (40.4)	\$ 7.0	\$ (38.3)	\$ (2.6)	\$ (20.2)	\$ (20.8)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:								
Share-based compensation for equity-based awards	125.7	130.8	116.6	123.6	136.9	142.4	138.2	150.2
Depreciation and amortization	21.3	22.1	24.6	28.4	32.5	38.8	40.3	42.2
Cease-use loss and asset impairment related to facility exit	15.4	1.3	24.4	-	-	-	4.1	2.9
Amortization of deferred contract costs	30.3	33.9	37.7	47.9	43.6	46.8	57.2	76.2
Amortization of debt discount and debt issuance costs	6.3	6.4	6.5	9.6	19.4	17.1	17.1	16.6
Amortization of investment premiums, net of accretion of purchase discounts	0.5	0.1	-	(0.1)	(2.4)	(5.3)	(5.3)	(4.5)
Loss on conversions of convertible senior notes	-	-	-	-	2.2	0.4	-	-
Repayments of convertible senior notes attributable to debt discount	-	-	-	-	(52.3)	(14.8)	-	(30.5)
Changes in operating assets and liabilities, net of effects of acquisitions:								
Accounts receivable, net	80.3	(12.3)	3.8	(105.5)	86.6	(32.7)	9.9	(172.5)
Prepaid expenses and other assets	(41.2)	(71.5)	(64.4)	(122.0)	(25.1)	(65.5)	(73.8)	(168.1)
Accounts payable	4.2	(10.6)	1.8	8.3	(0.8)	(10.4)	34.4	9.1
Accrued compensation	(43.0)	38.7	(20.1)	68.6	(65.0)	44.0	(1.7)	89.5
Accrued and other liabilities	43.8	3.7	(5.6)	7.4	12.5	(24.1)	0.9	(9.9)
Deferred revenue	93.6	127.6	157.0	204.4	102.5	141.3	95.3	251.1
Net cash provided by operating activities <sup>(1)(2)</sup>	274.0	244.6	241.9	277.6	252.3	275.4	296.4	231.5
<b>Cash flows from investing activities</b>								
Purchases of investments	(226.8)	(145.7)	(15.4)	(337.8)	(741.0)	(1,290.9)	(394.7)	(558.0)
Proceeds from sales of investments	-	-	-	-	2.5	1.0	-	3.0
Proceeds from maturities of investments	206.6	135.2	189.2	160.8	214.5	789.7	502.6	550.3
Business acquisitions, net of cash acquired	-	-	(370.1)	(4.0)	(154.8)	(0.1)	(227.9)	(390.9)
Purchases of property, equipment, and other assets	(32.2)	(25.6)	(28.8)	(25.4)	(34.3)	(23.5)	(20.3)	(53.1)
Net cash used in investing activities	(52.4)	(36.1)	(225.1)	(206.4)	(713.1)	(523.8)	(140.3)	(448.7)
<b>Cash flows from financing activities</b>								
Repayments of convertible senior notes attributable to principal and equity component	-	-	-	-	(275.0)	(73.5)	-	(128.9)
Payments for debt issuance costs	-	-	-	-	(3.6)	(0.1)	-	-
Proceeds from borrowings on convertible senior notes, net	-	-	-	1,682.4	-	-	-	-
Proceeds from issuance of warrants	-	-	-	145.4	-	-	-	-
Purchase of note hedges	-	-	-	(332.0)	-	-	-	-
Repurchases of common stock	(134.1)	(125.0)	-	-	-	(330.0)	-	-
Proceeds from sales of shares through employee equity incentive plans	22.1	1.3	29.2	-	30.7	2.9	36.7	1.4
Payments for taxes related to net share settlement of equity awards	(11.4)	(11.5)	(11.4)	(9.4)	(13.9)	(7.1)	(3.6)	(8.6)
Payment of deferred consideration related to prior year business acquisition	-	-	-	-	-	-	(1.3)	-
Net cash provided by (used in) financing activities	(123.4)	(135.2)	17.8	1,486.4	(261.8)	(407.8)	31.8	(136.1)
Net increase (decrease) in cash, cash equivalents, and restricted cash	98.2	73.3	34.6	1,557.6	(722.6)	(656.2)	187.9	(353.3)
Cash, cash equivalents, and restricted cash - beginning of period	745.5	843.7	917.0	951.6	2,509.2	1,786.6	1,130.4	1,318.3
Cash, cash equivalents, and restricted cash - end of period	\$ 843.7	\$ 917.0	\$ 951.6	\$ 2,509.2	\$ 1,786.6	\$ 1,130.4	\$ 1,318.3	\$ 965.0
<b>Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets</b>								
Cash and cash equivalents	\$ 842.6	\$ 915.0	\$ 949.0	\$ 2,506.9	\$ 1,784.4	\$ 1,127.8	\$ 1,314.9	\$ 961.4
Restricted cash included in prepaid expenses and other current assets	0.5	0.7	1.3	1.1	1.0	1.3	2.2	1.9
Restricted cash included in other assets	0.6	1.3	1.3	1.2	1.2	1.3	1.2	1.7
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 843.7</b>	<b>\$ 917.0</b>	<b>\$ 951.6</b>	<b>\$ 2,509.2</b>	<b>\$ 1,786.6</b>	<b>\$ 1,130.4</b>	<b>\$ 1,318.3</b>	<b>\$ 965.0</b>

(1) In Q1'19, we adopted new accounting guidance related to revenue recognition and new accounting guidance related to the presentation of restricted cash in the statement of cash flows. As a result, certain amounts for periods for FY'18 have been adjusted.

(2) Cash provided by operating activities during Q1'18 includes the receipt of an upfront cash reimbursement of \$38.2 million from our landlords in connection with the exercise of their option to amend the lease payment schedules and eliminate the rent holiday periods under certain of our lease agreements. The upfront cash reimbursement has been and will be applied against increased rental payments totaling \$38.2 million due in FY'18 through FY'20 under the amended lease agreements.

**Palo Alto Networks, Inc.**  
**Revenue by Geography - Fiscal Quarters**  
(In millions)

	<b>Q118<sup>(1)</sup></b>	<b>Q218<sup>(1)</sup></b>	<b>Q318<sup>(1)</sup></b>	<b>Q418<sup>(1)</sup></b>	<b>Q119</b>	<b>Q219</b>	<b>Q319</b>	<b>Q419</b>
Revenue:								
Americas	\$ 349.3	\$ 373.3	\$ 387.7	\$ 448.4	\$ 450.2	\$ 475.0	\$ 497.8	\$ 559.3
EMEA	94.7	107.2	110.1	127.6	127.7	148.3	138.7	150.1
APAC	57.8	65.1	69.9	82.5	78.1	87.9	90.1	96.4
Total revenue	<u>\$ 501.8</u>	<u>\$ 545.6</u>	<u>\$ 567.7</u>	<u>\$ 658.5</u>	<u>\$ 656.0</u>	<u>\$ 711.2</u>	<u>\$ 726.6</u>	<u>\$ 805.8</u>

(1) In Q1'19, we adopted new accounting guidance related to revenue recognition. As a result, amounts for periods prior to FY'19 have been adjusted.