**FORTINET, INC.**
**SUPPLEMENTAL FINANCIAL INFORMATION**

**Non-GAAP Financial Measures**

We have provided in this release financial information that has not been prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). These non-GAAP financial and liquidity measures are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similar measures presented by other companies. We use these non-GAAP financial measures internally in analyzing our financial results and believe they are useful to investors, as a supplement to GAAP measures, in evaluating our ongoing operational performance. We believe that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial results with peer companies, many of which present similar non-GAAP financial measures to investors.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures provided in the financial statement tables below.

*Billings (non-GAAP).* We define billings as revenue recognized in accordance with GAAP plus the change in deferred revenue from the beginning to the end of the period less any deferred revenue balances acquired from business combination(s) during the period. We consider billings to be a useful metric for management and investors because billings drive current and future revenue, which is an important indicator of the health and viability of our business and cash flows. There are a number of limitations related to the use of billings instead of GAAP revenue. First, billings include amounts that have not yet been recognized as revenue and are impacted by the term of security and support agreements. Second, we may calculate billings in a manner that is different from peer companies that report similar financial measures. Management accounts for these limitations by providing specific information regarding GAAP revenue and evaluating billings together with GAAP revenue.

*Free cash flow (non-GAAP).* We define free cash flow as net cash provided by operating activities minus purchases of property and equipment and excluding any significant non-recurring items, such as proceeds from intellectual property matters. We believe free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business that, after capital expenditures and net of proceeds from intellectual property matters, can be used for strategic opportunities, including repurchasing outstanding common stock, investing in our business, making strategic acquisitions and strengthening the balance sheet. A limitation of using free cash flow rather than the GAAP measures of cash provided by or used in operating activities, investing activities, and financing activities is that free cash flow does not represent the total increase or decrease in the cash and cash equivalents balance for the period because it excludes cash flows from significant non-recurring items, such as proceeds from intellectual property matters, investing activities other than capital expenditures and cash flows from financing activities. Management accounts for this limitation by providing information about our proceeds from intellectual property matters, our capital expenditures and other investing and financing activities on the face of the cash flow statement and under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" in our most recent Quarterly Report on Form 10-Q and Annual Report on Form 10-K and by presenting cash flows from investing and financing activities in our reconciliation of free cash flow. In addition, it is important to note that other companies, including companies in our industry, may not use free cash flow, may calculate free cash flow in a different manner than we do or may use other financial measures to evaluate their performance, all of which could reduce the usefulness of free cash flow as a comparative measure.

*Non-GAAP operating income and operating margin.* We define non-GAAP operating income as operating income plus stock-based compensation, amortization of acquired intangible assets and charges in connection with litigation settlement, less gain on intellectual property matters and, when applicable, other significant non-recurring items in a given quarter. Non-GAAP operating margin is defined as non-GAAP operating income divided by GAAP revenue. We consider these non-GAAP financial measures to be useful metrics for management and investors because they exclude the items noted above so that our management and investors can compare our recurring core business operating results over multiple periods. There are a number of limitations related to the use of non-GAAP operating income instead of operating income calculated in accordance with GAAP. First, non-GAAP operating income excludes the items noted above. Second, the components of the costs that we exclude from our calculation of non-GAAP operating income may differ from the components that peer companies exclude when they report their non-GAAP results of operations. Management accounts for these limitations by providing specific information regarding the GAAP amounts excluded from non-GAAP operating income and evaluating non-GAAP operating income together with operating income calculated in accordance with GAAP.

*Non-GAAP net income and diluted net income per share.* We define non-GAAP net income as net income plus the items noted above under non-GAAP operating income and operating margin. In addition, we adjust non-GAAP net income and diluted net income per share for a gain on bargain purchase related to acquisition, a gain from an equity method investment related to acquisition, a non-cash charge of impairment on an equity method investment and a tax adjustment required for an effective tax rate on a non-GAAP basis, which differs from the GAAP effective tax rate. We define non-GAAP diluted net income per share as non-GAAP net income divided by the non-GAAP diluted weighted-average shares outstanding. We consider these non-GAAP financial measures to be useful metrics for management and investors for the same reasons that we use non-GAAP operating income and non-GAAP operating margin. However, in order to provide a more complete picture of our recurring core business operating results, we include in non-GAAP net income and non-GAAP diluted net income per share, the tax adjustment required resulting in an effective tax rate on a non-GAAP basis, which often differs from the GAAP tax rate. We believe the non-GAAP effective tax rates we use are reasonable estimates of normalized tax rates for our current and prior fiscal years under our global operating structure. The same limitations described above regarding our use of non-GAAP operating income and non-GAAP operating margin apply to our use of non-GAAP net income and non-GAAP diluted net income per share. We account for these limitations by providing specific information regarding the GAAP amounts excluded from non-GAAP net income and non-GAAP diluted net income per share and evaluating non-GAAP net income and non-GAAP diluted net income per share together with net income and diluted net income per share calculated in accordance with GAAP.

**Fortinet, Inc.**

**Condensed Consolidated Statements Of Income**
**(Unaudited, in millions, except percentages and per share amounts)**

| | Q2'23 | Q3'23 | Q4'23 | Q1'24 | Q2'24 | Q3'24 | Q4'24 | Q1'25 | Q2'25 |
|---|---|---|---|---|---|---|---|---|---|
| Revenue: | | | | | | | | | |
| Product | $ 472.6 | $ 465.9 | $ 488.1 | $ 408.9 | $ 451.9 | $ 473.9 | $ 574.0 | $ 459.1 | $ 508.9 |
| Service | 820.2 | 868.7 | 927.0 | 944.4 | 982.4 | 1,034.2 | 1,086.1 | 1,080.6 | 1,121.1 |
| Total revenue | 1,292.8 | 1,334.6 | 1,415.1 | 1,353.3 | 1,434.3 | 1,508.1 | 1,660.1 | 1,539.7 | 1,630.0 |
| Cost of revenue: | | | | | | | | | |
| Product | 174.5 | 198.3 | 197.2 | 182.8 | 155.1 | 136.1 | 178.0 | 149.9 | 165.9 |
| Service | 121.3 | 119.4 | 118.7 | 121.9 | 119.9 | 127.3 | 136.5 | 143.2 | 149.0 |
| Total cost of revenue | 295.8 | 317.7 | 315.9 | 304.7 | 275.0 | 263.4 | 314.5 | 293.1 | 314.9 |
| Gross profit: | | | | | | | | | |
| Product | 298.1 | 267.6 | 290.9 | 226.1 | 296.8 | 337.8 | 396.0 | 309.2 | 343.0 |
| Service | 698.9 | 749.3 | 808.3 | 822.5 | 862.5 | 906.9 | 949.6 | 937.4 | 972.1 |
| Total gross profit | 997.0 | 1,016.9 | 1,099.2 | 1,048.6 | 1,159.3 | 1,244.7 | 1,345.6 | 1,246.6 | 1,315.1 |
| *Product gross margin* | *63.1%* | *57.4%* | *59.6%* | *55.3%* | *65.7%* | *71.3%* | *69.0%* | *67.3%* | *67.4%* |
| *Service gross margin* | *85.2%* | *86.3%* | *87.2%* | *87.1%* | *87.8%* | *87.7%* | *87.4%* | *86.7%* | *86.7%* |
| *Total gross margin* | *77.1%* | *76.2%* | *77.7%* | *77.5%* | *80.8%* | *82.5%* | *81.1%* | *81.0%* | *80.7%* |
| Operating expenses: | | | | | | | | | |
| Research and development | 153.3 | 156.9 | 152.5 | 173.0 | 165.4 | 187.3 | 191.1 | 198.6 | 209.5 |
| Sales and marketing | 515.9 | 504.4 | 507.4 | 501.1 | 501.3 | 515.9 | 526.5 | 542.7 | 592.0 |
| General and administrative | 49.9 | 53.5 | 55.1 | 54.4 | 56.6 | 71.7 | 55.1 | 57.8 | 56.9 |
| Gain on intellectual property matters | (1.1) | (1.1) | (1.2) | (1.1) | (1.2) | (1.1) | (1.2) | (6.3) | (1.3) |
| Total operating expenses | 718.0 | 713.7 | 713.8 | 727.4 | 722.1 | 773.8 | 771.5 | 792.8 | 857.1 |
| Operating income | 279.0 | 303.2 | 385.4 | 321.2 | 437.2 | 470.9 | 574.1 | 453.8 | 458.0 |
| *Research and development expense as a percentage of revenue* | *11.9%* | *11.8%* | *10.8%* | *12.8%* | *11.5%* | *12.4%* | *11.5%* | *12.9%* | *12.9%* |
| *Sales and marketing expense as a percentage of revenue* | *39.9%* | *37.8%* | *35.9%* | *37.0%* | *35.0%* | *34.2%* | *31.7%* | *35.2%* | *36.3%* |
| *General and administrative expense as a percentage of revenue* | *3.9%* | *4.0%* | *3.9%* | *4.0%* | *3.9%* | *4.8%* | *3.3%* | *3.8%* | *3.5%* |
| *Operating margin* | *21.6%* | *22.7%* | *27.2%* | *23.7%* | *30.5%* | *31.2%* | *34.6%* | *29.5%* | *28.1%* |
| Interest income | 31.6 | 37.0 | 30.5 | 32.2 | 38.3 | 42.4 | 42.3 | 44.3 | 45.0 |
| Interest expense | (5.2) | (5.4) | (5.4) | (5.1) | (5.0) | (5.0) | (4.9) | (4.9) | (4.6) |
| Other income (expense)—net | (6.2) | (7.0) | 5.1 | (2.9) | (2.2) | 118.1 | 6.9 | 26.1 | 18.9 |
| Income before income taxes and gain (loss) from equity method investments | 299.2 | 327.8 | 415.6 | 345.4 | 468.3 | 626.4 | 618.4 | 519.3 | 517.3 |
| Provision for (benefit from) income taxes | 27.6 | (0.3) | 95.2 | 39.5 | 76.5 | 81.2 | 86.7 | 96.5 | 77.1 |
| Gain (loss) from equity method investments | (5.3) | (5.2) | (9.5) | (6.6) | (12.0) | (5.3) | (5.5) | 10.6 | (0.1) |
| Net income | $ 266.3 | $ 322.9 | $ 310.9 | $ 299.3 | $ 379.8 | $ 539.9 | $ 526.2 | $ 433.4 | $ 440.1 |
| Net income per share: | | | | | | | | | |
| Basic | $ 0.34 | $ 0.41 | $ 0.41 | $ 0.39 | $ 0.50 | $ 0.71 | $ 0.69 | $ 0.56 | $ 0.57 |
| Diluted | $ 0.33 | $ 0.41 | $ 0.40 | $ 0.39 | $ 0.49 | $ 0.70 | $ 0.68 | $ 0.56 | $ 0.57 |
| Weighted-average shares outstanding: | | | | | | | | | |
| Basic | 785.0 | 781.2 | 764.9 | 762.4 | 763.8 | 765.0 | 766.5 | 768.3 | 765.5 |
| Diluted | 795.9 | 791.2 | 772.3 | 770.5 | 769.9 | 771.9 | 775.2 | 776.8 | 772.7 |

**Fortinet, Inc.**

**Non-GAAP Condensed Consolidated Statements Of Income**
**(Unaudited, in millions, except percentages and per share amounts)**

| | Q2'23 | Q3'23 | Q4'23 | Q1'24 | Q2'24 | Q3'24 | Q4'24 | Q1'25 | Q2'25 |
|---|---|---|---|---|---|---|---|---|---|
| Revenue: | | | | | | | | | |
| Product | $ 472.6 | $ 465.9 | $ 488.1 | $ 408.9 | $ 451.9 | $ 473.9 | $ 574.0 | $ 459.1 | $ 508.9 |
| Service | 820.2 | 868.7 | 927.0 | 944.4 | 982.4 | 1,034.2 | 1,086.1 | 1,080.6 | 1,121.1 |
| Total revenue | 1,292.8 | 1,334.6 | 1,415.1 | 1,353.3 | 1,434.3 | 1,508.1 | 1,660.1 | 1,539.7 | 1,630.0 |
| Cost of revenue: | | | | | | | | | |
| Product | 172.3 | 196.3 | 194.7 | 181.3 | 153.5 | 134.5 | 176.5 | 148.1 | 163.7 |
| Service | 113.5 | 111.5 | 110.2 | 114.6 | 112.2 | 118.5 | 123.6 | 131.3 | 136.4 |
| Total cost of revenue | 285.8 | 307.8 | 304.9 | 295.9 | 265.7 | 253.0 | 300.1 | 279.4 | 300.1 |
| Gross profit: | | | | | | | | | |
| Product | 300.3 | 269.6 | 293.4 | 227.6 | 298.4 | 339.4 | 397.5 | 311.0 | 345.2 |
| Service | 706.7 | 757.2 | 816.8 | 829.8 | 870.2 | 915.7 | 962.5 | 949.3 | 984.7 |
| Total gross profit | 1,007.0 | 1,026.8 | 1,110.2 | 1,057.4 | 1,168.6 | 1,255.1 | 1,360.0 | 1,260.3 | 1,329.9 |
| *Product gross margin* | *63.5%* | *57.9%* | *60.1%* | *55.7%* | *66.0%* | *71.6%* | *69.3%* | *67.7%* | *67.8%* |
| *Service gross margin* | *86.2%* | *87.2%* | *88.1%* | *87.9%* | *88.6%* | *88.5%* | *88.6%* | *87.8%* | *87.8%* |
| *Total gross margin* | *77.9%* | *76.9%* | *78.5%* | *78.1%* | *81.5%* | *83.2%* | *81.9%* | *81.9%* | *81.6%* |
| Operating expenses: | | | | | | | | | |
| Research and development | 133.3 | 136.9 | 132.7 | 153.2 | 144.1 | 165.4 | 168.2 | 175.6 | 184.4 |
| Sales and marketing | 485.6 | 474.9 | 478.8 | 473.5 | 474.5 | 487.2 | 496.8 | 511.1 | 556.4 |
| General and administrative | 40.0 | 43.6 | 45.2 | 44.6 | 46.4 | 57.8 | 44.1 | 47.4 | 49.3 |
| Total operating expenses | 658.9 | 655.4 | 656.7 | 671.3 | 665.0 | 710.4 | 709.1 | 734.1 | 790.1 |
| Operating income | 348.1 | 371.4 | 453.5 | 386.1 | 503.6 | 544.7 | 650.9 | 526.2 | 539.8 |
| *Research and development expense as a percentage of revenue* | *10.3%* | *10.3%* | *9.4%* | *11.3%* | *10.0%* | *11.0%* | *10.1%* | *11.4%* | *11.3%* |
| *Sales and marketing expense as a percentage of revenue* | *37.6%* | *35.6%* | *33.8%* | *35.0%* | *33.1%* | *32.3%* | *29.9%* | *33.2%* | *34.1%* |
| *General and administrative expense as a percentage of revenue* | *3.1%* | *3.3%* | *3.2%* | *3.3%* | *3.2%* | *3.8%* | *2.7%* | *3.1%* | *3.0%* |
| *Operating margin* | *26.9%* | *27.8%* | *32.0%* | *28.5%* | *35.1%* | *36.1%* | *39.2%* | *34.2%* | *33.1%* |
| Interest income | 31.6 | 37.0 | 30.5 | 32.2 | 38.3 | 42.4 | 42.3 | 44.3 | 45.0 |
| Interest expense | (5.2) | (5.4) | (5.4) | (5.1) | (5.0) | (5.0) | (4.9) | (4.9) | (4.6) |
| Other income (expense)—net | (6.2) | (7.0) | 5.1 | (2.9) | (2.2) | 11.8 | 6.9 | (13.8) | 18.9 |
| Income before income taxes and loss from equity method investments | 368.3 | 396.0 | 483.7 | 410.3 | 534.7 | 593.9 | 695.2 | 551.8 | 599.1 |
| Provision for income taxes | 62.6 | 67.3 | 82.2 | 69.8 | 90.8 | 101.0 | 118.2 | 99.3 | 107.9 |
| Loss from equity method investments | (5.3) | (5.2) | (9.5) | (6.6) | (4.0) | (5.3) | (5.5) | (0.2) | (0.1) |
| Net income | $ 300.4 | $ 323.5 | $ 392.0 | $ 333.9 | $ 439.9 | $ 487.6 | $ 571.5 | $ 452.3 | $ 491.1 |
| Net income per share: | | | | | | | | | |
| Basic | $ 0.38 | $ 0.41 | $ 0.51 | $ 0.44 | $ 0.58 | $ 0.64 | $ 0.75 | $ 0.59 | $ 0.64 |
| Diluted | $ 0.38 | $ 0.41 | $ 0.51 | $ 0.43 | $ 0.57 | $ 0.63 | $ 0.74 | $ 0.58 | $ 0.64 |
| Weighted-average shares outstanding: | | | | | | | | | |
| Basic | 785.0 | 781.2 | 764.9 | 762.4 | 763.8 | 765.0 | 766.5 | 768.3 | 765.5 |
| Diluted | 795.9 | 791.2 | 772.3 | 770.5 | 769.9 | 771.9 | 775.2 | 776.8 | 772.7 |

**Fortinet, Inc.**

**Other Metrics**
**(Unaudited, in millions, except percentages and other information)**

**Disaggregation of revenue by type**

| | Q2'23 | Q3'23 | Q4'23 | Q1'24 | Q2'24 | Q3'24 | Q4'24 | Q1'25 | Q2'25 |
|---|---|---|---|---|---|---|---|---|---|
| Revenue: | | | | | | | | | |
| Product | $ 472.6 | $ 465.9 | $ 488.1 | $ 408.9 | $ 451.9 | $ 473.9 | $ 574.0 | $ 459.1 | $ 508.9 |
| Service: | | | | | | | | | |
| Security subscription | 457.3 | 494.6 | 524.5 | 536.9 | 558.7 | 595.8 | 625.3 | 623.1 | 644.4 |
| Technical support and other | 362.9 | 374.1 | 402.5 | 407.5 | 423.7 | 438.4 | 460.8 | 457.5 | 476.7 |
| Total service revenue | 820.2 | 868.7 | 927.0 | 944.4 | 982.4 | 1,034.2 | 1,086.1 | 1,080.6 | 1,121.1 |
| Total revenue | $1,292.8 | $1,334.6 | $1,415.1 | $1,353.3 | $1,434.3 | $1,508.1 | $1,660.1 | $1,539.7 | $1,630.0 |
| *Product revenue as a percentage of total revenue* | *36.6%* | *34.9%* | *34.5%* | *30.2%* | *31.5%* | *31.4%* | *34.6%* | *29.8%* | *31.2%* |
| *Service revenue as a percentage of total revenue* | *63.4%* | *65.1%* | *65.5%* | *69.8%* | *68.5%* | *68.6%* | *65.4%* | *70.2%* | *68.8%* |

**Disaggregation of revenue by geography**

| | Q2'23 | Q3'23 | Q4'23 | Q1'24 | Q2'24 | Q3'24 | Q4'24 | Q1'25 | Q2'25 |
|---|---|---|---|---|---|---|---|---|---|
| Revenue: | | | | | | | | | |
| Americas | $ 537.0 | $ 545.6 | $ 569.1 | $ 557.0 | $ 595.3 | $ 624.0 | $ 665.9 | $ 629.8 | $ 658.8 |
| EMEA | 506.9 | 512.2 | 575.6 | 539.4 | 565.2 | 599.3 | 692.3 | 628.4 | 667.1 |
| APAC | 248.9 | 276.8 | 270.4 | 256.9 | 273.8 | 284.8 | 301.9 | 281.5 | 304.1 |
| Total revenue | $ 1,292.8 | $ 1,334.6 | $ 1,415.1 | $ 1,353.3 | $ 1,434.3 | $ 1,508.1 | $ 1,660.1 | $ 1,539.7 | $ 1,630.0 |

**Remaining performance obligations**

| | Q2'23 | Q3'23 | Q4'23 | Q1'24 | Q2'24 | Q3'24 | Q4'24 | Q1'25 | Q2'25 |
|---|---|---|---|---|---|---|---|---|---|
| Total remaining performance obligations | $ 5,145 | $ 5,303 | $ 5,747 | $ 5,806 | $ 5,916 | $ 6,081 | $ 6,420 | $ 6,493 | $ 6,642 |
| Current remaining performance obligations | $ 2,604 | $ 2,663 | $ 2,858 | $ 2,926 | $ 2,992 | $ 3,119 | $ 3,307 | $ 3,382 | $ 3,450 |

**Other information**

| | Q2'23 | Q3'23 | Q4'23 | Q1'24 | Q2'24 | Q3'24 | Q4'24 | Q1'25 | Q2'25 |
|---|---|---|---|---|---|---|---|---|---|
| Days sales outstanding | 75 | 68 | 89 | 66 | 68 | 62 | 79 | 69 | 67 |
| Inventory turns | 1.6 | 1.2 | 1.3 | 1.2 | 1.4 | 1.7 | 2.3 | 1.7 | 1.6 |
| Headcount | 13,677 | 13,618 | 13,568 | 13,522 | 13,527 | 13,986 | 14,138 | 14,556 | 14,898 |

**Fortinet, Inc.**

**Condensed Consolidated Balance Sheets**
**(Unaudited, in millions)**

| | Q2'23 | Q3'23 | Q4'23 | Q1'24 | Q2'24 | Q3'24 | Q4'24 | Q1'25 | Q2'25 |
|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | |
| Current assets: | | | | | | | | | |
| Cash and cash equivalents | $ 2,376.3 | $ 2,186.8 | $ 1,397.9 | $ 1,926.3 | $ 2,203.2 | $ 2,489.3 | $ 2,875.9 | $ 3,596.6 | $ 3,368.5 |
| Short-term investments | 937.2 | 982.0 | 1,042.5 | 1,096.8 | 1,136.1 | 1,211.4 | 1,190.6 | 1,183.9 | 1,194.4 |
| Accounts receivable—net | 1,078.8 | 1,013.8 | 1,402.0 | 996.2 | 1,083.4 | 1,044.1 | 1,463.4 | 1,174.0 | 1,215.7 |
| Inventory | 376.3 | 467.5 | 484.8 | 439.5 | 383.2 | 354.3 | 315.5 | 362.7 | 405.2 |
| Prepaid expenses and other current assets | 109.5 | 102.6 | 101.1 | 100.9 | 113.4 | 121.5 | 126.1 | 125.4 | 162.5 |
| Total current assets | 4,878.1 | 4,752.7 | 4,428.3 | 4,559.7 | 4,919.3 | 5,220.6 | 5,971.5 | 6,442.6 | 6,346.3 |
| Long-term investments | 4.2 | 1.5 | — | — | — | — | — | 35.2 | 112.0 |
| Property and equipment—net | 981.9 | 1,038.0 | 1,044.4 | 1,247.4 | 1,242.7 | 1,273.4 | 1,349.5 | 1,403.8 | 1,544.8 |
| Deferred contract costs | 558.8 | 569.9 | 605.6 | 600.0 | 596.9 | 599.4 | 622.9 | 636.2 | 665.4 |
| Deferred tax assets | 729.2 | 788.5 | 868.8 | 942.5 | 998.5 | 1,300.4 | 1,335.6 | 1,411.6 | 1,457.2 |
| Goodwill and other intangible assets—net | 170.6 | 165.0 | 161.8 | 163.1 | 158.1 | 324.4 | 350.4 | 357.4 | 382.2 |
| Other assets | 163.3 | 163.7 | 150.0 | 149.4 | 137.4 | 133.8 | 133.2 | 120.2 | 133.5 |
| Total assets | $ 7,486.1 | $ 7,479.3 | $ 7,258.9 | $ 7,662.1 | $ 8,052.9 | $ 8,852.0 | $ 9,763.1 | $ 10,407.0 | $ 10,641.4 |
| **Liabilities and stockholders' equity (deficit)** | | | | | | | | | |
| Current liabilities: | | | | | | | | | |
| Accounts payable | $ 238.3 | $ 253.9 | $ 204.3 | $ 135.2 | $ 132.1 | $ 177.9 | $ 190.9 | $ 224.5 | $ 245.2 |
| Accrued liabilities | 449.8 | 537.3 | 423.7 | 538.7 | 400.6 | 376.6 | 337.9 | 415.0 | 339.1 |
| Accrued payroll and compensation | 224.8 | 210.5 | 242.3 | 214.5 | 217.3 | 248.2 | 255.7 | 250.2 | 281.3 |
| Current portion of long-term debt | — | — | — | — | — | — | — | 498.7 | 499.0 |
| Deferred revenue | 2,587.7 | 2,647.3 | 2,848.7 | 2,912.0 | 2,975.3 | 3,081.2 | 3,276.2 | 3,339.4 | 3,412.5 |
| Total current liabilities | 3,500.6 | 3,649.0 | 3,719.0 | 3,800.4 | 3,725.3 | 3,883.9 | 4,060.7 | 4,727.8 | 4,777.1 |
| Deferred revenue | 2,540.9 | 2,638.0 | 2,886.3 | 2,877.9 | 2,920.9 | 2,930.5 | 3,084.7 | 3,079.0 | 3,155.1 |
| Long-term debt | 991.3 | 991.8 | 992.3 | 992.8 | 993.3 | 993.8 | 994.3 | 496.2 | 496.3 |
| Other liabilities | 132.1 | 126.4 | 124.7 | 128.5 | 125.2 | 135.7 | 129.6 | 141.1 | 152.5 |
| Total liabilities | 7,164.9 | 7,405.2 | 7,722.3 | 7,799.6 | 7,764.7 | 7,943.9 | 8,269.3 | 8,444.1 | 8,581.0 |
| Commitments and contingencies | | | | | | | | | |
| Stockholders' equity (deficit): | | | | | | | | | |
| Common stock | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Additional paid-in capital | 1,375.9 | 1,397.0 | 1,416.4 | 1,448.9 | 1,499.0 | 1,568.6 | 1,636.2 | 1,668.7 | 1,715.9 |
| Accumulated other comprehensive loss | (23.1) | (24.3) | (18.9) | (24.8) | (29.0) | (18.0) | (26.1) | (22.9) | (20.7) |
| Retained earnings (accumulated deficit) | (1,032.4) | (1,299.4) | (1,861.7) | (1,562.4) | (1,182.6) | (643.3) | (117.1) | 316.3 | 364.4 |
| Total stockholders' equity (deficit) | 321.2 | 74.1 | (463.4) | (137.5) | 288.2 | 908.1 | 1,493.8 | 1,962.9 | 2,060.4 |
| Total liabilities and stockholders' equity (deficit) | $ 7,486.1 | $ 7,479.3 | $ 7,258.9 | $ 7,662.1 | $ 8,052.9 | $ 8,852.0 | $ 9,763.1 | $ 10,407.0 | $ 10,641.4 |

**Fortinet, Inc.**

**Condensed Consolidated Statements Of Cash Flows**
**(Unaudited, in millions)**

| | Q2'23 | Q3'23 | Q4'23 | Q1'24 | Q2'24 | Q3'24 | Q4'24 | Q1'25 | Q2'25 |
|---|---|---|---|---|---|---|---|---|---|
| Cash flows from operating activities: | | | | | | | | | |
| Net income | $ 266.3 | $ 322.9 | $ 310.9 | $ 299.3 | $ 379.8 | $ 539.9 | $ 526.2 | $ 433.4 | $ 440.1 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | | | | | |
| Stock-based compensation | 65.0 | 64.3 | 63.4 | 62.3 | 63.9 | 65.9 | 65.8 | 66.1 | 69.1 |
| Amortization of deferred contract costs | 65.4 | 68.0 | 70.4 | 72.0 | 72.7 | 73.6 | 75.4 | 78.0 | 82.0 |
| Depreciation and amortization | 27.4 | 28.3 | 30.2 | 28.6 | 29.2 | 29.8 | 35.2 | 35.8 | 38.3 |
| Amortization of investment discounts | (5.6) | (10.2) | (11.6) | (12.2) | (12.7) | (12.4) | (11.5) | (10.3) | (9.1) |
| Other | 10.3 | 10.1 | 14.3 | 9.9 | 15.7 | (111.3) | (6.4) | (35.5) | (9.3) |
| Changes in operating assets and liabilities, net of impact of business combinations: | | | | | | | | | |
| Accounts receivable—net | 7.9 | 64.4 | (389.8) | 405.6 | (86.7) | 57.6 | (421.9) | 303.9 | (41.2) |
| Inventory | (84.9) | (100.8) | (22.5) | 36.5 | 48.7 | 19.7 | 26.3 | (34.1) | (45.5) |
| Prepaid expenses and other current assets | (19.4) | 6.1 | 1.7 | (0.1) | (12.2) | 3.3 | (4.7) | 3.4 | (35.5) |
| Deferred contract costs | (87.3) | (79.0) | (106.0) | (66.5) | (69.5) | (76.2) | (98.9) | (91.3) | (111.2) |
| Deferred tax assets | (80.7) | (59.9) | (80.2) | (73.9) | (56.4) | (57.3) | (35.6) | (30.0) | (45.3) |
| Other assets | 6.3 | 2.7 | 4.2 | (6.2) | (1.4) | (1.2) | (2.2) | 1.5 | (13.2) |
| Accounts payable | 0.5 | 14.0 | (53.5) | (61.6) | (5.6) | 35.2 | 21.8 | 24.6 | 22.2 |
| Accrued liabilities | 88.3 | 85.4 | (116.3) | 105.0 | (129.9) | (47.4) | (34.4) | 63.7 | (73.4) |
| Accrued payroll and compensation | 12.0 | (14.0) | 31.4 | (27.4) | 3.1 | 16.4 | 7.9 | (8.2) | 31.1 |
| Deferred revenue | 248.6 | 156.9 | 449.1 | 54.8 | 106.9 | 72.7 | 343.4 | 57.0 | 147.8 |
| Other liabilities | (5.0) | (8.0) | (4.0) | 4.3 | (3.6) | (0.2) | (8.8) | 5.3 | 5.0 |
| Net cash provided by operating activities | 515.1 | 551.2 | 191.7 | 830.4 | 342.0 | 608.1 | 477.6 | 863.3 | 451.9 |
| Cash flows from investing activities: | | | | | | | | | |
| Purchases of investments | (597.4) | (523.0) | (528.2) | (436.1) | (538.2) | (511.0) | (463.3) | (503.0) | (473.5) |
| Sales of investments | — | 4.0 | — | — | — | — | 0.5 | 2.8 | 2.9 |
| Maturities of investments | 250.1 | 486.4 | 483.3 | 393.4 | 511.2 | 478.1 | 509.0 | 466.9 | 402.7 |
| Purchases of property and equipment | (76.8) | (70.1) | (26.9) | (221.9) | (23.1) | (36.3) | (97.6) | (66.5) | (167.8) |
| Purchase of investment in privately held company | — | (8.5) | — | — | — | — | — | — | — |
| Payments made in connection with business combinations, net of cash acquired | — | — | — | (5.7) | — | (241.3) | (28.5) | (11.2) | (30.4) |
| Purchases of marketable equity securities | — | — | — | — | — | (16.7) | — | — | — |
| Other | — | — | 0.2 | — | — | 0.1 | — | 0.2 | (0.1) |
| Net cash used in investing activities | (424.1) | (111.2) | (71.6) | (270.3) | (50.1) | (327.1) | (79.9) | (110.8) | (266.2) |
| Cash flows from financing activities: | | | | | | | | | |
| Repurchase and retirement of common stock | — | (604.3) | (896.2) | — | — | (0.6) | — | — | (401.1) |
| Proceeds from issuance of common stock | 8.1 | 6.7 | 7.8 | 13.4 | 6.2 | 20.1 | 23.4 | 20.2 | 11.1 |
| Taxes paid related to net share settlement of equity awards | (25.2) | (31.1) | (21.7) | (42.9) | (20.2) | (16.5) | (21.3) | (52.9) | (24.1) |
| Other | (0.6) | (0.2) | — | (0.8) | — | — | (10.9) | — | (0.1) |
| Net cash provided by (used in) financing activities | (17.7) | (628.9) | (910.1) | (30.3) | (14.0) | 3.0 | (8.8) | (32.7) | (414.2) |
| Effect of exchange rate changes on cash and cash equivalents | (1.2) | (0.6) | 1.1 | (1.4) | (1.0) | 2.1 | (2.3) | 0.9 | 0.4 |
| Net increase (decrease) in cash and cash equivalents | 72.1 | (189.5) | (788.9) | 528.4 | 276.9 | 286.1 | 386.6 | 720.7 | (228.1) |
| Cash and cash equivalents—Beginning of period | 2,304.2 | 2,376.3 | 2,186.8 | 1,397.9 | 1,926.3 | 2,203.2 | 2,489.3 | 2,875.9 | 3,596.6 |
| Cash and cash equivalents—End of period | $ 2,376.3 | $ 2,186.8 | $ 1,397.9 | $ 1,926.3 | $ 2,203.2 | $ 2,489.3 | $ 2,875.9 | $ 3,596.6 | $ 3,368.5 |

**Supplemental information**

| | Q2'23 | Q3'23 | Q4'23 | Q1'24 | Q2'24 | Q3'24 | Q4'24 | Q1'25 | Q2'25 |
|---|---|---|---|---|---|---|---|---|---|
| Cash paid for income taxes, net | $ 37.9 | $ 26.3 | $ 341.4 | $ 31.1 | $ 252.1 | $ 139.8 | $ 155.9 | $ 26.8 | $ 237.2 |

**Fortinet, Inc.**

**GAAP to Non-GAAP Reconciliations**
**(Unaudited, in millions, except percentages and per share amounts)**

**Reconciliation of net cash provided by operating activities to adjusted free cash flow**

| | Q2'23 | Q3'23 | Q4'23 | Q1'24 | Q2'24 | Q3'24 | Q4'24 | Q1'25 | Q2'25 |
|---|---|---|---|---|---|---|---|---|---|
| Net cash provided by operating activities | $ 515.1 | $ 551.2 | $ 191.7 | $ 830.4 | $ 342.0 | $ 608.1 | $ 477.6 | $ 863.3 | $ 451.9 |
| Less: Purchases of property and equipment | (76.8) | (70.1) | (26.9) | (221.9) | (23.1) | (36.3) | (97.6) | (66.5) | (167.8) |
| Less: Proceeds from intellectual property matter | — | — | — | — | — | — | — | (14.0) | — |
| Free cash flow[1] | $ 438.3 | $ 481.1 | $ 164.8 | $ 608.5 | $ 318.9 | $ 571.8 | $ 380.0 | $ 782.8 | $ 284.1 |
| Add: Real estate related add backs | 59.4 | 49.7 | 2.9 | 212.1 | 5.1 | 33.0 | 78.5 | 56.2 | 143.8 |
| Adjusted free cash flow[2] | $ 497.7 | $ 530.8 | $ 167.7 | $ 820.6 | $ 324.0 | $ 604.8 | $ 458.5 | $ 839.0 | $ 427.9 |
| *Free cash flow margin* | *33.9%* | *36.0%* | *11.6%* | *45.0%* | *22.2%* | *37.9%* | *22.9%* | *50.8%* | *17.4%* |
| *Adjusted free cash flow margin* | *38.5%* | *39.8%* | *11.9%* | *60.6%* | *22.6%* | *40.1%* | *27.6%* | *54.5%* | *26.3%* |

(1) Free Cash Flow is a non-GAAP measure that we define as net cash provided by operating activities minus purchases of property and equipment and excluding any significant non-recurring items, such as proceeds from an intellectual property matter.
(2) Adjusted Free Cash Flow is a non-GAAP measure that we define as Free Cash Flow plus cash payments associated with real estate purchases and development.

**Reconciliation of total revenue to total billings**

| | Q2'23 | Q3'23 | Q4'23 | Q1'24 | Q2'24 | Q3'24 | Q4'24 | Q1'25 | Q2'25 |
|---|---|---|---|---|---|---|---|---|---|
| Total revenue | $ 1,292.8 | $ 1,334.6 | $ 1,415.1 | $ 1,353.3 | $ 1,434.3 | $ 1,508.1 | $ 1,660.1 | $ 1,539.7 | $ 1,630.0 |
| Add: Change in deferred revenue | 247.7 | 156.7 | 449.7 | 54.9 | 106.3 | 115.5 | 349.2 | 57.5 | 149.2 |
| Less: Deferred revenue balance acquired in business acquisitions | — | — | — | (1.0) | — | (41.4) | (6.8) | — | (0.8) |
| Total billings | $ 1,540.5 | $ 1,491.3 | $ 1,864.8 | $ 1,407.2 | $ 1,540.6 | $ 1,582.2 | $ 2,002.5 | $ 1,597.2 | $ 1,778.4 |

**Reconciliation of GAAP to non-GAAP results of operations measures**

| | Q2'23 | Q3'23 | Q4'23 | Q1'24 | Q2'24 | Q3'24 | Q4'24 | Q1'25 | Q2'25 |
|---|---|---|---|---|---|---|---|---|---|
| GAAP product gross profit | $ 298.1 | $ 267.6 | $ 290.9 | $ 226.1 | $ 296.8 | $ 337.8 | $ 396.0 | $ 309.2 | $ 343.0 |
| Stock-based compensation | 0.5 | 0.4 | 0.5 | 0.5 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 |
| Amortization of acquired intangible assets | 1.7 | 1.6 | 2.0 | 1.0 | 1.2 | 1.1 | 1.0 | 1.3 | 1.7 |
| Non-GAAP product gross profit | $ 300.3 | $ 269.6 | $ 293.4 | $ 227.6 | $ 298.4 | $ 339.4 | $ 397.5 | $ 311.0 | $ 345.2 |
| GAAP service gross profit | $ 698.9 | $ 749.3 | $ 808.3 | $ 822.5 | $ 862.5 | $ 906.9 | $ 949.6 | $ 937.4 | $ 972.1 |
| Stock-based compensation | 6.0 | 6.1 | 6.1 | 6.2 | 6.5 | 6.3 | 6.4 | 6.5 | 7.0 |
| Amortization of acquired intangible assets | 1.8 | 1.8 | 2.4 | 1.1 | 1.2 | 2.5 | 6.5 | 5.4 | 5.6 |
| Non-GAAP service gross profit | $ 706.7 | $ 757.2 | $ 816.8 | $ 829.8 | $ 870.2 | $ 915.7 | $ 962.5 | $ 949.3 | $ 984.7 |
| GAAP total gross profit | $ 997.0 | $ 1,016.9 | $ 1,099.2 | $ 1,048.6 | $ 1,159.3 | $ 1,244.7 | $ 1,345.6 | $ 1,246.6 | $ 1,315.1 |
| Stock-based compensation | 6.5 | 6.5 | 6.6 | 6.7 | 6.9 | 6.8 | 6.9 | 7.0 | 7.5 |
| Amortization of acquired intangible assets | 3.5 | 3.4 | 4.4 | 2.1 | 2.4 | 3.6 | 7.5 | 6.7 | 7.3 |
| Non-GAAP total gross profit | $ 1,007.0 | $ 1,026.8 | $ 1,110.2 | $ 1,057.4 | $ 1,168.6 | $ 1,255.1 | $ 1,360.0 | $ 1,260.3 | $ 1,329.9 |
| GAAP research and development expense | $ 153.3 | $ 156.9 | $ 152.5 | $ 173.0 | $ 165.4 | $ 187.3 | $ 191.1 | $ 198.6 | $ 209.5 |
| Stock-based compensation | (20.0) | (20.0) | (19.8) | (19.8) | (21.3) | (21.9) | (22.9) | (23.0) | (25.1) |
| Non-GAAP research and development expense | $ 133.3 | $ 136.9 | $ 132.7 | $ 153.2 | $ 144.1 | $ 165.4 | $ 168.2 | $ 175.6 | $ 184.4 |
| GAAP sales and marketing expense | $ 515.9 | $ 504.4 | $ 507.4 | $ 501.1 | $ 501.3 | $ 515.9 | $ 526.5 | $ 542.7 | $ 592.0 |
| Stock-based compensation | (29.3) | (28.5) | (27.7) | (26.7) | (25.9) | (27.0) | (25.7) | (26.5) | (29.7) |
| Amortization of acquired intangible assets | (1.0) | (1.0) | (0.9) | (0.9) | (0.9) | (1.7) | (4.0) | (5.1) | (5.9) |
| Non-GAAP sales and marketing expense | $ 485.6 | $ 474.9 | $ 478.8 | $ 473.5 | $ 474.5 | $ 487.2 | $ 496.8 | $ 511.1 | $ 556.4 |
| GAAP general and administrative expense | $ 49.9 | $ 53.5 | $ 55.1 | $ 54.4 | $ 56.6 | $ 71.7 | $ 55.1 | $ 57.8 | $ 56.9 |
| Stock-based compensation | (9.9) | (9.9) | (9.9) | (9.8) | (10.2) | (10.7) | (11.0) | (10.4) | (7.6) |
| Litigation-related matter | — | — | — | — | — | (3.2) | — | — | — |
| Non-GAAP general and administrative expense | $ 40.0 | $ 43.6 | $ 45.2 | $ 44.6 | $ 46.4 | $ 57.8 | $ 44.1 | $ 47.4 | $ 49.3 |
| GAAP total operating expense | $ 718.0 | $ 713.7 | $ 713.8 | $ 727.4 | $ 722.1 | $ 773.8 | $ 771.5 | $ 792.8 | $ 857.1 |
| Stock-based compensation | (59.2) | (58.4) | (57.4) | (56.3) | (57.4) | (59.6) | (59.6) | (59.9) | (62.4) |
| Amortization of acquired intangible assets | (1.0) | (1.0) | (0.9) | (0.9) | (0.9) | (1.7) | (4.0) | (5.1) | (5.9) |
| Litigation-related matter | — | — | — | — | — | (3.2) | — | — | — |
| Gain on IP matters | 1.1 | 1.1 | 1.2 | 1.1 | 1.2 | 1.1 | 1.2 | 6.3 | 1.3 |
| Non-GAAP total operating expense | $ 658.9 | $ 655.4 | $ 656.7 | $ 671.3 | $ 665.0 | $ 710.4 | $ 709.1 | $ 734.1 | $ 790.1 |
| GAAP operating income | $ 279.0 | $ 303.2 | $ 385.4 | $ 321.2 | $ 437.2 | $ 470.9 | $ 574.1 | $ 453.8 | $ 458.0 |
| Stock-based compensation | 65.7 | 64.9 | 64.0 | 63.0 | 64.3 | 66.4 | 66.5 | 66.9 | 69.9 |
| Amortization of acquired intangible assets | 4.5 | 4.4 | 5.3 | 3.0 | 3.3 | 5.3 | 11.5 | 11.8 | 13.2 |
| Litigation-related matter | — | — | — | — | — | 3.2 | — | — | — |
| Gain on IP matters | (1.1) | (1.1) | (1.2) | (1.1) | (1.2) | (1.1) | (1.2) | (6.3) | (1.3) |
| Non-GAAP operating income | $ 348.1 | $ 371.4 | $ 453.5 | $ 386.1 | $ 503.6 | $ 544.7 | $ 650.9 | $ 526.2 | $ 539.8 |
| GAAP provision for (benefit from) income taxes | $ 27.6 | $ (0.3) | $ 95.2 | $ 39.5 | $ 76.5 | $ 81.2 | $ 86.7 | $ 96.5 | $ 77.1 |
| Tax adjustments related to the above | 35.0 | 67.6 | (13.0) | 30.3 | 14.3 | 19.8 | 31.5 | 2.8 | 30.8 |
| Non-GAAP provision for income taxes | $ 62.6 | $ 67.3 | $ 82.2 | $ 69.8 | $ 90.8 | $ 101.0 | $ 118.2 | $ 99.3 | $ 107.9 |
| *Non-GAAP effective tax rate* | 17% | 17% | 17% | 17% | 17% | 17% | 17% | 18% | 18% |
| GAAP net income | $ 266.3 | $ 322.9 | $ 310.9 | $ 299.3 | $ 379.8 | $ 539.9 | $ 526.2 | $ 433.4 | $ 440.1 |
| Stock-based compensation | 65.7 | 64.9 | 64.0 | 63.0 | 64.3 | 66.4 | 66.5 | 66.9 | 69.9 |
| Amortization of acquired intangible assets | 4.5 | 4.4 | 5.3 | 3.0 | 3.3 | 5.3 | 11.5 | 11.8 | 13.2 |
| Litigation-related matter | — | — | — | — | — | 3.2 | — | — | — |
| Gain on IP matters | (1.1) | (1.1) | (1.2) | (1.1) | (1.2) | (1.1) | (1.2) | (6.3) | (1.3) |
| Gain on bargain purchase | — | — | — | — | — | (106.3) | — | (39.9) | — |
| Tax adjustment | (35.0) | (67.6) | 13.0 | (30.3) | (14.3) | (19.8) | (31.5) | (2.8) | (30.8) |
| Gain from equity method investment | — | — | — | — | — | — | — | (10.8) | — |
| Non-cash charge on equity method investment | — | — | — | — | 8.0 | — | — | — | — |
| Non-GAAP net income | $ 300.4 | $ 323.5 | $ 392.0 | $ 333.9 | $ 439.9 | $ 487.6 | $ 571.5 | $ 452.3 | $ 491.1 |
| GAAP net income per share, diluted | $ 0.33 | $ 0.41 | $ 0.40 | $ 0.39 | $ 0.49 | $ 0.70 | $ 0.68 | $ 0.56 | $ 0.57 |
| Stock-based compensation | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.09 | 0.09 | 0.09 | 0.09 |
| Amortization of acquired intangible assets | 0.01 | 0.01 | 0.01 | — | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 |
| Litigation-related matter | — | — | — | — | — | — | — | — | — |
| Gain on IP matters | — | — | — | — | — | — | — | (0.01) | — |
| Gain on bargain purchase | — | — | — | — | — | (0.14) | — | (0.05) | — |
| Tax adjustment | (0.04) | (0.09) | 0.02 | (0.04) | (0.02) | (0.03) | (0.04) | (0.01) | (0.04) |
| Gain from equity method investment | — | — | — | — | — | — | — | (0.01) | — |
| Non-cash charge on equity method investment | — | — | — | — | 0.01 | — | — | — | — |
| Non-GAAP net income per share, diluted | $ 0.38 | $ 0.41 | $ 0.51 | $ 0.43 | $ 0.57 | $ 0.63 | $ 0.74 | $ 0.58 | $ 0.64 |
| Shares used in diluted net income per share calculations | 795.9 | 791.2 | 772.3 | 770.5 | 769.9 | 771.9 | 775.2 | 776.8 | 772.7 |