Fiscal Q1 2026 Earnings Call

November 2025

zscaler™

Safe Harbor

Forward-Looking Statements

Unless otherwise noted, all numbers presented will be on an adjusted, non-GAAP basis. Reconciliation of GAAP to non-GAAP financial measures is in the appendix of this presentation.

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This presentation contains forward-looking statements. All statements other than statements of historical fact, including statements regarding our future financial and operating performance, including our financial outlook for the second quarter of fiscal 2026 and full year fiscal 2026, the expected impact of the Red Canary and SPLX acquisition, our planned products and upgrades, business strategy and plans and objectives of management for future operations of Zscaler are forward-looking statements. These statements involve known and a significant number of unknown risks, uncertainties, assumptions and other factors that could cause results to differ materially from statements made in this message, including any performance or achievements expressed or implied by the forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment, and new risks may emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results or outcomes to differ materially from those contained in any forward-looking statements we may make, including but not limited to the ongoing effects of inflation and geopolitical events on our business, operations and financial results and the economy in general; our limited operating history; our ability to identify and effectively implement the necessary changes to address execution challenges; risks associated with managing our rapid growth, including fluctuations from period to period; our limited experience with new product and subscription and support introductions and the risks associated with new products and subscription and support offerings, including the discovery of software bugs; our ability to attract and retain new customers; the failure to timely develop and achieve market acceptance of new products and subscriptions as well as existing products and subscription and support; rapidly evolving technological developments in the market for network security products and subscription and support offerings and our ability to remain competitive; length of sales cycles; and general market, political, economic and business conditions. Additional risks and uncertainties that could affect our financial and operating results are included in our most recent filings with the Securities and Exchange Commission ("SEC"). You can locate these reports though our website at http://ir.zscaler.com or on the SEC website at www.sec.gov.

In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "continues," "contemplate," "could," "estimate," "expect," "explore," "intend," "likely," "may," "plan," "potential," "predict," "project," "should," "target," "will" or "would" or the negative of these terms or other similar words. Zscaler based these forward-looking statements largely on its current expectations and projections about future events that it believes may affect its business. Actual outcomes and results may differ materially from those contemplated by these forward-looking statements. All forward-looking statements in this message are based on information available to us as of the date hereof, and we do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

Strong start to FY26

	Q1 Guidance	Q1 Results	Q1 Results vs. Guidance
Revenue	**$772M - $774M** *~23% y/y*	**$788M** *~26% y/y*	***Exceeded***
Gross Margin	***~80%***	***~80%***	***Achieved***
Operating Profit	**$166M - $168M** *~22% margin*	**$172M** *~22% margin*	***Exceeded***
EPS	**$0.85 - $0.86**	**$0.96** *25% y/y*	***Exceeded***

All numbers presented on an adjusted, non-GAAP basis. See appendix of this presentation for a reconciliation of GAAP to non-GAAP financial measures.

Key business metrics sustain growth momentum

Growth at scale with strong profitability

Revenue Growth Y/Y
~26%
Strong growth across all geos

Operating Margin
~22%
Delivered at the high end of guide

Free Cash Flow Margin
52%
~600 bps expansion Y/Y

Customers increasing commitments with Zscaler

Annual Recurring Revenue[2]
$3.2B+
ARR growth of ~26% Y/Y

Customer commitments[1]
$5.9B
RPO growth accel. to 35% Y/Y

Z-Flex bookings
$175M+
+70% Q/Q in Flex bookings

Customer centric innovations are resonating well

AI Security ARR
$400M+
On track for $500M+ ARR by FY26

Data Security Everywhere ARR
~$450M
growing faster than total ARR

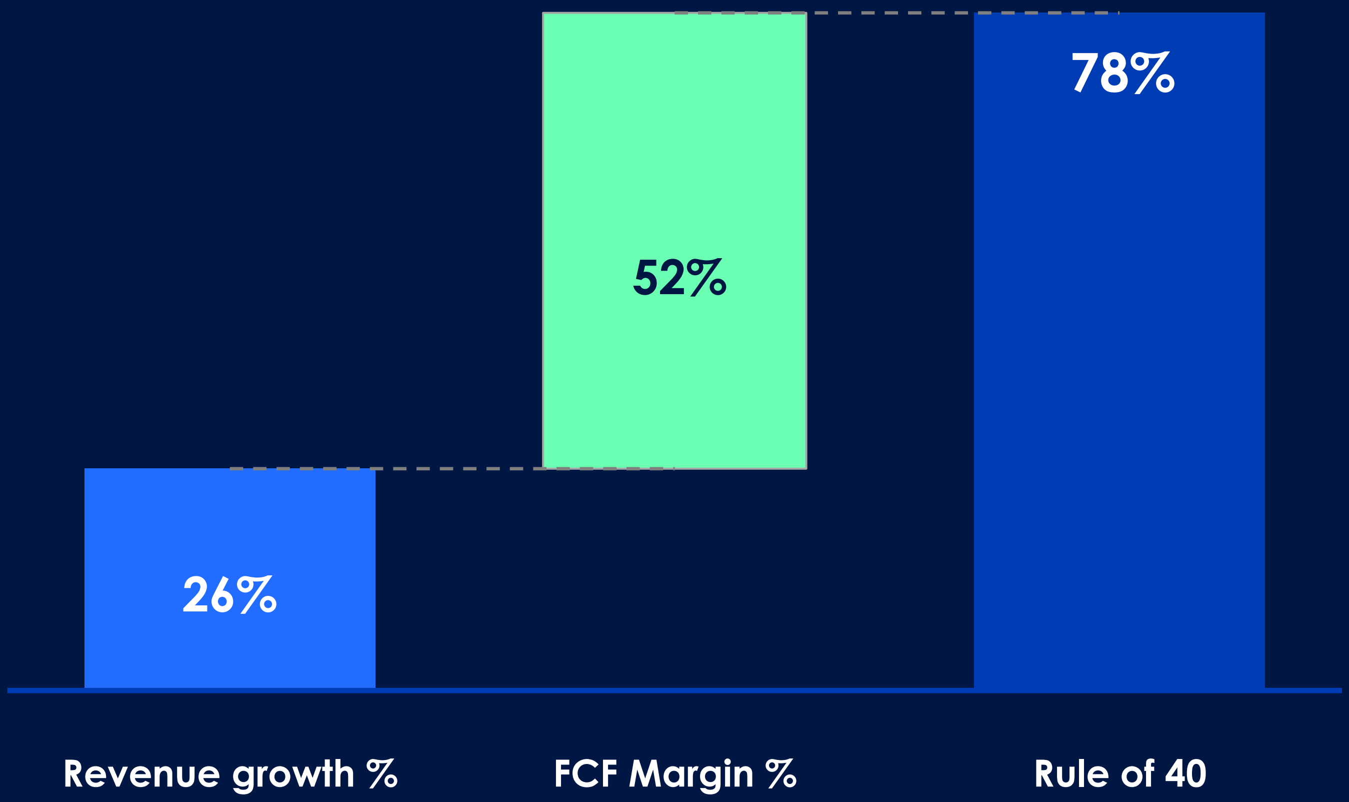
Zero Trust Everywhere enterprises
450+
3-quarters ahead of schedule

1. Remaining Performance Obligations (RPO)
2. Zscaler Annual Recurring Revenue (ARR) refers to the next 12 months of revenue from subscription contracts as of the measurement date. To establish ARR for a customer, we assume that any contract expiring during the next 12 months will be renewed under the existing terms, excluding Red Canary's subscription contracts expiring in fiscal year 2026.

Operating at Rule-of-78 for Q1’26

In a rarefied category among large publicly traded SaaS companies

Rule-of-78 for Q1’26



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$3.2B+

Annual Recurring Revenue (ARR)[1]

One of the five enterprise SaaS companies above $3B ARR+ still delivering **25%+ growth**

>50M

Total Users secured on our platform

20+ Petabytes

Traffic flowing through Zero Trust Exchange Cloud every day

500B+

Daily transactions

>50x number of daily google searches

1. Zscaler Annual Recurring Revenue (ARR) refers to the next 12 months of revenue from subscription contracts as of the measurement date. To establish ARR for a customer, we assume that any contract expiring during the next 12 months will be renewed under the existing terms, excluding Red Canary's subscription contracts expiring in fiscal year 2026.

Comprehensive Platform Solutions

Securing over **90 billion** AI/ML transactions per month

Zero Trust Everywhere

Zero Trust Users

Zero Trust Branch

Zero Trust Cloud

Data Security Everywhere

Discover, Classify, Assess Posture (DSPM)

Prevent Data Loss Internet, GenAI SaaS

AI-Security

Security for AI Applications

AI Asset Discovery & Posture Management

AI Red Teaming

AI Guardrails

Agentic Operations

Agentic IT Operations

Agentic Security Operations

Zscaler Platform

Three Pillars of Growth

Zero Trust Everywhere[1]

Customer need to buy all three of:

- Zero Trust Users (ZIA/ZPA)
- Zero Trust Cloud (Workloads security, Micro segmentation)
- Zero Trust Branch (Branch Connector, Device Segmentation)

Data Security Everywhere

~$450M ARR

- Cyber Isolation
- Inline DLP
- SaaS Security
- Classification & Encryption
- DP Isolation
- Endpoint DLP
- E-mail DLP
- DSPM

AI-Security

$400M+ ARR

- **Security for AI apps**
  - Secure AI Apps
    - *Zscaler AI Guard*
    - *SPLX (AI-Red teaming)*
  - Secure Access to AI Apps
- **Agentic Operations**
  - **IT Ops**, *including ZDX, ZDX Copilot*
  - **Security Ops**, *including Risk360, Business Insights, UVM, Identity Threat Detection, and Cyber Asset Attack Surface Management*
  - **Red Canary**

Three growth vectors combined growing faster than overall ARR

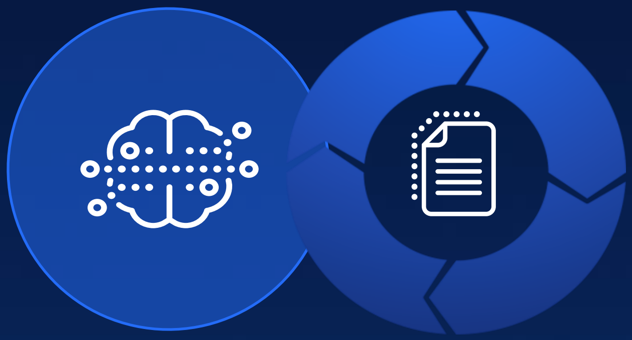
1. "Zero Trust Everywhere" ARR is from customers that purchased components from each of Zero Trust Users, Zero Trust Cloud and Zero Trust Branch.

Security for AI apps – AI Asset Discovery and Posture Management

AI Asset Discovery and Posture Management

1 **AI Inventory**
Discover AI Models, Agents and Services

2 **AI Governance**
Control AI Supply Chain and assess readiness



AI Data

3 **AI Data Security**
Map AI overreach into data and close risks

4 **Responsible AI**
Prioritize and mitigate LLM risks

With the acquisition of **SPLX**, we are extending these capabilities by unifying discovery of LLMs, workflows, and MCP servers

AI-SPM

Deal wins, Q1'26

- Leading software solution provider
- Global 2000 manufacturer
- Leading insurance company

Security for AI apps – Red Teaming

Support broad range of AI Dev Environments

API

or

Customer Service AI Assistant

Variety of Red Teaming tests

Security

- Context Leakage ✓
- Data Exfiltration ✓
- RAG Poisoning ✓
- Jailbreak ☐

Safety

- Bias ☐
- Privacy Violation ✓
- PII Leakage ✓
- Harmful Content ✓

Hallucination & Trustworthiness

- RAG Precision ✓
- URL Check ✓
- Paranoid Protection ✓
- Q&A ☐

Business Alignment

- Competitor Check ✓
- Off Topic ✓
- Legally Binding ✓
- Intentional Misuse ☐

Library of simulated attacks

5,000+ attacks

- Jailbreak
- Data Exfiltration
- Privacy Violation
- Context Leakage
- Harmful Content
- PII Leakage

AI Summarizes the results and tells what needs to be fixed

With SPLX, we now deliver AI red teaming to enable automated and continuous testing of AI apps at scale

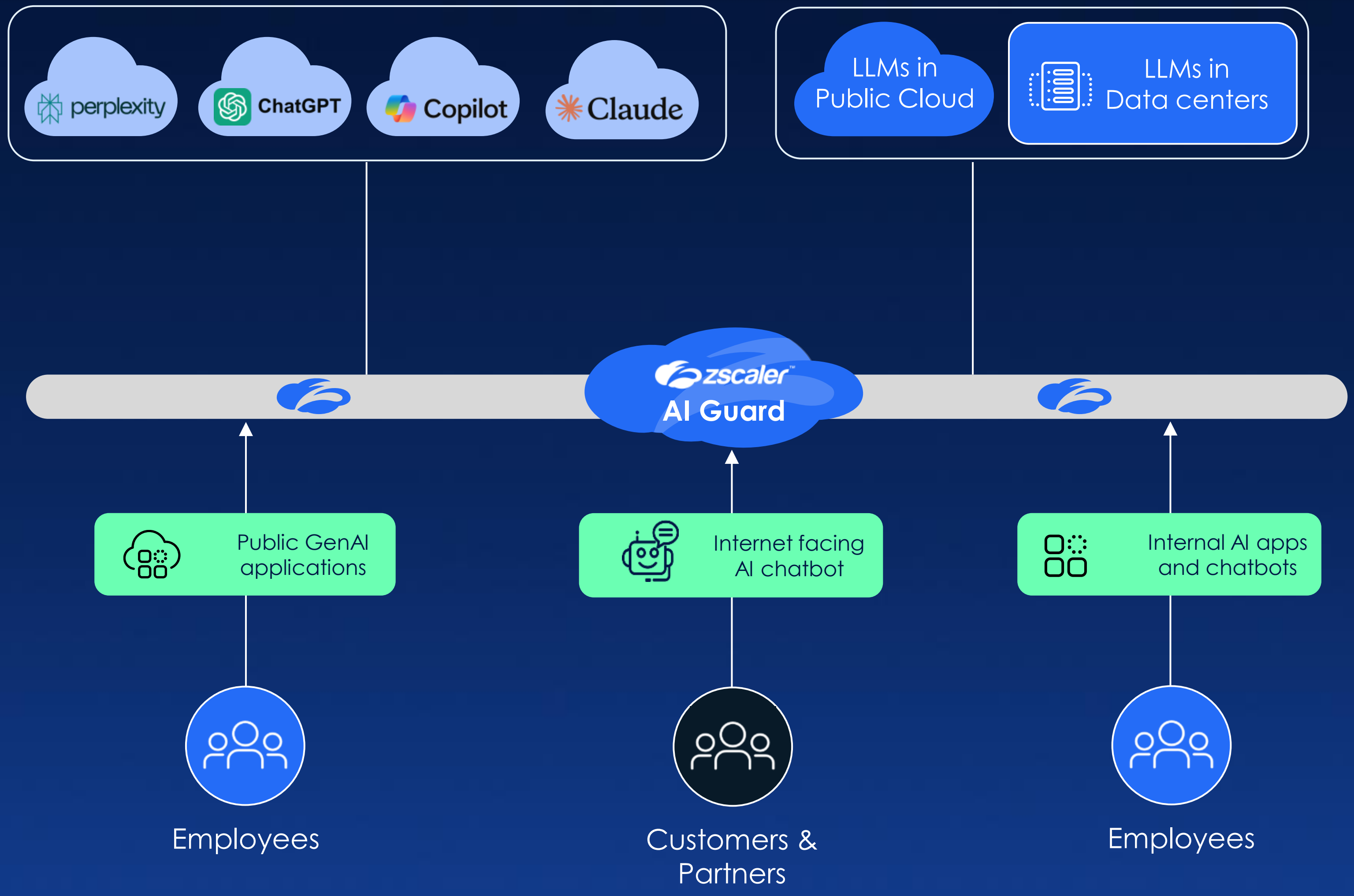
AI Red Teaming

- Fortune 150 transportation co.
- Fortune 100 service provider

Security for AI apps – AI Guardrails

Zscaler AI Guard

- ✓ Visibility
- ✓ Access Control
- ✓ Intent-based Guardrails
- ✓ Sensitive Data Protection
- ✓ Auditing/Logging



Zscaler AI Guard

Deal wins, Q1'26

- Leading consulting firm
- Large healthcare software provider

Rapid expansion in our AI-Security portfolio

Exceeded our FY26 ARR target of $400M 3 quarters ahead of schedule

Agentic SecOps

Deal Wins, Q1'26

- Fortune 500 Financial Services
- Global 2000 Healthcare Equipment
- Global 2000 Energy

Red Canary's Agentic framework + Data Fabric technology

Agentic IT Ops

80% year-over-year growth in LTM ZDX-Advanced-Plus bookings

ZDX enables faster resolution of application and network performance issues.

AI-Security ARR

>$500M

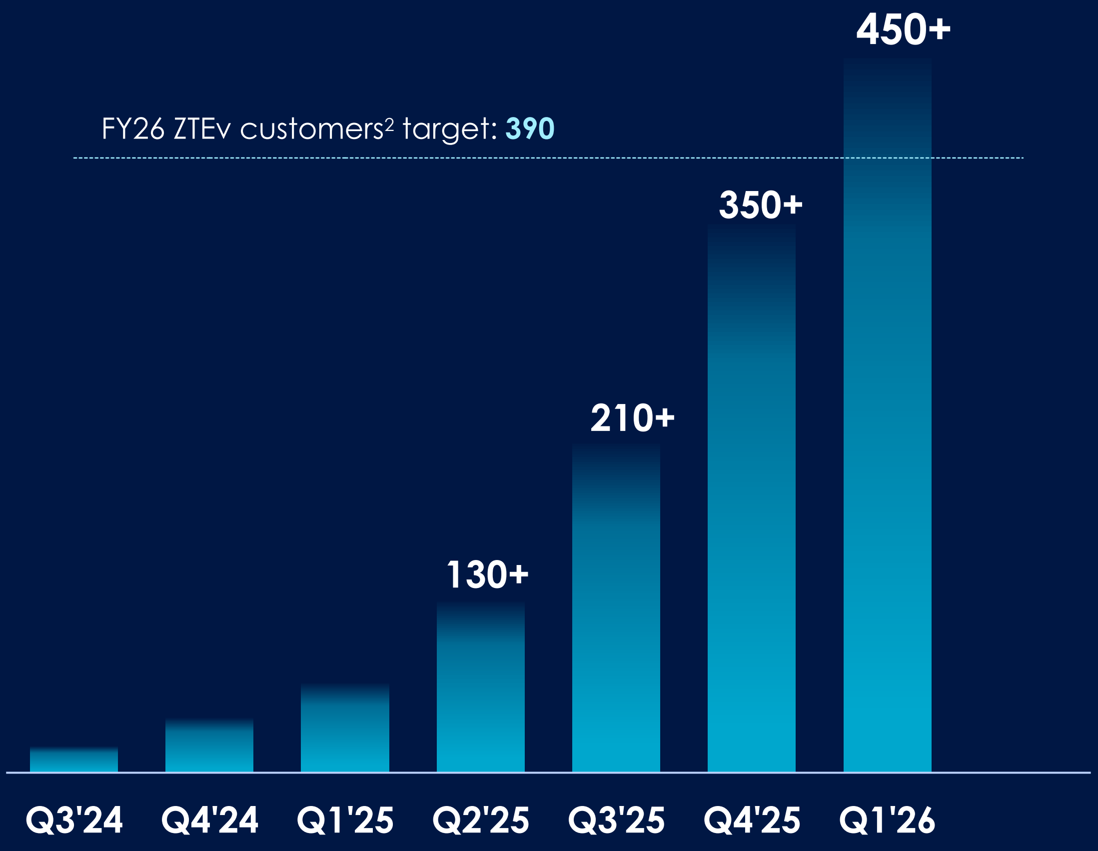
Increased FY26 ARR

$400M+

Previously expected FY26 ARR

Growing adoption of Zero Trust Everywhere

Exceeded Zero Trust Everywhere[1] (ZTEv) goal 3 quarters ahead of schedule



Graph is illustrative, not to scale.

Zero-Trust Everywhere Flywheel Effect

on potential ARR

1. "Zero Trust Everywhere" customers are customers that purchased components of Zero Trust Users, Zero Trust Cloud and Zero Trust Branch.
2. Enterprises are customers with 1,500 or more employees.

Zero Trust Cloud securing workloads with growing AI adoption

8-Figure TCV deal

Fortune 500 Healthcare

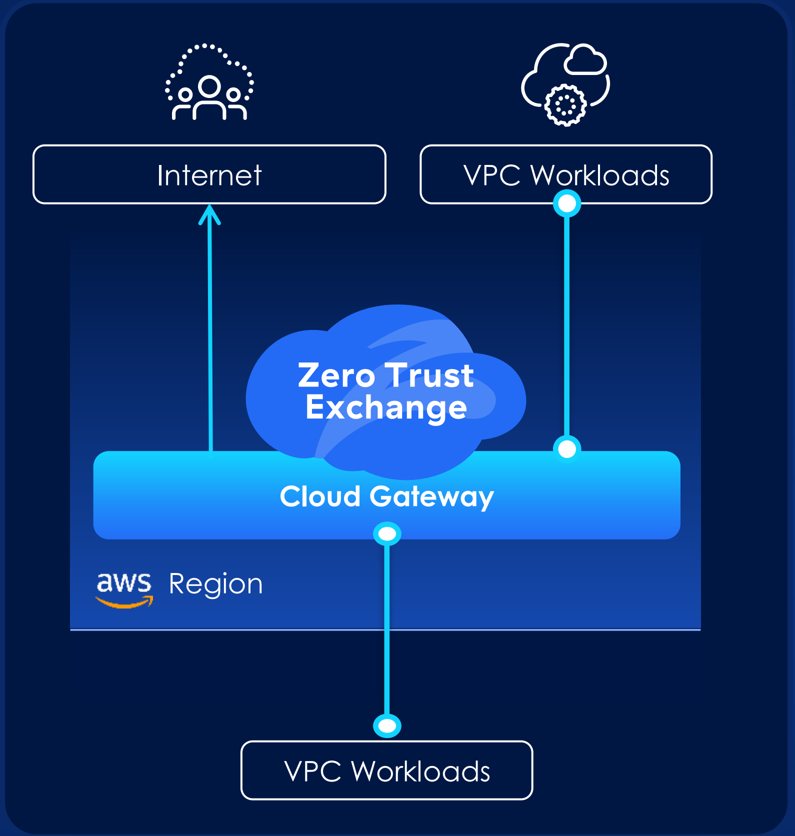
- Adopted our Zero Trust Cloud solution (along with ZDX Advanced Plus, Data Security modules, etc.)
- Securing workload-to-workload communication between their virtual private cloud and SAP RISE cloud-based ERP workloads.

"I have not seen a solution that I was this excited about using in the last 15 years"- Customer

Zero Trust Cloud for safe Agentic AI workload communication between cloud and data centers

Zero Trust Cloud gateway

Zscaler Cloud Gateway reduces the deployment time to <**10 minutes**



Zero Trust Branch driving Zero Trust transformation for branches

Large opportunity with
millions of branches
yet to transform to Zero Trust
across industries

Zero-Trust Branch
Upsell journey

Start with small, initial rollouts

7-Figure ACV deal

Global 2000 Manufacturing

- ARR more than tripled as customer became Zero Trust Everywhere this quarter by purchasing device segmentation.
- Chosen as the preferred Zero Trust transformation partner over existing firewall vendor to deliver highly automated & scalable network segmentation for securing east-west traffic.

Data Security driving consolidation of multiple point products on our platform

Zscaler Data Security Modules

- Cyber Isolation
- Inline DLP
- SaaS Security
- Classification & Encryption
- DP Isolation
- Endpoint DLP
- Email DLP
- DSPM

Data Security deal

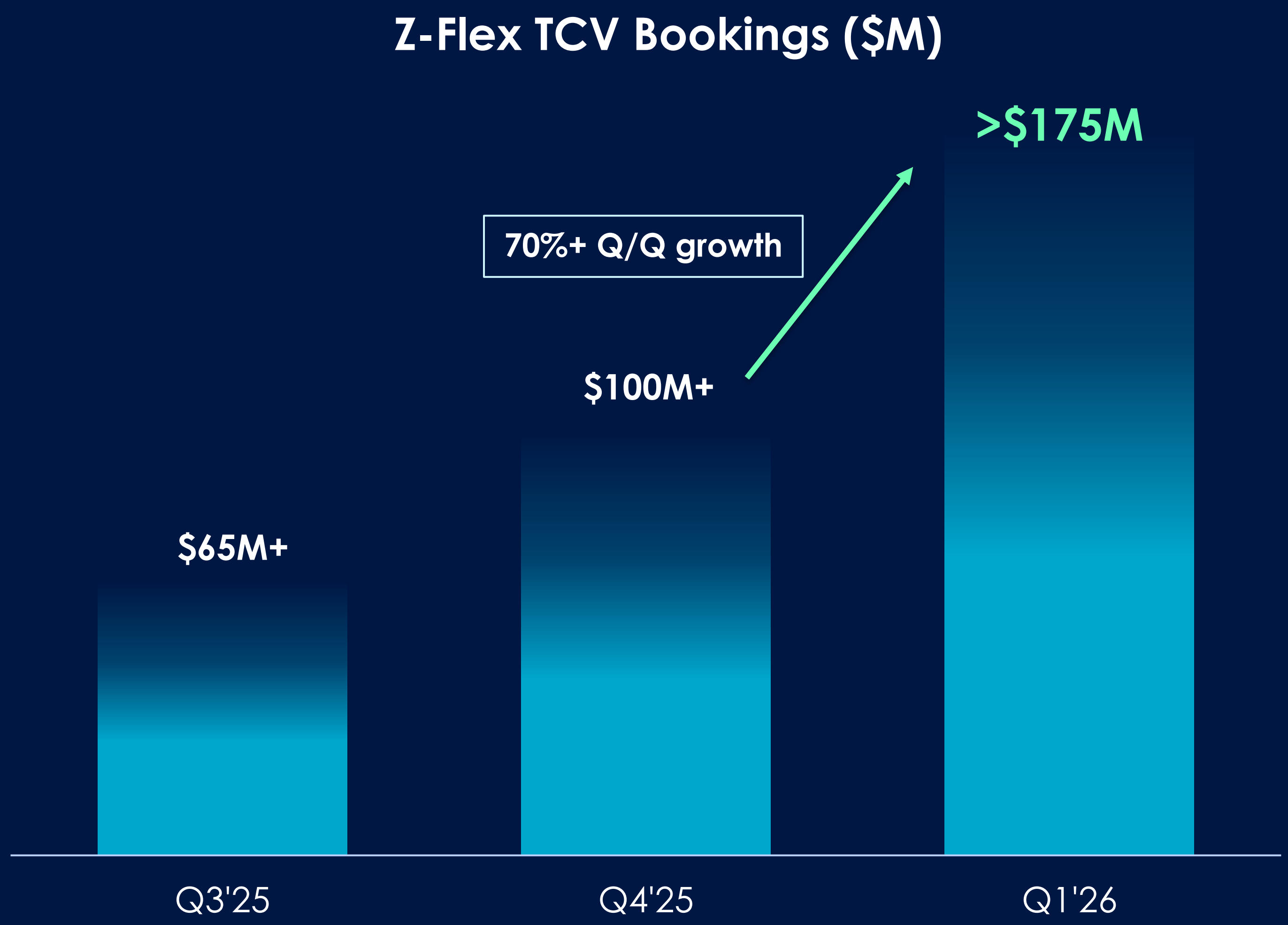
Large Healthcare Provider

New, 7-figure ACV deal

- Customer chose **5 out of 8** data protection modules for their **23,000 users** to consolidate multiple data security point solutions.
- Zscaler chosen over a leading CASB vendor, due to our integrated platform delivering data security across all channels, for all types of data

Data Security
~$450M
ARR

Strong traction in Z-Flex



Z-Flex driving significant bookings growth

Z-flex Deal

Fortune 500 services provider

Upsell, 7-figure TCV deal

- Customer **doubled** their ARR
- Expansion of **9 modules** under Flex

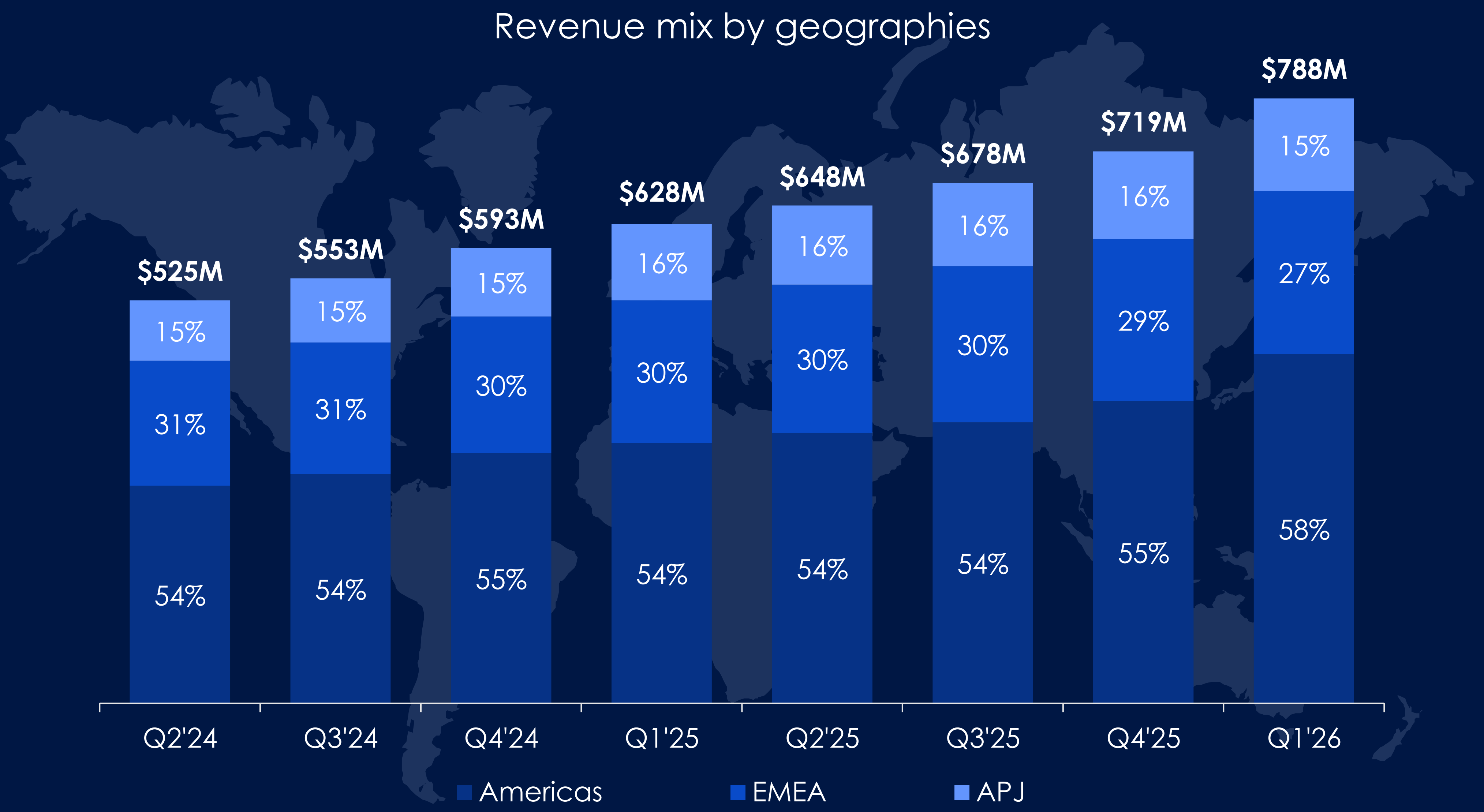
Z-flex Deal

Large Aerospace player

Upsell, 8-figure TCV deal

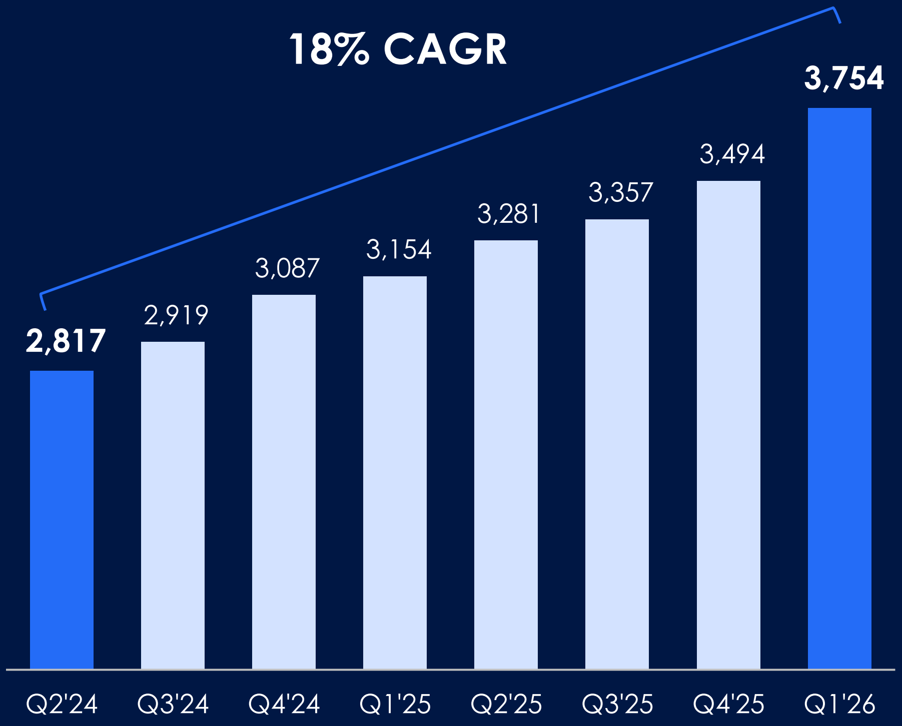
- **Multi-year** commitment
- ARR increased by over **40%**
- Added **9 new modules** including Asset Exposure Management, Identity Threat Detection, UVM and Email DLP, and expanded commitment across data security

Growing across all geographies

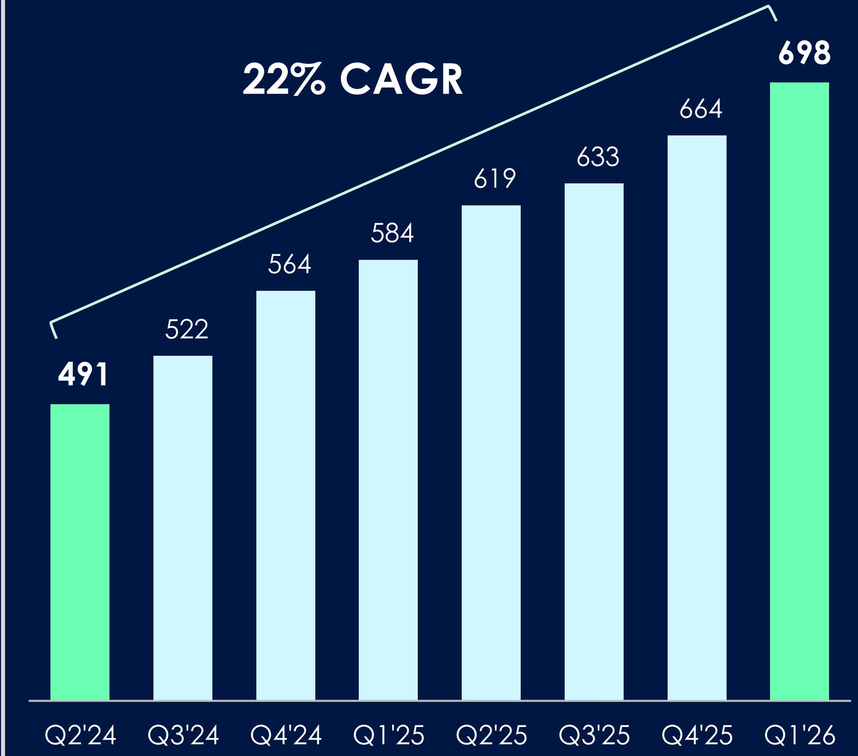


Sustained Large customer momentum

$100K+ ARR Customers[2]



$1M+ ARR Customers[2]



>45%
Fortune 500 Customers[1]

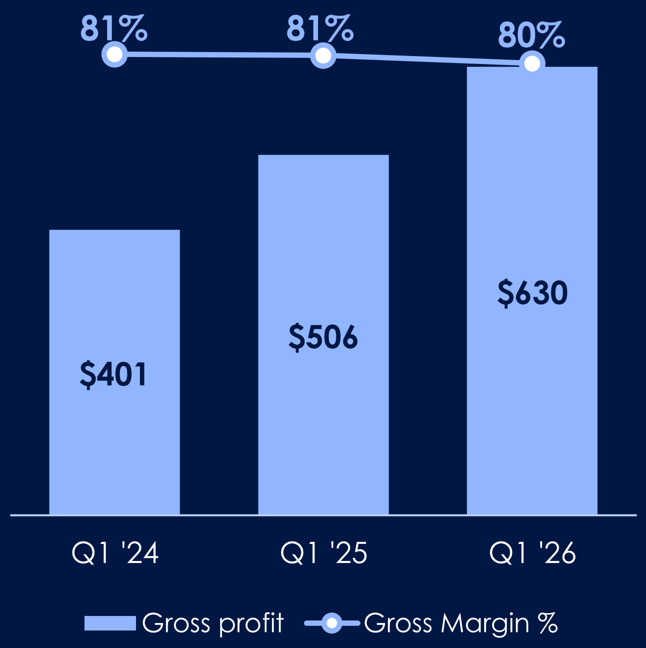
~40%
Global 2000 Customers[1]

1) Forbes Global 2000 and Fortune 500 customers as of July 31, 2025; Forbes and Fortune list as of July 31, 2024.
2) ARR information has been updated to reflect our current ARR definition.

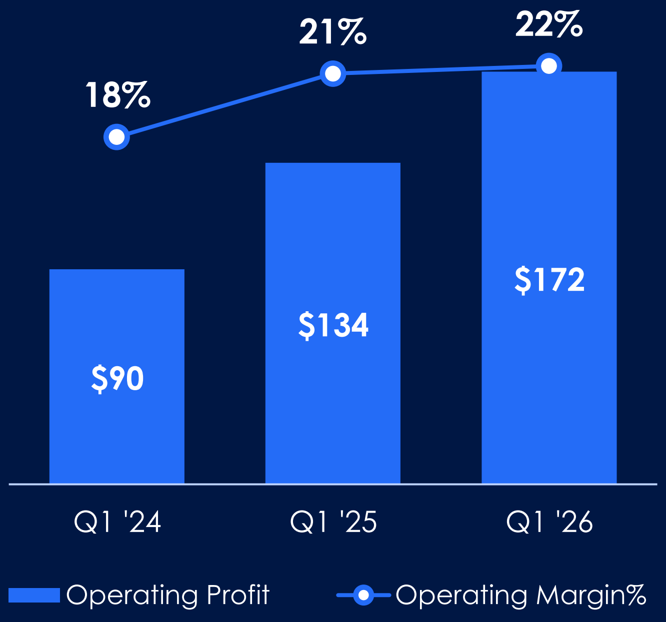
Improving operating efficiency, profitability & cash flow

(in $ M)

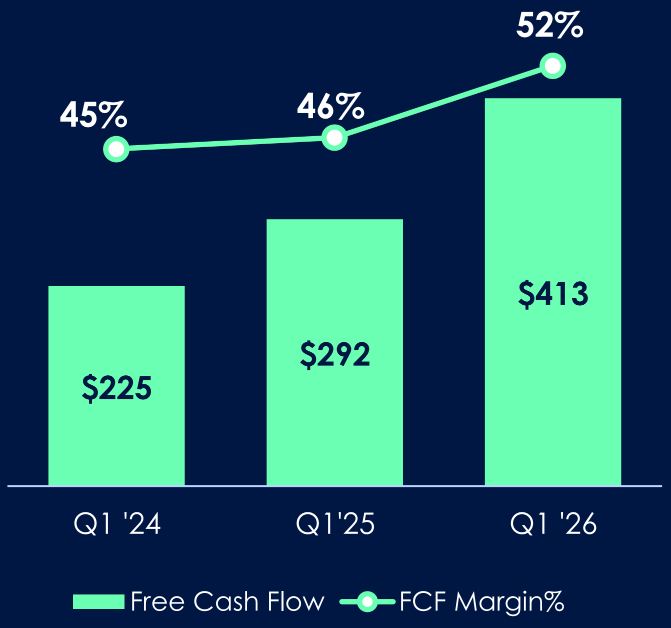
Gross Profit & Margin



Operating Profit & Margin



Free Cash Flow & Margin



Key factors

- New products use public clouds and are optimized for faster go-to-market than gross margins. As the new products scale, we will optimize them for margins

Key factors

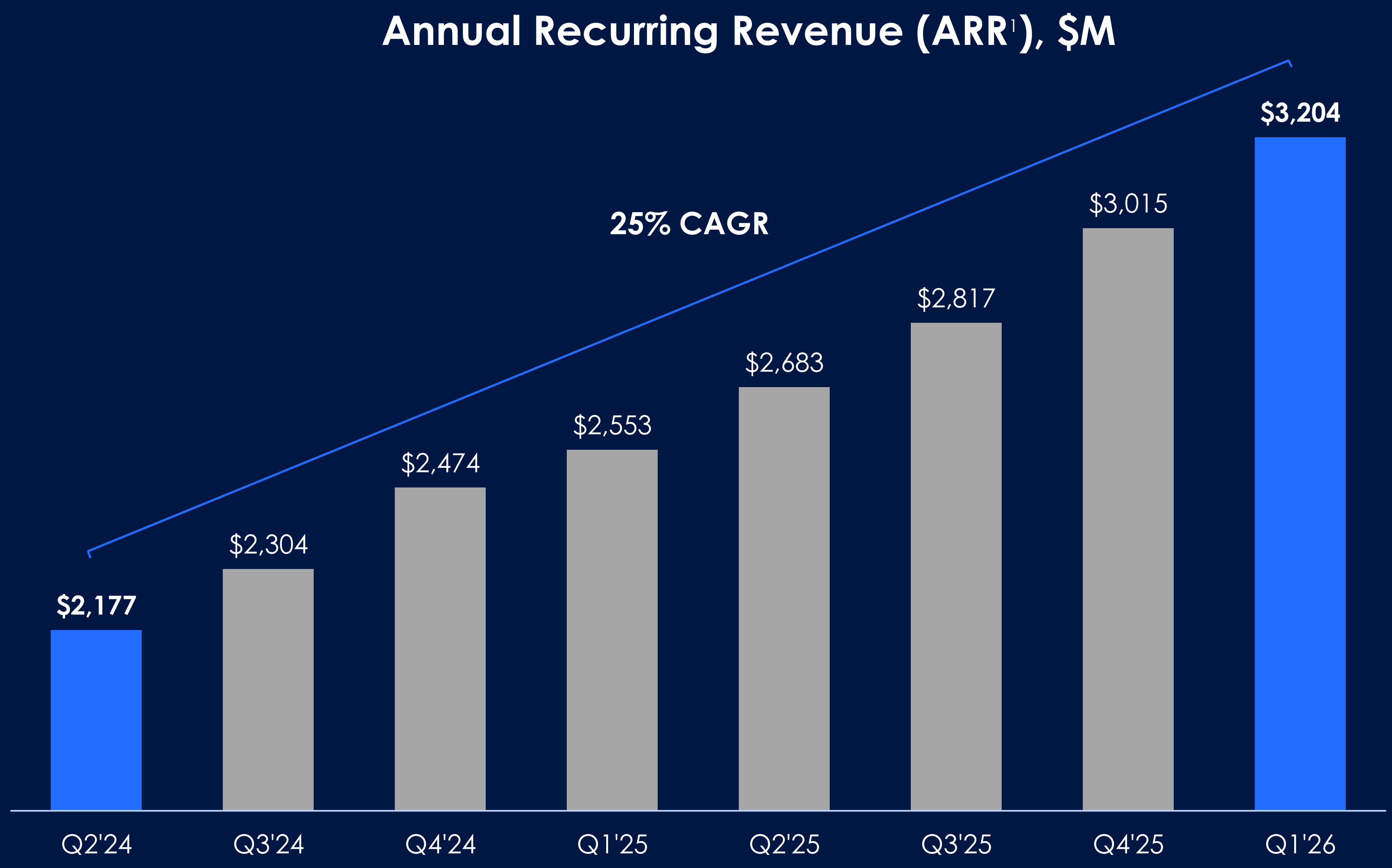
- Leverage in our financial model
- Pace of hiring & growth investments

Key factors

- Billings collections in the quarter
- Data center capital expenditures as a % of revenue

All numbers presented on an adjusted, non-GAAP basis. See appendix of this presentation for a reconciliation of GAAP to non-GAAP financial measures.

Delivering ARR growth at scale



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Increased FY26 guidance

	Q2'26 Guidance	FY26 Guidance
Revenue	**$797M - $799M** *~23% y/y*	**$3,282M - $3,301M** *22.8% y/y – 23.5% y/y*
ARR[1]		**$3,698M - $3,718M** *22.7% y/y - 23.3% y/y*
Gross Margin	**~80%**	
Operating Profit	**$172M - $174M** *~22% margin*	**$732M - $740M** *~22% margin*
Net Other Income	**$19M**	
Taxes	***21% tax rate***	***21% tax rate***
Earnings Per Share	**$0.89 - $0.90**	**$3.78 - $3.82**
Free Cash Flow Margin		**26.0%-26.5%**

All numbers presented on an adjusted, non-GAAP basis. See appendix of this presentation for a reconciliation of GAAP to non-GAAP financial measures. There is no GAAP measure that is comparable to ARR, so we have not reconciled the ARR data included to any GAAP measure.

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Heading strongly into FY26

1. **Total ARR surpassed $3.2B**, making us one of the only 5 enterprises SaaS companies over $3B in ARR still delivering 25%+ growth, driven by acceleration in ARR from three growth vectors

2. **AI-Security solutions**, including “Security of AI Apps” and “Agentic Operations”, surpassed $400M ARR, surpassing FY26 target 3 quarters ahead of schedule; expected to grow to over $500M in FY26

3. **Zero Trust Everywhere** surpassed **450 enterprises**, achieving well over our FY26 target of 390, 3 quarters ahead of schedule

4. **Data Security Everywhere** achieved ARR of ~$450M, driven by consolidation on our unified platform

5. **Z-Flex** program generated **over $175M in TCV bookings**, representing over 70% sequential growth. Expect its contribution to grow meaningfully throughout FY26

Financial Appendix

Explanation of Non-GAAP Financial Measures

In addition to our results determined in accordance with generally accepted accounting principles in the United States of America (“GAAP”), we believe that the presentation of non-GAAP financial information provides important supplemental information to management and investors regarding financial and business trends relating to our financial condition and results of operations. However, non-GAAP financial information is presented for supplemental informational purposes only and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. Investors are cautioned that there are a number of limitations associated with the use of non-GAAP financial measures and key metrics as analytical tools. Investors are encouraged to review these reconciliations, and not to rely on any single financial measure to evaluate our business.

Expenses Excluded from Non-GAAP Measures

Stock-based compensation expense is excluded primarily because it is a non-cash expense that management believes is not reflective of our ongoing operational performance. Employer payroll taxes related to stock-based compensation, which is a cash expense, are excluded because these are tied to the timing and size of the exercise or vesting of the underlying equity incentive awards and the price of our common stock at the time of vesting or exercise, which may vary from period to period independent of the operating performance of our business. Amortization expense of acquired intangible assets and amortization of debt issuance costs from the convertible senior notes are excluded because these are non-cash expenses and are not reflective of our ongoing operational performance. Acquisition-related expenses incurred with business acquisitions are excluded because these are not reflective of our ongoing operations. Restructuring and other charges includes severance and termination benefits in connection with a restructuring plan to streamline operations and to align people, roles and projects to our strategic priorities. These expenses are excluded because they fluctuate in amount and frequency and are not reflective of our core business operating performance.

Effective August 1, 2025, the beginning of our first quarter of fiscal 2026, we have adopted a long-term projected non-GAAP tax rate of 21%, reduced from the previous rate of 23%. This adjustment aligns with the enactment of the One Big Beautiful Bill Act. The revised tax rate will apply prospectively. We will continue to assess the appropriate non-GAAP tax rate on a regular basis, which could be subject to changes for a variety of reasons, including the rapidly evolving global tax environment, significant changes in our geographic earnings mix, or other changes to our strategy or business operations.

Key Non-GAAP Financial Measures Included within this Presentation:

- Non-GAAP Gross Profit and Non-GAAP Gross Margin(*)
- Non-GAAP Income from Operations and Non-GAAP Operating Margin(*)
- Non-GAAP Net Income and Non-GAAP Net Income per Share
- Free Cash Flow and Free Cash Flow Margin(*)

*Non-GAAP to GAAP reconciliations shown on the following slides.

Appendix A: GAAP to Non-GAAP Reconciliation

(in thousands, except percentages)

	Q1 26	Q1 25	Q1 24
Revenue	**$ 788,112**	**$ 627,955**	**$ 496,703**
Non-GAAP Gross Profit and Non-GAAP Gross Margin			
GAAP gross profit	$ 603,359	$ 486,493	$ 385,309
Add:			
Stock-based compensation expense and related payroll taxes	19,982	15,793	12,955
Amortization expense of acquired intangible assets	5,692	3,675	2,717
Restructuring and other charges	750	—	—
Non-GAAP gross profit	**$ 629,783**	**$ 505,961**	**$ 400,981**
GAAP gross margin	77 %	77 %	78 %
Non-GAAP gross margin	80 %	81 %	81 %
Non-GAAP Income from Operations and Non-GAAP Operating Margin			
GAAP loss from operations	$ (36,362)	$ (30,667)	$ (46,057)
Add:			
Stock-based compensation expense and related payroll taxes	193,761	160,574	132,729
Amortization expense of acquired intangible assets	8,633	4,240	3,036
Restructuring and other charges	4,741	—	—
Acquisition-related expenses	1,083	—	—
Non-GAAP income from operations	**$ 171,856**	**$ 134,147**	**$ 89,708**
GAAP operating margin	(5)%	(5)%	(9)%
Non-GAAP operating margin	22 %	21 %	18 %

Appendix A: GAAP to Non-GAAP Reconciliation (cont.)

(in thousands, except per share amounts)

	Q1 26	Q1 25	Q1 24
Non-GAAP Net Income per Share, Diluted			
GAAP net loss	$ (11,615)	$ (12,051)	$ (33,483)
Add: GAAP provision for income taxes	3,241	7,637	8,997
GAAP loss before income taxes	(8,374)	(4,414)	(24,486)
Add:			
Stock-based compensation expense and related payroll taxes	193,761	160,574	132,729
Amortization expense of acquired intangible assets	8,633	4,240	3,036
Restructuring and other charges	4,741	—	—
Acquisition-related expenses	1,083	—	—
Amortization of debt issuance costs	2,038	981	977
Non-GAAP net income before taxes	201,882	161,381	112,256
Non-GAAP provision for income taxes	42,395	37,118	25,819
Non-GAAP net income	$ 159,487	$ 124,263	$ 86,437
GAAP provision for income taxes	$ 3,241	$ 7,637	$ 8,997
Add: Income tax and other tax adjustments	39,154	29,481	16,822
Non-GAAP provision for income taxes	$ 42,395	$ 37,118	$ 25,819
Non-GAAP effective tax rate	21%	23%	23%
Non-GAAP net income	$ 159,487	$ 124,263	$ 86,437
Add: Non-GAAP interest expense, net of tax related to the convertible senior notes	—	276	276
Numerator used in computing non-GAAP net income per share, diluted	$ 159,487	$ 124,539	$ 86,713
GAAP net loss per share, diluted	$ (0.07)	$ (0.08)	$ (0.23)
Stock-based compensation expense and related payroll taxes	1.16	1.00	0.84
Amortization expense of acquired intangible assets	0.05	0.03	0.02
Restructuring and other charges	0.03	—	—
Acquisition-related expenses	0.01	—	—
Amortization of debt issuance costs	0.01	0.01	0.01
Income tax and other tax adjustments	(0.24)	(0.18)	(0.11)
Non-GAAP interest expense, net of tax related to the convertible senior notes	—	—	—
Adjustment to total fully diluted earnings per share	0.01	(0.01)	0.02
Non-GAAP net income per share, diluted	$ 0.96	$ 0.77	$ 0.55
Weighted-average shares used in computing GAAP net loss per share, diluted	158,596	152,557	147,625
Add: Outstanding potentially dilutive equity incentive awards	3,994	2,348	3,431
Add: Convertible senior notes	3,925	7,626	7,626
Less: Antidilutive impact of capped call transactions	—	(1,235)	(177)
Weighted-average shares used in computing non-GAAP net income per share, diluted	166,515	161,296	158,505

Appendix A: GAAP to Non-GAAP Reconciliation (cont.)

(in thousands, except percentages)

	Q1 26	Q1 25	Q1 24
Free Cash Flow			
Net cash provided by operating activities	$ 448,280	$ 331,335	$ 260,806
Less:			
Purchases of property, equipment and other assets	(17,311)	(17,025)	(28,659)
Capitalized internal-use software	(17,673)	(22,429)	(7,429)
Free Cash Flow	$ 413,296	$ 291,881	$ 224,718
Free Cash Flow Margin			
Net cash provided by operating activities, as a percentage of revenue	57%	53%	53%
Less:			
Purchases of property, equipment and other assets, as a percentage of revenue	(2)%	(3)%	(6)%
Capitalized internal-use software, as a percentage of revenue	(3)%	(4)%	(2)%
Free Cash Flow Margin	**52%**	**46%**	**45%**