



Q4 2024 Financial Results

February 6, 2025

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Important factors that could cause results to differ materially from the statements herein include the following: general economic risks, including those caused by economic challenges, a possible economic downturn or recession and the effects of inflation or stagflation, rising interest rates or reduced information technology spending; supply chain challenges; negative impacts from the ongoing war in Ukraine and its related macroeconomic effects and our decision to reduce operations in Russia; competitiveness in the security market; the dynamic nature of the security market and its products and services; specific economic risks worldwide and in different geographies, and among different customer segments; uncertainty regarding demand and increased business and renewals from existing customers; sales execution risks, including risks in connection with the timing and completion of large strategic deals; uncertainties around continued success in sales growth and market share gains; uncertainties in market opportunities and the market size; actual or perceived vulnerabilities in our supply chain, products or services, and any actual or perceived breach of our network or our customers' networks; longer sales cycles, particularly for larger enterprise, service providers, government and other large organization customers; the effectiveness of our salesforce and failure to convert sales pipeline into final sales; risks associated with successful implementation of multiple integrated software products and other product functionality risks; risks associated with integrating acquisitions and changes in circumstances and plans associated therewith, including, among other risks, changes in plans related to product and services integrations, product and services plans and sales strategies; sales and marketing execution risks; execution risks around new product development and introductions and innovation; litigation and disputes and the potential cost, distraction and damage to sales and reputation caused thereby or by other factors; cybersecurity threats, breaches and other disruptions; market acceptance of new products and services; the ability to attract and retain personnel; changes in strategy; risks associated with management of growth; lengthy sales and implementation cycles, particularly in larger organizations; technological changes that make our products and services less competitive, including advances in artificial intelligence; risks associated with the adoption of, and demand for, our products and services in general and by specific customer segments, including those caused by competition and pricing pressure; excess product inventory for any reason, including those caused by the effects of increased inflation and interest rates in certain geographies and the war in Ukraine; risks associated with business disruption caused by natural disasters and health emergencies such as earthquakes, fires, power outages, typhoons, floods, health epidemics and viruses, and by manmade events such as civil unrest, labor disruption, international trade disputes, international conflicts such as the war in Ukraine or tensions between China and Taiwan, terrorism, wars, and critical infrastructure attacks; tariffs, trade disputes and other trade barriers, and negative impact on sales based on geo-political dynamics and disputes and protectionist policies, including the impact of any future shutdowns of the U.S. government and the transition in administrations; and the other risk factors set forth from time to time in our most recent Annual Report on Form 10-K, our most recent Quarterly Report on Form 10-Q and our other filings with the Securities and Exchange Commission ("SEC"), copies of which are available free of charge at the SEC's website at www.sec.gov or upon request from our investor relations department. All forward-looking statements herein reflect our opinions only as of the date of these presentation slides, and we undertake no obligation, and expressly disclaim any obligation, to update forward-looking statements herein in light of new information or future events.





The **Most Trusted** US-based Cybersecurity Company

Fortinet is the only cybersecurity company in the Top 50, ranked #7 in the Forbes Most Trusted Companies 2025 list.



Fortinet Secures **Over 830,000** Organizations Worldwide

80% of the Fortune 100 and **72%** of the Global 2000 depend on Fortinet to stay secure

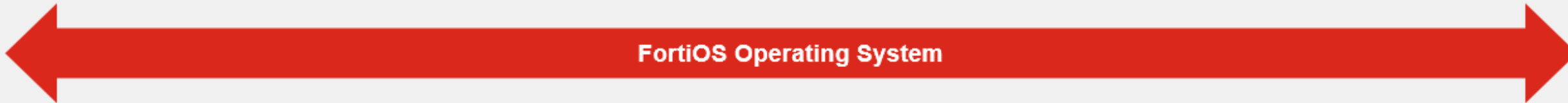


Notes: Industry categories are based on 2024 billings from the G2000 list. G2000 - based off of the 2024 Forbes list; total number of accounts is 1,939 after factoring in M&A activity since publication. F100 - based off of the 2024 Fortune list; total number of accounts is 100 after factoring in M&A activity since publication.

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The Most Integrated Operating System

Single OS with leadership in five network security Gartner Magic Quadrants



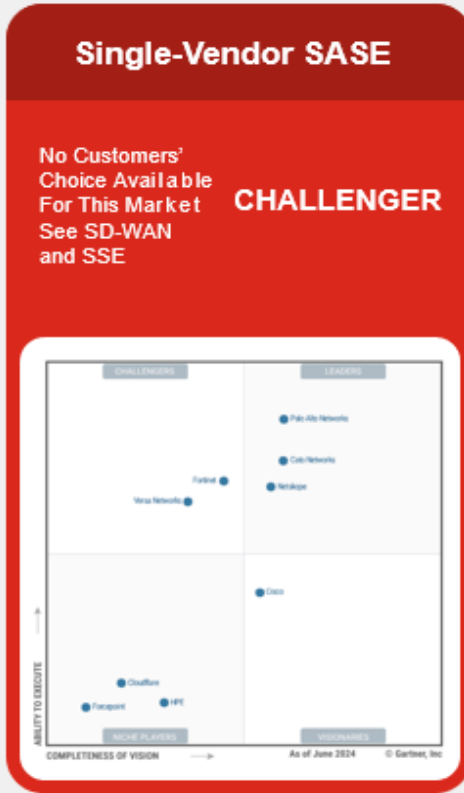
Gartner[®] Magic Quadrant[™] for Network Firewalls – Published 19 December 2022 – Rajpreet Kaur, Adam Hills, Thomas Linternuth



Gartner[®] Magic Quadrant[™] for SD- WAN – Published 27 September 2023 – Jonathan Forest, Naresh Singh, Andrew Lerner, Karen Brown



Gartner[®] Magic Quadrant[™] for Enterprise Wired and Wireless LAN Infrastructure – Published 08 March 2024 – Tim Zimmerman, Christian Canales, Nauman Raja, Mike Leibovitz



Gartner, Magic Quadrant[™] for Single-Vendor SASE, Andrew Lerner, Jonathan Forest, Neil MacDonald, Charlie Winckless, 3 July 2024.



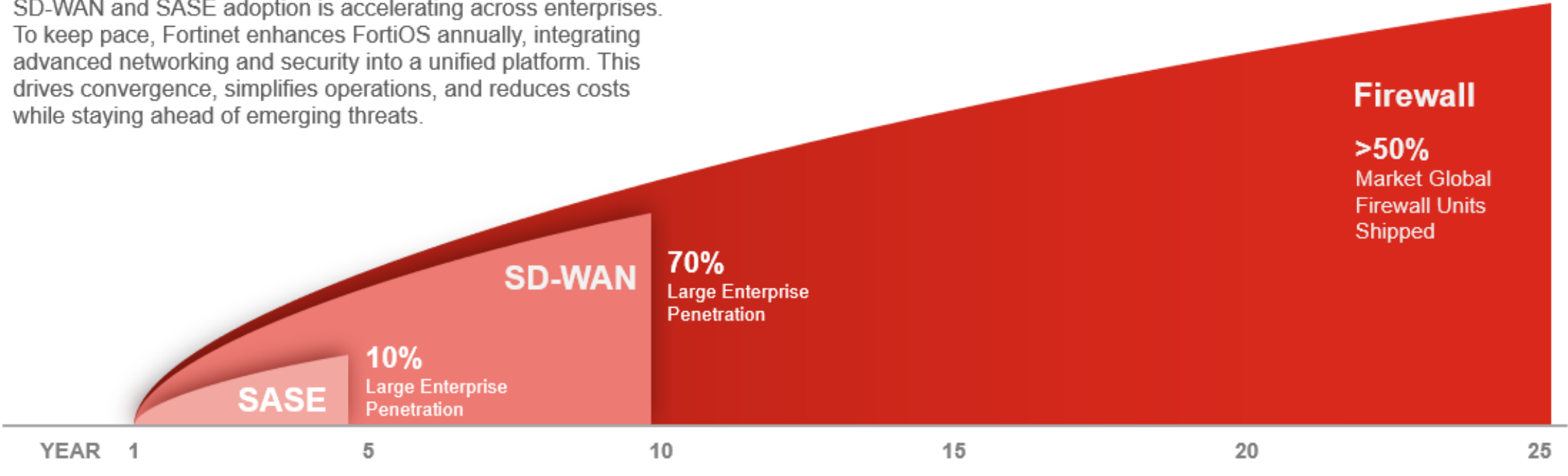
Gartner[®] Magic Quadrant[™] for Security Service Edge – Published 15 April 2024 – Charlie Winckless, Thomas Linternuth, Dale Koeppen



FortiOS Advantage

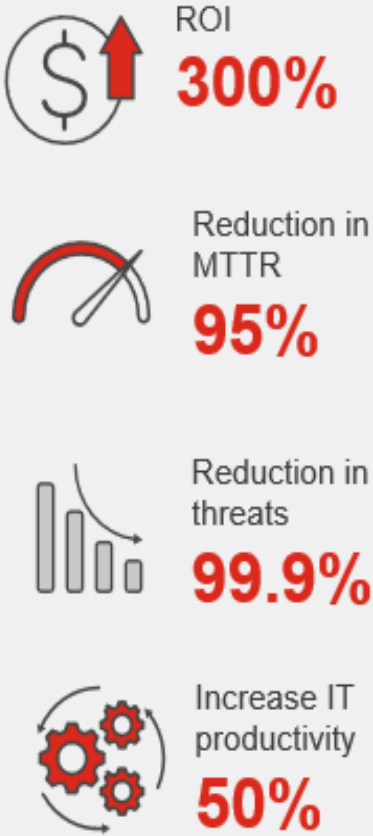
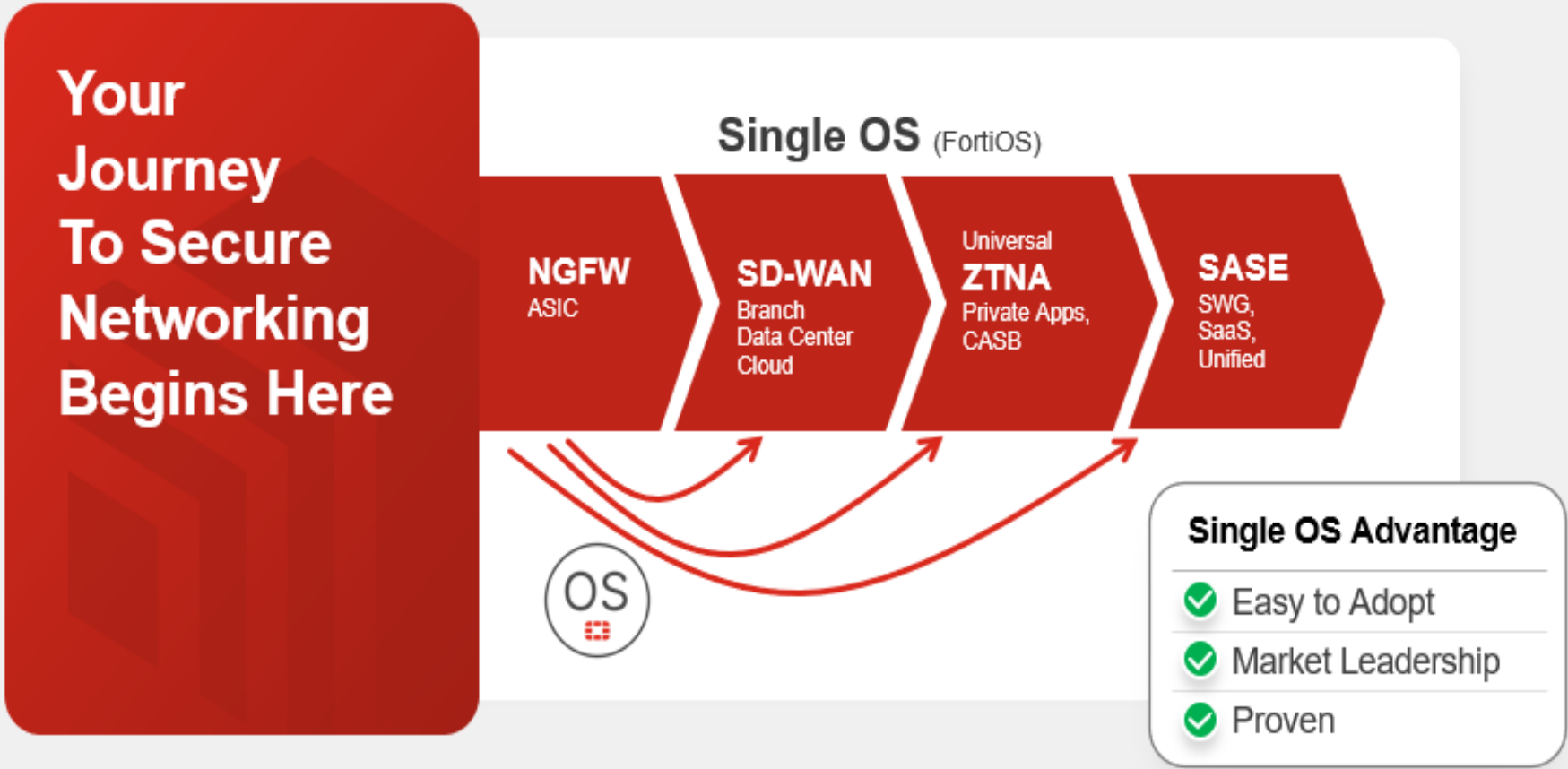


SD-WAN and SASE adoption is accelerating across enterprises. To keep pace, Fortinet enhances FortiOS annually, integrating advanced networking and security into a unified platform. This drives convergence, simplifies operations, and reduces costs while staying ahead of emerging threats.

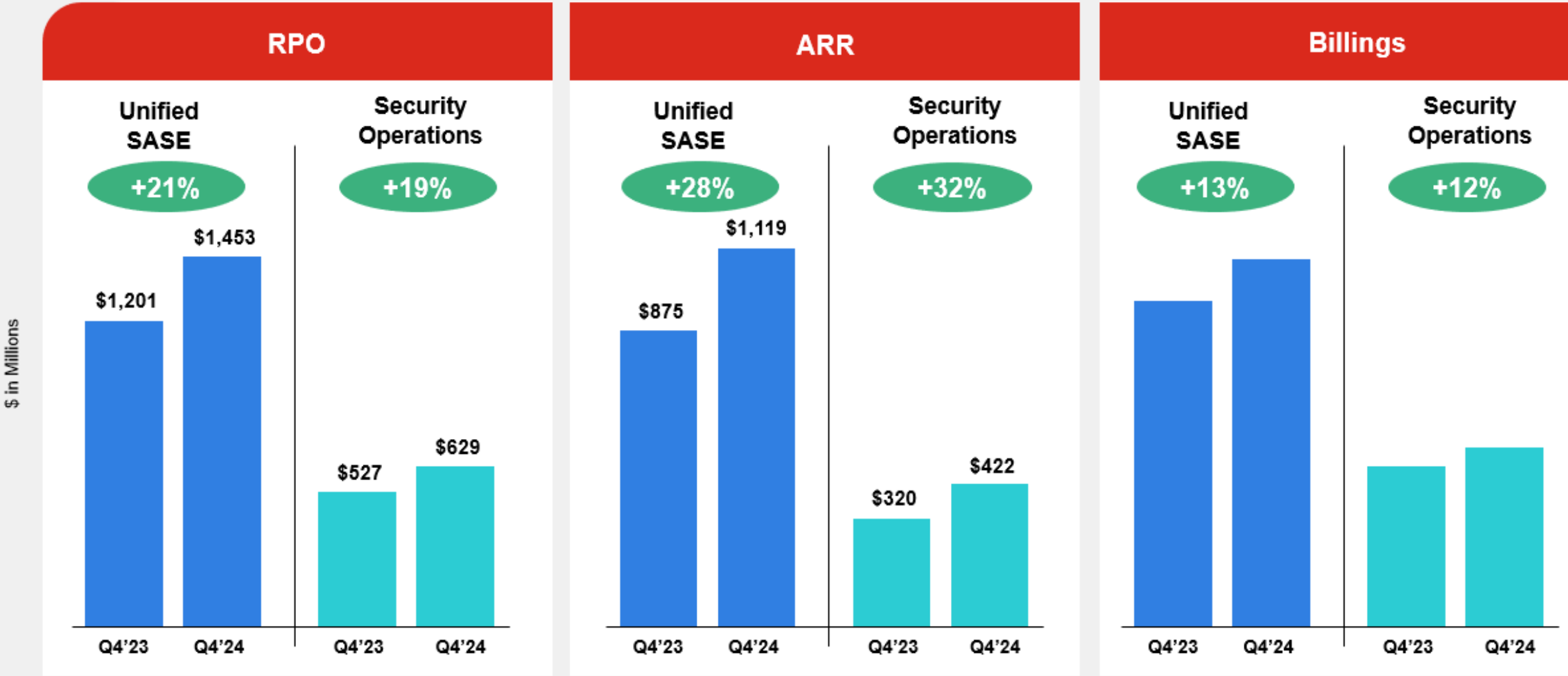


The Fortinet Journey: A Seamless Security Evolution

With FortiGate NGFW, customers gain industry-leading protection and can seamlessly activate SD-WAN for optimized performance and extend to SASE for secure remote access.



Unified SASE and Security Operations RPO, ARR, and Billings Growth



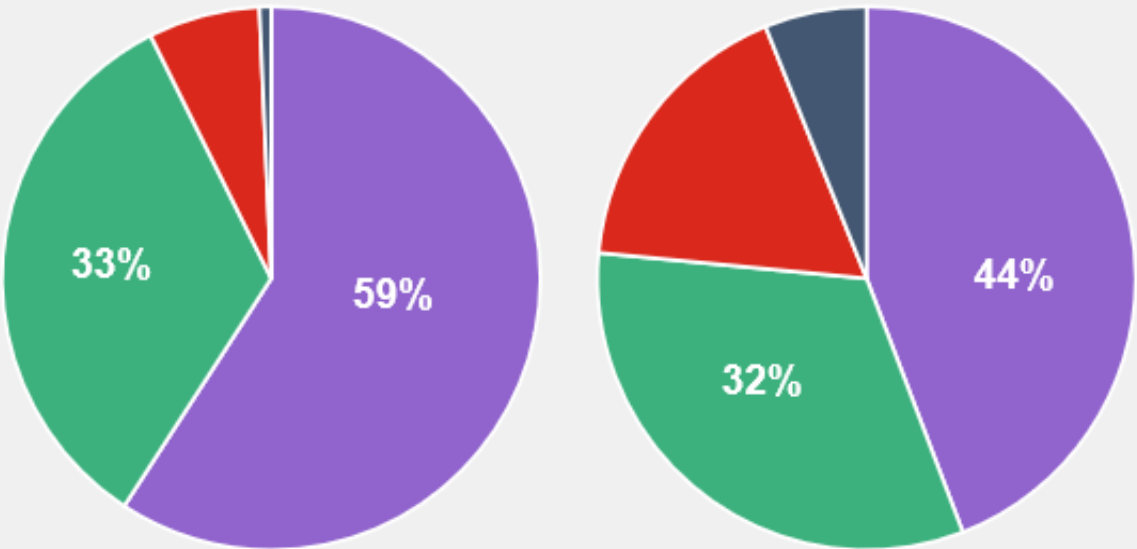
Note: Unified SASE includes SD-WAN (based on a percentage of FortiGate billings), SSE and related solutions. ARR is defined as the annualized value of renewable / recurring customer agreements as of the measurement date, assuming any contract that expires during the next 12 months is renewed at its existing value.

Cross-selling SASE and SecOps to our Existing Customer Base¹

Customer Type

SASE

SecOps

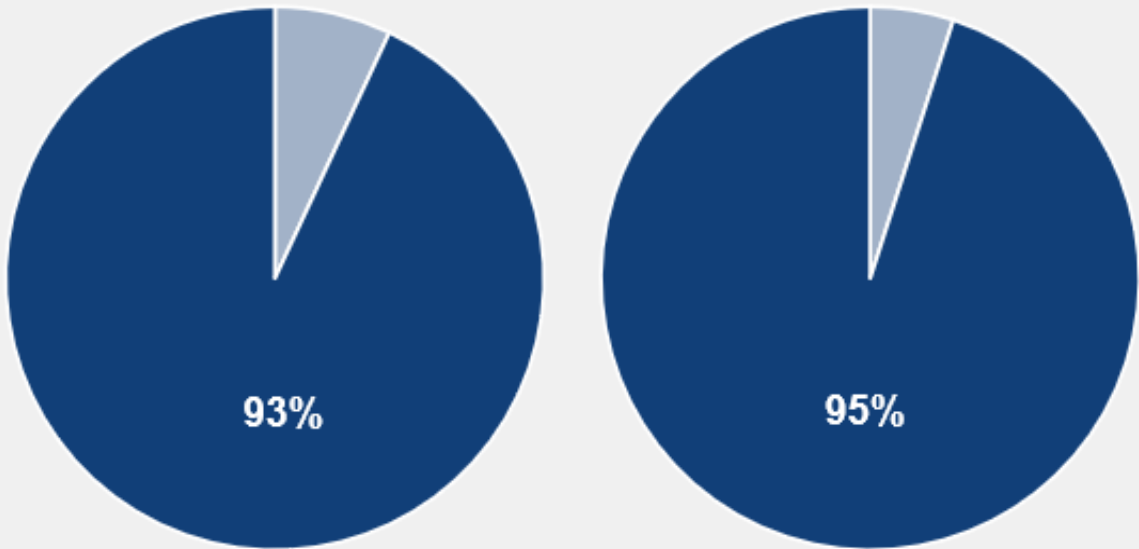


Large Enterprise Mid Enterprise
Small Enterprise SP/MSSP


Customer Relationship

SASE

SecOps



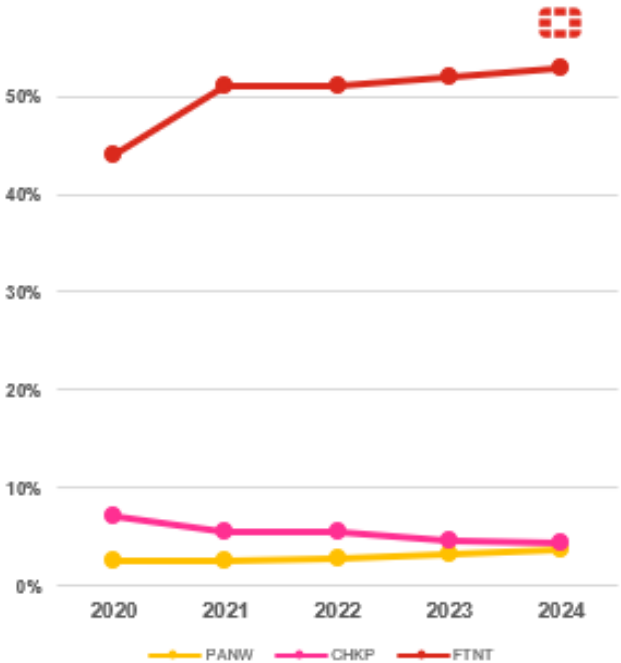
Existing Customer New Customer

 Note 1: Based on invoiced amounts for the quarter ended December 31, 2024.

Leader in Network Firewall Security

Firewall Units Shipped

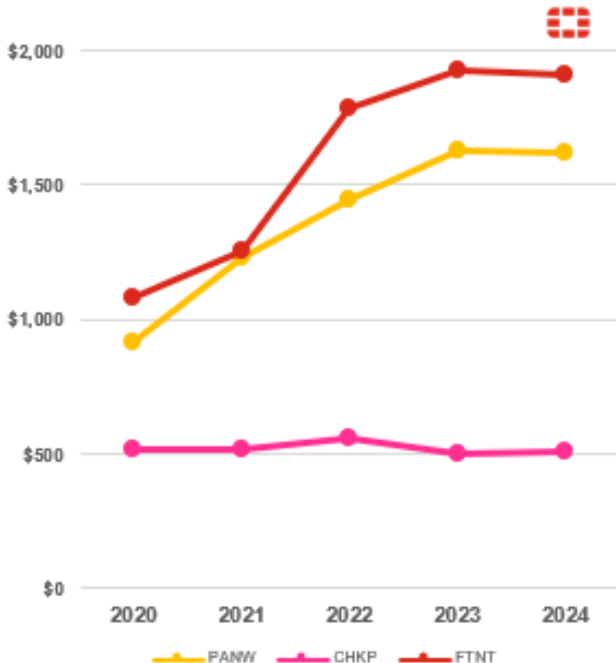
Market Share Leader



Source: 650 Group

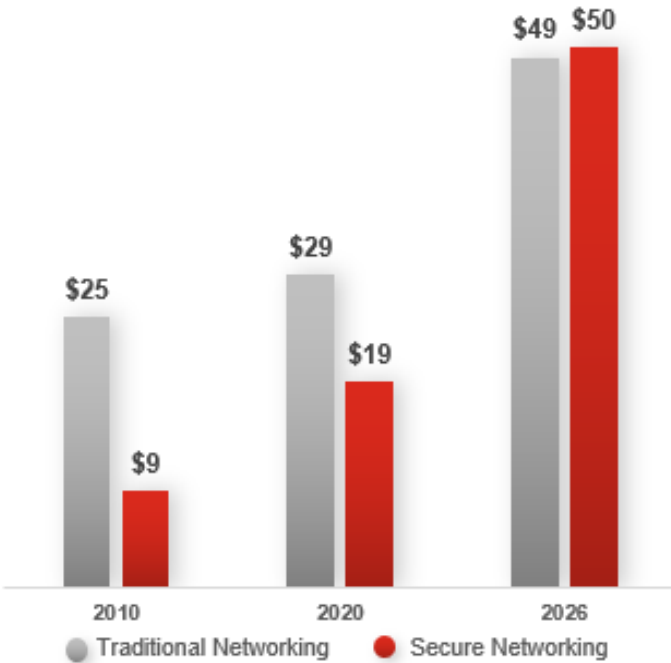
Product Revenue

Leader



Convergence of Networking & Security

Secure Networking > Traditional Networking by 2026



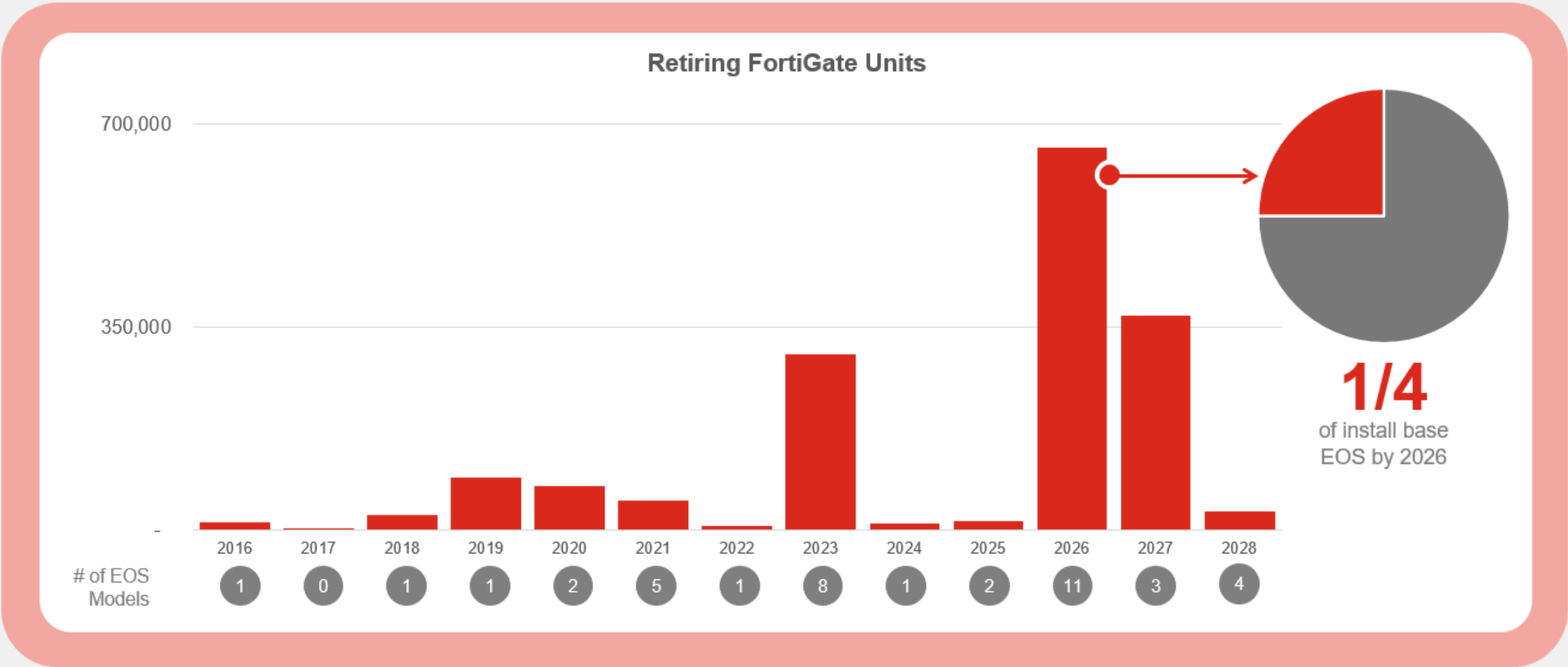
Source: Fortinet company estimates based on Gartner forecast data



Note: PANW 2024 product revenue is based on actuals for 3QFY24 – 1QFY25 and consensus estimates for 2QFY25 as 2QFY25 actuals have not yet been released as of the date of this presentation.

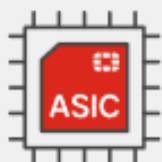
Secure Networking – Upgrade

2026 Upgrade is Underway, Adding Product Revenue and Service Upsell/Expansion



Average Cumulative Closed Won Multiple after quarter of 1st Sale per Account by Market Segment. Data is based on Global Parent. Large enterprise is defined as companies with annual revenues of greater than \$10 billion.

New FortiGate Entry G Series



Patented ASIC with industry-first security and networking convergence



Single OS with 30+ integrated security and networking solutions



AI-powered security services against know, unknow and zero-day threats



Gen-AI driven management assistant for optimal operational efficiency

FortiGate 30G



4X

Firewall Throughput

10X

IPSec VPN Throughput

Small / Home Office

FortiGate 50G



3X

Firewall Throughput

8X

IPSec VPN Throughput

2X

Threat Protection

Small Retail / Branch

FortiGate 70G



7X

Firewall Throughput

11X

IPSec VPN Throughput

3X

Threat Protection

42X

Watts/Gbps Firewall Throughput

Mid Retail / Branch

**Delivering Unmatched Performance and Energy Efficiency
than the Industry Average**





Linksys: 35+ years shaping wireless technology worldwide

Linksys is transforming home and remote connectivity with enterprise-grade security.

As a leader in Wi-Fi and networking, Linksys—backed by Fortinet's security expertise—empowers remote workers, home businesses, and consumers with advanced protection.

We are redefining secure home networking, closing the gap between enterprise and consumer security for a safer, more secure future.

250M+

Units shipped

25M

Active unit
Install base

100+

Awards



Q4 2024 Non-GAAP Results

	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
Billings ⁽¹⁾	\$1.719B	\$1.503B	\$1.541B	\$1.491B	\$1.865B	\$1.407B	\$1.541B	\$1.582B	\$2.003B
Y/Y % Change	31.6%	29.6%	18.1%	5.7%	8.5%	(6.4)%	—%	6.1%	7.4%
Revenue	\$1.283B	\$1.262B	\$1.293B	\$1.335B	\$1.415B	\$1.353B	\$1.434B	\$1.508B	\$1.660B
Y/Y % Change	33.1%	32.2%	25.5%	16.1%	10.3%	7.2%	10.9%	13.0%	17.3%
Product Revenue	\$540.1M	\$500.7M	\$472.6M	\$465.9M	\$488.1M	\$408.9M	\$451.9M	\$473.9M	\$574.0M
Y/Y % Change	42.5%	35.0%	17.9%	(0.6)%	(9.6)%	(18.3)%	(4.4)%	1.7%	17.6%
Service Revenue	\$742.9M	\$761.6M	\$820.2M	\$868.7M	\$927.0M	\$944.4M	\$982.4M	\$1.034B	\$1.086B
Y/Y % Change	27.1%	30.5%	30.3%	27.6%	24.8%	24.0%	19.8%	19.1%	17.2%
% of Total Revenue	58%	60%	63%	65%	66%	70%	69%	69%	65%

Note

- (1) Billings is a non-GAAP measure that we define 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.



Q4 2024 Non-GAAP Results

	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
Gross Profit ⁽¹⁾	\$996.0M	\$963.6M	\$1.01B	\$1.03B	\$1.11B	\$1.06B	\$1.17B	\$1.26B	\$1.36B
Gross Margin ⁽¹⁾	77.6%	76.3%	77.9%	76.9%	78.5%	78.1%	81.5%	83.2%	81.9%
Operating Income ⁽¹⁾⁽²⁾	\$417.6M	\$334.0M	\$348.1M	\$371.4M	\$453.5M	\$386.1M	\$503.6M	\$544.7M	\$650.9M
Operating Margin ⁽¹⁾⁽²⁾	32.5%	26.5%	26.9%	27.8%	32.0%	28.5%	35.1%	36.1%	39.2%
Net Income ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	\$349.7M	\$269.7M	\$300.4M	\$323.5M	\$392.0M	\$333.9M	\$439.9M	\$487.6M	\$571.5M
Diluted Net Income per Share ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	\$0.44	\$0.34	\$0.38	\$0.41	\$0.51	\$0.43	\$0.57	\$0.63	\$0.74
Weighted Diluted Shares Outstanding	791.8M	793.4M	795.9M	791.2M	772.3M	770.5M	769.9M	771.9M	775.2M
Deferred Revenue	\$4.64B	\$4.88B	\$5.13B	\$5.29B	\$5.74B	\$5.79B	\$5.90B	\$6.01B	\$6.36B
Remaining Performance Obligations	\$4.65B	\$4.91B	\$5.15B	\$5.30B	\$5.75B	\$5.81B	\$5.92B	\$6.08B	\$6.42B
Stock Repurchases	—	—	—	\$605.2M	\$895.3M	—	—	\$0.6M	\$—M
Days Sales Outstanding	89	78	75	68	89	66	68	62	79
Inventory Turns	2.8	2.3	1.6	1.2	1.3	1.2	1.4	1.7	2.3
Headcount	12,595	13,202	13,677	13,618	13,568	13,522	13,527	13,986	14,138

Notes

- (1) Excludes stock-based compensation and amortization of acquired intangible assets.
- (2) Excludes charges in connection with litigation settlement and gain on intellectual property ("IP") matters.
- (3) Assumes a quarterly effective tax rate of 17% for 2022, 2023 and 2024.
- (4) Excludes a gain on bargain purchase related to our acquisition of Lacework Inc. ("Lacework") and a non-cash charge, primarily comprised of the impairment recognized on our equity method investment in Linksys Holdings Inc. ("Linksys") and other intervening events related to the establishment of a valuation allowance against Linksys deferred tax assets.



2024 Non-GAAP Results

	2022	2023	2024
Billings ⁽¹⁾	\$5.594B	\$6.400B	\$6.533B
Y/Y % Change	33.8%	14.4%	2.1%
Revenue	\$4.417B	\$5.305B	\$5.956B
Y/Y % Change	32.2%	20.1%	12.3%
Product Revenue	\$1.781B	\$1.927B	\$1.909B
Y/Y % Change	41.9%	8.2%	(1.0)%
Service Revenue	\$2.637B	\$3.378B	\$4.047B
Y/Y % Change	26.3%	28.1%	19.8%
Gross Profit ⁽²⁾	\$3.37B	\$4.11B	\$4.84B
Gross Margin (%) ⁽²⁾	76.3%	77.4%	81.3%
Operating Income ⁽²⁾⁽³⁾	\$1.21B	\$1.51B	\$2.09B
Operating Margin (%) ⁽²⁾⁽³⁾	27.3%	28.4%	35.0%
Net Income Attributable to Fortinet, Inc. ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	\$961.6M	\$1.29B	\$1.83B
Diluted Net Income per Share Attributable to Fortinet, Inc. ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	\$1.19	\$1.63	\$2.37
Weighted Diluted Shares Used to Compute Net Income per Share Attributable to Fortinet, Inc. ⁽⁷⁾	805.3M	788.2M	771.9M

Notes

- (1) Billings is a non-GAAP measure that we define 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.
- (2) Excludes stock-based compensation and amortization of acquired intangible assets.
- (3) Excludes gain on IP and litigation-related matters.
- (4) Assumes an annual effective tax rate of 17% for 2022, 2023 and 2024.
- (5) Excludes a non-cash charge, primarily comprised of the impairment recognized on our equity method investment in Linksys and other intervening events related to the establishment of a valuation allowance against Linksys deferred tax assets.
- (6) Excludes the adjustments attributable to non-controlling interests.
- (7) All share and per share amounts presented herein have been retroactively adjusted to reflect the five-for-one forward stock split which was effective June 22, 2022.



Quarterly Revenue by Geography

	Q4'22		Q1'23		Q2'23		Q3'23		Q4'23		Q1'24		Q2'24		Q3'24		Q4'24	
(\$ in millions) % is Y/Y % Change	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Americas	\$521.2	36.9%	\$523.5	36.8%	\$537.0	29.8%	\$545.6	16.7%	\$569.1	9.2%	\$557.0	6.4%	\$595.3	10.9%	\$624.0	14.4%	\$665.9	17.0%
EMEA	\$510.1	37.6%	\$478.2	38.2%	\$506.9	29.4%	\$512.2	15.4%	\$575.6	12.8%	\$539.4	12.8%	\$565.2	11.5%	\$599.3	17.0%	\$692.3	20.3%
APAC	\$251.7	18.7%	\$260.6	15.2%	\$248.9	10.8%	\$276.8	16.3%	\$270.4	7.4%	\$256.9	(1.4)%	\$273.8	10.0%	\$284.8	2.9%	\$301.9	11.6%
Total	\$1,283.0	33.1%	\$1,262.3	32.2%	\$1,292.8	25.5%	\$1,334.6	16.1%	\$1,415.1	10.3%	\$1,353.3	7.2%	\$1,434.3	10.9%	\$1,508.1	13.0%	\$1,660.1	17.3%

% of revenue	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
Americas	40.6%	41.5%	41.5%	40.9%	40.2%	41.1%	41.5%	41.4%	40.1%
EMEA	39.8%	37.9%	39.2%	38.4%	40.7%	39.9%	39.4%	39.7%	41.7%
APAC	19.6%	20.6%	19.3%	20.7%	19.1%	19.0%	19.1%	18.9%	18.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



Annual Revenue by Geography (Continued)

	2022		2023		2024	
(\$ in millions) % is Y/Y % Change	\$	%	\$	%	\$	%
Americas	\$1,785.0	31.4%	\$2,175.2	21.9%	\$2,442.2	12.3%
EMEA	\$1,691.8	32.6%	\$2,072.9	22.5%	\$2,396.2	15.6%
APAC	\$940.6	32.9%	\$1,056.7	12.3%	\$1,117.4	5.7%
Total	\$4,417.4	32.2%	\$5,304.8	20.1%	\$5,955.8	12.3%

% of revenue	2022	2023	2024
Americas	40.4%	41.0%	41.0%
EMEA	38.3%	39.1%	40.2%
APAC	21.3%	19.9%	18.8%
Total	100.0%	100.0%	100.0%



Statement of Cash Flows (Non-GAAP)

(\$ in millions)	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
GAAP Net Income Including gain on bargain purchase	\$313.8	\$247.7	\$266.3	\$322.9	\$310.9	\$299.3	\$379.8	\$539.9	\$526.2
Depreciation, Amortization and Stock-Based Compensation	82.0	83.8	92.4	92.6	93.6	90.9	93.1	95.7	101.0
Accounts Receivable	(294.0)	171.1	7.9	64.4	(389.8)	405.6	(86.7)	57.6	(421.9)
Inventory	(49.4)	(45.3)	(84.9)	(100.8)	(22.5)	36.5	48.7	19.7	26.3
Deferred Revenue	434.7	240.7	248.6	156.9	449.1	54.8	106.9	72.7	343.4
Gain on Bargain purchase	—	—	—	—	—	—	—	(106.3)	—
Other	41.0	(20.5)	(15.2)	15.2	(249.6)	(56.7)	(199.8)	(71.2)	(97.4)
GAAP Cash Flow from Operations	\$528.1	\$677.5	\$515.1	\$551.2	\$191.7	\$830.4	\$342.0	\$608.1	\$477.6
Purchases of Property and Equipment	(30.9)	(30.3)	(76.8)	(70.1)	(26.9)	(221.9)	(23.1)	(36.3)	(97.6)
Free Cash Flow	\$497.2	\$647.2	\$438.3	\$481.1	\$164.8	\$608.5	\$318.9	\$571.8	\$380.0
Issuance of Common Stock, Net of Taxes	(23.9)	(13.3)	(17.1)	(24.4)	(13.9)	(29.5)	(14.0)	3.6	2.1
Stock Repurchases	—	—	—	(604.3)	(896.2)	—	—	(0.6)	—
Acquisitions	(30.8)	—	—	—	—	(5.7)	—	(241.3)	(28.5)
Other	(0.4)	4.3	1.8	0.2	15.4	9.4	11.3	27.9	12.2
Change in Cash, Investments, and Marketable Equity Securities	\$442.1	\$638.2	\$423.0	\$(147.4)	\$(729.9)	\$582.7	\$316.2	\$361.4	\$365.8
Supplemental information: Cash Paid for Taxes—net	\$62.6	\$20.7	\$37.9	\$26.3	\$341.4	\$31.1	\$252.1	\$139.8	\$155.9

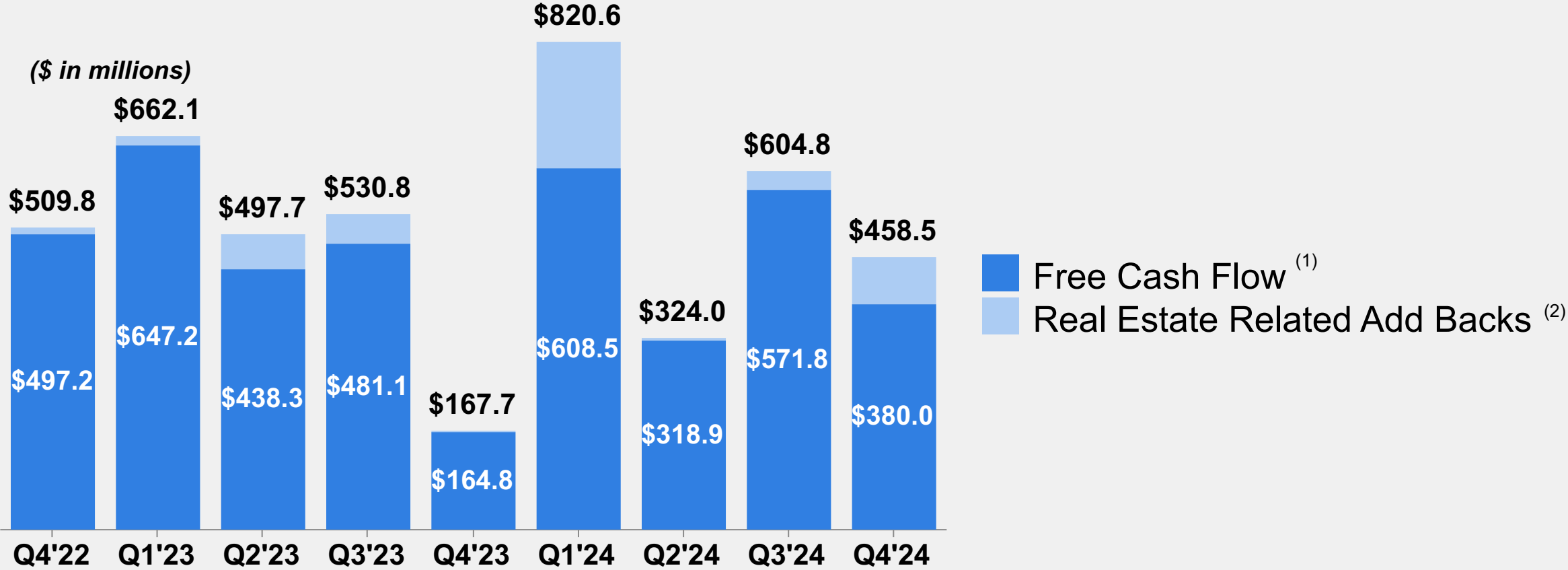


Statement of Cash Flows (Non-GAAP) (Continued)

(\$ in millions)	2022	2023	2024
GAAP Net Income Including gain on bargain purchase	\$856.6	\$1,147.8	\$1,745.2
Depreciation, Amortization and Stock-Based Compensation	321.6	362.4	380.7
Accounts Receivable	(456.7)	(146.4)	(45.4)
Inventory	(109.1)	(253.5)	131.2
Deferred Revenue	1,177.5	1,095.3	577.8
Gain on Bargain purchase	—	—	(106.3)
Other	(59.3)	(270.1)	(425.1)
GAAP Cash Flow from Operations	\$1,730.6	\$1,935.5	\$2,258.1
Purchases of Property and Equipment	(281.2)	(204.1)	(378.9)
Free Cash Flow	\$1,449.4	\$1,731.4	\$1,879.2
Issuance of Common Stock, Net of Taxes	(134.3)	(68.7)	(37.8)
Stock Repurchases	(1,991.2)	(1,500.5)	(0.6)
Acquisitions	(30.8)	—	(275.5)
Other	(29.1)	21.7	60.8
Change in Cash, Investments, and Marketable Equity Securities	\$(736.0)	\$183.9	\$1,626.1
Supplemental information: Cash Paid for Taxes—net	260.2	426.3	578.9



Quarterly Free Cash Flow and Adjusted Free Cash Flow Growth



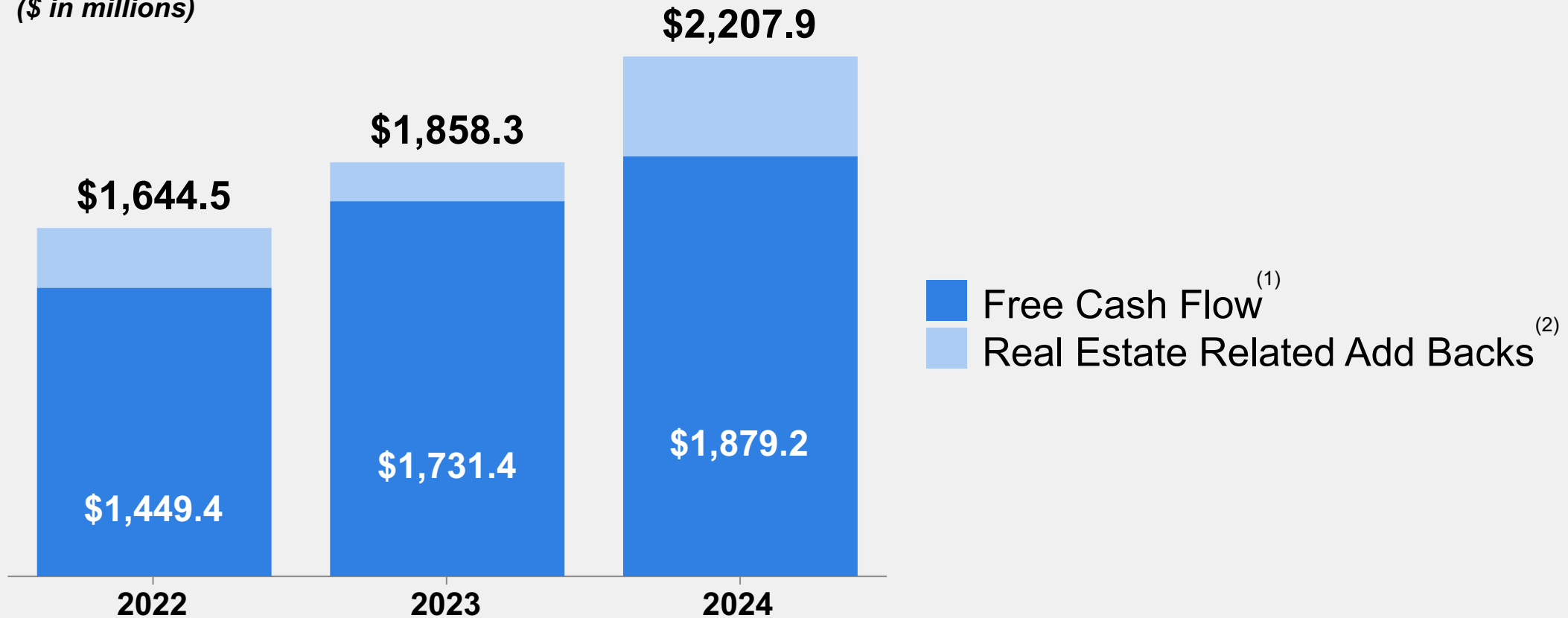
Notes

- (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.
- (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 cash payments related to real estate purchases and development.



Annual Free Cash Flow and Adjusted Free Cash Flow Growth

(\$ in millions)



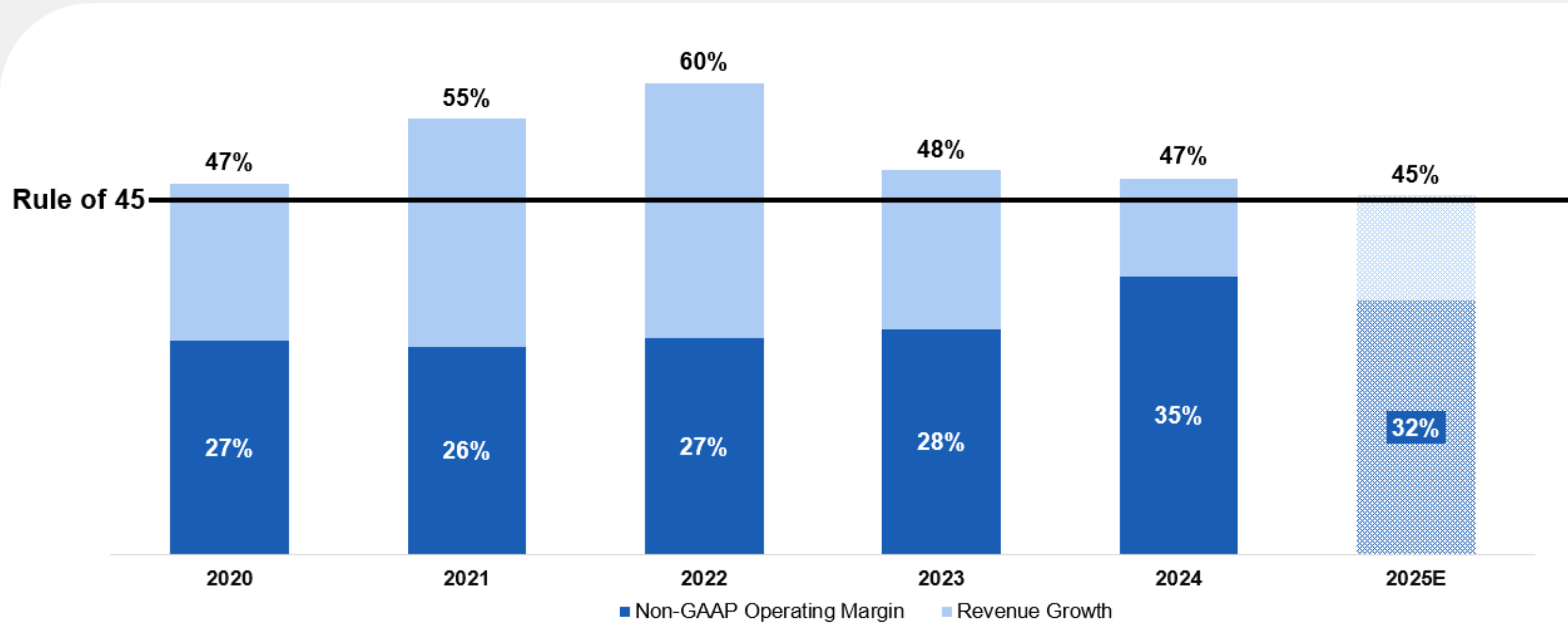
Notes

- (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.
- (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 cash payments related to real estate purchases and development.



'Rule of 45' — Exceeded 5 Years in a Row

Expect to Achieve the 'Rule of 45' in 2025



Q1 and 2025 Guidance (Non-GAAP) ⁽¹⁾

	Actual Q1'24	Q1'25E	Actual 2024	2025E
Billings ⁽²⁾	\$1.407B	\$1.520 - 1.600B	\$6.533B	\$7.200 - 7.400B
Y/Y Mid-Pt Growth		10.9%		11.8%
Revenue (GAAP)	\$1.353B	\$1.500 - 1.560B	\$5.956B	\$6.650 - 6.850B
Y/Y Mid-Pt Growth		13.1%		13.3%
Service Revenue (GAAP)	\$944.4M		\$4.047B	\$4.575 - 4.725B
Y/Y Mid-Pt Growth				14.9%
Gross Margin (%) ⁽³⁾	78.1%	80.0 - 81.0%	81.3%	79.0 - 81.0%
Operating Margin (%) ⁽³⁾⁽⁴⁾	28.5%	30.0 - 31.0%	35.0%	31.0 - 33.0%
Net Income per Share ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	\$0.43	\$0.52 - 0.54	\$2.37	\$2.41 - 2.47
Weighted Diluted Shares Outstanding	770.5M	774 - 780M	771.9M	773 - 783M

Notes

- (1) Guidance for non-GAAP financial measures excludes stock-based compensation, amortization of acquired intangible assets, charges in connection with litigation settlement, gain on IP matters, gain on bargain purchase related to acquisition, 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 have not reconciled our guidance with respect to non-GAAP financial measures to the corresponding GAAP measures because certain items that impact these measures are uncertain or out of our control, or cannot be reasonably predicted. Accordingly, a reconciliation of these non-GAAP financial measures to the corresponding GAAP measures is not available without unreasonable effort.
- (2) Billings is a non-GAAP measure that we define 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.
- (3) Excludes stock-based compensation and amortization of acquired intangible assets.
- (4) Excludes charges in connection with litigation settlement and gain on IP matters.
- (5) Assumes an effective tax rate of 17% for 2024 and 18% 2025. For 2025, we expect cash paid for taxes to be within the range of \$525 million to \$575 million.
- (6) Excludes a gain on bargain purchase related to our acquisition of Lacework and a non-cash charge of the impairment recognized on our equity method investment in Linksys.



Additional Modeling Points

Actual 2024		Q1'25E	2025E
Cash Paid for Taxes	\$579M	\$30 - \$35M	\$525 - \$575M
Infrastructure Investments	\$379M	\$80 - \$100M	\$380 - \$430M
Non-GAAP Tax Rate	17%	18%	18%



GAAP to Non-GAAP Reconciliations

(\$ in millions)	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
Total revenue	\$1,283.0	\$1,262.3	\$1,292.8	\$1,334.6	\$1,415.1	\$1,353.3	\$1,434.3	\$1,508.1	\$1,660.1
Add: Change in deferred revenue	446.8	240.6	247.7	156.7	449.7	54.9	106.3	115.5	349.2
Less: Deferred revenue balance acquired in business combinations	(10.8)	—	—	—	—	(1.0)	—	(41.4)	(6.8)
Total billings	\$1,719.0	\$1,502.9	\$1,540.5	\$1,491.3	\$1,864.8	\$1,407.2	\$1,540.6	\$1,582.2	\$2,002.5
GAAP Cash Flow from Operations	\$528.1	\$677.5	\$515.1	\$551.2	\$191.7	\$830.4	\$342.0	\$608.1	\$477.6
Less: Purchases of Property and Equipment	(30.9)	(30.3)	(76.8)	(70.1)	(26.9)	(221.9)	(23.1)	(36.3)	(97.6)
Free Cash Flow ⁽¹⁾	497.2	647.2	438.3	481.1	164.8	608.5	318.9	571.8	380.0
Add: Real Estate Related Add Backs	12.6	14.9	59.4	49.7	2.9	212.1	5.1	33.0	78.5
Adjusted Free Cash Flow ⁽²⁾	\$509.8	\$662.1	\$497.7	\$530.8	\$167.7	\$820.6	\$324.0	\$604.8	\$458.5

Notes

- (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.
- (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 cash payments related to real estate purchases and development.



GAAP to Non-GAAP Reconciliations (Continued)

(\$ in millions)	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
GAAP product gross profit	\$350.2	\$307.1	\$298.1	\$267.6	\$290.9	\$226.1	\$296.8	\$337.8	\$396.0
Stock-based compensation	0.4	0.4	0.5	0.4	0.5	0.5	0.4	0.5	0.5
Amortization of acquired intangible assets	1.6	1.8	1.7	1.6	2.0	1.0	1.2	1.1	1.0
Non-GAAP product gross profit	\$352.2	\$309.3	\$300.3	\$269.6	\$293.4	\$227.6	\$298.4	\$339.4	\$397.5
Non-GAAP product gross margin	65.2%	61.8%	63.5%	57.9%	60.1%	55.7%	66.0%	71.6%	69.3%
GAAP service gross profit	\$635.5	\$647.4	\$698.9	\$749.3	\$808.3	\$822.5	\$862.5	\$906.9	\$949.6
Stock-based compensation	4.8	5.1	6.0	6.1	6.1	6.2	6.5	6.3	6.4
Amortization of acquired intangible assets	3.5	1.8	1.8	1.8	2.4	1.1	1.2	2.5	6.5
Non-GAAP service gross profit	\$643.8	\$654.3	\$706.7	\$757.2	\$816.8	\$829.8	\$870.2	\$915.7	\$962.5
Non-GAAP service gross margin	86.7%	85.9%	86.2%	87.2%	88.1%	87.9%	88.6%	88.5%	88.6%
GAAP total gross profit	\$985.7	\$954.5	\$997.0	\$1,016.9	\$1,099.2	\$1,048.6	\$1,159.3	\$1,244.7	\$1,345.6
Stock-based compensation	5.2	5.5	6.5	6.5	6.6	6.7	6.9	6.8	6.9
Amortization of acquired intangible assets	5.1	3.6	3.5	3.4	4.4	2.1	2.4	3.6	7.5
Non-GAAP total gross profit	\$996.0	\$963.6	\$1,007.0	\$1,026.8	\$1,110.2	\$1,057.4	\$1,168.6	\$1,255.1	\$1,360.0
Non-GAAP gross margin	77.6%	76.3%	77.9%	76.9%	78.5%	78.1%	81.5%	83.2%	81.9%
GAAP research and development expense	\$128.9	\$151.1	\$153.3	\$156.9	\$152.5	\$173.0	\$165.4	\$187.3	\$191.1
Stock-based compensation	(16.3)	(17.0)	(20.0)	(20.0)	(19.8)	(19.8)	(21.3)	(21.9)	(22.9)
Non-GAAP research and development expense	\$112.6	\$134.1	\$133.3	\$136.9	\$132.7	\$153.2	\$144.1	\$165.4	\$168.2
Non-GAAP research and development expense as a percentage of revenue	8.8%	10.6%	10.3%	10.3%	9.4%	11.3%	10.0%	11.0%	10.1%
GAAP sales and marketing expense	\$455.9	\$478.3	\$515.9	\$504.4	\$507.4	\$501.1	\$501.3	\$515.9	\$526.5
Stock-based compensation	(26.0)	(26.3)	(29.3)	(28.5)	(27.7)	(26.7)	(25.9)	(27.0)	(25.7)
Amortization of acquired intangible assets	(0.6)	(1.1)	(1.0)	(1.0)	(0.9)	(0.9)	(0.9)	(1.7)	(4.0)
Non-GAAP sales and marketing expense	\$429.3	\$450.9	\$485.6	\$474.9	\$478.8	\$473.5	\$474.5	\$487.2	\$496.8
Non-GAAP sales and marketing expense as a percentage of revenue	33.5%	35.7%	37.6%	35.6%	33.8%	35.0%	33.1%	32.3%	29.9%



GAAP to Non-GAAP Reconciliations (Continued)

(\$ in millions)	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
GAAP general and administrative expense	\$44.3	\$52.8	\$49.9	\$53.5	\$55.1	\$54.4	\$56.6	\$71.7	\$55.1
Stock-based compensation	(7.8)	(8.2)	(9.9)	(9.9)	(9.9)	(9.8)	(10.2)	(10.7)	(11.0)
Litigation-related matter	—	—	—	—	—	—	—	(3.2)	—
Non-GAAP general and administrative expense	\$36.5	\$44.6	\$40.0	\$43.6	\$45.2	\$44.6	\$46.4	\$57.8	\$44.1
Non-GAAP general and administrative expense as a percentage of revenue	2.8%	3.5%	3.1%	3.3%	3.2%	3.3%	3.2%	3.8%	2.7%
GAAP gain on IP matter	\$(1.2)	\$(1.2)	\$(1.1)	\$(1.1)	\$(1.2)	\$(1.1)	\$(1.2)	\$(1.1)	\$(1.2)
Gain on IP matter	1.2	1.2	1.1	1.1	1.2	1.1	1.2	1.1	1.2
Non-GAAP gain on IP matter	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Non-GAAP gain on IP matter as a percentage of revenue	—%	—%	—%	—%	—%	—%	—%	—%	—%
GAAP total operating expense	\$627.9	\$681.0	\$718.0	\$713.7	\$713.8	\$727.4	\$722.1	\$773.8	\$771.5
Stock-based compensation	(50.1)	(51.5)	(59.2)	(58.4)	(57.4)	(56.3)	(57.4)	(59.6)	(59.6)
Amortization of acquired intangible assets	(0.6)	(1.1)	(1.0)	(1.0)	(0.9)	(0.9)	(0.9)	(1.7)	(4.0)
Litigation-related matter	—	—	—	—	—	—	—	(3.2)	—
Gain on IP matter	1.2	1.2	1.1	1.1	1.2	1.1	1.2	1.1	1.2
Non-GAAP total operating expense	\$578.4	\$629.6	\$658.9	\$655.4	\$656.7	\$671.3	\$665.0	\$710.4	\$709.1
Non-GAAP total operating expense as a percentage of revenue	45.1%	49.9%	51.0%	49.1%	46.4%	49.6%	46.4%	47.1%	42.7%
GAAP operating income	\$357.8	\$273.5	\$279.0	\$303.2	\$385.4	\$321.2	\$437.2	\$470.9	\$574.1
Stock-based compensation	55.3	57.0	65.7	64.9	64.0	63.0	64.3	66.4	66.5
Amortization of acquired intangible assets	5.7	4.7	4.5	4.4	5.3	3.0	3.3	5.3	11.5
Litigation-related matter	—	—	—	—	—	—	—	3.2	—
Gain on IP matter	(1.2)	(1.2)	(1.1)	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)
Non-GAAP operating income	\$417.6	\$334.0	\$348.1	\$371.4	\$453.5	\$386.1	\$503.6	\$544.7	\$650.9
Non-GAAP operating margin	32.5%	26.5%	26.9%	27.8%	32.0%	28.5%	35.1%	36.1%	39.2%



GAAP to Non-GAAP Reconciliations (Continued)

(\$ in millions)	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
GAAP provision for (benefit from) income taxes	\$9.2	\$21.3	\$27.6	\$(0.3)	\$95.2	\$39.5	\$76.5	\$81.2	\$86.7
Tax adjustments related to the above	63.6	38.5	35.0	67.6	(13.0)	30.3	14.3	19.8	31.5
Non-GAAP provision for income taxes	\$72.8	\$59.8	\$62.6	\$67.3	\$82.2	\$69.8	\$90.8	\$101.0	\$118.2
Non-GAAP effective tax rate	17%	17%	17%	17%	17%	17%	17%	17%	17%
GAAP Net income	\$313.8	\$247.7	\$266.3	\$322.9	\$310.9	\$299.3	\$379.8	\$539.9	\$526.2
Stock-based compensation	55.3	57.0	65.7	64.9	64.0	63.0	64.3	66.4	66.5
Amortization of acquired intangible assets	5.7	4.7	4.5	4.4	5.3	3.0	3.3	5.3	11.5
Litigation-related matter	—	—	—	—	—	—	—	3.2	—
Gain on IP matter	(1.2)	(1.2)	(1.1)	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)
Gain on Bargain Purchase	—	—	—	—	—	—	—	(106.3)	—
Tax adjustments	(63.6)	(38.5)	(35.0)	(67.6)	13.0	(30.3)	(14.3)	(19.8)	(31.5)
Non-cash charge on equity method investment	39.7	—	—	—	—	—	8.0	—	—
Non-GAAP net income	\$349.7	\$269.7	\$300.4	\$323.5	\$392.0	\$333.9	\$439.9	\$487.6	\$571.5
GAAP net income per share, diluted	\$0.40	\$0.31	\$0.33	\$0.41	\$0.40	\$0.39	\$0.49	\$0.70	\$0.68
Stock-based compensation	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.09	0.09
Amortization of acquired intangible assets	—	0.01	0.01	0.01	0.01	—	0.01	0.01	0.01
Litigation-related matter	—	—	—	—	—	—	—	—	—
Gain on IP matter	—	—	—	—	—	—	—	—	—
Gain on Bargain Purchase	—	—	—	—	—	—	—	(0.14)	—
Tax adjustments	(0.08)	(0.05)	(0.04)	(0.09)	0.02	(0.04)	(0.02)	(0.03)	(0.04)
Non-cash charge on equity method investment	0.05	—	—	—	—	—	0.01	—	—
Non-GAAP net income per share, diluted	\$0.44	\$0.34	\$0.38	\$0.41	\$0.51	\$0.43	\$0.57	\$0.63	\$0.74
Shares used in diluted net income per share calculations	791.8	793.4	795.9	791.2	772.3	770.5	769.9	771.9	775.2



GAAP to Non-GAAP Reconciliations

(\$ in millions)	2022	2023	2024
Total revenue	\$4,417.4	\$5,304.8	\$5,955.8
Add: Change in deferred revenue	1,187.4	1,094.7	625.9
Less: Deferred revenue balance acquired in business combinations	(10.8)	—	(49.2)
Total billings	\$5,594.0	\$6,399.5	\$6,532.5
GAAP Cash Flow from Operations	\$1,730.6	\$1,935.5	\$2,258.1
Less: Purchases of Property and Equipment	(281.2)	(204.1)	(378.9)
Free Cash Flow ⁽¹⁾	1,449.4	1,731.4	1,879.2
Add: Real Estate Related Add Backs	195.1	126.9	328.7
Adjusted Free Cash Flow ⁽²⁾	\$1,644.5	\$1,858.3	\$2,207.9

Notes

- (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.
- (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 cash payments related to real estate purchases and development.



GAAP to Non-GAAP Reconciliations (Continued)

<i>(\$ in millions)</i>	2022	2023	2024
GAAP product gross profit	\$1,089.2	\$1,163.7	\$1,256.7
Stock-based compensation	1.7	1.8	1.9
Amortization of acquired intangible assets	7.8	7.1	4.3
Non-GAAP product gross profit	\$1,098.7	\$1,172.6	\$1,262.9
<i>Non-GAAP product gross margin</i>	<i>61.7%</i>	<i>60.8%</i>	<i>66.2%</i>
GAAP service gross profit	\$2,243.3	\$2,903.9	\$3,541.5
Stock-based compensation	18.8	23.3	25.4
Amortization of acquired intangible assets	9.4	7.8	11.3
Non-GAAP service gross profit	\$2,271.5	\$2,935.0	\$3,578.2
<i>Non-GAAP service gross margin</i>	<i>86.1%</i>	<i>86.9%</i>	<i>88.4%</i>
GAAP total gross profit	\$3,332.5	\$4,067.6	\$4,798.2
Stock-based compensation	20.5	25.1	27.3
Amortization of acquired intangible assets	17.2	14.9	15.6
Non-GAAP total gross profit	\$3,370.2	\$4,107.6	\$4,841.1
<i>Non-GAAP gross margin</i>	<i>76.3%</i>	<i>77.4%</i>	<i>81.3%</i>
GAAP research and development expense	\$512.4	\$613.8	\$716.8
Stock-based compensation	(64.2)	(76.8)	(85.9)
Non-GAAP research and development expense	\$448.2	\$537.0	\$630.9
<i>Non-GAAP research and development expense as a percentage of revenue</i>	<i>10.1%</i>	<i>10.1%</i>	<i>10.6%</i>
GAAP sales and marketing expense	\$1,686.1	\$2,006.0	\$2,044.8
Stock-based compensation	(105.0)	(111.8)	(105.3)
Amortization of acquired intangible assets	(6.1)	(4.0)	(7.5)
Non-GAAP sales and marketing expense	\$1,575.0	\$1,890.2	\$1,932.0
<i>Non-GAAP sales and marketing expense as a percentage of revenue</i>	<i>35.7%</i>	<i>35.6%</i>	<i>32.4%</i>



GAAP to Non-GAAP Reconciliations (Continued)

(\$ in millions)	2022	2023	2024
GAAP general and administrative expense	\$169.0	\$211.3	\$237.8
Stock-based compensation	(30.1)	(37.9)	(41.7)
Litigation-related matter	—	—	(3.2)
Non-GAAP general and administrative expense	\$138.9	\$173.4	\$192.9
<i>Non-GAAP general and administrative expense as a percentage of revenue</i>	<i>3.1%</i>	<i>3.3%</i>	3.2%
GAAP Gain on IP matter	\$(4.6)	\$(4.6)	\$(4.6)
Gain on IP matter	4.6	4.6	4.6
Non-GAAP gain on IP matter	\$—	\$—	\$—
<i>Non-GAAP gain on IP matter as a percentage of revenue</i>	<i>—%</i>	<i>—%</i>	—%
GAAP total operating expense	\$2,362.9	\$2,826.5	\$2,994.8
Stock-based compensation	(199.3)	(226.5)	(232.9)
Amortization of acquired intangible assets	(6.1)	(4.0)	(7.5)
Litigation-related matter	—	—	(3.2)
Gain on IP matter	4.6	4.6	4.6
Non-GAAP total operating expense	\$2,162.1	\$2,600.6	\$2,755.8
<i>Non-GAAP total operating expense as a percentage of revenue</i>	<i>48.9%</i>	<i>49.0%</i>	46.3%
GAAP operating income	\$969.6	\$1,241.1	\$1,803.4
Stock-based compensation	219.8	251.6	260.2
Amortization of acquired intangible assets	23.3	18.9	23.1
Litigation-related matter	—	—	3.2
Gain on IP Matter	(4.6)	(4.6)	(4.6)
Non-GAAP operating income	\$1,208.1	\$1,507.0	\$2,085.3
<i>Non-GAAP operating margin</i>	<i>27.3%</i>	<i>28.4%</i>	35.0%



GAAP to Non-GAAP Reconciliations (Continued)

(\$ in millions)	2022	2023	2024
GAAP provision for income taxes	\$30.8	\$143.8	\$283.9
Tax adjustments related to the above	172.2	128.1	95.9
Non-GAAP provision for income taxes	\$203.0	\$271.9	\$379.8
Non-GAAP effective tax rate	17%	17%	17%
GAAP net income attributable to Fortinet, Inc.	\$857.3	\$1,147.8	\$1,745.2
Stock-based compensation	219.8	251.6	260.2
Amortization of acquired intangible assets	23.3	18.9	23.1
Litigation-related matter	—	—	3.2
Gain on IP matter	(4.6)	(4.6)	(4.6)
Gain on Bargain Purchase	—	—	(106.3)
Tax adjustments	(172.2)	(128.1)	(95.9)
Non-cash charge on equity method investment	39.7	—	8.0
Adjustments attributable non-controlling interests	(1.7)	—	—
Non-GAAP net income attributable to Fortinet, Inc.	\$961.6	\$1,285.6	\$1,832.9
GAAP net income per share attributable to Fortinet, Inc., diluted ⁽¹⁾	\$1.06	\$1.46	\$2.26
Stock-based compensation	0.27	0.32	0.34
Amortization of acquired intangible assets	0.03	0.02	0.03
Litigation-related matter	—	—	—
Gain on IP matter	(0.01)	(0.01)	(0.01)
Gain on Bargain Purchase	—	—	(0.14)
Tax adjustments	(0.21)	(0.16)	(0.12)
Non-cash charge on equity method investment	0.1	—	0.01
Adjustments attributable non-controlling interests	—	—	—
Non-GAAP net income per share attributable to Fortinet, Inc., diluted ⁽¹⁾	\$1.19	\$1.63	\$2.37
Shares used in diluted net income per share attributable to Fortinet, Inc. calculations ⁽¹⁾	805.3	788.2	771.9

Note

(1) All share and per share amounts presented herein have been retroactively adjusted to reflect the five-for-one forward stock split which was effective June 22, 2022.



Our Pillars



Secure Networking

FortiGate
FortiManager
FortiSwitch
FortiAP
FortiExtender
FortiNAC
+MORE



Unified SASE

FortiGate (SD-WAN)
FortiSASE (SSE)
FortiClient (ZTNA)
FortiMonitor (DEM)
FortiCNAPP
FortiGate VM
FortiGate CNF
FortiWeb (WAF)
FortiProxy (SWG)
FortiDDoS
+MORE



AI-Driven Security Operations

FortiAnalyzer
FortiDLP
FortiSIEM
FortiEDR
FortiSOAR
FortiNDR
FortiMail
FortiRecon
FortiGuard SOCaaS
+MORE



Note 1: SD-WAN includes a percentage of certain FortiGate billings. In Q4'24, Lacework FortiCNAPP and FortiDDoS were moved to the Unified SASE pillar from the Security Operations and Secure Networking pillars, respectively.



FORTINET®