



Q1 2025 Financial Results

May 7, 2025

Safe Harbor Statement

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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** U.S.-Based Cybersecurity Company

Fortinet is ranked #7 in the Forbes Most Trusted Companies, the only cybersecurity company in the top 50



#1 in Enterprise Networking & Security

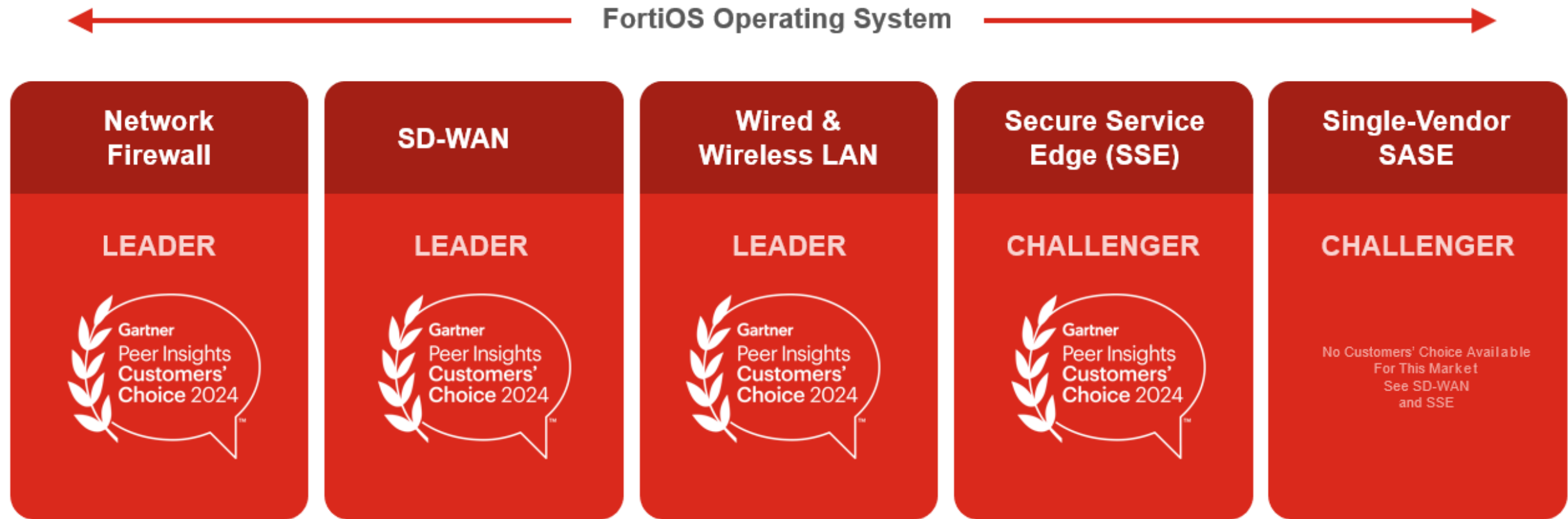
80% of Fortune 100 and **72%** of the Global 2000 depend on Fortinet to stay secure



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

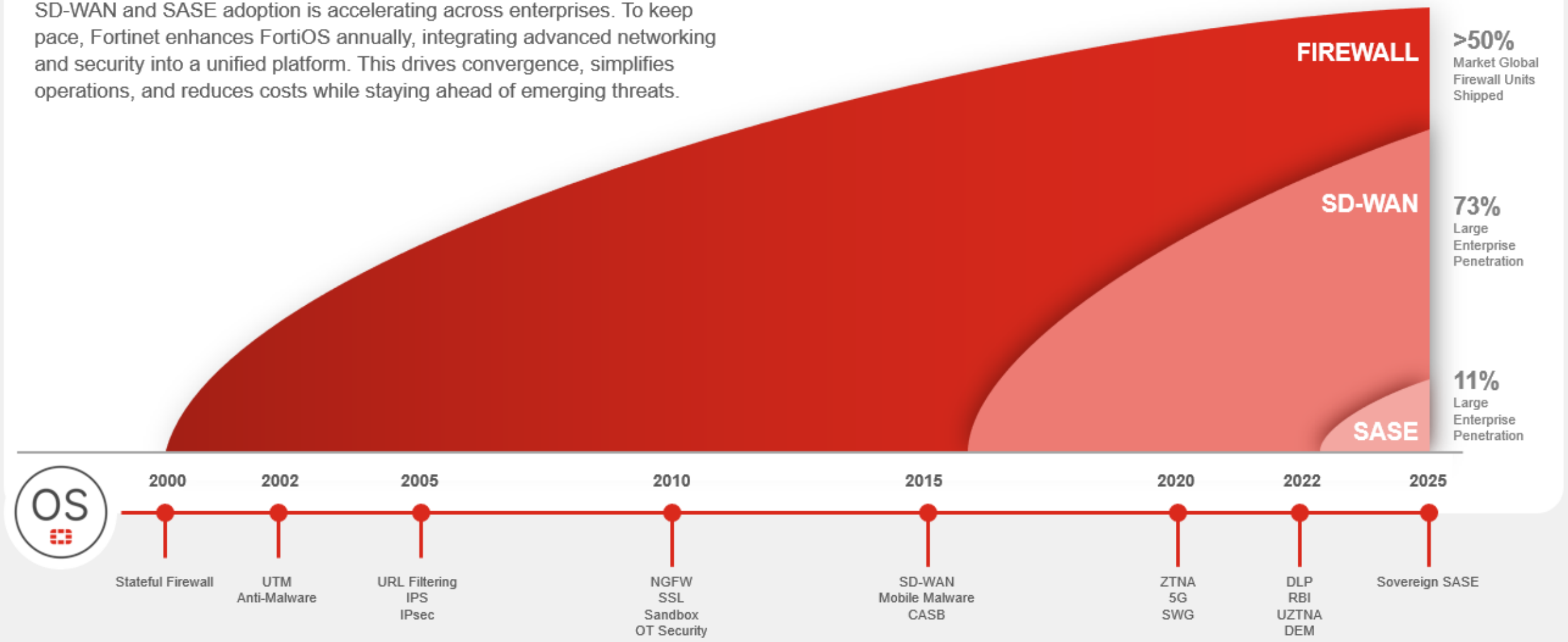
The Most Integrated Operating System

Single OS with leadership in five network security Gartner Magic Quadrants

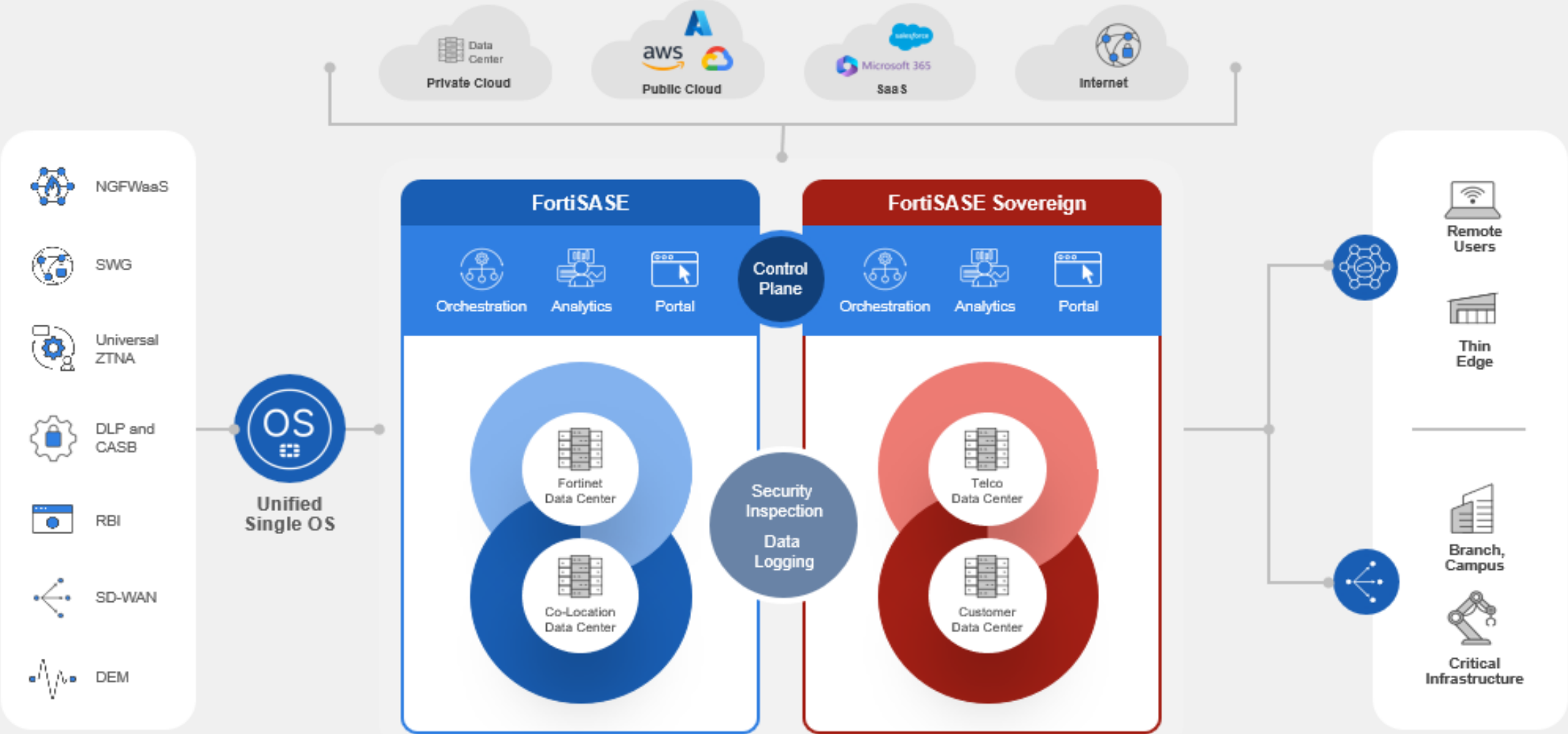


Easy Adoption With the Same OS for NGFW, SD-WAN, & SASE

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.



Leading SASE: Easy to Deploy, Unmatched ROI, & Unrivaled Security.

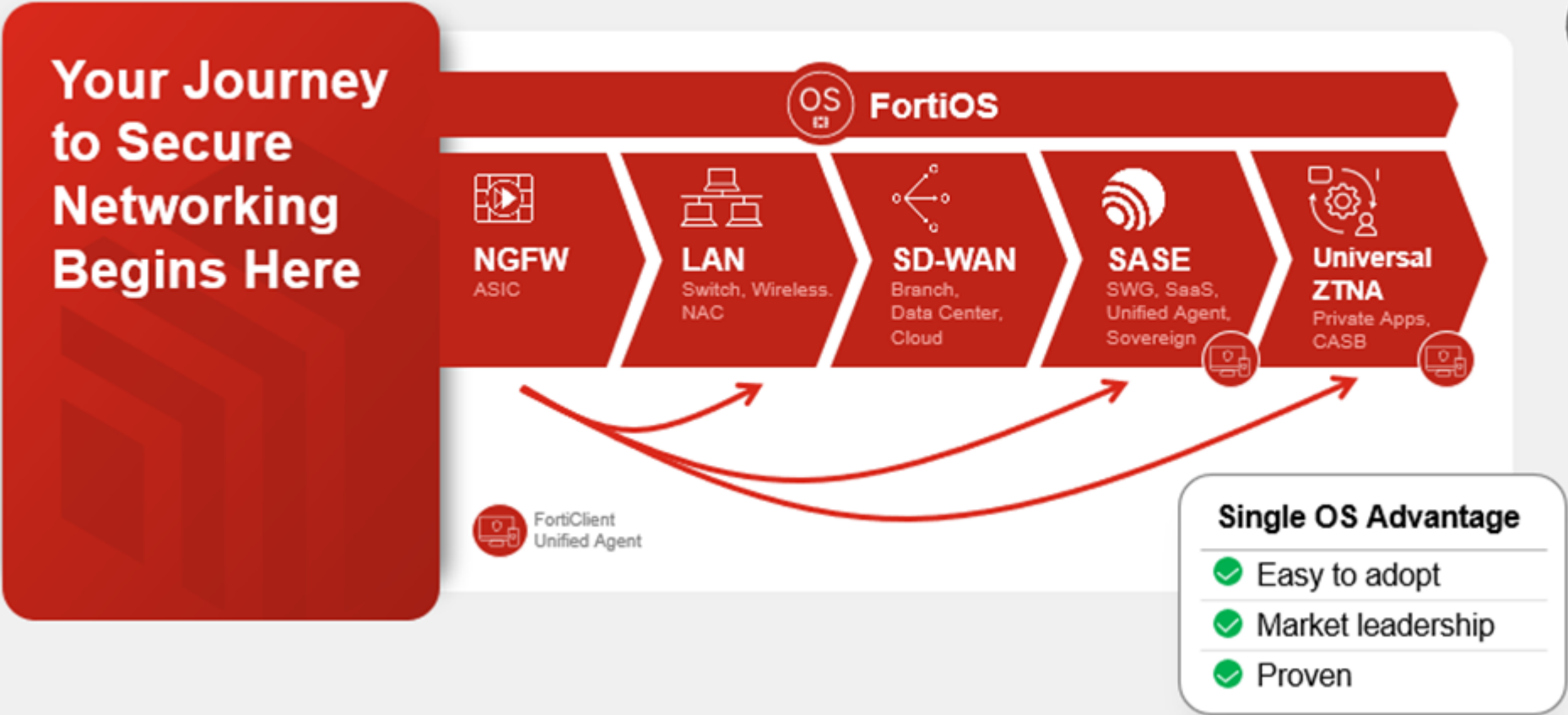


Flexible Deployment Options



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.



Fortinet's Growth in our Addressable Markets

Secure
Networking

\$75B



Converge security and networking to protect every edge and device

+9% YoY
65% of Q1'25 Billings

Unified
SASE

\$63B



Secure users anywhere and Application to any cloud

+18% YoY
25% of Q1'25 Billings

AI-Driven Security
Operations

\$146B



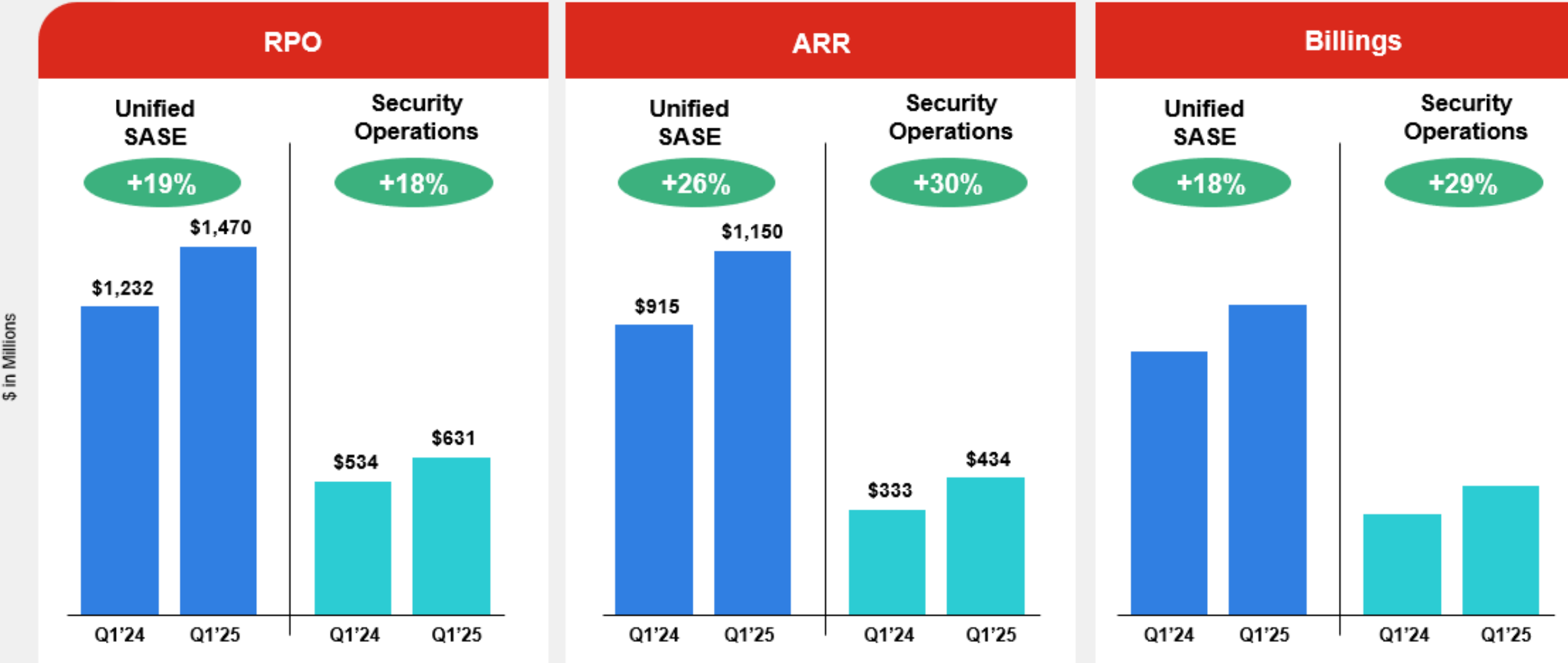
AI-driven security operations To detect, investigate, and Respond to threats

+29% YoY
10% of Q1'25 Billings

Fortinet growth rates based on billings



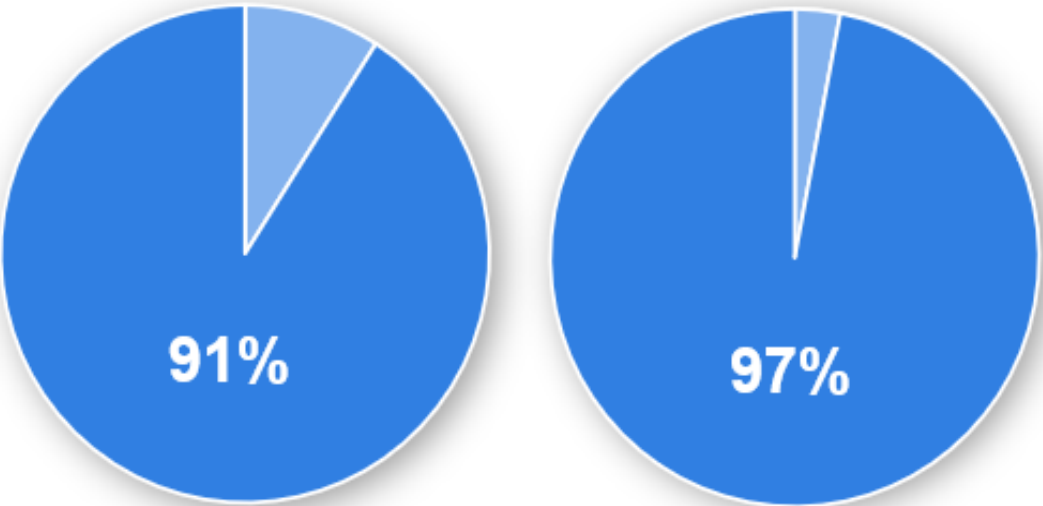
Unified SASE and Security Operations RPO, ARR, and Billings Growth



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 Relationship

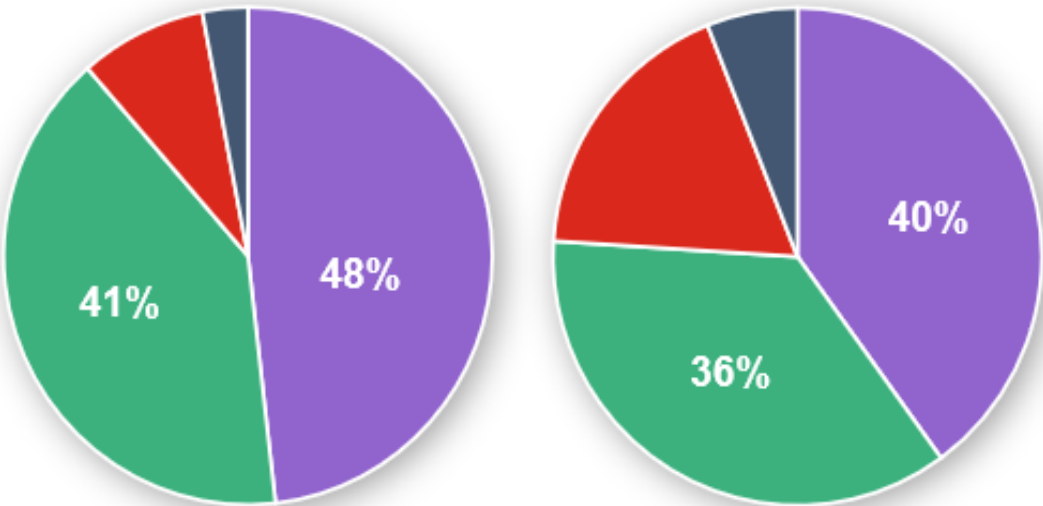


SASE/SSE

SecOps

Existing Customer New Customer


Customer Type



SASE/SSE

SecOps

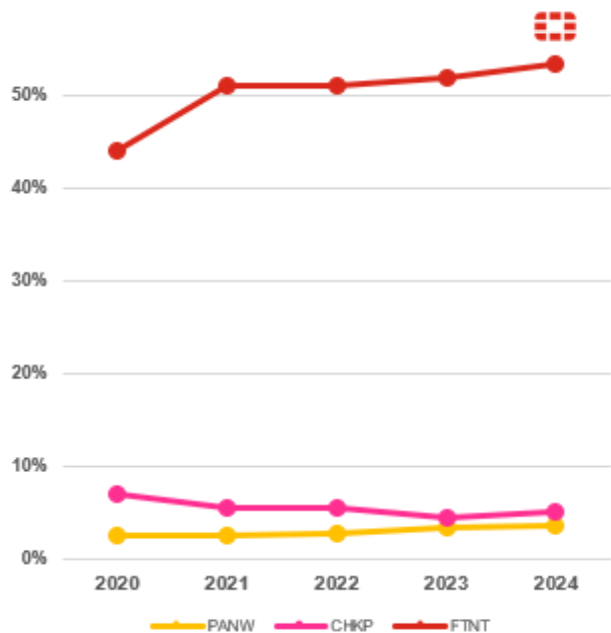
Large Enterprise Mid Enterprise
Small Enterprise SP/MSSP

 Note 1: Based on invoiced amounts for the quarter ended March 31, 2025.

Leader in Network Firewall Security

Firewall Units Shipped

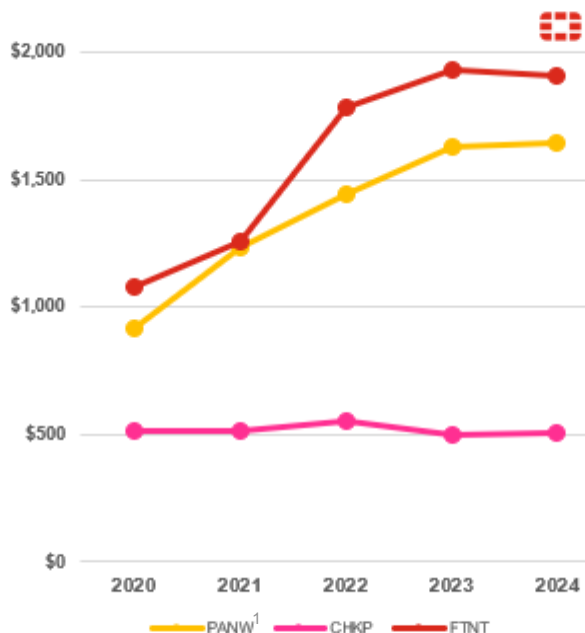
Market Share Leader



Source: 650 Group

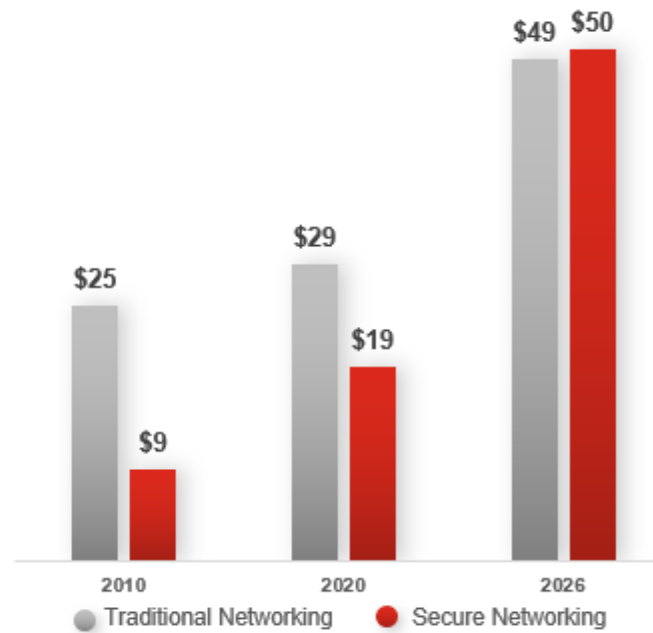
Product Revenue

Leader



Convergence of Networking & Security

Secure Networking > Traditional Networking by 2026



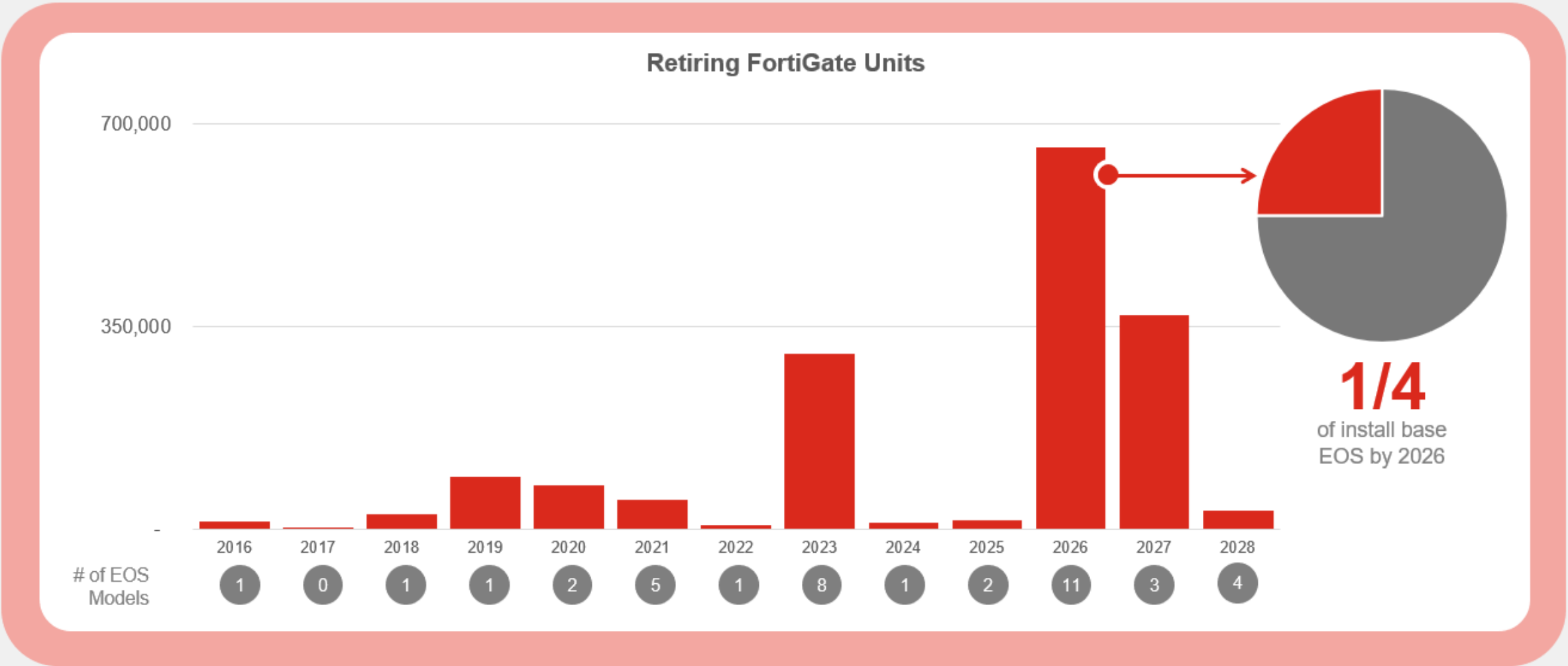
Source: Fortinet company estimates based on Gartner forecast data



Note 1: PANW's calendar year product revenue is calculated from February 1st of the year shown and ending on January 31st of the following year.

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.

Introducing the FortiGate 700G Series

Best performance with Fortinet's 7th-gen ASIC Security Processor

Next Gen Secure Campus

Uncompromising Speed. Advanced Protection. Future-Ready



Industry leading price for performance and energy consumption



30 integrated security and networking functions



AI-driven security services and management assistant



Out-of-band module for real-time, isolated integrity monitoring

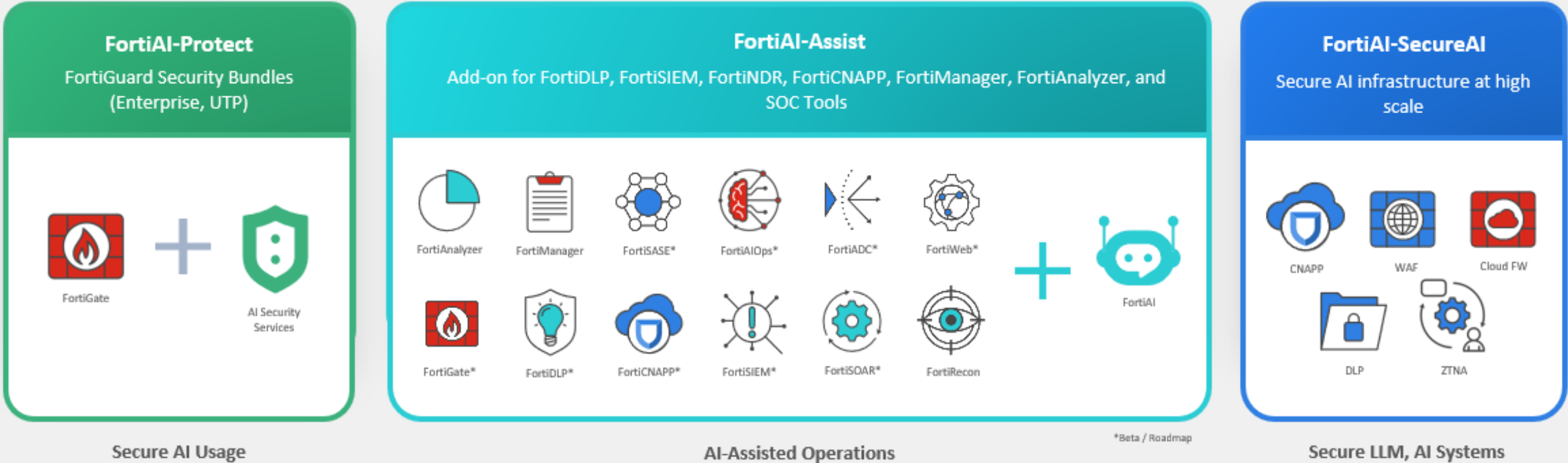


Specification	FortiGate 700G	Security Compute Rating	Competitor's Average	Palo Alto PA-3410	Check Point 6700	Cisco 3110
Firewall (Gbps)	164	7x	23.3	14.0	38.0	18.0
IPSec VPN (Gbps)	55	7x	7.7	6.6	4.6	12.0
Threat Protection (Gbps)	26	4x	6.5	7.5	5.8	-
Concurrent Sessions (M)	16	3x	6.5	1.4	16	2
Connections per Second (K)	700	3x	231	145	250	300
Watts/Gbps Firewall (W)	1.8	7x	12.7	12.1	3.7	22.2
Watts/Gbps IPSec VPN (W)	5.4	6x	29.9	25.8	30.6	33.3

• Threat Protection performance is measured with Firewall, IPS, Application Control and Malware Protection, and Logging enabled.
• The numbers for competitive solutions are based on publicly available sources. Other vendors may have different testing methodologies.
• All power consumption values are taken from external data sheets, and hardware system guides using maximum power consumption.



FortiAI Is Embedded Across the Security Fabric Platform



Q1 2025 Non-GAAP Results

	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Billings ⁽¹⁾	\$1.503B	\$1.541B	\$1.491B	\$1.865B	\$1.407B	\$1.541B	\$1.582B	\$2.003B	\$1.597B
Y/Y % Change	29.6%	18.1%	5.7%	8.5%	(6.4)%	—%	6.1%	7.4%	13.5%
Revenue	\$1.262B	\$1.293B	\$1.335B	\$1.415B	\$1.353B	\$1.434B	\$1.508B	\$1.660B	\$1.540B
Y/Y % Change	32.2%	25.5%	16.1%	10.3%	7.2%	10.9%	13.0%	17.3%	13.8%
Product Revenue	\$500.7M	\$472.6M	\$465.9M	\$488.1M	\$408.9M	\$451.9M	\$473.9M	\$574.0M	\$459.1M
Y/Y % Change	35.0%	17.9%	(0.6)%	(9.6)%	(18.3)%	(4.4)%	1.7%	17.6%	12.3%
Service Revenue	\$761.6M	\$820.2M	\$868.7M	\$927.0M	\$944.4M	\$982.4M	\$1.034B	\$1.086B	\$1.081B
Y/Y % Change	30.5%	30.3%	27.6%	24.8%	24.0%	19.8%	19.1%	17.2%	14.4%
% of Total Revenue	60%	63%	65%	66%	70%	69%	69%	65%	70%

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.



Q1 2025 Non-GAAP Results

	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Gross Profit ⁽¹⁾	\$963.6M	\$1.01B	\$1.03B	\$1.11B	\$1.06B	\$1.17B	\$1.26B	\$1.36B	\$1.26B
Gross Margin ⁽¹⁾	76.3%	77.9%	76.9%	78.5%	78.1%	81.5%	83.2%	81.9%	81.9%
Operating Income ⁽¹⁾⁽²⁾	\$334.0M	\$348.1M	\$371.4M	\$453.5M	\$386.1M	\$503.6M	\$544.7M	\$650.9M	\$526.2M
Operating Margin ⁽¹⁾⁽²⁾	26.5%	26.9%	27.8%	32.0%	28.5%	35.1%	36.1%	39.2%	34.2%
Net Income ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	\$269.7M	\$300.4M	\$323.5M	\$392.0M	\$333.9M	\$439.9M	\$487.6M	\$571.5M	\$452.3M
Diluted Net Income per Share ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	\$0.34	\$0.38	\$0.41	\$0.51	\$0.43	\$0.57	\$0.63	\$0.74	\$0.58
Weighted Diluted Shares Outstanding	793.4M	795.9M	791.2M	772.3M	770.5M	769.9M	771.9M	775.2M	776.8M
Deferred Revenue	\$4.88B	\$5.13B	\$5.29B	\$5.74B	\$5.79B	\$5.90B	\$6.01B	\$6.36B	\$6.42B
Remaining Performance Obligations	\$4.91B	\$5.15B	\$5.30B	\$5.75B	\$5.81B	\$5.92B	\$6.08B	\$6.42B	\$6.49B
Stock Repurchases	—	—	\$605.2M	\$895.3M	—	—	\$0.6M	—	\$—M
Days Sales Outstanding	78	75	68	89	66	68	62	79	69
Inventory Turns	2.3	1.6	1.2	1.3	1.2	1.4	1.7	2.3	1.7
Headcount	13,202	13,677	13,618	13,568	13,522	13,527	13,986	14,138	14,556

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 2023 and 2024 and 18% for Q1'25.
- (4) Excludes gains on bargain purchases related to our acquisitions of Lacework Inc. ("Lacework") and Linksys Holdings Inc. ("Linksys"), a gain from equity method investment related to our Linksys acquisition and a non-cash charge of the impairment charge recognized on our equity method investment in Linksys.



Quarterly Revenue by Geography

	Q1'23		Q2'23		Q3'23		Q4'23		Q1'24		Q2'24		Q3'24		Q4'24		Q1'25	
(\$ in millions) % is Y/Y % Change	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Americas	\$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%	\$629.8	13.1%
EMEA	\$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%	\$628.4	16.5%
APAC	\$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%	\$281.5	9.6%
Total	\$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%	\$1,539.7	13.8%

% of revenue	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Americas	41.5%	41.5%	40.9%	40.2%	41.1%	41.5%	41.4%	40.1%	40.9%
EMEA	37.9%	39.2%	38.4%	40.7%	39.9%	39.4%	39.7%	41.7%	40.8%
APAC	20.6%	19.3%	20.7%	19.1%	19.0%	19.1%	18.9%	18.2%	18.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

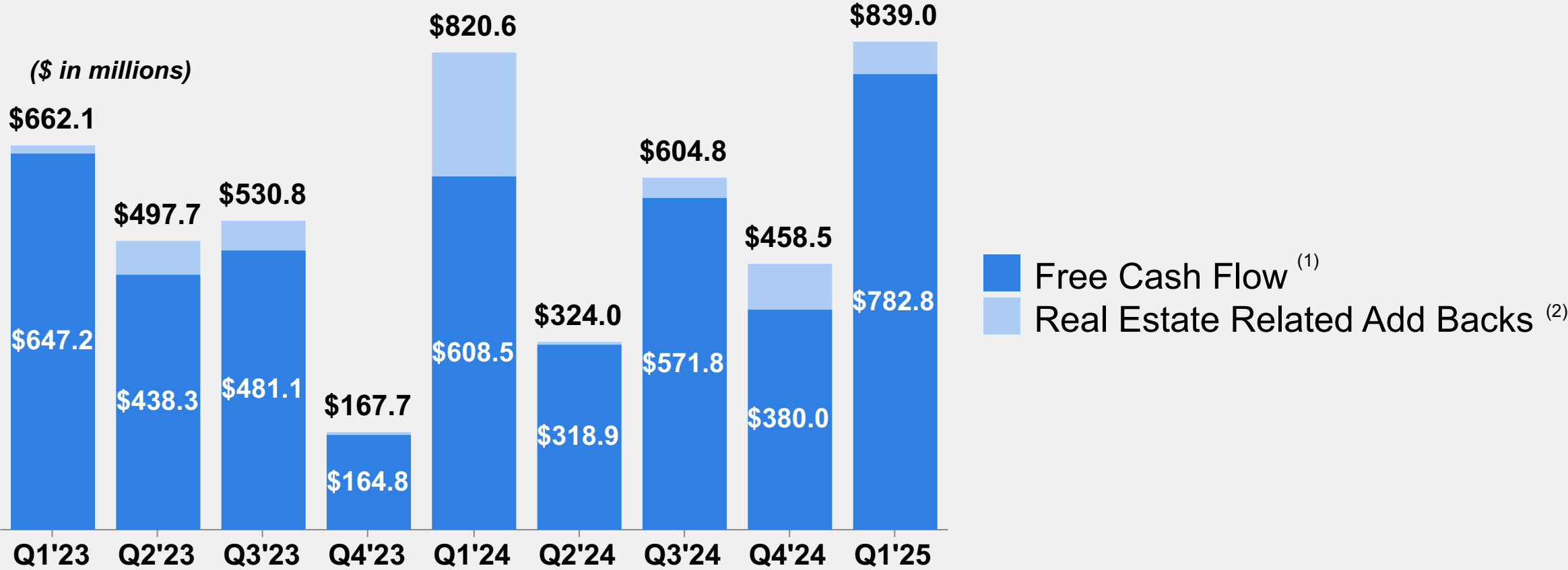


Statement of Cash Flows (Non-GAAP)

(\$ in millions)	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
GAAP Net Income	\$247.7	\$266.3	\$322.9	\$310.9	\$299.3	\$379.8	\$539.9	\$526.2	\$433.4
Depreciation, Amortization and Stock-Based Compensation	83.8	92.4	92.6	93.6	90.9	93.1	95.7	101.0	101.9
Accounts Receivable	171.1	7.9	64.4	(389.8)	405.6	(86.7)	57.6	(421.9)	303.9
Inventory	(45.3)	(84.9)	(100.8)	(22.5)	36.5	48.7	19.7	26.3	(34.1)
Deferred Revenue	240.7	248.6	156.9	449.1	54.8	106.9	72.7	343.4	57.0
Other	(20.5)	(15.2)	15.2	(249.6)	(56.7)	(199.8)	(177.5)	(97.4)	1.2
GAAP Cash Flow from Operations	\$677.5	\$515.1	\$551.2	\$191.7	\$830.4	\$342.0	\$608.1	\$477.6	\$863.3
Purchases of Property and Equipment	(30.3)	(76.8)	(70.1)	(26.9)	(221.9)	(23.1)	(36.3)	(97.6)	(66.5)
Proceeds from IP matter	—	—	—	—	—	—	—	—	(14.0)
Free Cash Flow	\$647.2	\$438.3	\$481.1	\$164.8	\$608.5	\$318.9	\$571.8	\$380.0	\$782.8
Issuance of Common Stock, Net of Taxes	(13.3)	(17.1)	(24.4)	(13.9)	(29.5)	(14.0)	3.6	2.1	(32.7)
Stock Repurchases	—	—	(604.3)	(896.2)	—	—	(0.6)	—	—
Acquisitions	—	—	—	—	(5.7)	—	(241.3)	(28.5)	(11.2)
Other	4.3	1.8	0.2	15.4	9.4	11.3	27.9	12.2	10.3
Change in Cash, Investments, and Marketable Equity Securities	\$638.2	\$423.0	\$(147.4)	\$(729.9)	\$582.7	\$316.2	\$361.4	\$365.8	\$749.2
Supplemental information: Cash Paid for Taxes—net	\$20.7	\$37.9	\$26.3	\$341.4	\$31.1	\$252.1	\$139.8	\$155.9	\$26.8



Quarterly Free Cash Flow and Adjusted Free Cash Flow Growth



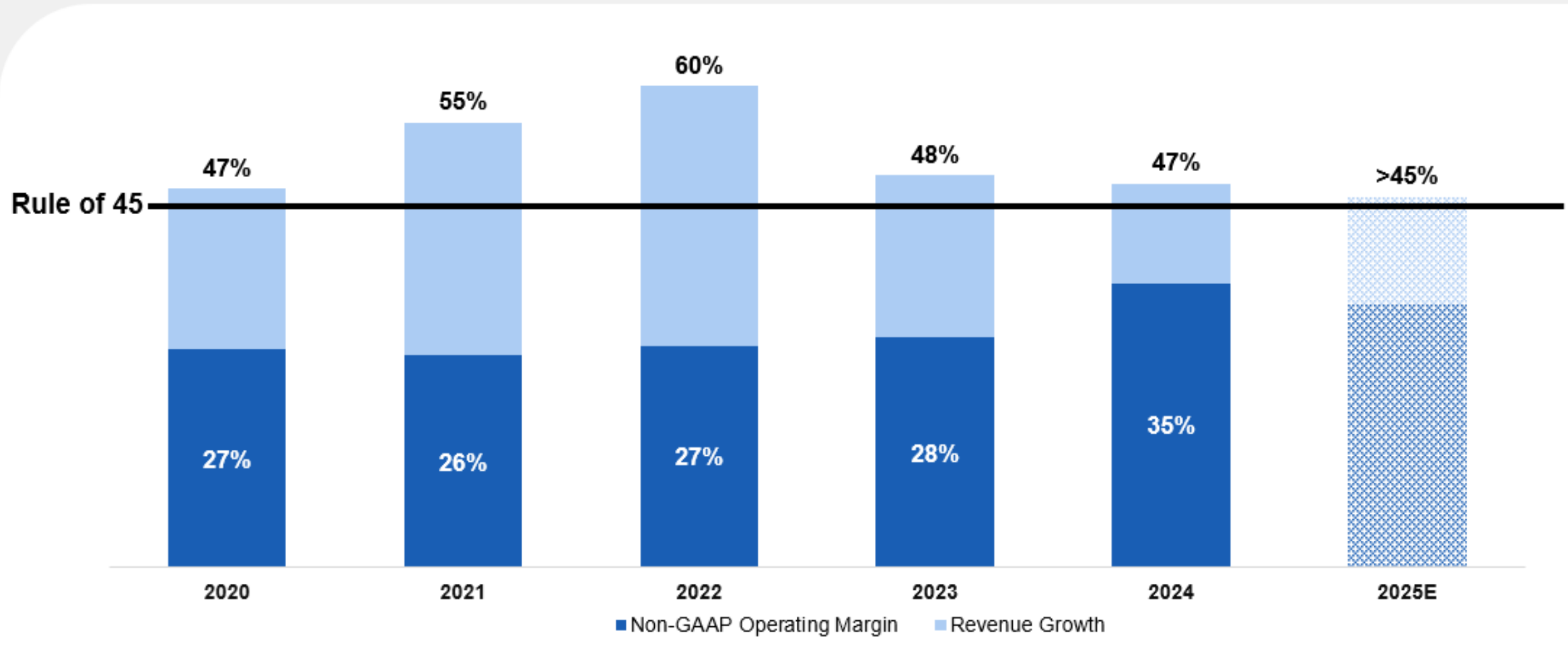
Notes

- (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 and excluding any significant non-recurring items, such as proceeds from intellectual property matters.
- (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.



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

Expect to Achieve the 'Rule of 45' in 2025



Q2 and 2025 Guidance (Non-GAAP) ⁽¹⁾

	Actual Q2'24	Q2'25E	Actual 2024	2025E
Billings ⁽²⁾	\$1.541B	\$1.685 - 1.765B	\$6.533B	\$7.200 - 7.400B
Y/Y Mid-Pt Growth		12.0%		11.8%
Revenue (GAAP)	\$1.434B	\$1.590 - 1.650B	\$5.956B	\$6.650 - 6.850B
Y/Y Mid-Pt Growth		12.9%		13.3%
Service Revenue (GAAP)	\$982.4M		\$4.047B	\$4.575 - 4.725B
Y/Y Mid-Pt Growth				14.9%
Gross Margin (%) ⁽³⁾	81.5%	80.0 - 81.0%	81.3%	79.0 - 81.0%
Operating Margin (%) ⁽³⁾⁽⁴⁾	35.1%	31.5 - 32.5%	35.0%	31.5 - 33.5%
Net Income per Share ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	\$0.57	\$0.58 - 0.60	\$2.37	\$2.43 - 2.49
Weighted Diluted Shares Outstanding	769.9M	773 - 777M	771.9M	769 - 779M

Notes

- (1) Guidance for non-GAAP financial measures excludes stock-based compensation, amortization of acquired intangible assets, gain on IP matters, gain on bargain purchase, gain from 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% for 2025. We expect cash paid for taxes to be within the range of \$525 million to \$575 million for 2025.
- (6) Excludes gains on bargain purchases related to our acquisitions of Lacework and Linksys, a gain from equity method investment related to our Linksys acquisition and a non-cash charge of the impairment recognized on our equity method investment in Linksys.



Additional Modeling Points

	Actual Q2'24	Actual 2024	Actual Q1'25	Q2'25E	2025E
Cash Paid for Taxes	\$252M	\$579M	\$27M	\$230 - \$255M	\$525 - \$575M
Infrastructure Investments	\$23M	\$379M	\$67M	\$180 - \$200M	\$380 - \$430M
Non-GAAP Tax Rate	17%	17%	18%	18%	18%



GAAP to Non-GAAP Reconciliations

(\$ in millions)	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Total revenue	\$1,262.3	\$1,292.8	\$1,334.6	\$1,415.1	\$1,353.3	\$1,434.3	\$1,508.1	\$1,660.1	\$1,539.7
Add: Change in deferred revenue	240.6	247.7	156.7	449.7	54.9	106.3	115.5	349.2	57.5
Less: Deferred revenue balance acquired in business combinations	—	—	—	—	(1.0)	—	(41.4)	(6.8)	—
Total billings	\$1,502.9	\$1,540.5	\$1,491.3	\$1,864.8	\$1,407.2	\$1,540.6	\$1,582.2	\$2,002.5	\$1,597.2
GAAP Cash flow from operations	\$677.5	\$515.1	\$551.2	\$191.7	\$830.4	\$342.0	\$608.1	\$477.6	\$863.3
Less: Purchases of property and equipment	(30.3)	(76.8)	(70.1)	(26.9)	(221.9)	(23.1)	(36.3)	(97.6)	(66.5)
Less: Proceeds from IP matter	—	—	—	—	—	—	—	—	(14.0)
Free cash flow ⁽¹⁾	647.2	438.3	481.1	164.8	608.5	318.9	571.8	380.0	782.8
Add: Real estate related add backs	14.9	59.4	49.7	2.9	212.1	5.1	33.0	78.5	56.2
Adjusted free cash flow ⁽²⁾	\$662.1	\$497.7	\$530.8	\$167.7	\$820.6	\$324.0	\$604.8	\$458.5	\$839.0

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 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.



GAAP to Non-GAAP Reconciliations (Continued)

(\$ in millions)	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
GAAP product gross profit	\$307.1	\$298.1	\$267.6	\$290.9	\$226.1	\$296.8	\$337.8	\$396.0	\$309.2
Stock-based compensation	0.4	0.5	0.4	0.5	0.5	0.4	0.5	0.5	0.5
Amortization of acquired intangible assets	1.8	1.7	1.6	2.0	1.0	1.2	1.1	1.0	1.3
Non-GAAP product gross profit	\$309.3	\$300.3	\$269.6	\$293.4	\$227.6	\$298.4	\$339.4	\$397.5	\$311.0
Non-GAAP product gross margin	61.8%	63.5%	57.9%	60.1%	55.7%	66.0%	71.6%	69.3%	67.7%
GAAP service gross profit	\$647.4	\$698.9	\$749.3	\$808.3	\$822.5	\$862.5	\$906.9	\$949.6	\$937.4
Stock-based compensation	5.1	6.0	6.1	6.1	6.2	6.5	6.3	6.4	6.5
Amortization of acquired intangible assets	1.8	1.8	1.8	2.4	1.1	1.2	2.5	6.5	5.4
Non-GAAP service gross profit	\$654.3	\$706.7	\$757.2	\$816.8	\$829.8	\$870.2	\$915.7	\$962.5	\$949.3
Non-GAAP service gross margin	85.9%	86.2%	87.2%	88.1%	87.9%	88.6%	88.5%	88.6%	87.8%
GAAP total gross profit	\$954.5	\$997.0	\$1,016.9	\$1,099.2	\$1,048.6	\$1,159.3	\$1,244.7	\$1,345.6	\$1,246.6
Stock-based compensation	5.5	6.5	6.5	6.6	6.7	6.9	6.8	6.9	7.0
Amortization of acquired intangible assets	3.6	3.5	3.4	4.4	2.1	2.4	3.6	7.5	6.7
Non-GAAP total gross profit	\$963.6	\$1,007.0	\$1,026.8	\$1,110.2	\$1,057.4	\$1,168.6	\$1,255.1	\$1,360.0	\$1,260.3
Non-GAAP gross margin	76.3%	77.9%	76.9%	78.5%	78.1%	81.5%	83.2%	81.9%	81.9%
GAAP research and development expense	\$151.1	\$153.3	\$156.9	\$152.5	\$173.0	\$165.4	\$187.3	\$191.1	\$198.6
Stock-based compensation	(17.0)	(20.0)	(20.0)	(19.8)	(19.8)	(21.3)	(21.9)	(22.9)	(23.0)
Non-GAAP research and development expense	\$134.1	\$133.3	\$136.9	\$132.7	\$153.2	\$144.1	\$165.4	\$168.2	\$175.6
Non-GAAP research and development expense as a percentage of revenue	10.6%	10.3%	10.3%	9.4%	11.3%	10.0%	11.0%	10.1%	11.4%
GAAP sales and marketing expense	\$478.3	\$515.9	\$504.4	\$507.4	\$501.1	\$501.3	\$515.9	\$526.5	\$542.7
Stock-based compensation	(26.3)	(29.3)	(28.5)	(27.7)	(26.7)	(25.9)	(27.0)	(25.7)	(26.5)
Amortization of acquired intangible assets	(1.1)	(1.0)	(1.0)	(0.9)	(0.9)	(0.9)	(1.7)	(4.0)	(5.1)
Non-GAAP sales and marketing expense	\$450.9	\$485.6	\$474.9	\$478.8	\$473.5	\$474.5	\$487.2	\$496.8	\$511.1
Non-GAAP sales and marketing expense as a percentage of revenue	35.7%	37.6%	35.6%	33.8%	35.0%	33.1%	32.3%	29.9%	33.2%



GAAP to Non-GAAP Reconciliations (Continued)

(\$ in millions)	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
GAAP general and administrative expense	\$52.8	\$49.9	\$53.5	\$55.1	\$54.4	\$56.6	\$71.7	\$55.1	\$57.8
Stock-based compensation	(8.2)	(9.9)	(9.9)	(9.9)	(9.8)	(10.2)	(10.7)	(11.0)	(10.4)
Litigation-related matter	—	—	—	—	—	—	(3.2)	—	—
Non-GAAP general and administrative expense	\$44.6	\$40.0	\$43.6	\$45.2	\$44.6	\$46.4	\$57.8	\$44.1	\$47.4
Non-GAAP general and administrative expense as a percentage of revenue	3.5%	3.1%	3.3%	3.2%	3.3%	3.2%	3.8%	2.7%	3.1%
GAAP gain on IP matters	\$(1.2)	\$(1.1)	\$(1.1)	\$(1.2)	\$(1.1)	\$(1.2)	\$(1.1)	\$(1.2)	\$(6.3)
Gain on IP matters	1.2	1.1	1.1	1.2	1.1	1.2	1.1	1.2	6.3
Non-GAAP gain on IP matters	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Non-GAAP gain on IP matters as a percentage of revenue	—%	—%	—%	—%	—%	—%	—%	—%	—%
GAAP total operating expense	\$681.0	\$718.0	\$713.7	\$713.8	\$727.4	\$722.1	\$773.8	\$771.5	\$792.8
Stock-based compensation	(51.5)	(59.2)	(58.4)	(57.4)	(56.3)	(57.4)	(59.6)	(59.6)	(59.9)
Amortization of acquired intangible assets	(1.1)	(1.0)	(1.0)	(0.9)	(0.9)	(0.9)	(1.7)	(4.0)	(5.1)
Litigation-related matter	—	—	—	—	—	—	(3.2)	—	—
Gain on IP matters	1.2	1.1	1.1	1.2	1.1	1.2	1.1	1.2	6.3
Non-GAAP total operating expense	\$629.6	\$658.9	\$655.4	\$656.7	\$671.3	\$665.0	\$710.4	\$709.1	\$734.1
Non-GAAP total operating expense as a percentage of revenue	49.9%	51.0%	49.1%	46.4%	49.6%	46.4%	47.1%	42.7%	47.7%
GAAP operating income	\$273.5	\$279.0	\$303.2	\$385.4	\$321.2	\$437.2	\$470.9	\$574.1	\$453.8
Stock-based compensation	57.0	65.7	64.9	64.0	63.0	64.3	66.4	66.5	66.9
Amortization of acquired intangible assets	4.7	4.5	4.4	5.3	3.0	3.3	5.3	11.5	11.8
Litigation-related matter	—	—	—	—	—	—	3.2	—	—
Gain on IP matters	(1.2)	(1.1)	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)	(6.3)
Non-GAAP operating income	\$334.0	\$348.1	\$371.4	\$453.5	\$386.1	\$503.6	\$544.7	\$650.9	\$526.2
Non-GAAP operating margin	26.5%	26.9%	27.8%	32.0%	28.5%	35.1%	36.1%	39.2%	34.2%



GAAP to Non-GAAP Reconciliations (Continued)

(\$ in millions)	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
GAAP provision for (benefit from) income taxes	\$21.3	\$27.6	\$(0.3)	\$95.2	\$39.5	\$76.5	\$81.2	\$86.7	\$96.5
Tax adjustments related to the above	38.5	35.0	67.6	(13.0)	30.3	14.3	19.8	31.5	2.8
Non-GAAP provision for income taxes	\$59.8	\$62.6	\$67.3	\$82.2	\$69.8	\$90.8	\$101.0	\$118.2	\$99.3
Non-GAAP effective tax rate	17%	17%	17%	17%	17%	17%	17%	17%	18%
GAAP Net income	\$247.7	\$266.3	\$322.9	\$310.9	\$299.3	\$379.8	\$539.9	\$526.2	\$433.4
Stock-based compensation	57.0	65.7	64.9	64.0	63.0	64.3	66.4	66.5	66.9
Amortization of acquired intangible assets	4.7	4.5	4.4	5.3	3.0	3.3	5.3	11.5	11.8
Litigation-related matter	—	—	—	—	—	—	3.2	—	—
Gain on IP matters	(1.2)	(1.1)	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)	(6.3)
Gain on bargain purchase	—	—	—	—	—	—	(106.3)	—	(39.9)
Tax adjustments	(38.5)	(35.0)	(67.6)	13.0	(30.3)	(14.3)	(19.8)	(31.5)	(2.8)
Gain from equity method investment	—	—	—	—	—	—	—	—	(10.8)
Non-cash charge on equity method investment	—	—	—	—	—	8.0	—	—	—
Non-GAAP net income	\$269.7	\$300.4	\$323.5	\$392.0	\$333.9	\$439.9	\$487.6	\$571.5	\$452.3
GAAP net income per share, diluted	\$0.31	\$0.33	\$0.41	\$0.40	\$0.39	\$0.49	\$0.70	\$0.68	\$0.56
Stock-based compensation	0.07	0.08	0.08	0.08	0.08	0.08	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	0.01
Litigation-related matter	—	—	—	—	—	—	—	—	—
Gain on IP matters	—	—	—	—	—	—	—	—	(0.01)
Gain on bargain purchase	—	—	—	—	—	—	(0.14)	—	(0.05)
Tax adjustments	(0.05)	(0.04)	(0.09)	0.02	(0.04)	(0.02)	(0.03)	(0.04)	(0.01)
Gain from equity method investment	—	—	—	—	—	—	—	—	(0.01)
Non-cash charge on equity method investment	—	—	—	—	—	0.01	—	—	—
Non-GAAP net income per share, diluted	\$0.34	\$0.38	\$0.41	\$0.51	\$0.43	\$0.57	\$0.63	\$0.74	\$0.58
Shares used in diluted net income per share calculations	793.4	795.9	791.2	772.3	770.5	769.9	771.9	775.2	776.8





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