

Fiscal Q3 2026 Investor Presentation

December 11, 2025



Safe Harbor

This presentation contains forward-looking statements that involve risks and uncertainties. Forward-looking statements contained in this presentation include, but are not limited to, statements regarding our future financial and operating performance, including our GAAP and non-GAAP guidance and financial outlook for the fourth quarter of fiscal 2026 and full year fiscal 2026, our estimates of market size and opportunity, product introduction and adoption, strategic objectives, and growth prospects. By their nature, these statements are subject to numerous risks and uncertainties, including factors beyond our control, that could cause actual results, performance or achievement to differ materially and adversely from those anticipated or implied in the statements. Such risks and uncertainties include but are not limited to: macroeconomic influences and instability, geopolitical events, operations and financial results and the economy in general; risks associated with scaling our business and managing our rapid growth; our ability to expand our partner relationships; our ability to identify and effectively implement the necessary changes to address execution challenges; our limited experience with new products and the risks associated with new product offerings, including adoption by customers and 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 as well as existing products; rapidly evolving technological developments in the market for security, networking and analytics products and our ability to innovate and remain competitive; length of sales cycles; risks related to the use of AI in our platform; and general market, political, economic and business conditions, as well as those risks and uncertainties included in filings we make with the Securities and Exchange Commission from time to time. Recipients are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation and should not be construed as statements of fact. We undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events.

This presentation also contains estimates and other statistical data made by independent parties and by the Company relating to market size and growth and other industry data. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Netskope has not independently verified the statistical and other industry data generated by independent parties and contained in this presentation and, accordingly, it cannot guarantee their accuracy or completeness. In addition, projections, assumptions and estimates of its future performance and the future performance of the industries in which it operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by Netskope.

This presentation includes certain non-GAAP financial measures. Non-GAAP financial measures are presented in addition to, and not as a substitute for, and are not superior to, financial measures calculated in accordance with GAAP. The Company believes these Non-GAAP measures can be useful measures for period-to-period comparisons of our core business and provide useful information to investors and others in understanding and evaluating our operating results. In addition, the non-GAAP measures we use, as presented, may not be comparable to similar measures used by other companies. See the Appendix for a reconciliation of non-GAAP financial measures to the most comparable measure, calculated in accordance with GAAP. All financial information and other metrics used in this presentation are as of October 31, 2025, unless otherwise noted.



Netskope Q3'26 Financial Highlights

\$754M

ARR

34%

ARR Y/Y Growth

118%

Net Retention Rate

>\$1B

RPO
41% Y/Y Growth

75%

Non-GAAP Gross Margin¹

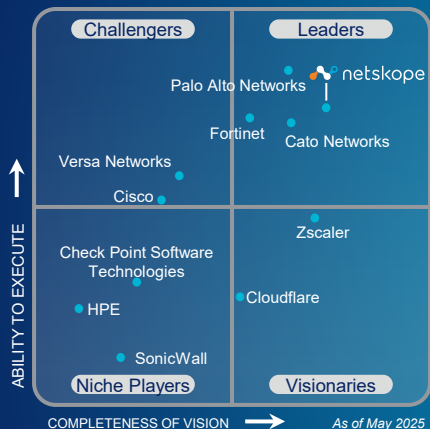
\$11M

Free Cash Flow
6% FCF Margin¹

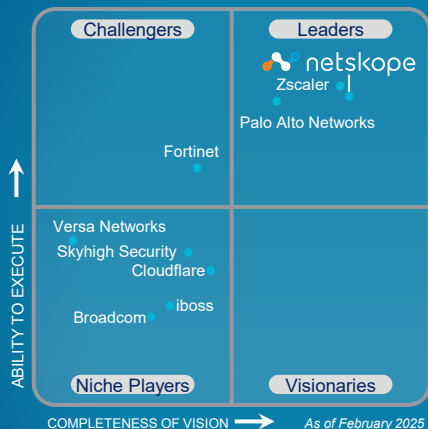


Our Market Leadership is Broadly Recognized

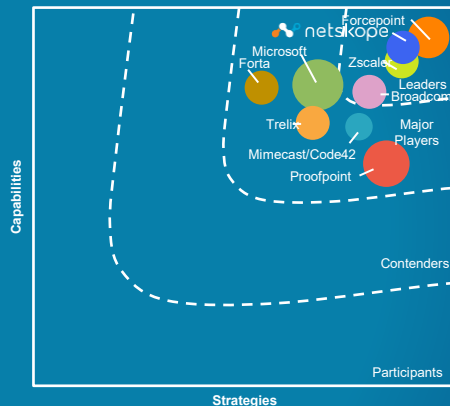
2025 Gartner Magic Quadrant for SASE Platforms



2025 Gartner Magic Quadrant for SSE



2025 IDC MarketScape for Worldwide DLP Vendor Assessment



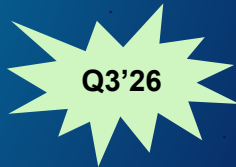
Q3 2025 Forrester Wave SASE Solutions



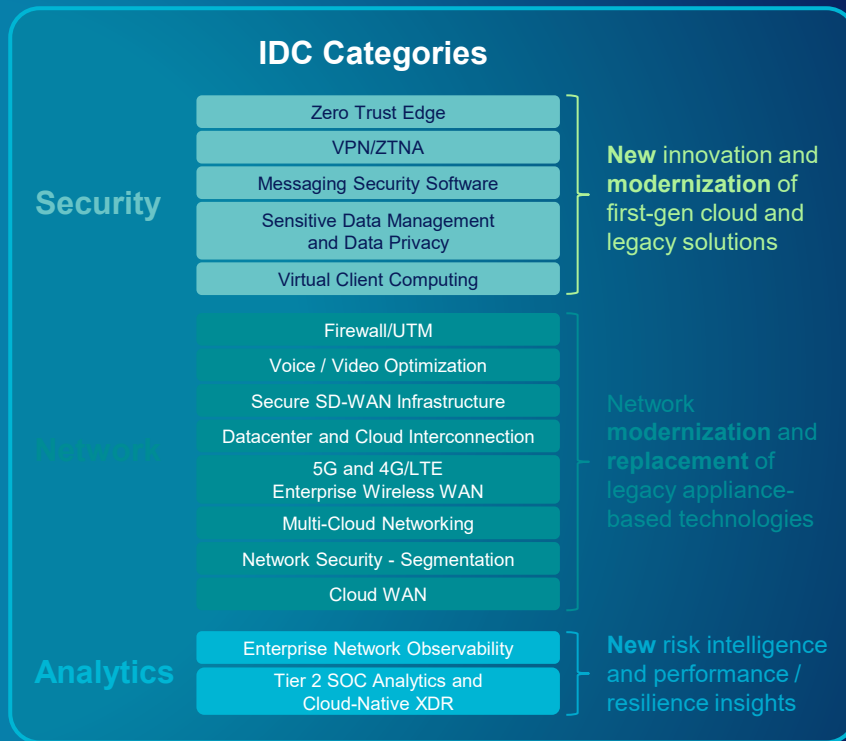
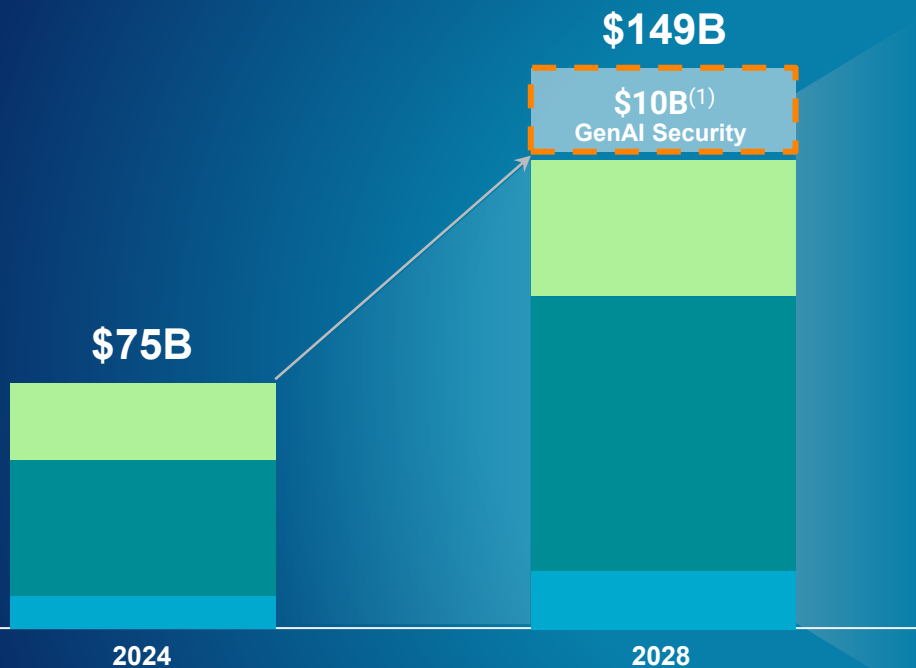
Leader 4 Years in a Row
for Gartner SSE MQ



Leader for Gartner 2024 and 2025
SASE Platforms MQ



Our Market Opportunity is Large and Growing



All data sourced from IDC (except as otherwise noted) and represents relevant categories that map to Netskope's current capabilities. Refer to the Appendix for additional information.

1. We are in the early days of addressing the nascent market opportunity for GenAI security, which we project to grow to \$9.9 billion by 2028. Refer to the Appendix for additional information.





We've Re**AI**maged

Security and Networking for the
Cloud & AI Era



Cloud and AI Have Completely Revolutionized Work



Cloud & AI Are Transforming the Internet

- Cloud, Web, GenAI, Agentic AI, Physical AI
- Dynamic, interactive, data-rich
- JSON, MCP, A2A, and API-based

89%

of enterprise CIOs have not fully implemented AI, citing security and other challenges⁽¹⁾



Protecting Data Has Never Been More Difficult

- Volume, variety, dispersed
- Images, audio, video sharing
- High data leakage risk

~75x

Amount of data created in 2024 vs 2010⁽²⁾



Businesses Need Fast and Secure Performance

- Human & non-human entities
- Work from any device/location
- Seamless use experiences

74%

Employees willing to bypass organization's cybersecurity to achieve business objectives⁽³⁾



Cyber Risk Is One of the Greatest Challenges

- Expanding attack surfaces
- Pervasive, sophisticated attacks
- Regulatory risk

+1,100%

Phishing attacks globally since 2017⁽⁴⁾

1. Salesforce, Just 11% of CIOs Have Fully Implemented AI as Data and Security Concerns Hinder Adoption, October 15, 2024.

2. Statista, Volume of data/information created, captured, copied, and consumed worldwide from 2010 to 2023, with forecasts from 2024 to 2028, November 21, 2024.

3. Gartner, 4 Actions to Reduce Cybersecurity-Induced Friction, May 14, 2025.

4. Statista, Global number of cyberattacks 2016-2023, by type, October 29, 2024.



The Language of the Internet Has Fundamentally Changed



Static, monolithic webpages

Mid-1990s to Early 2000s

Firewall



Some dynamic content

Early 2000s to 2010s

Next Generation Firewall Secure Web Gateway



Data-Rich, Interactive, Dynamic Applications / Websites

AI and Cloud Era

Modern Security, Networking, Analytics Platform (Netskope One)

Language

HTML

HTML with form-data and SOAP (XML)

REST API, MCP, A2A, GraphQL (JSON)

Visibility

Ports, IP addresses, protocols

Limited application, user, device

Application, identity, location, device, behavior, data risk, content, activity

Control

Block / allow apps, static rules

Block/Allow apps, websites w/ rudimentary control

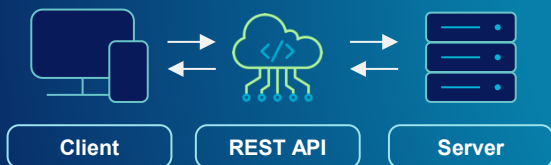
Granular, contextual, risk-based, real-time



APIs and JSON are the Language of the Modern Internet

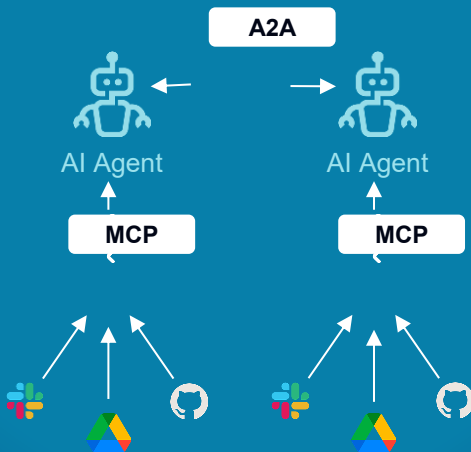
Application Programming Interfaces (“API”)

Set of rules that allow different software applications to communicate and exchange data



Used in countless applications

Model Context Protocol (“MCP”) Agent-to-Agent (“A2A”)



Connections between AI agents, and with tools and data sources

JavaScript Object Notation (“JSON”)

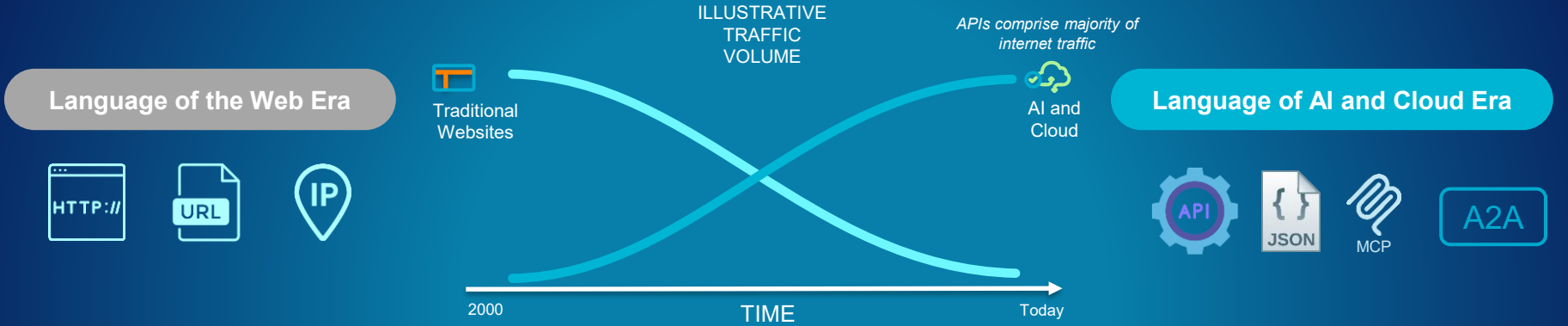
Human-readable formats for different systems to share data

```
{  
  "user": "asmith@acmecorp.com",  
  "action": "delete",  
  "details": {  
    "file_id": "q637atu7uds912uib",  
    "metadata": {  
      "created_date": "2025-04-13",  
      "file_size": "2MB"  
    }  
  }  
}
```

Schema-less, flexible (e.g., Nested) data structures



A New Architecture is Required for Visibility and Control



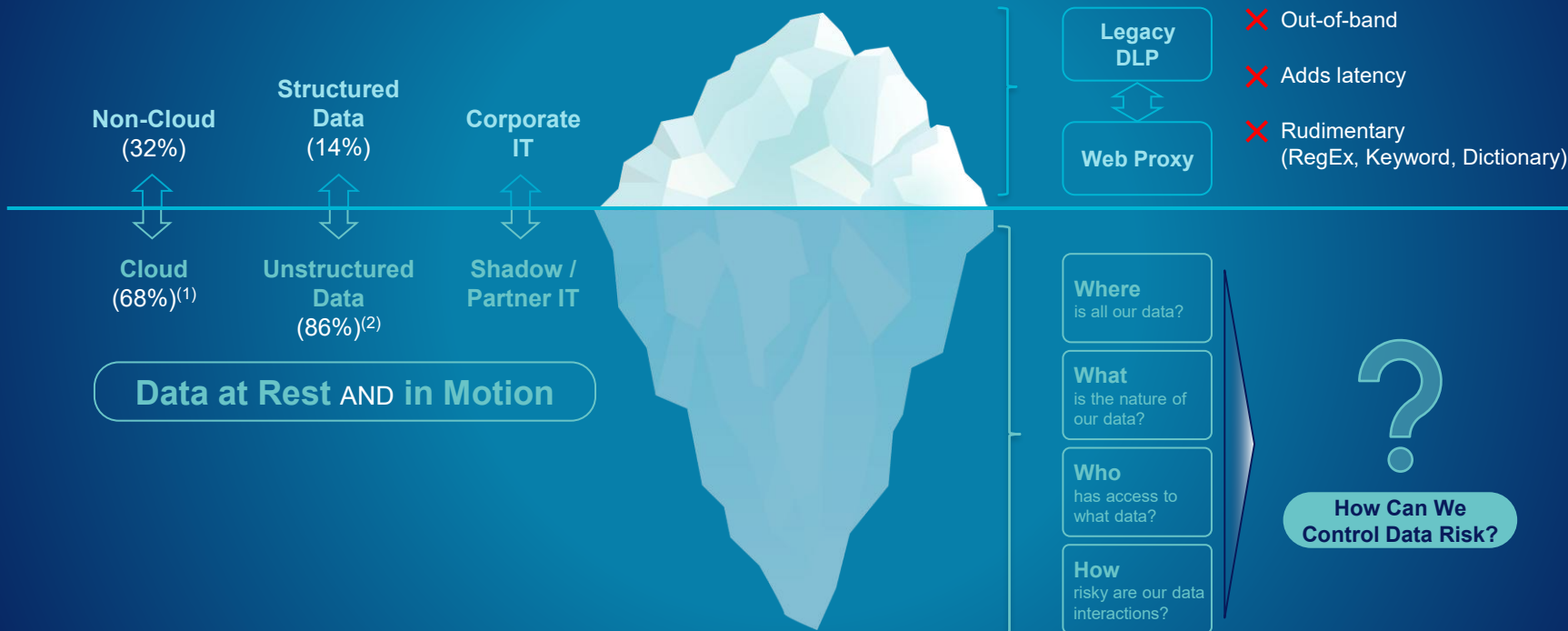
Lack visibility into user activity, which necessitated binary controls



Granular, contextual visibility allows for a broad range of controls



Protecting Data Has Never Been More Difficult

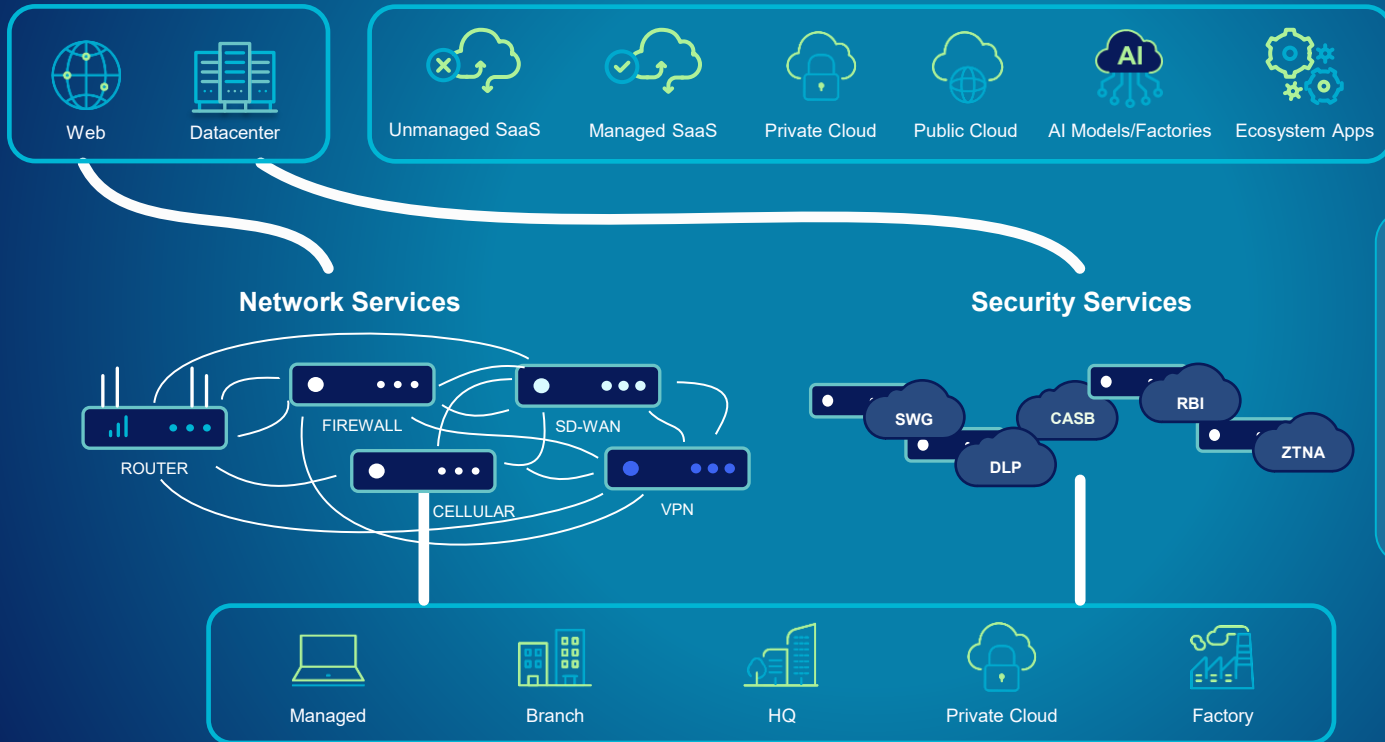


1. 2025 enterprise projections based on IDC estimates, "Worldwide Global StorageSphere Forecast 2024-2028" June 2024.

2. 2025 enterprise projections based on IDC estimates, "Worldwide Global StorageSphere Structured and Unstructured Data Forecast, 2024-2028" September 2024.



Legacy Infrastructure Can't Address the Modern Digital Landscape

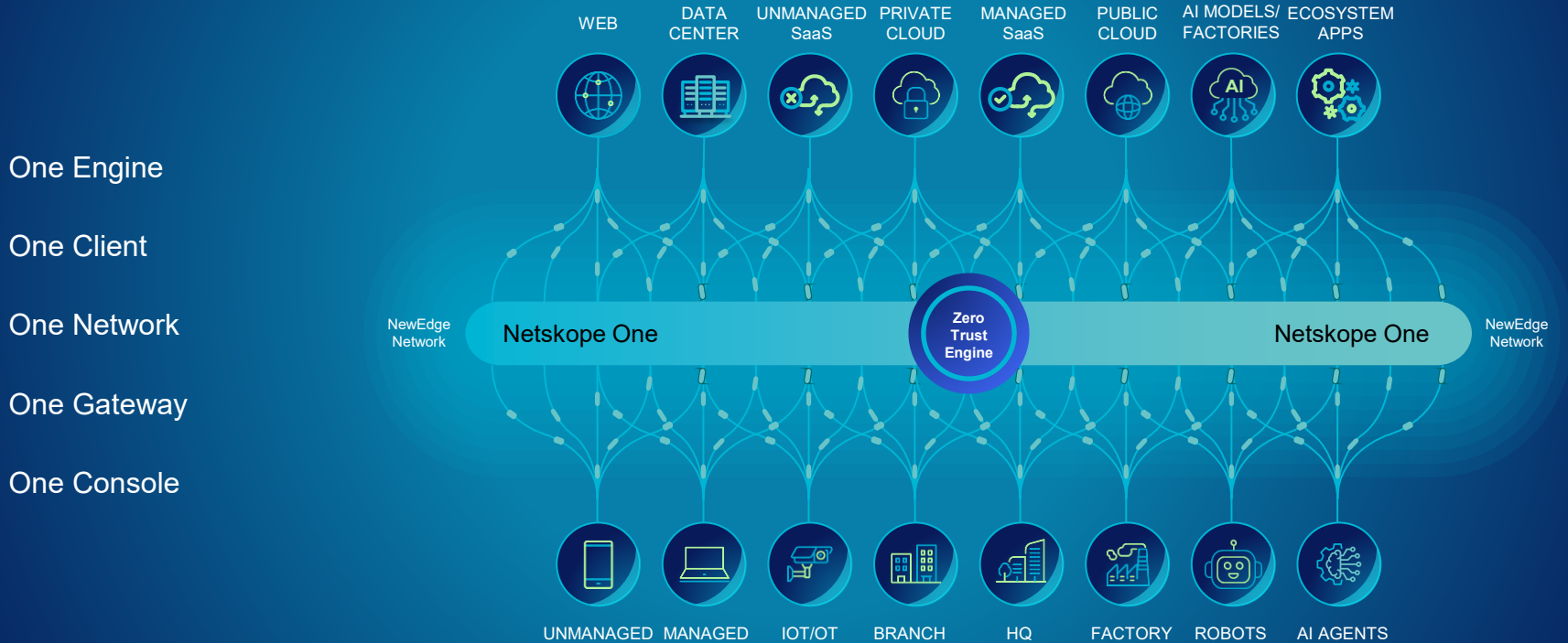


Siloed and cumbersome security and networking services create operational complexity and security risks

Underlying legacy networking infrastructure often suffers significant performance degradation when advanced services enabled at scale



Netskope Redefines Enterprise Security and Networking for the Cloud and AI



Our Platform Converges Security, Networking & Analytics

PLATFORM
CAPABILITIES

Security Products +

- Enterprise Browser
- Data Security Posture Management
- SaaS Security Posture Management
- Remote Browser Isolation
- Private Access (ZTNA, UZTNA)
- Threat Protection
- Next-Gen Secure Web Gateway
- Data Loss Prevention (Inline, Endpoint, Email)
- Cloud Access Security Broker
- Cloud Inline Security

Network Products +

- DNSaaS
- Cloud Packet Stream
- IoT/OT Intelligence
- Dedicated Egress IP
- SD-WAN
- Firewall-as-a-Service

Analytics Products +

- Digital Experience Management
- User Entity Behavior Analytics
- Advanced Analytics

SkopeAI Models

Zero Trust Engine

Context Awareness | Policy Definition | Policy Enforcement

Modern Cloud, AI, Data, and Network Proxy

Common Data Model and Store

NewEdge Network Software

Traffic Management | Route Control | Egress IP Management

NewEdge Global Private Cloud

Converged security, network,
and analytics stack

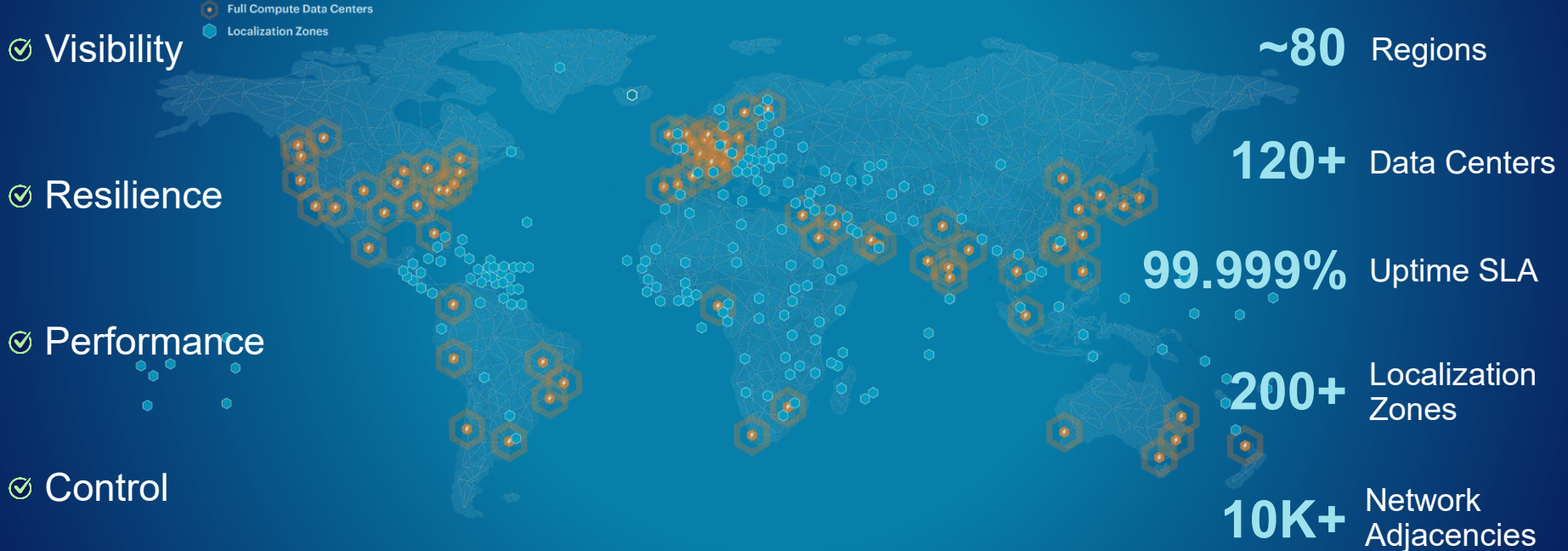
Deployed across global
NewEdge Network

Enables seamless and
secure experiences

Delivers operational
efficiency and
go-forward flexibility



Our NewEdge Network Delivers Highly Performant and Secure Digital Interactions



Proprietary AI Models are Infused Across Our Platform

Generative AI

Deep Learning

Traditional Machine Learning (ML)

Statistical Modeling and Anomaly Detection



Risk-based Access Controls



Identifies Anomalous Behavior & Malicious or Compromised Insiders



Threat Protection



Characterizes Malware, URLs & Web Content



Data Protection



Classifies Data with High Reliability



Resilience & User Experience

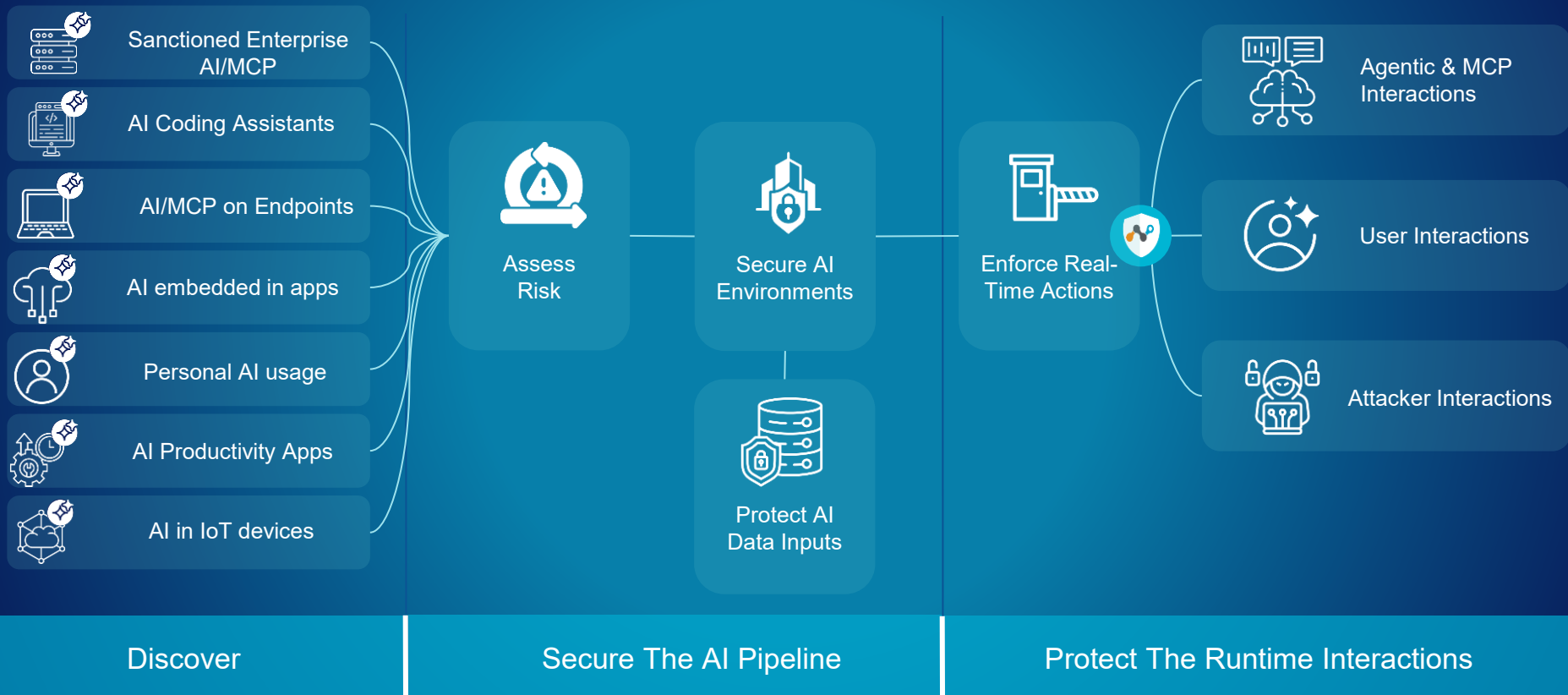


Monitors End to End Experience to Proactively Fix Issues

170+ AI/ML Models Deployed



We Enable Enterprises to Securely Unleash AI Potential



Innovation Drives Our Business Model

Innovate

- Innovation drives our opportunity
- 20+ products; ~2 new products introduced per year
- Early in AI security opportunity
- Unified common platform drives innovation velocity, with lower incremental investment to add new products



Land & Expand

- Land & Expand model drives our growth
- More products, users, and use cases drives expansion
- Upsell and cross-sell drives NRR

Monetize

- Platform monetization drives our margin expansion
- Lower marginal cost to add more users and products
- High GRR

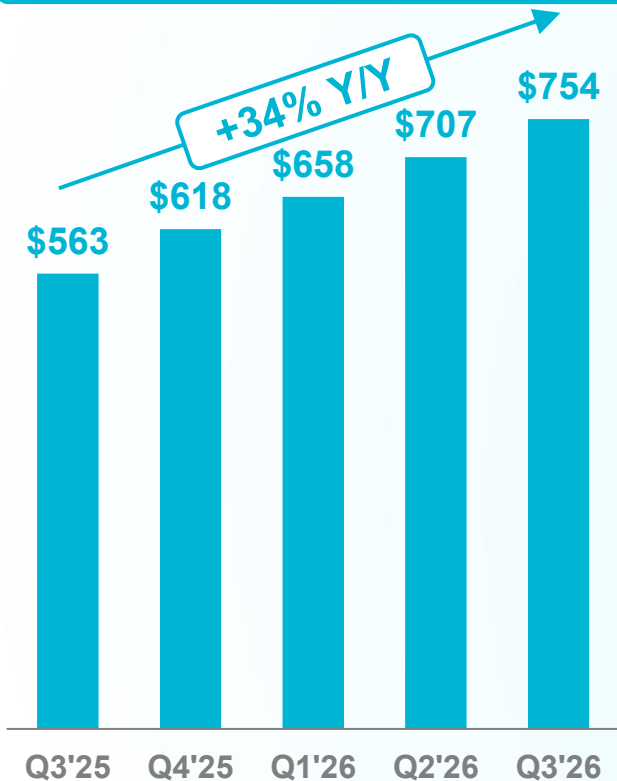


Q3'26 Financial Highlights

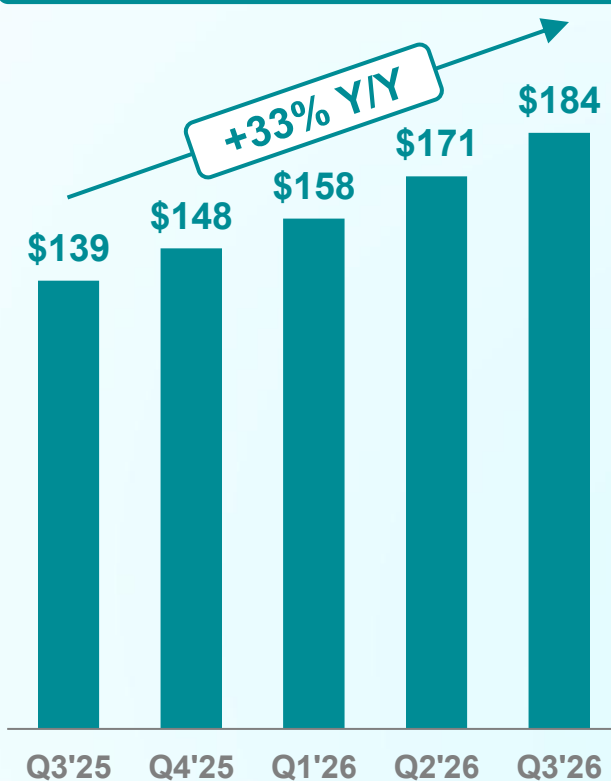


Accelerating Growth At Scale

ARR (\$M)



Revenue (\$M)



ARR Acceleration

Third consecutive quarter of ARR growth acceleration



Balanced Globally

Q3'26 revenue growth: Americas 34%, EMEA 34%, APJ 29%



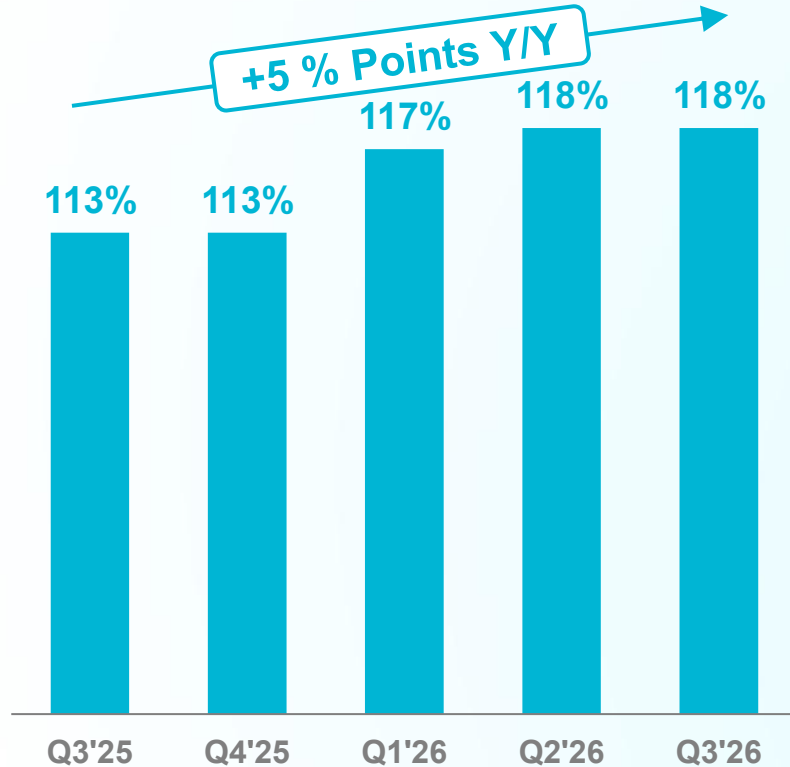
Platform Adoption

Cross-sell and upsell drive 118% NRR, >85% of ARR from \$100K+ customers

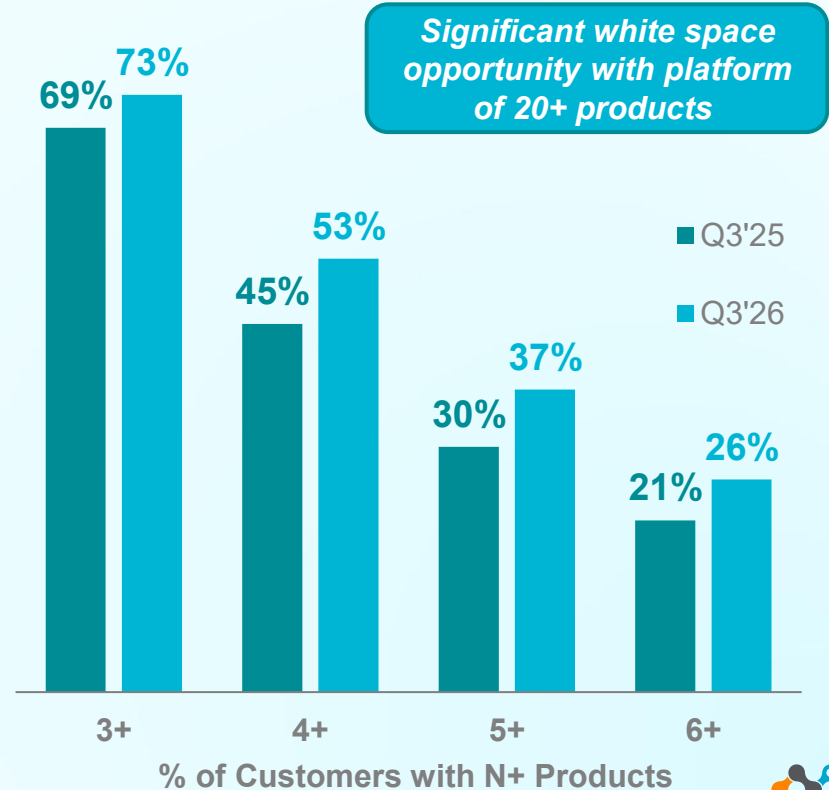


Netskope One Platform Driving Expansion

Net Retention Rate (NRR)



Product Adoption Rates



Innovation Drives Success With Large Enterprises

36%

*ARR Y/Y Growth from
\$100K+ ARR Customers*

1,444

*\$100K+ ARR Customers
24% Y/Y Growth*

\$450K+

*Average ARR per
\$100K+ ARR Customer*



**Continuous R&D
innovation drives platform
expansion**

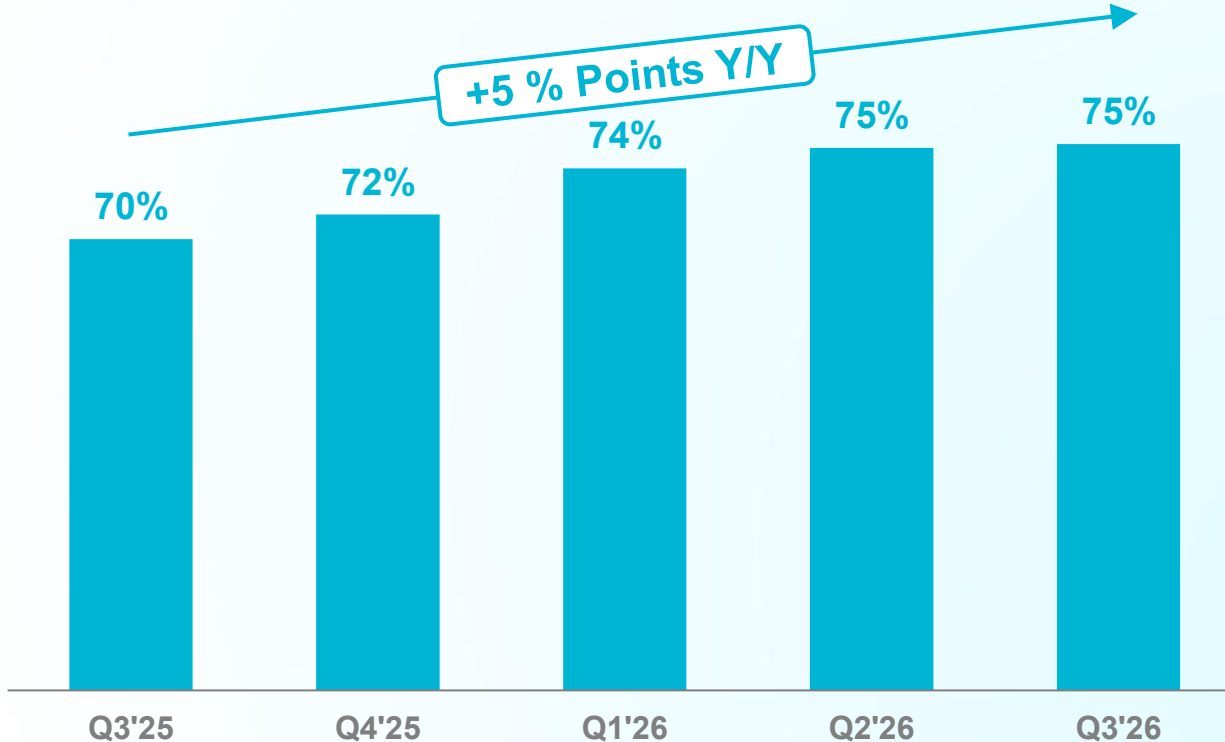
**20+ products increases
customer value and
opportunity**

**Larger \$100K+ customers
drive upsell, cross-sell,
and NRR**



Strong Gross Margin Expansion

Non-GAAP Gross Margin



Built To Scale

Better unit economics at scale, lowering the marginal cost to serve each incremental customer



Gaining Leverage

Significant upfront prior investments in NewEdge driving margin expansion

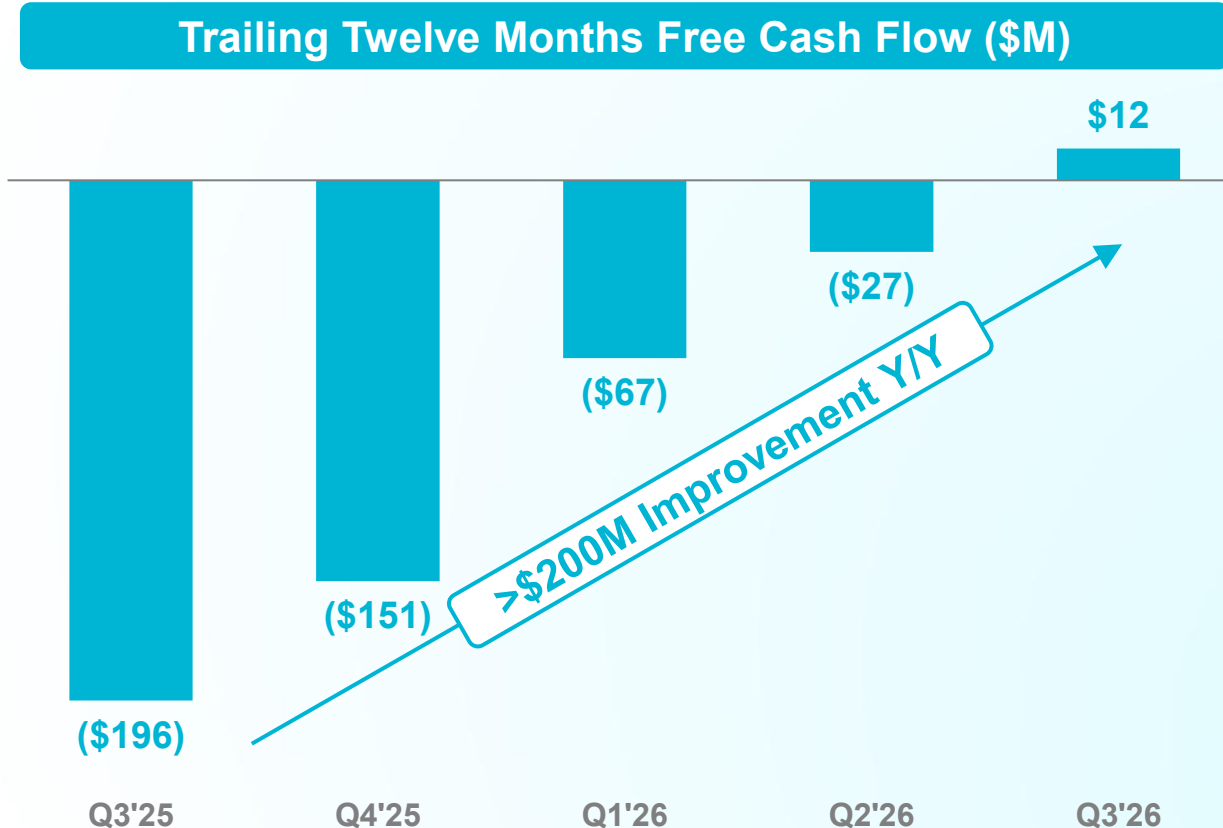


Optimizing NewEdge

Continued investment in innovation and automation driving cost efficiencies



TTM Free Cash Flow Positive



Improving Profitability

\$11M FCF in Q3'26 (6% FCF margin). First time achieving TTM FCF positive



ROI-Driven Investments

Customer-driven capex expansion based on market opportunity



Q4'26 Financial Guidance






	Q4'26 Guidance	FY'26 Guidance
Revenue	\$188M – \$190M	\$701M – \$703M
<i>Y/Y Growth %</i>	<i>27% – 28%</i>	<i>30% – 31%</i>
Gross Margin		75%
Operating Margin	(14.0%) – (13.0%)	(17.0%) – (16.5%)
EPS¹	(\$0.07) – (\$0.05)	(\$0.53) – (\$0.51)
Free Cash Flow		\$5M – \$8M
<i>Free Cash Flow Margin %</i>		<i>~1%</i>

Note: All metrics represent non-GAAP (except revenue). A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, reconciling items that may be incurred in the future, such as stock-based compensation and related employer payroll taxes, the effect of which may be significant.

1. Assumes weighted-average shares outstanding of approximately 400M for Q4'26 and 215M for FY'26.



Netskope Key Takeaways

-  Well-positioned in a **\$149B TAM¹** opportunity across security, networking, analytics, and AI security
-  Built to drive growth, with **34% Y/Y ARR growth to \$754M** as of October 31, 2025
-  **Netskope One platform** with 20+ products driving expansion in large and growing installed base; **118% NRR**
-  Strong visibility with 99% **SaaS subscription** model
-  **Built to scale** – operating margin expansion and attractive unit economics with **FCF positive over TTM**
-  Broadly recognized **Market Leader in SSE and SASE**

1. Projection based on our analysis of IDC estimates of \$139 billion of security, networking, and analytics spending in 2028. Further, we are in the early days of addressing the nascent market opportunity for AI security, which we project to grow to \$9.9 billion by 2028. See Appendix for definitions and reconciliation to the most comparable GAAP measure.



APPENDIX



Convertible Notes Impact on EPS

	Q3'25	Q3'26
GAAP net loss per share, basic and diluted	(\$0.72)	(\$1.85)
(+) Stock-based compensation and related taxes	0.13	1.70
(+) Amortization of acquired intangible assets	0.06	0.01
(+) Loss on fair value change in convertible notes	0.18	0.04
(-) Provision for (benefit from) income taxes	(0.02)	-
Non-GAAP net loss per share, basic and diluted	(\$0.37)	(\$0.10)

We remeasure the convertible notes at fair value each reporting period. The period-over-period change in fair value is recognized in the income statement, except for the portion attributable to changes in instrument-specific credit risk, which gets recorded in Other Comprehensive Income (OCI). The income statement impact is primarily related to movements in our Class A common stock price, risk-free rates, equity volatility, contractual term, and other market-based assumptions used in the valuation model.

Driven by External Factors

FMV of the convertible notes is based on exogenous factors beyond our control such as market volatility, our share price, and a risk-free rate

Not Reflective of Performance

- No impact to operations or performance
- Better comparability across periods
- Better comparability against peers
- No impact to cash flow or dilution
- Market volatility irrelevant to operations
- Difficult to forecast and guide



Fully Diluted Share Count Calculation

	Shares (M)
(+) Class A Common	80.8
(+) Class B Common	312.2
<hr/>	
Basic Shares Outstanding ¹	393.0
(+) Options Outstanding	51.6
(-) TSM Options Repurchased ²	(12.7)
(+) RSUs Outstanding ³	49.4
(+) Convertible Notes ⁴	24.6
<hr/>	
Fully Diluted Shares Outstanding	506.0

1. Basic shares outstanding as of October 31, 2025. See 10-Q for details.

2. Treasury Stock Method assumes NTSK price as of October 31, 2025.

3. Includes 49.1M of RSUs and 0.3M shares subject to repurchase.

4. Based on maximum potential PIK value of Convertible Notes at maturity. Assuming PIK value as of October 31, 2025, represents 21.9M potential dilution.



GAAP to Non-GAAP Reconciliations

Fiscal Quarter:	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26
Three Months Ending:	April 30, 2024	July 31, 2024	October 31, 2024	January 31, 2025	April 30, 2025	July 31, 2025	October 31, 2025
Revenue	\$120,997	\$130,253	\$138,532	\$148,486	\$157,736	\$170,758	\$184,173
GAAP gross profit	73,778	83,028	91,767	99,326	109,513	123,244	106,643
Add: Stock-based compensation and related taxes	701	640	589	548	520	421	28,602
Add: Amortization of acquired intangible assets	4,682	4,789	5,174	6,320	6,082	3,593	2,341
Non-GAAP gross profit	\$79,161	\$88,457	\$97,530	\$106,194	\$116,115	\$127,258	\$137,586
GAAP gross margin	61%	64%	66%	67%	69%	72%	58%
Non-GAAP gross margin	65%	68%	70%	72%	74%	75%	75%
GAAP loss from operations	(84,909)	(75,822)	(53,834)	(41,176)	(45,358)	(45,965)	(446,970)
Add: Stock-based compensation and related taxes	14,260	13,201	12,327	11,351	10,173	7,869	416,179
Add: Acquisition-related expense (credit)	19	(2)	443	(1)	-	-	-
Add: Amortization of acquired intangible assets	5,126	5,172	5,595	6,854	6,598	4,127	2,621
Non-GAAP loss from operations	(\$65,504)	(\$57,451)	(\$35,469)	(\$22,972)	(\$28,587)	(\$33,969)	(\$28,170)
GAAP operating margin	(70%)	(58%)	(39%)	(28%)	(29%)	(27%)	(243%)
Non-GAAP operating margin	(54%)	(44%)	(26%)	(15%)	(18%)	(20%)	(15%)



GAAP to Non-GAAP Reconciliations

Fiscal Quarter:	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26
Three Months Ending:	April 30, 2024	July 31, 2024	October 31, 2024	January 31, 2025	April 30, 2025	July 31, 2025	October 31, 2025
GAAP S&M expense	74,892	76,734	65,765	63,437	69,376	78,050	149,869
Less: Stock-based compensation and related taxes	(5,565)	(5,049)	(4,143)	(3,840)	(3,403)	(3,378)	(73,680)
Less: Amortization of acquired intangible assets	(374)	(383)	(421)	(534)	(516)	(534)	(280)
Non-GAAP S&M expense	\$68,953	\$71,302	\$61,201	\$59,063	\$65,457	\$74,138	\$75,909
GAAP S&M expense % of revenue	62%	59%	47%	43%	44%	46%	81%
Non-GAAP S&M expense % of revenue	57%	55%	44%	40%	41%	43%	41%
GAAP R&D expense	64,829	65,527	62,402	61,431	67,881	72,856	262,702
Less: Stock-based compensation and related taxes	(6,599)	(6,300)	(5,884)	(5,963)	(5,345)	(3,517)	(192,612)
Less: Amortization of acquired intangible assets	(70)	-	-	-	-	-	-
Non-GAAP R&D expense	\$58,160	\$59,227	\$56,518	\$55,468	\$62,536	\$69,339	\$70,090
GAAP R&D expense % of revenue	54%	50%	45%	41%	43%	43%	143%
Non-GAAP R&D expense % of revenue	48%	45%	41%	37%	40%	41%	38%
GAAP G&A expense	18,966	16,589	17,434	15,634	17,614	18,303	141,042
Less: Stock-based compensation and related taxes	(1,395)	(1,212)	(1,711)	(1,000)	(905)	(553)	(121,285)
Less: Acquisition-related expenses (credits)	(19)	2	(443)	1	-	-	-
Non-GAAP G&A expense	\$17,552	\$15,379	\$15,280	\$14,635	\$16,709	\$17,750	\$19,757
GAAP G&A expense % of revenue	16%	13%	13%	11%	11%	11%	77%
Non-GAAP G&A expense % of revenue	15%	12%	11%	10%	11%	10%	11%



GAAP to Non-GAAP Reconciliations

Fiscal Quarter:	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26
Three Months Ending:	April 30, 2024	July 31, 2024	October 31, 2024	January 31, 2025	April 30, 2025	July 31, 2025	October 31, 2025
GAAP net loss	(95,157)	(111,572)	(70,743)	(77,038)	(79,242)	(90,301)	(453,075)
Add: Stock-based compensation and related taxes	14,260	13,201	12,327	11,351	10,173	7,869	416,179
Add: Acquisition-related expense (credit)	19	(2)	443	(1)	-	-	-
Add: Amortization of acquired intangible assets	5,126	5,172	5,595	6,854	6,598	4,127	2,621
Add: Loss on fair value change in convertible notes	9,708	35,416	18,125	35,378	33,429	43,973	8,439
Add: Provision for (benefit from) income taxes	-	-	(2,239)	(348)	-	-	364
Non-GAAP net loss	(\$66,044)	(\$57,785)	(\$36,492)	(\$23,804)	(\$29,042)	(\$34,332)	(\$25,472)
GAAP net loss per share, basic and diluted	(\$1.02)	(\$1.17)	(\$0.72)	(\$0.75)	(\$0.76)	(\$0.84)	(\$1.85)
Add: Stock-based compensation and related taxes	0.15	0.14	0.13	0.11	0.10	0.07	1.70
Add: Acquisition-related expense	-	-	-	-	-	-	-
Add: Amortization of acquired intangible assets	0.05	0.05	0.06	0.07	0.06	0.04	0.01
Add: Loss on fair value change in convertible notes	0.11	0.38	0.18	0.34	0.32	0.41	0.04
Add: Provision for (benefit from) income taxes	-	-	(0.02)	-	-	-	-
Non-GAAP net loss per share, basic and diluted	(\$0.71)	(\$0.60)	(\$0.37)	(\$0.23)	(\$0.28)	(\$0.32)	(\$0.10)
Weighted-average shares used in net loss per share	93.7M	95.7M	98.3M	102.4M	104.7M	108.1M	244.7M
Shares at the end of period	95.3M	97.7M	101.8M	104.6M	106.1M	109.3M	393.0M



GAAP to Non-GAAP Reconciliations

Fiscal Quarter:	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26
Three Months Ending:	April 30, 2024	July 31, 2024	October 31, 2024	January 31, 2025	April 30, 2025	July 31, 2025	October 31, 2025
Net cash provided by (used in) operating activities	(50,534)	(55,380)	(10,884)	6,121	25,592	(16,878)	11,236
Less: Purchase of P&E and intangible assets	(15,415)	(4,360)	(15,999)	(1,258)	(7,410)	(1,628)	(525)
Less: Capitalized internal-use software	(458)	(360)	(1,761)	(811)	(726)	(1,147)	(117)
Free cash flow	(\$66,407)	(\$60,100)	(\$28,644)	\$4,052	\$17,456	(\$19,653)	\$10,594
<i>Operating cash flow margin</i>	<i>(42%)</i>	<i>(43%)</i>	<i>(8%)</i>	<i>4%</i>	<i>16%</i>	<i>(10%)</i>	<i>6%</i>
<i>Free cash flow margin</i>	<i>(55%)</i>	<i>(46%)</i>	<i>(21%)</i>	<i>3%</i>	<i>11%</i>	<i>(12%)</i>	<i>6%</i>
Trailing twelve months free cash flow	(\$221,271)	(\$220,997)	(\$195,501)	(\$151,099)	(\$67,236)	(\$26,789)	\$12,449
Annual Recurring Revenue (ARR in \$Ms)	\$497M	\$531M	\$563M	\$618M	\$658M	\$707M	\$754M
<i>Y/Y Growth %</i>				<i>30%</i>	<i>32%</i>	<i>33%</i>	<i>34%</i>
Net Retention Rate (NRR)	114%	113%	113%	113%	117%	118%	118%



Definitions

Total Addressable Market (“TAM”): Total Addressable Market figures are estimates based on IDC market forecasts from 2023-2028. Figures reflect the markets addressed by Netskope’s current offerings which include the following: Zero Trust Edge, VPN (Virtual Private Network)/ZTNA (Zero Trust Network Access), Public Cloud Portion of Firewall/UTM (Unified Threat Management), Messaging Security Software, Sensitive Data Management and Data Privacy, Physical and Virtual Computing Software, SSPM, IoT Spend, Internet Video, SD-WAN (Software-Defined Wide Area Network), Datacenter Interconnection Services, 5G and 4G/LTE Enterprise Wireless WAN, Multi-Cloud Networking, Segmentation, Cloud WAN, Endpoint SD-WAN, Enterprise Network Observability, Tier 2 SOC Analytics and Cloud-Native XDR. We estimate that AI security spend presents a \$9.9 billion opportunity in 2028. According to IDC, in 2024, spending on security software was \$124 billion, while spending on overall IT software and hardware was \$2.8 trillion. Based on our analysis of IDC data, security software expenditures accounted for 4.4% of overall IT spending. To estimate our AI security opportunity, we apply the same percentage to the IDC estimate of \$226.5 billion of generative AI spend in 2028.

The IDC forecasts used are the following: (1) Forecast: IDC Semiannual Security Products Tracker, Worldwide, 2019-2028, 2024H1 Forecast, Rasmus Andsbjerg, et al., 11/19/2024; (2) Forecast: IDC Semiannual Software Tracker, Worldwide, 2019-2028, 2024H1 Forecast Release, Julie Ross, et al., 11/14/2024; (3) IDC Quarterly Network Infrastructure Tracker, Worldwide, 2019-2028, 2024Q3 Release, Petr Jirovsky, et al., 12/20/2024; (4) IDC Worldwide Datacenter Interconnection Services Forecast, 2024-2028, Courtney Monroe, Avinash Naga, 05/2024; (5) IDC Worldwide SD-WAN Infrastructure Forecast, 2024-2028, Brandon Butler, et al., 07/2024; (6) IDC Worldwide Multicloud Networking Forecast, 2024-2028, Vijay Bhagavath, et al., 05/2024; (7) IDC Worldwide 5G and 4G/LTE Enterprise Wireless WAN Forecast, 2024-2028: 5G FWA Reignites Branch Opportunities, Patrick Filkins, et al., 07/2024; (8) IDC Worldwide IaaS Networking Forecast, 2024-2028, Taranvir Singh, et al., 09/2024; (9) IDC Worldwide Network Observability Forecast, 2024-2028, Mark Leary, 12/2024; (10) IDC Worldwide Black Book: Live Edition, 2023-2028, Stephen Minton et al., 03/2025; (11) IDC’s Worldwide AI and Generative AI Spending Guide, 2023-2028, Karen Massey et. al, 02/2025.

Annual Recurring Revenue (“ARR”): We define Annual Recurring Revenue as the annualized value of our cloud subscription contracts that are active as of the measurement date, assuming any contract that expires during the next 12 months is renewed on its existing terms. Provided that we are actively negotiating a renewal or new agreement with a customer after the expiration of a contract, we continue to include that contract’s annualized value in ARR until the customer notifies us of their decision not to renew. ARR excludes non-recurring components of revenue such as professional services, training, sales of hardware, and other non-recurring revenue.

Net Retention Rate (“NRR”): Our dollar-based Net Retention Rate reflects the percentage of our ARR from existing customers, inclusive of the effects of upsell, cross-sell, contraction, and churn. We calculate this by first determining the ARR of the cohort of customers established on the same date of the prior fiscal year (the "Prior Period ARR"). We then calculate the ARR from these same subscription customers as of the current period end (the "Current Period ARR"). Current Period ARR includes any expansion and is net of contraction and churn over the trailing 12 months but excludes ARR from new customers. We then divide the Current Period ARR by the Prior Period ARR to arrive at our NRR.

Free Cash Flow (“FCF”) and Free Cash Flow Margin: Free cash flow is defined as net cash used in operating activities less purchases of property and equipment and intangible assets and capitalized internal-use software. Free cash flow margin is determined by dividing free cash flow by revenue.

