



FORTINET®

Q2 2025 Earnings Presentation

August 6, 2025



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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.



Q2'25 Key Financial Highlights

15%

Y/Y Billings
Growth

21%

Y/Y Unified SASE
Billings Growth

31%

Y/Y SecOps
Billings Growth

14%

Y/Y Total Revenue
Growth

51%

Y/Y Growth in Value
of Deals >\$1M

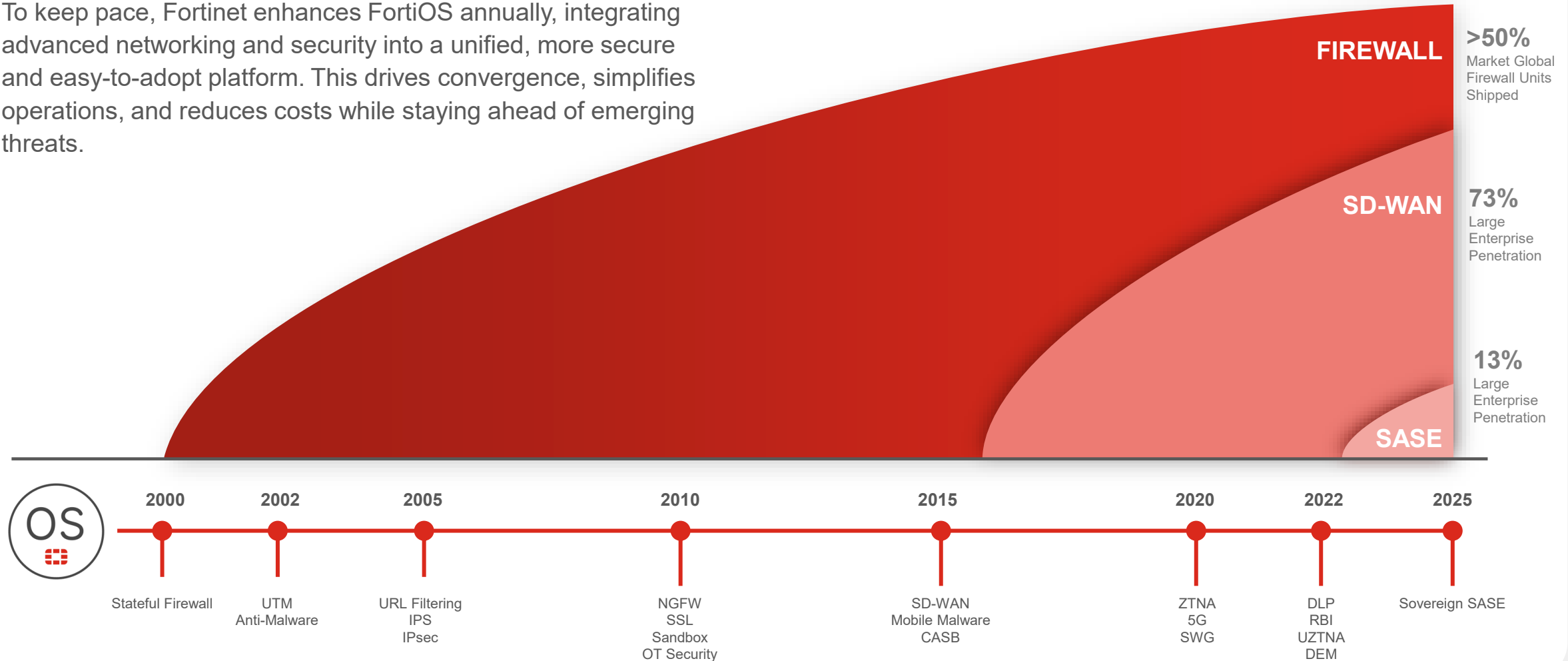
33%

Operating Margin
(Non-GAAP)



New-Gen SASE Firewall – NGFW, SD-WAN, and 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, more secure and easy-to-adopt platform. This drives convergence, simplifies operations, and reduces costs while staying ahead of emerging threats.



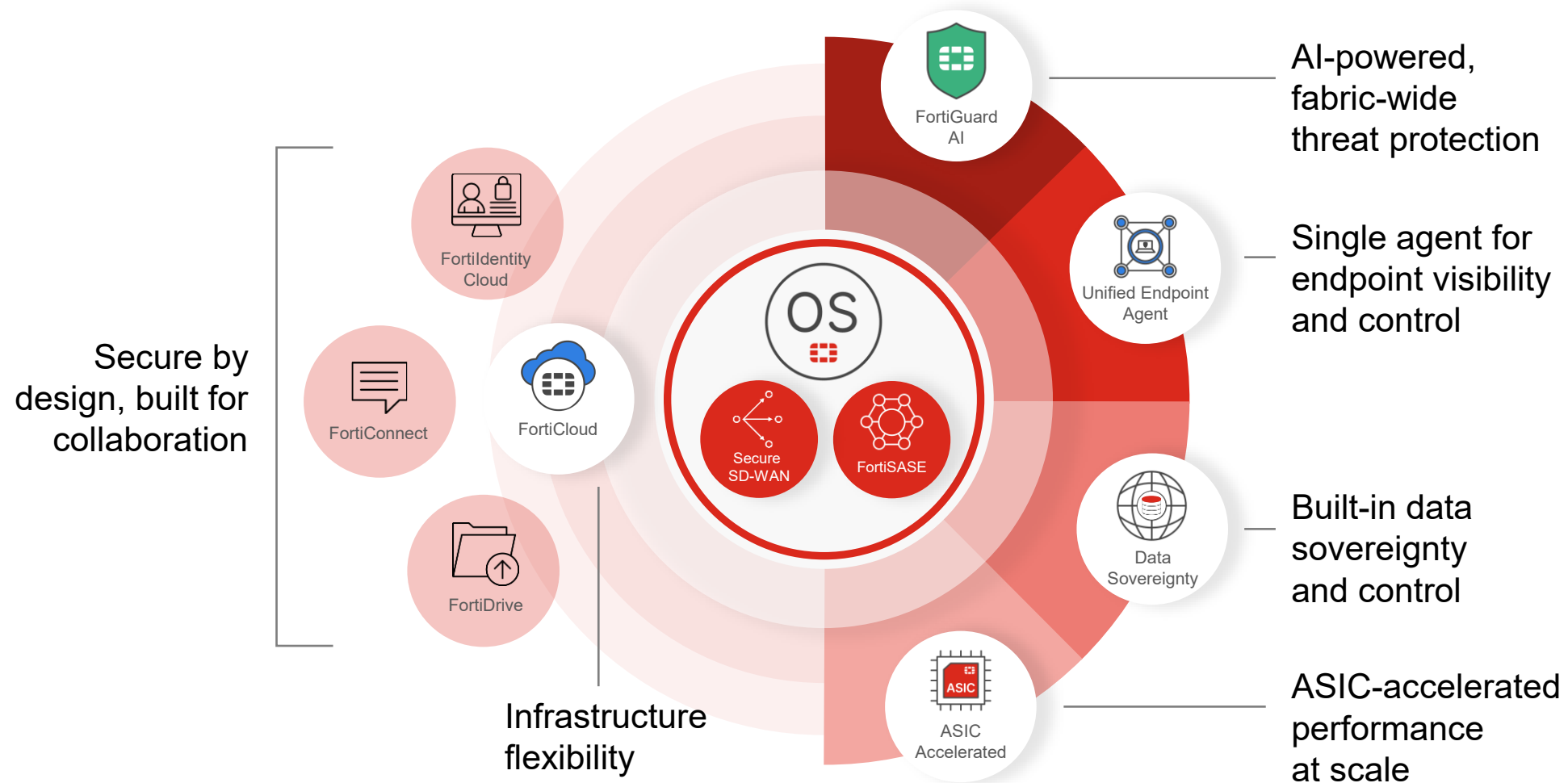
Note: Large enterprise is defined as companies and service providers with greater than \$10 billion in annual sales.

The Most Integrated Operating System

Single OS with leadership in five network security Gartner Magic Quadrants



The New-Generation SASE Firewall for Cloud, Edge, & Everywhere in Between



Investing in Owned Global Infrastructure



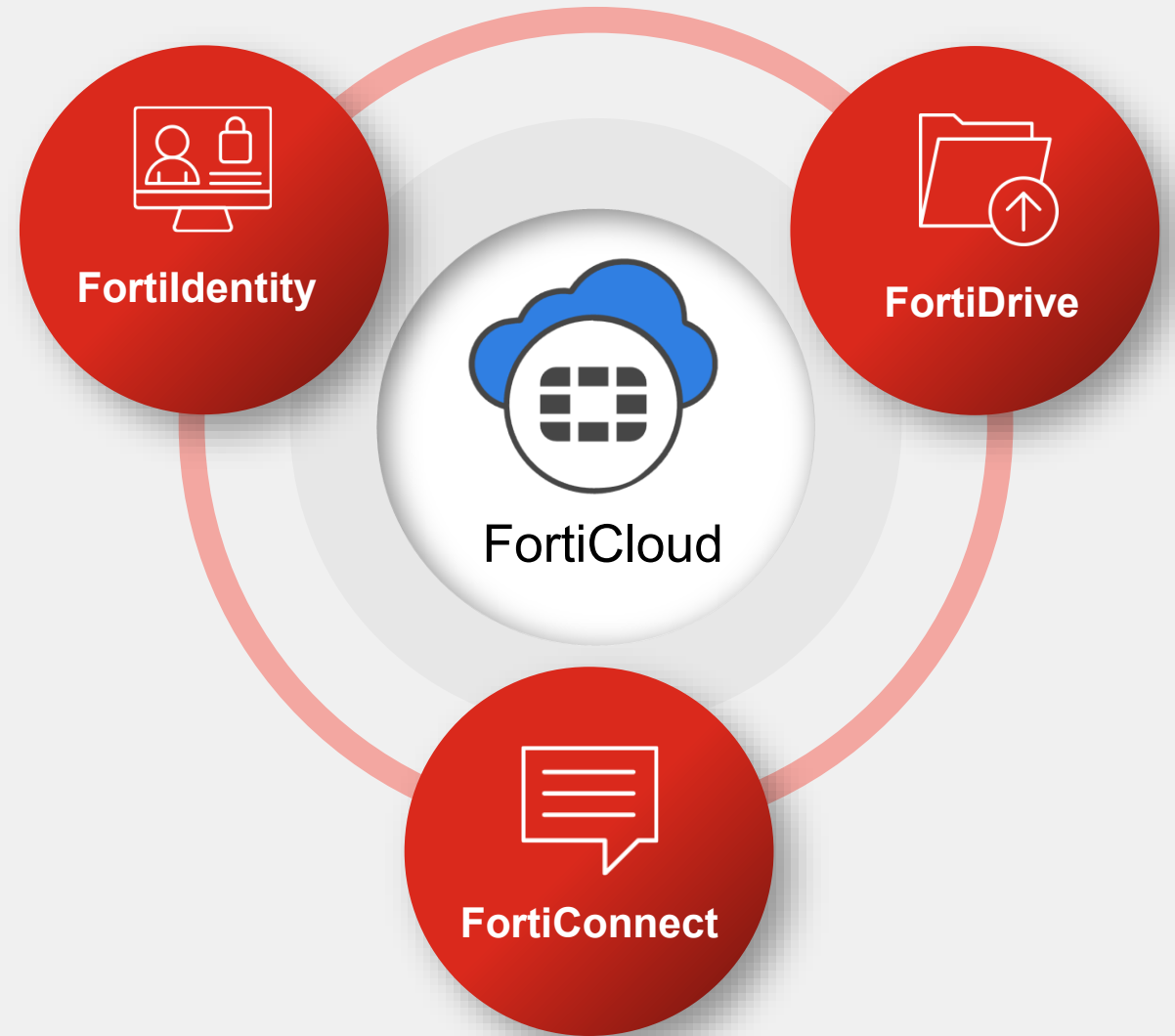
Secure by Default, Unified by Design

Native security for the cloud-connected workforce

Fortiidentity is a scalable, cloud-delivered IAM solution with FortiPAM-as-a-Service to secure privileged access with continuous Zero Trust checks.

FortiDrive, with secure storage and recovery, makes it easy for teams to share, co-edit, and manage content—all protected by Fortinet Security Fabric.


FortiConnect ensures every conversation is private and protected.



FortiAI is Embedded Across the Security Fabric Platform


FortiAI-Protect

FortiGuard Security Bundles
(Enterprise, UTP)



FortiGate

+




AI Security
Services


Secure AI Usage

FortiAI-Assist


Add-on for FortiDLP, FortiSIEM, FortiNDR, FortiCNAPP, FortiManager, FortiAnalyzer, and SOC Tools




FortiAnalyzer




FortiManager




FortiSASE*




FortiAIOps*




FortiADC*




FortiWeb*




FortiGate*




FortiDLP*




FortiCNAPP*



FortiSIEM*




FortiSOAR*



FortiRecon

+




FortiAI

AI-Assisted Operations


*Beta / Roadmap

FortiAI-SecureAI


Secure AI infrastructure at high scale




CNAPP




WAF



Cloud FW



DLP



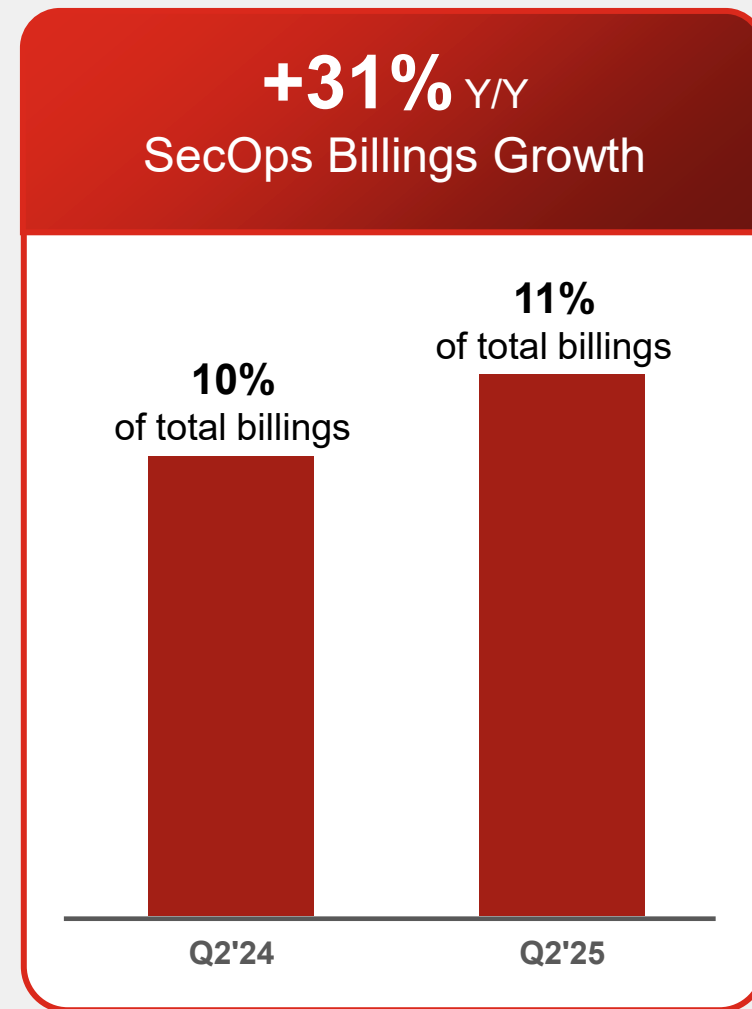
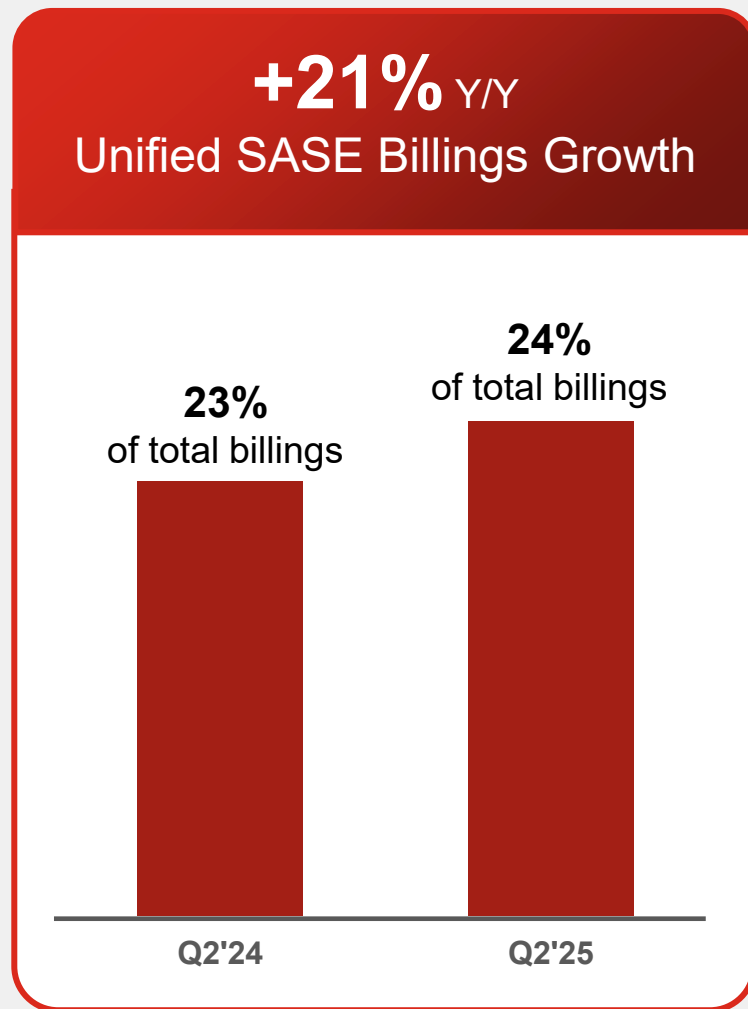
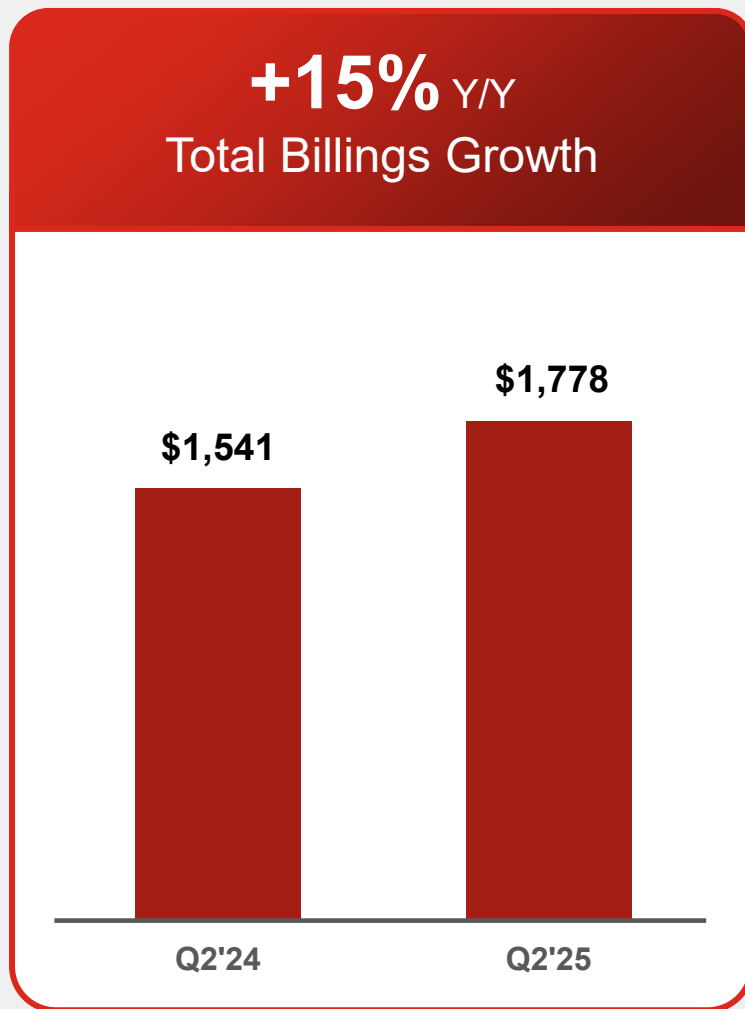
ZTNA

Secure LLM, AI Systems



Strong Billings Growth Driven by Unified SASE & SecOps

\$ in Millions



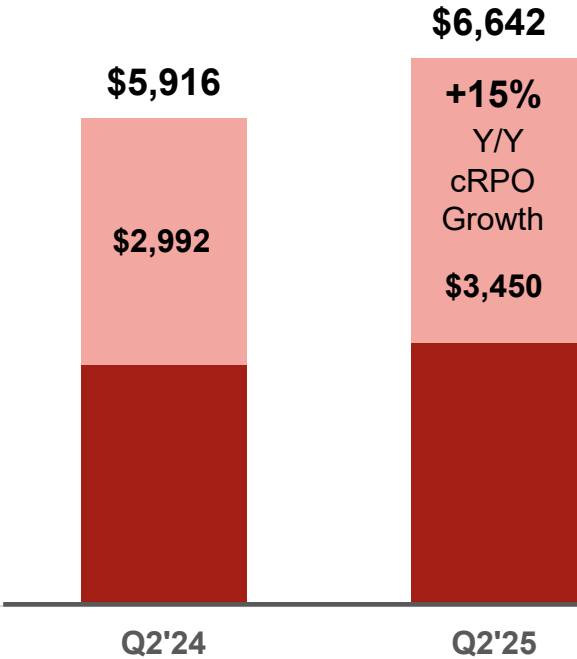
Note: Unified SASE includes SD-WAN (based on a percentage of FortiGate billings), SSE and related solutions.

Growth in Remaining Performance Obligations (RPO)

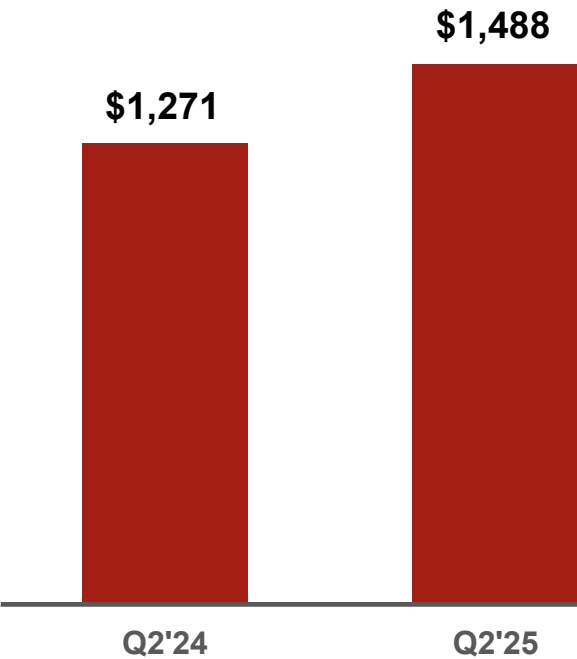
+12% Y/Y
Total RPO Growth

cRPO LT RPO

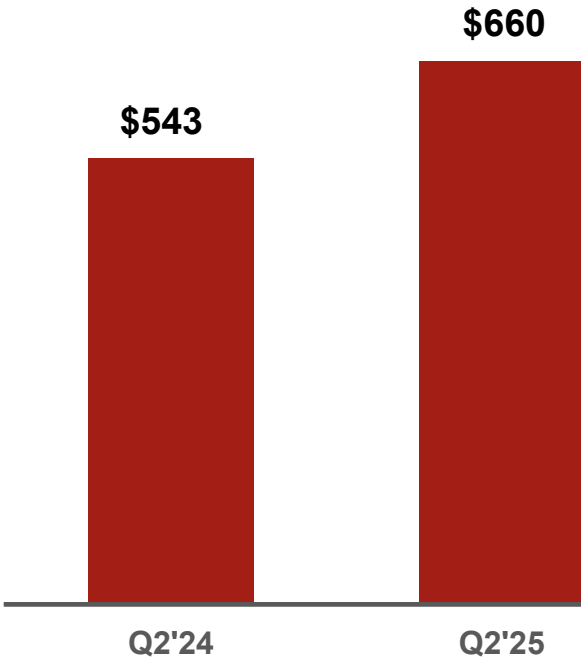
\$ in Millions



+17% Y/Y
Unified SASE RPO Growth

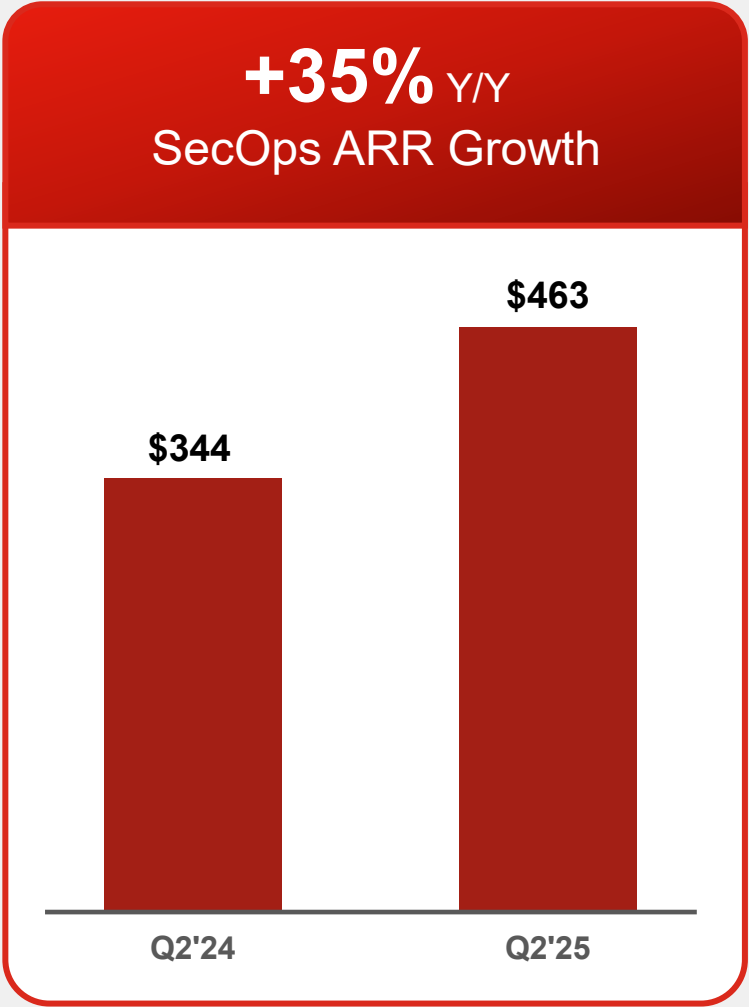
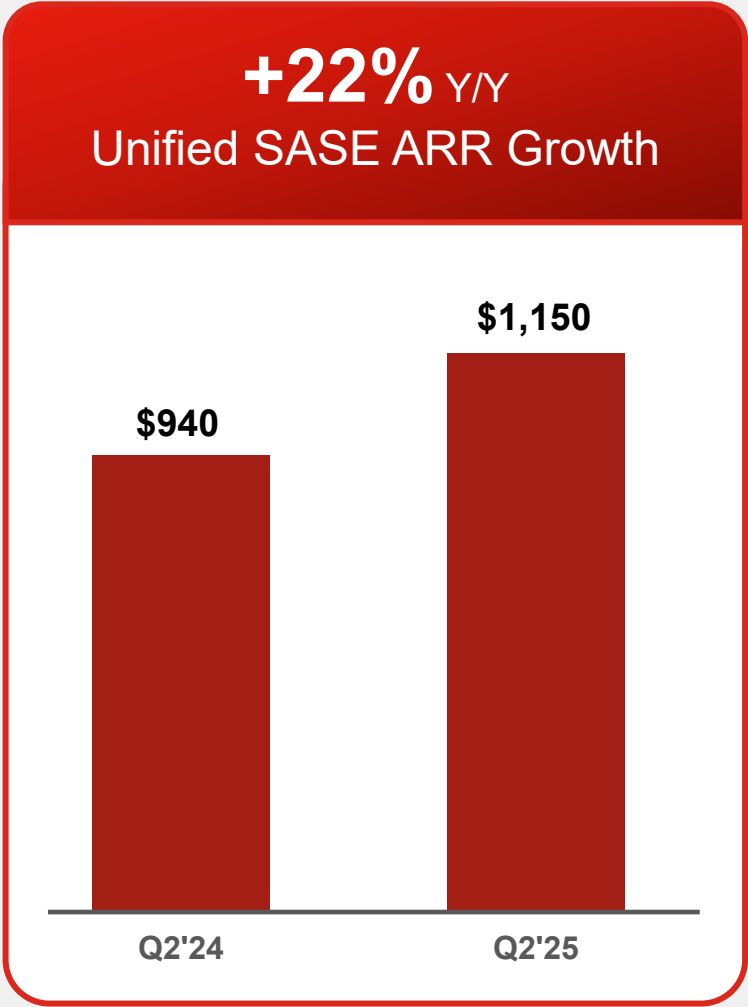


+22% Y/Y
SecOps RPO Growth



Note: Unified SASE includes SD-WAN (based on a percentage of FortiGate billings), SSE and related solutions.

Unified SASE & SecOps ARR Exceeded \$1.6 Billion in Q2'25



\$ in Millions

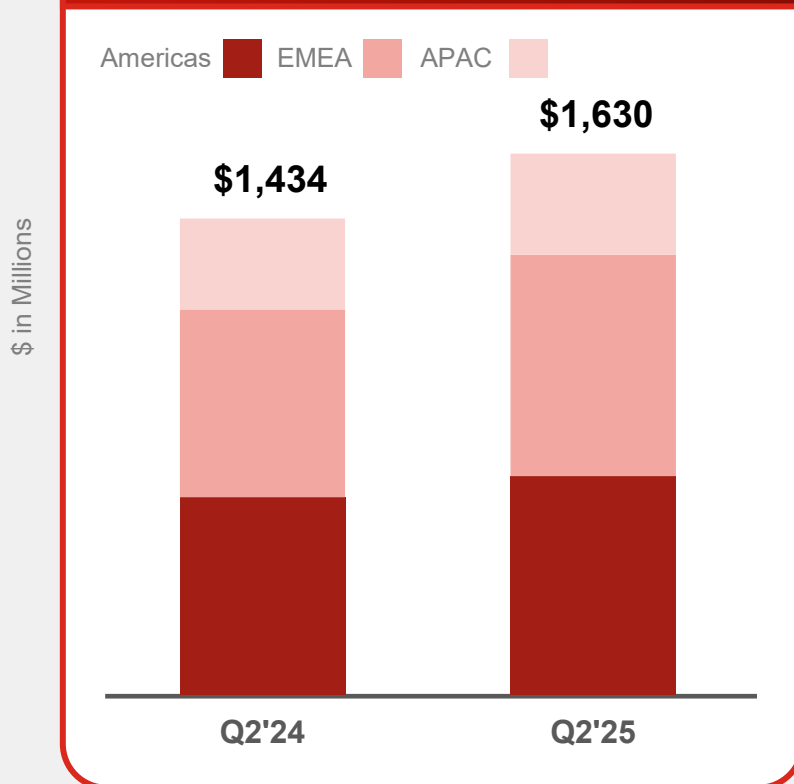


Note: Unified SASE includes SD-WAN (based on a percentage of FortiGate billings), SSE and related solutions. Annual Recurring Revenue (ARR) is defined as the annualized value of renewable / recurring customer agreements as of the measurement date, assuming any contract that expires during the next 12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

Strong Revenue Growth in Q2'25

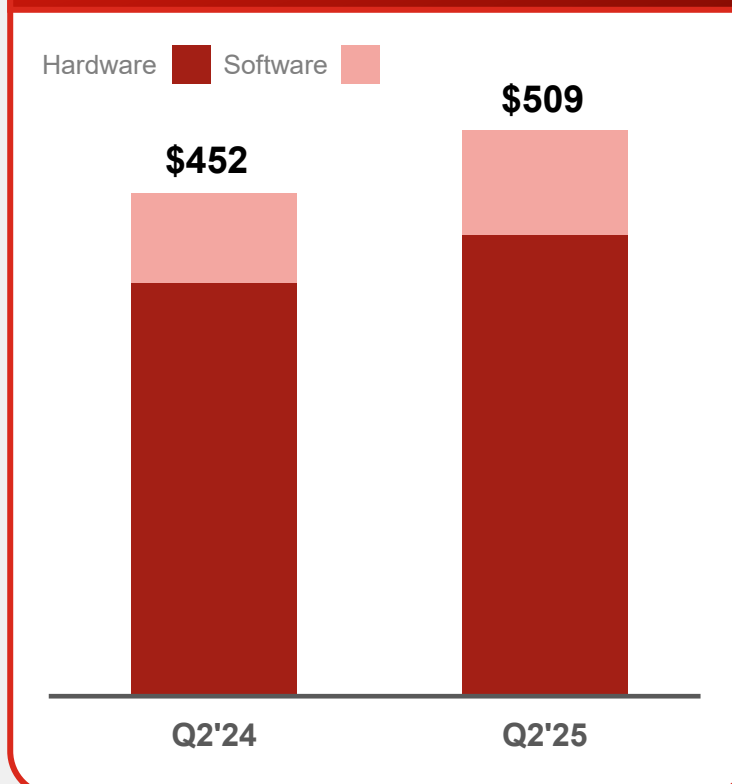
+14% Y/Y

Total Revenue Growth



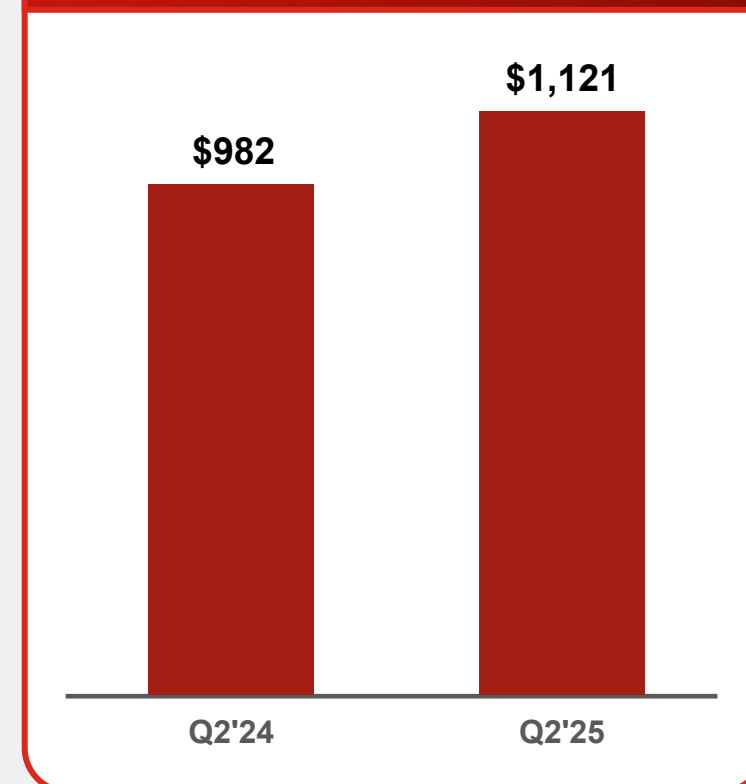
+13% Y/Y

Product Revenue Growth



+14% Y/Y

Service Revenue Growth



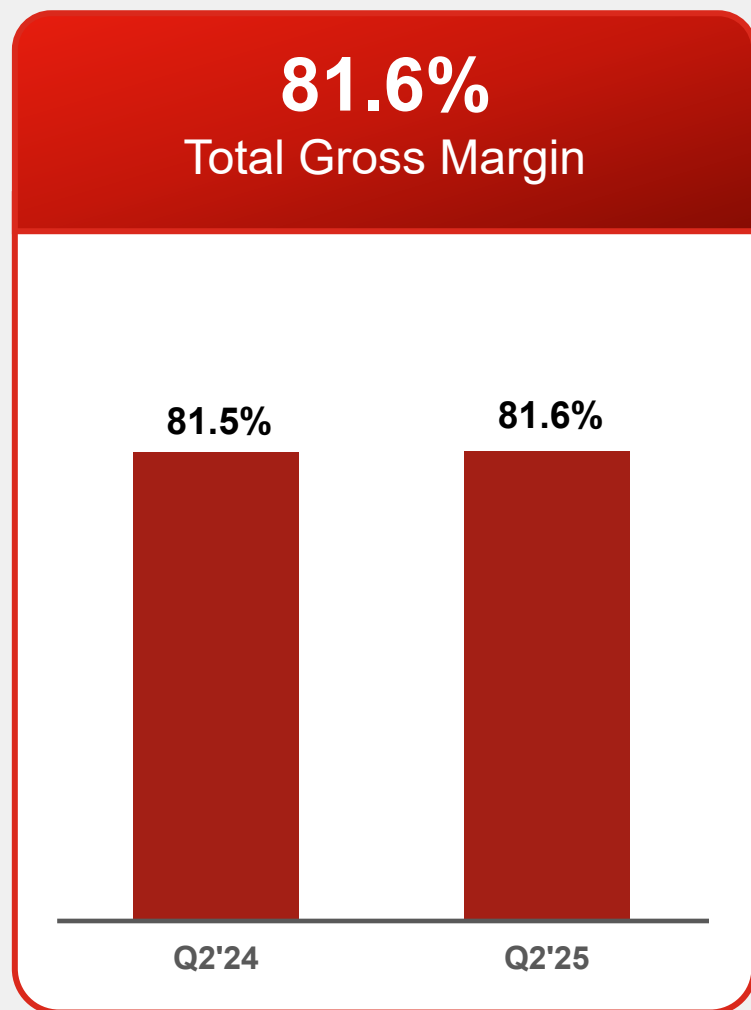
Revenue growth was led by EMEA with growth of 18% Y/Y, while revenue from the Americas and APAC both grew by 11% Y/Y.

Product revenue benefited from upgrade buying and strong growth in Operational Technology. Product revenue was strong in all geographies.

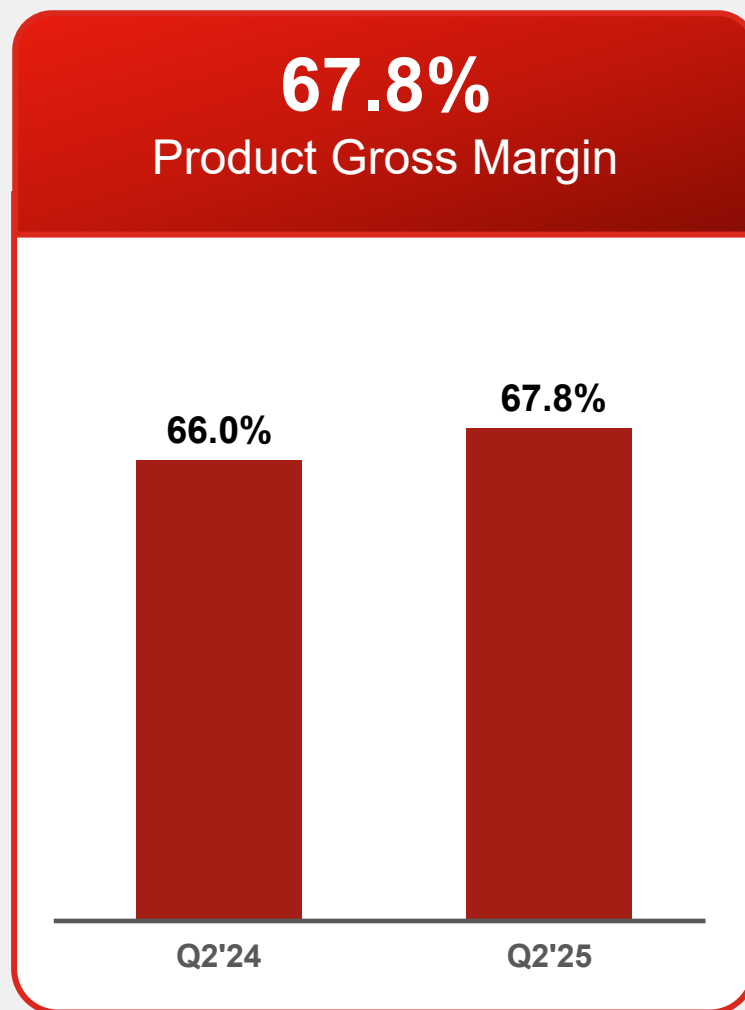
Security subscriptions grew 15% Y/Y and support and related services grew 13% Y/Y.



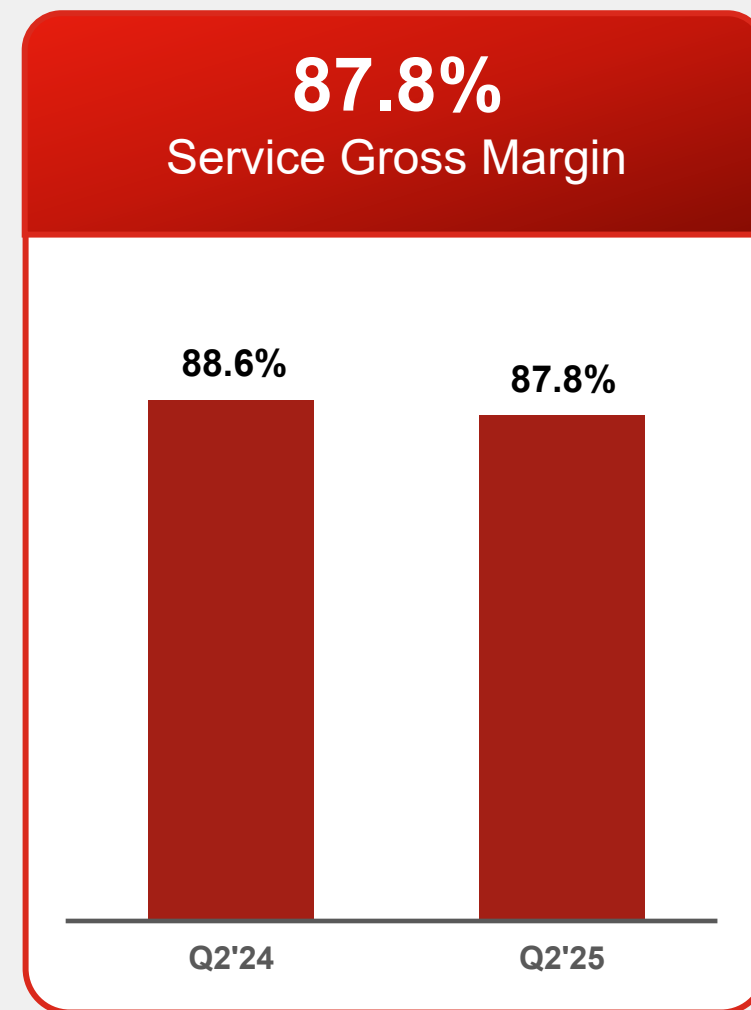
Record Second Quarter Total Gross Margin



Up 10 bps Y/Y, benefiting from product / service revenue mix and improved product gross margin.



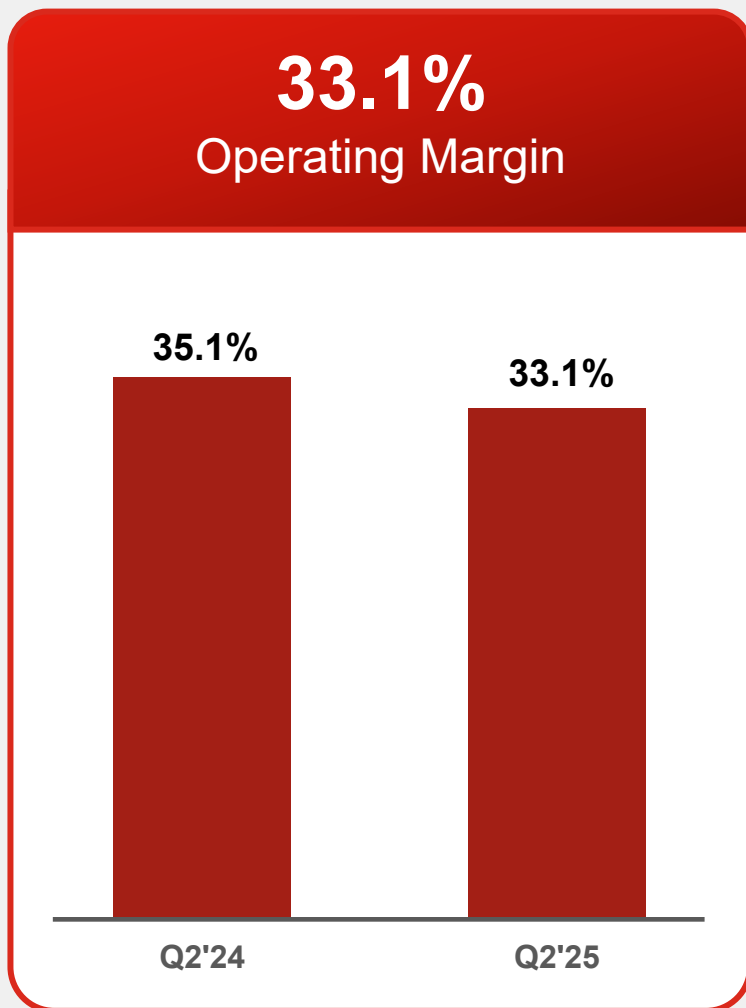
Up 180 bps Y/Y as inventory related charges normalized, benefiting product gross margin.



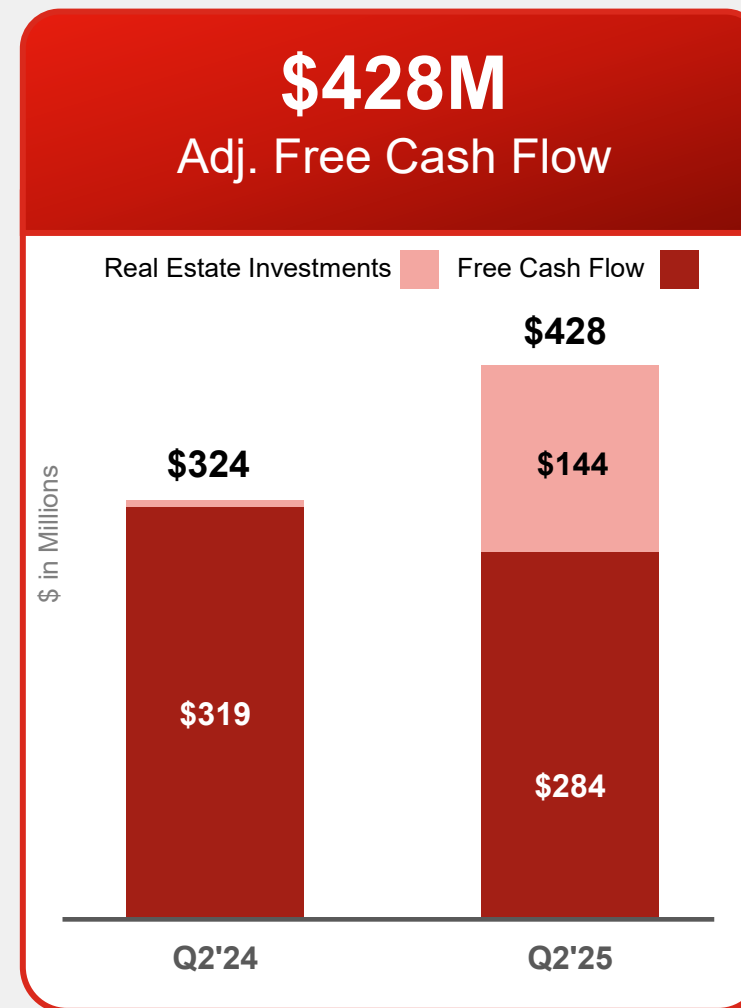
Service gross margin reflects increased investments in cloud delivery capacity associated with the expansion of hosted security solutions.



Strong Second Quarter Operating Margin & Adj. Free Cash Flow



Y/Y decline reflects planned increased investments in sales headcount to drive growth.

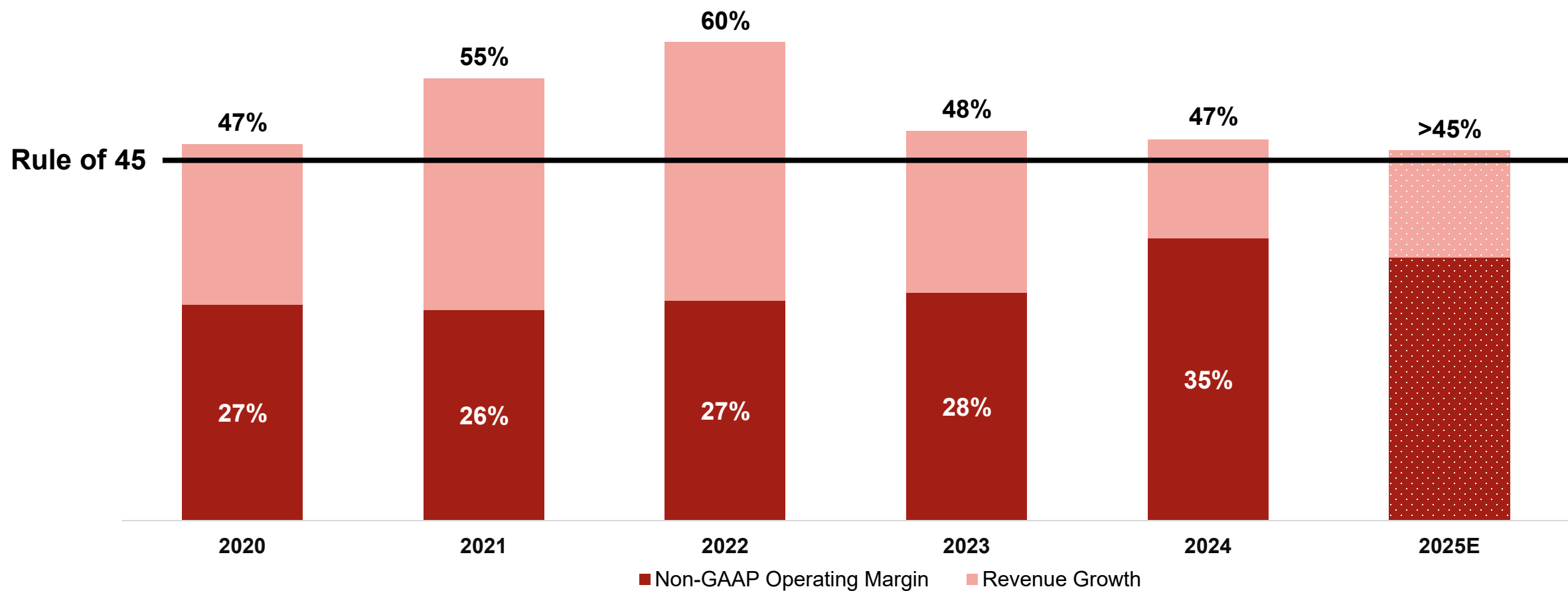


Realized an Adj. Free Cash Flow margin of 26%, up 4 points Y/Y.



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

Expect to Achieve the 'Rule of 45' in 2025



Q3'25 and Full Year 2025 Guidance (Non-GAAP) ⁽¹⁾

| | Q3'25E | 2025E |
|---|----------------------------|----------------------------|
| Billings ⁽²⁾ | \$1.760B – \$1.840B | \$7.325B – \$7.475B |
| <i>Y/Y Mid-Pt Growth</i> | <i>13.8%</i> | <i>13.3%</i> |
| Revenue (GAAP) | \$1.670B – \$1.730B | \$6.675B – \$6.825B |
| <i>Y/Y Mid-Pt Growth</i> | <i>12.7%</i> | <i>13.3%</i> |
| Service Revenue (GAAP) | | \$4.550B – \$4.650B |
| <i>Y/Y Mid-Pt Growth</i> | | <i>13.7%</i> |
| Gross Margin (%) ⁽³⁾ | 80.0% – 81.0% | 79.0% – 81.0% |
| Operating Margin (%) ⁽³⁾⁽⁴⁾ | 32.5% – 33.5% | 32.0% – 33.5% |
| Net Income per Share ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ | \$0.62 – \$0.64 | \$2.47 – \$2.53 |
| Weighted Diluted Shares Outstanding | 772M – 776M | 773M – 777M |

(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, 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 18% for 2025. We expect cash paid for income taxes to be within the range of \$400 million to \$450 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

| | Q3'25E | 2025E |
|----------------------------|-----------------|-----------------|
| Cash Paid for Income Taxes | \$60M - \$90M | \$400M - \$450M |
| Infrastructure Investments | \$110M - \$130M | \$380M - \$430M |
| Non-GAAP Tax Rate | 18% | 18% |





Appendix

Reconciliation of Non-GAAP Results to GAAP Results

| (\$ in millions) | Q2'24 | Q2'25 |
|--|-----------|-----------|
| Total revenue | \$1,434.3 | \$1,630.0 |
| Add: Change in deferred revenue | 106.3 | 149.2 |
| Less: Deferred revenue balance acquired in business combinations | — | (0.8) |
| Total billings | \$1,540.6 | \$1,778.4 |
| GAAP Cash Flow from Operations | \$342.0 | \$451.9 |
| Less: Purchases of Property and Equipment | (23.1) | (167.8) |
| Free Cash Flow ⁽¹⁾ | \$318.9 | \$284.1 |
| Add: Real Estate Related Add Backs | 5.1 | 143.8 |
| Adjusted Free Cash Flow ⁽²⁾ | \$324.0 | \$427.9 |

Notes

(1) Free Cash Flow is a non-GAAP measure that we define as net cash provided by operating activities minus purchases of property.

(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 Non-GAAP Results to GAAP Results

| (\$ in millions) | Q2'24 | Q2'25 |
|--|--------------|--------------|
| GAAP product gross profit | \$296.8 | \$343.0 |
| Stock-based compensation | 0.4 | 0.5 |
| Amortization of acquired intangible assets | 1.2 | 1.7 |
| Non-GAAP product gross profit | \$298.4 | \$345.2 |
| <i>Non-GAAP product gross margin</i> | <i>66.0%</i> | <i>67.8%</i> |
| GAAP service gross profit | \$862.5 | \$972.1 |
| Stock-based compensation | 6.5 | 7.0 |
| Amortization of acquired intangible assets | 1.2 | 5.6 |
| Non-GAAP service gross profit | \$870.2 | \$984.7 |
| <i>Non-GAAP service gross margin</i> | <i>88.6%</i> | <i>87.8%</i> |
| GAAP total gross profit | \$1,159.3 | \$1,315.1 |
| Stock-based compensation | 6.9 | 7.5 |
| Amortization of acquired intangible assets | 2.4 | 7.3 |
| Non-GAAP total gross profit | \$1,168.6 | \$1,329.9 |
| <i>Non-GAAP gross margin</i> | <i>81.5%</i> | <i>81.6%</i> |
| GAAP operating income | \$437.2 | \$458.0 |
| Stock-based compensation | 64.3 | 69.9 |
| Amortization of acquired intangible assets | 3.3 | 13.2 |
| Gain on IP matters | (1.2) | (1.3) |
| Non-GAAP operating income | \$503.6 | \$539.8 |
| <i>Non-GAAP operating margin</i> | <i>35.1%</i> | <i>33.1%</i> |

