

Q2 Fiscal Year 2026 Earnings Call

February 17, 2026

Safe Harbor

This presentation contains “forward-looking” statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical or current facts, including, without limitation, statements regarding the cybersecurity threat landscape, our platformization strategy and related progress and opportunities, expectations regarding annual recurring revenue, remaining performance obligation, product development strategy and expectations regarding artificial intelligence (AI), financial outlook for the third quarter of fiscal 2026 and fiscal year 2026, mid- and long-term financial expectations, the expected future benefits of our acquisitions, the integration of capabilities from our recent acquisitions and the benefits they will deliver, the expected completion of our pending transaction with Koi Security, the proposed accretion to free cash flow, revenue growth, and gross margin, the timing and amount of the synergies from our acquisitions, modeling points, business and economic conditions and challenges, and other financial, operational and business expectations, made in this presentation are forward-looking. We use words such as “anticipates,” “believes,” “continue,” “estimate,” “expects,” “future,” “intends,” “may,” “plan,” and similar expressions to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Actual results could differ materially for a variety of reasons that are beyond our control and changing rapidly.

There are a significant number of factors that could cause actual results to differ materially from forward-looking statements made or implied in this presentation, including: developments and changes in general or worldwide market, geopolitical, economic, and business conditions; failure of our platformization product offerings; failure to achieve the expected benefits of our strategic partnerships and acquisitions; changes in the fair value of our contingent consideration liability associated with acquisitions; our ability to successfully integrate the businesses, operations and technologies of companies and businesses that we acquire; the risk that the expected benefits and synergies of our acquisitions may not be fully achieved in a timely manner, or at all; the risk that we will be unable to retain and hire key personnel; the failure of the pending transaction with Koi Security to close for any reason or to close on the anticipated terms; significant and/or unanticipated difficulties, liabilities or expenditures relating to our acquisitions; the effect of the announcement, pendency or completion of acquisitions on our (including the companies that we acquire) business relationships and business operations generally; the effect of our acquisitions on our common share price and uncertainty as to the long-term value of our common stock; risks related to disruption of management time from ongoing business operations due to our acquisitions; risks associated with managing our growth; risks associated with new product, subscription and support offerings, including our product offerings that leverage AI and the expansion of our offerings into the identity security and observability spaces; shifts in priorities or delays in the development or release of new product or subscription or other offerings, or the failure to timely develop and achieve market acceptance of new products and subscriptions as well as existing products, subscriptions and support offerings; failure of our business strategies; rapidly evolving technological developments in the market for security products, subscriptions and support offerings; defects, errors, or vulnerabilities in our products, subscriptions, or support offerings; our customers’ purchasing decisions and the length of sales cycles; our competition; our ability to attract and retain new customers; our ability to acquire and integrate other companies, products, or technologies in a successful manner; our debt repayment obligations; and our share repurchase program, which may not be fully consummated or enhance shareholder value, and any share repurchases which could affect the price of our common stock.

For additional risks and uncertainties on these and other factors that could affect our financial results and cause actual results to differ materially from those described in the forward-looking statements we make in this presentation are included under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in our Quarterly Report on Form 10-Q filed with the U.S. Securities and Exchange Commission (the “SEC”) on November 20, 2025, which is available on our website at investors.paloaltonetworks.com and on the SEC’s website at www.sec.gov. Additional information will also be set forth in other documents that we file with or furnish to the SEC from time to time. All forward-looking statements in this presentation are based on our current beliefs and information available to management as of the date hereof and are inherently uncertain, 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.

Non-GAAP Financial Measures

All information in this presentation is as of February 17, 2026. This presentation contains non-GAAP financial measures and key metrics relating to the company’s past and expected future performance. We have not reconciled diluted non-GAAP earnings per share guidance to GAAP earnings per diluted share, non-GAAP operating margin to GAAP operating margin or adjusted free cash flow margin guidance to GAAP net cash from operating activities because we do not provide guidance on GAAP operating margin, GAAP net income (loss) or net cash from operating activities and would not be able to present the various reconciling cash and non-cash items between GAAP and non-GAAP financial measures because certain items that impact these measures are uncertain or out of our control, or cannot be reasonably predicted, including share-based compensation expense, without unreasonable effort. The actual amounts of such reconciling items will have a significant impact on the company’s GAAP net income per diluted share and GAAP net cash from operating activities.

Nikesh Arora

CEO & CHAIRMAN



Palo Alto Networks Q2'26 at a Glance

Durable Top-Line Growth

Q2'26 RPO

\$16.0B

+23% y/y

Q2'26 NGS ARR¹

\$6.33B

+33% y/y

Q2'26 Revenue

\$2.59B

+15% y/y

Consistent Execution on Profitability

Q2'26 Operating Margin (non-GAAP)

30.3%

+190 bps y/y

Q2'26 EPS (non-GAAP)

\$1.03

+27% y/y

Q2'26 TTM Adj. Free Cash Flow (non-GAAP)

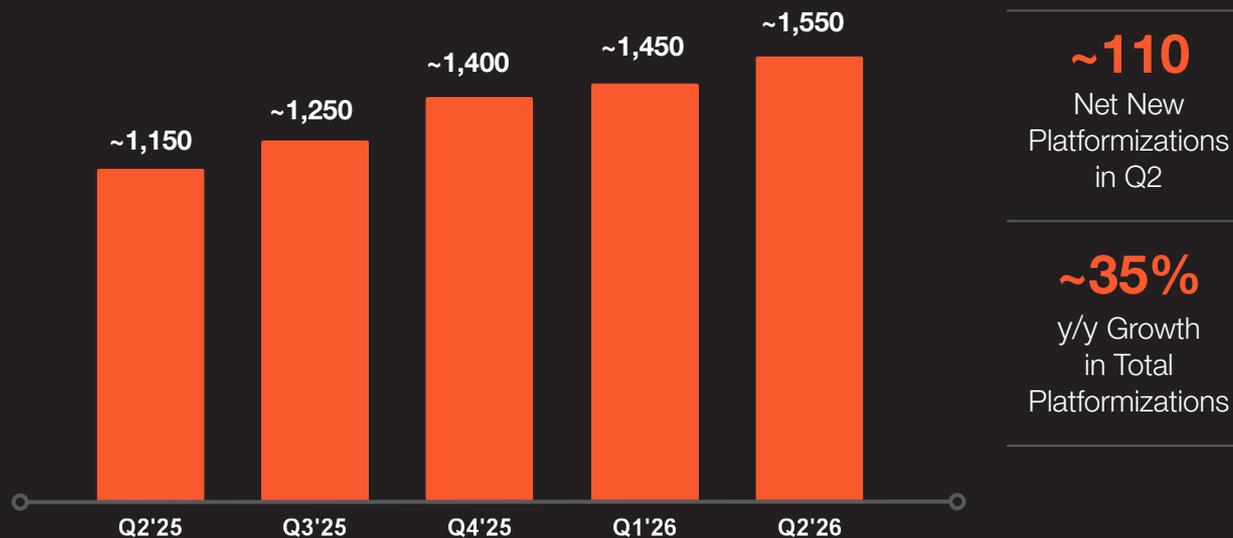
\$3.75B

+27% y/y

¹ Our Next-Generation Security Annualized Recurring Revenue ("NGS ARR") represents the annualized allocated revenue of all active contracts as of the final day of the reporting period related to all product, subscription and support offerings, excluding revenue from hardware products, and legacy attached subscriptions, support offerings and professional services. Reconciliations of historical non-GAAP measures can be found in the Appendix. Fiscal year ending on July 31.

Platformization: Continued Momentum in Q2

Total Platformizations¹



119% NRR²
Among Platformized customers with **low-single digit churn**

¹ Platformization/Platformized defined as: Active ELA contract or >\$1M SASE ARR; >\$1M ARR for Cloud Security; active XSIAM contract or >\$100k QRadar SIEM ARR with Cortex XDR/XSOAR for Security Operations. Total Platformizations defined as a count of all platformizations across customers, with a customer platformized on all three platforms counting as three platformizations, a customer platformized on two platforms counting as two platformizations, and a customer platformized on one platform counting as one platformization. Platformizations are counted within our 5,000 largest customers, based on ARR. Excludes any impact of Chronosphere.

² Net Retention Rate (NRR) is the percentage of NGS ARR retained as of the end of Q2'26 from platformized customers as of the end of Q2'25. Excludes any impact of Chronosphere.

Platformization: Landmark Q2 Wins

Global Auto Manufacturer

\$50M+ Deal

Multi-platform customer, purchased **\$30M SASE** to complement their existing Hardware/Software Firewall deployment and **\$20M XSIAM** to deliver superior security productivity and efficacy.

Customers with **>\$5M** NGS
ARR

173 | +48% y/y

Global Technology Supplier

\$40M+ Deal

8-figure XSIAM purchase to drive SOC modernization with **8-figure SASE** to secure access for their global employee base.

Customers with **>\$10M** NGS
ARR

60 | +50% y/y

Leading IT Services Company

\$20M+ Deal

8-figure XSIAM purchase, adding a SecOps platformization to their existing Network Security (SASE) platformizations.

Network Security | Strong Growth Across the Board in Q2

Continued SASE & Secure Browser Momentum

>\$1.5B SASE ARR¹, growing ~40% y/y

>9M Secure Browser Licensed Seats, up ~4x y/y

>150 G2K Secure Browser Customers

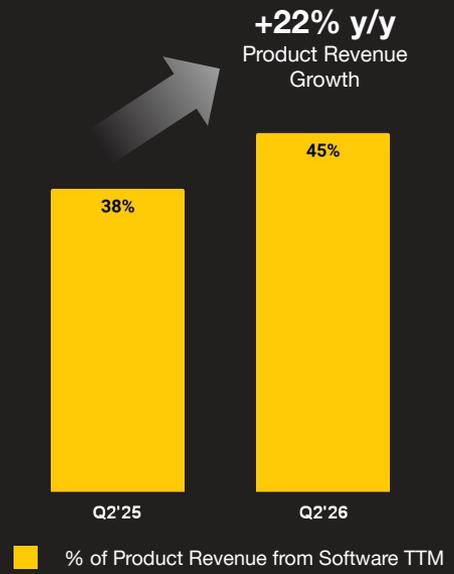
Software Firewall Acceleration, Improving Hardware Demand

~25% Software Firewall ARR Growth

~10% Hardware Revenue Growth, driven by SD-WAN and NGFW

~50% Growth in Software Firewall Customers with >\$1M in ARR

Higher Software Mix Continues to Drive Product Revenue



¹ SASE ARR includes Prisma Access and Prisma SD-WAN, PANOS SD-WAN, SaaS Security, DLP, and Prisma Access Agent subscriptions.

Cortex | XSIAM Reached New Milestones in Q2, Early Traction with AgentiX

>600

Active **XSIAM Customers**,
up >200% y/y

>60%
of deployed
XSIAM customers

have reduced **MTTR¹** to
<10 minutes, from days
or weeks

>15 PB
Daily Data Ingestion

>13k
Detection & ML Models



AgentiX is the industry's most secure platform **to deploy agents** across first & third party infrastructure for wide ranging IT & Security domains



~200 **XSIAM Customers** have enabled **AgentiX**

¹ MTTR is Median Time to Respond (time from incident creation to incident response). Source: XSIAM customer interviews and XSIAM product telemetry for customers.

Spotlight: Rapid AI Adoption is Driving Need for a Universal AI Security Platform

Prisma AIRS

One of the fastest growing products in company history

>100 Prisma AIRS customers
up >3x from Q1'26



Runtime
Security



Posture
Management



AI Agent
Security



AI Red
Teaming



Model
Scanning

Securing the Agentic Endpoint with Acquisition of Koi¹



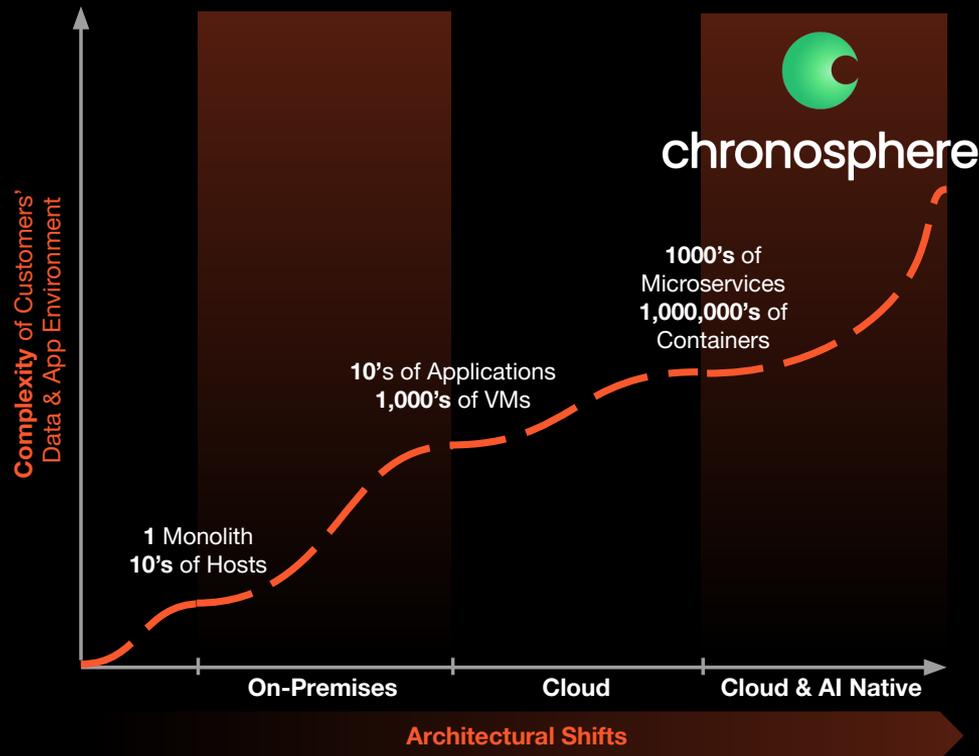
Traditional Security Controls are Blind to the Agentic Endpoint: Rise of software on the endpoint that bypasses traditional rules of installation, eg. MCP servers, browser extensions, plugins, etc.



Koi will further differentiate Cortex XDR by ensuring customers have visibility and control of agentic software on the endpoint

¹ Palo Alto Networks and Koi remain independent companies until the closing of the proposed acquisition, which remains subject to closing conditions.

Chronosphere | Next-Gen Observability Built to Scale for the AI Era



Latest Financial Highlights

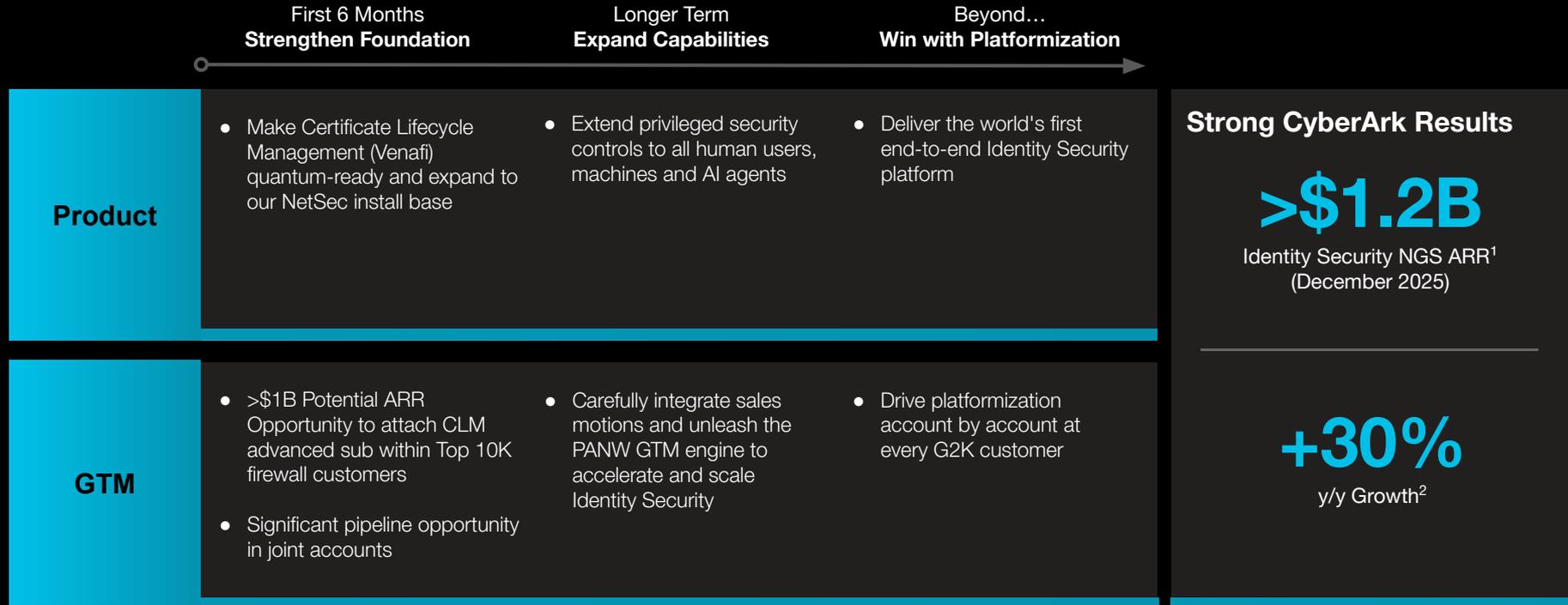
\$200M

Q2'26 (Jan) NGS ARR

80%+

of TTM New Logos Purchased Multiple Products (Metrics, Traces, Logs)

CyberArk | Ready to Execute on Integration Plans and Deliver Comprehensive Identity Security Platform



¹ Figures as of December 31, 2025 and CyberArk NGS ARR has been restated using Palo Alto Networks' definition in lieu of CyberArk's ARR methodology. See appendix for a comparison of CyberArk's definition of ARR and Palo Alto Networks' definition of NGS ARR.

² Preliminary Identity Security NGS ARR year-over-year growth rate.

Looking Ahead: Core Innovation Engine Remains Strong, Expanding Opportunity with New Platforms

Strength Across Core NetSec and Cortex Platforms...

SASE ARR surpasses **\$1.5B**, growing ~40% y/y

Software Firewall ARR up ~25%, accelerating from FY'25

Hardware growth up nearly double digits

Cortex **XSIAM** surpasses the **half-billion ARR** milestone

...Complemented by Early Momentum in New Innovations

Over 100 Prisma AIRS customers (>3X **QoQ**), one of the fastest growing products in company history

Secure Browser adoption continues, with another 2M licenses sold in Q2

Cortex **AgentiX** enabled by over 1/3rd of XSIAM customers, with standalone GA upcoming

Significant Opportunity in New Platforms

Identity Security: Ready to turn **integration planning into execution** to deliver next-gen identity security platform for **humans, machines, and AI agents**

Next-Gen Observability: Delivering Observability that scales for the AI era, with auto-remediation through AgentiX

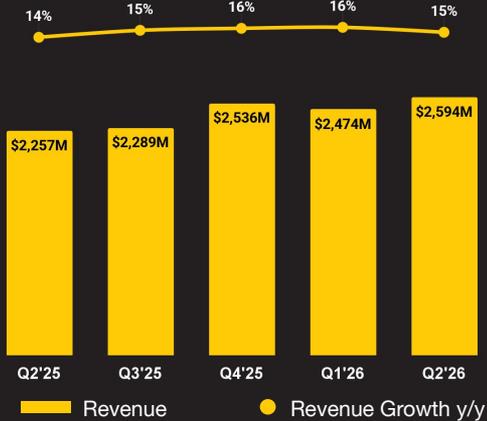
Dipak Golechha

CHIEF FINANCIAL OFFICER



Q2'26 Top Line Results

Revenue



Remaining Performance Obligation



Next-Generation Security ARR



Q2'26 Metrics

	Q2'26 Guidance (as of 11/19/25)	Q2'26 Actual
Total Revenue	\$2.57B - \$2.59B 14% - 15% y/y	\$2.59B 15% y/y 
Product Revenue		\$514M
Remaining Performance Obligation	\$15.75B - \$15.85B 21% - 22% y/y	\$16.0B 23% y/y 
Next-Gen Security ARR	\$6.11 - \$6.14B 28% y/y	\$6.33B 33% y/y 
Gross Margin (Non-GAAP)		76.1%
Operating Income (Non-GAAP)		\$785M
Operating Margin (Non-GAAP)		30.3%
Diluted EPS (Non-GAAP)	\$0.93 - \$0.95 15% - 17% y/y	\$1.03 27% y/y 
Diluted EPS (GAAP)		\$0.61
Adj. Free Cash Flow (Non-GAAP)		\$502M

Reconciliations of historical non-GAAP measures can be found in the Appendix.
Fiscal year ending on July 31.

Focused on Operational Excellence & Driving Integration Value Post-Close



Seamless onboarding process to **ensure Day 1 collaboration**



Leverage **combined scale** to drive operating leverage and **sustained margin expansion**



Harmonize global systems, processes, and controls to establish a **unified, scalable operating model**

Reaffirming prior targets:
(including CyberArk and Chronosphere)

40%

FY'28 Adj. Free Cash Flow Margin

37%

Adj. Free Cash Flow Margin for FY'26 and FY'27

Palo Alto Networks Q3 & Fiscal Year 2026 Guidance

	Q3 FY'26 Guidance (as of 2/17/26)	FY 2026 Guidance (as of 2/17/26)
Next-Gen Security ARR	\$7.94B - \$7.96B 56% y/y	\$8.52B - \$8.62B 53% - 54% y/y
Remaining Performance Obligation	\$17.85B - \$17.95B 32% - 33% y/y	\$20.2B - \$20.3B 28% y/y
Total Revenue	\$2.941B - \$2.945B 28% - 29% y/y	\$11.28B - \$11.31B 22% - 23% y/y
Operating Margin (Non-GAAP)		28.5% - 29.0% (30 bps) - +20 bps y/y
Diluted EPS (Non-GAAP)	\$0.78 - \$0.80	\$3.65 - \$3.70
Adj. Free Cash Flow Margin (Non-GAAP)		37.0%

Guidance inclusive of any anticipated impact from the proposed acquisition of CyberArk and Chronosphere
Reconciliations of historical non-GAAP measures can be found in the Appendix.
Fiscal year ending on July 31.

Q&A

Appendix

Modeling Points

- Q3'26 product revenue y/y growth of 25% and full year y/y growth in low-20s (includes CyberArk impact)
- Q3'26 and FY'26 non-GAAP effective tax rate of 22%
- Q3'26 net interest and other income of \$65M – \$70M
- Q3'26 diluted shares outstanding 812 – 817 million
- FY'26 diluted shares outstanding 768 – 773 million

Comparison: Palo Alto Networks NGS ARR vs. Previous CyberArk ARR Definition

PANW NGS ARR Definition

ARR is calculated as the total contract value allocated to products/services **that had revenue recognized** (per ASC 606) **on the final day of the reporting period.**

Next-Generation Security Annualized Recurring Revenue ("NGS ARR")

represents the annualized allocated revenue of all active contracts as of the final day of the reporting period related to all product, subscription and support offerings, excluding revenue from hardware products, and legacy attached subscriptions, support offerings and professional services.

CYBR Previous Subscription ARR Definition

ARR is calculated based on the annualized value of the contracts (Bookings) on the final day of the reporting period **independent of revenue recognition.**

Subscription portion of ARR is defined as the annualized value of active SaaS and self-hosted subscription contracts in effect at the end of the reported period. The subscription portion of ARR excludes maintenance contracts related to the perpetual licenses.

GAAP to Non-GAAP Reconciliations – Gross Margin

\$ In millions

Non-GAAP gross profit and gross margin:	Q226	
	\$	%
GAAP gross profit and gross margin	\$1,909	73.6%
Share-based compensation-related charges	40	1.5%
Amortization expense of acquired intangible assets	24	0.9%
Litigation-related charges ⁽¹⁾	2	0.1%
Non-GAAP gross profit and gross margin	\$1,975	76.1%

⁽¹⁾ Consists of the amortization of intellectual property licenses and covenant not to sue.
Fiscal year ends on July 31.

GAAP to Non-GAAP Reconciliations – Operating Margin

\$ In millions

Non-GAAP operating income and operating margin:	Q225		Q226	
	\$	%	\$	%
GAAP operating income and operating margin	\$241	10.6%	\$397	15.3%
Share-based compensation-related charges	344	15.2%	321	12.4%
Acquisition-related costs ⁽¹⁾	10	0.5%	24	0.9%
Amortization expense of acquired intangible assets	43	1.9%	38	1.5%
Litigation-related charges ⁽²⁾	3	0.2%	5	0.2%
Non-GAAP operating income and operating margin	\$641	28.4%	\$785	30.3%

⁽¹⁾ Consists of acquisition transaction costs, share-based compensation related to the cash settlement of certain equity awards, change in fair value of contingent consideration liability, and costs to terminate certain employment, operating lease, and other contracts of the acquired companies.

In Q2'26, also includes integration costs related to our acquisition of CyberArk Software Ltd.

⁽²⁾ Consists of the amortization of intellectual property licenses and covenant not to sue, and legal contingency charges. Also includes a litigation settlement charge in Q2'26.

Fiscal year ends on July 31.

GAAP to Non-GAAP Reconciliations – EPS

Non-GAAP net income per share, diluted:	Q225	Q226
GAAP net income per share, diluted	\$0.38	\$0.61
Share-based compensation-related charges	0.50	0.45
Acquisition-related cost ⁽¹⁾	0.01	0.03
Amortization expense of acquired intangibles assets	0.06	0.05
Litigation-related charges ⁽²⁾	0.00	0.01
Non-cash charges related to convertible notes ⁽³⁾	0.00	0.00
Income tax and other tax adjustments ⁽⁴⁾	(0.14)	(0.12)
Non-GAAP net income per share, diluted	\$0.81	\$1.03

⁽¹⁾ Consists of acquisition transaction costs, share-based compensation related to the cash settlement of certain equity awards, change in fair value of contingent consideration liability, and costs to terminate certain employment, operating lease, and other contracts of the acquired companies.

In Q2'26, also includes integration costs related to our acquisition of CyberArk Software Ltd.

⁽²⁾ Consists of the amortization of intellectual property licenses and covenant not to sue, and legal contingency charges. Also includes a litigation settlement charge in Q2'26.

⁽³⁾ Consists of non-cash interest expense for amortization of debt issuance costs related to our convertible senior notes.

⁽⁴⁾ Consists of income tax adjustments related to our long-term non-GAAP effective tax rate.

Fiscal year ends on July 31.

GAAP to Non-GAAP Reconciliations – Adjusted Free Cash Flow

\$ In millions

Free cash flow and adjusted free cash flow (non-GAAP):	Q226	TTM Q225	TTM Q226
Net cash provided by operating activities	\$554	\$3,109	\$3,974
Less: purchases of property, equipment, and other assets	170	177	409
Free cash flow (non-GAAP)	\$384	\$2,932	\$3,565
Add: capital expenditures for headquarters ⁽¹⁾	91	-	91
Add: capital expenditures for certain corporate assets ⁽²⁾	15	-	68
Add: payments of acquisition-related costs ⁽³⁾	8	-	19
Add: litigation related payment ⁽⁴⁾	4	20	4
Adjusted free cash flow (non-GAAP)	\$502	\$2,952	\$3,747

⁽¹⁾ Consists of a land purchase of \$91 million in Q2'26.

⁽²⁾ Consists of a one-time purchase of a corporate asset which is expected to be paid through September 2026.

⁽³⁾ Consists of payments of acquisition-related costs in connection with our acquisition of CyberArk Software Ltd.

⁽⁴⁾ Consists of non-recurring litigation settlement payments in Q4'24 and Q2'26.

Fiscal year ends on July 31.

Thank You

paloaltonetworks.com