



Investor Presentation

March 2024

Safe Harbor Statement

Information, statements and projections contained in these presentation slides concerning Fortinet's business outlook, the first quarter of 2024 and full year 2024 guidance, and future prospects and expectations are forward-looking statements that involve risks and uncertainties. These forward-looking statements include statements regarding any indications related to future growth and market share gains, our strategy going forward, and guidance and expectations around future financial results, including guidance and expectations for the first quarter of 2024 and full year 2024, and any statements regarding our market opportunity and market size, and business momentum. Although we attempt to be accurate in making forward-looking statements, it is possible that future circumstances might differ from the assumptions on which such statements are based such that actual results are materially different from our forward-looking statements in these presentation slides. Important factors that could cause results to differ materially from the statements herein include the following: general economic risks, including those caused by economic challenges, a possible economic downturn or recession and the effects of inflation or stagflation, rising interest rates or reduced information technology spending; instability in the global banking system; supply chain challenges; negative impacts from the ongoing war in Ukraine and its related macroeconomic effects and our decision to reduce operations in Russia, as well as the Israel-Hamas war; competitiveness in the security market; the dynamic nature of the security market and its products and services; specific economic risks worldwide and in different geographies, and among different customer segments; uncertainty regarding demand and increased business and renewals from existing customers; uncertainties around continued success in sales growth and market share gains; uncertainties in market opportunities and the market size; actual or perceived vulnerabilities in our supply chain, products or services, and any actual or perceived breach of our network or our customers' networks; longer sales cycles, particularly for larger enterprise, service providers, government and other large organization customers; the effectiveness of our salesforce and failure to convert sales pipeline into final sales; risks associated with successful implementation of multiple integrated software products and other product functionality risks; risks associated with integrating acquisitions and changes in circumstances and plans associated therewith, including, among other risks, changes in plans related to product and services integrations, product and services plans and sales strategies; sales and marketing execution risks; execution risks around new product development and introductions and innovation; litigation and disputes and the potential cost, distraction and damage to sales and reputation caused thereby or by other factors; cybersecurity threats, breaches and other disruptions; market acceptance of new products and services; the ability to attract and retain personnel; changes in strategy; risks associated with management of growth; lengthy sales and implementation cycles, particularly in larger organizations; technological changes that make our products and services less competitive; risks associated with the adoption of, and demand for, our products and services in general and by specific customer segments, including those caused by competition and pricing pressure; excess product inventory for any reason, including those caused by the effects of increased inflation and interest rates in certain geographies and the war in Ukraine and the Israel-Hamas war; risks associated with business disruption caused by natural disasters and health emergencies such as earthquakes, fires, power outages, typhoons, floods, health epidemics and viruses, and by manmade events such as civil unrest, labor disruption, international trade disputes, international conflicts such as the war in Ukraine and the Israel-Hamas war or tensions between China and Taiwan, terrorism, wars, and critical infrastructure attacks; tariffs, trade disputes and other trade barriers, and negative impact on sales based on geo-political dynamics and disputes and protectionist policies; any political and government disruption around the world, including the impact of any future shutdowns of the U.S. government; and the other risk factors set forth from time to time in our most recent Annual Report on Form 10-K, our most recent Quarterly Report on Form 10-Q and our other filings with the Securities and Exchange Commission ("SEC"), copies of which are available free of charge at the SEC's website at www.sec.gov or upon request from our investor relations department. 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.





Cybersecurity Overview and Total Addressable Markets



More External Forces Than Ever Are Driving Security Decisions



DIGITAL EVOLUTION

Digital innovation is creating tremendous opportunity, but more risk



TECHNOLOGY DISRUPTION

More companies are rapidly implementing AI to transform business operations



ECONOMIC HEADWINDS

Budget changes and skills shortage are resulting in more delays and more risk



SKILLS SHORTAGE

With 3.4M unfilled jobs, the struggle to recruit and retain cybersecurity talent creates additional cyber risks



ENVIRONMENTAL, SOCIAL, & GOVERNANCE

Consumers and boards are putting more pressure to deliver on ESG initiatives



REGULATORY AND COMPLIANCE

Companies are reacting to more frequent reporting and regulatory changes



THREAT LANDSCAPE

Attacks are growing in sophistication and frequency

From a Threat Landscape That is More Complex Than Ever

LONG-LIVED EXPLOITS



98% of firms saw exploits created over five years ago

NEW VULNERABILITIES



17% YoY growth in new vulnerabilities

TARGETED ATTACKS ON THE RISE



More time on specific vectors vs spam

APT THREAT ACTORS



30% of APT groups were detected as active in 1H 2023

INDUSTRIAL RANSOMWARE



44% of ransomware and wipers targeted OT

CLOUD RISKS



69% of companies use two or more clouds

SUPPLY CHAIN ATTACKS



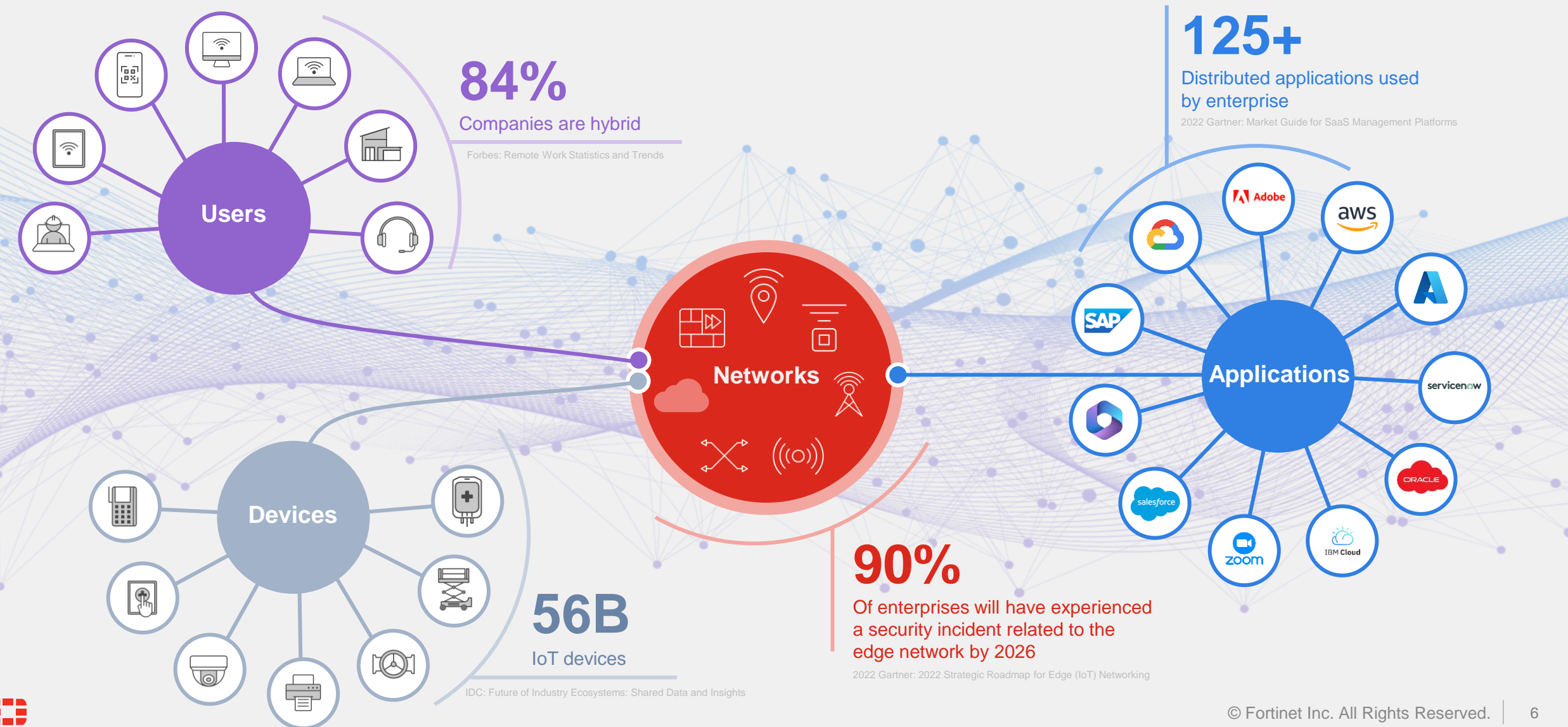
12% of data breaches originated with a software supply chain attack

INSIDER RISK

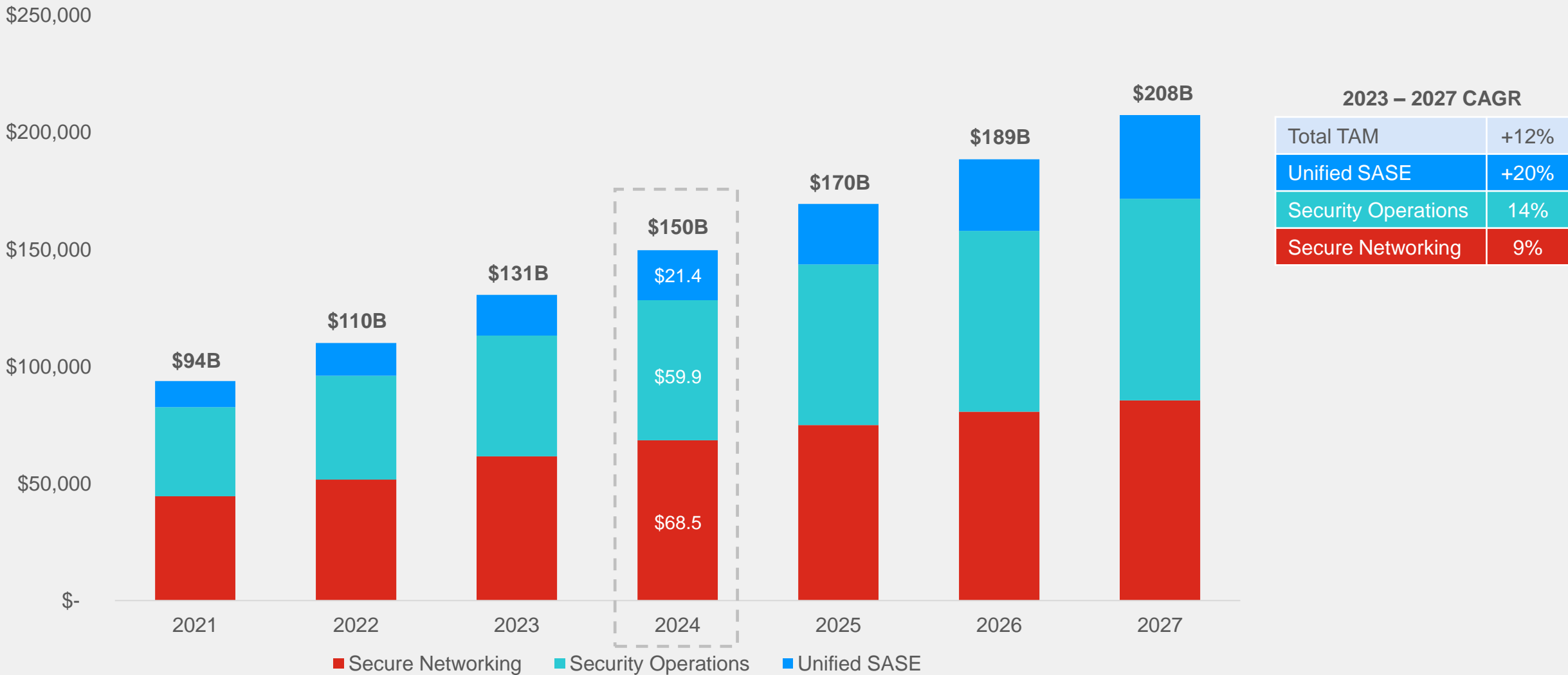


+32% year-on-year increase in insider risk incidents

Infrastructure Has Become More Complex and More Vulnerable to Attack



Total Addressable Market: \$150B, Growing to \$208B by 2027



When Attackers Get In, They Stay Longer and Cost Customers More

Industry Average time from detection to remediation



Time to Detect Time to Contain Time to Investigate Time to Remediate

52%

of organizations report
SecOps is harder than 2 years
ago, citing threats, attack
surface, volume/complexity¹

New SEC Rule

4 Days

to disclose material cybersecurity
incident

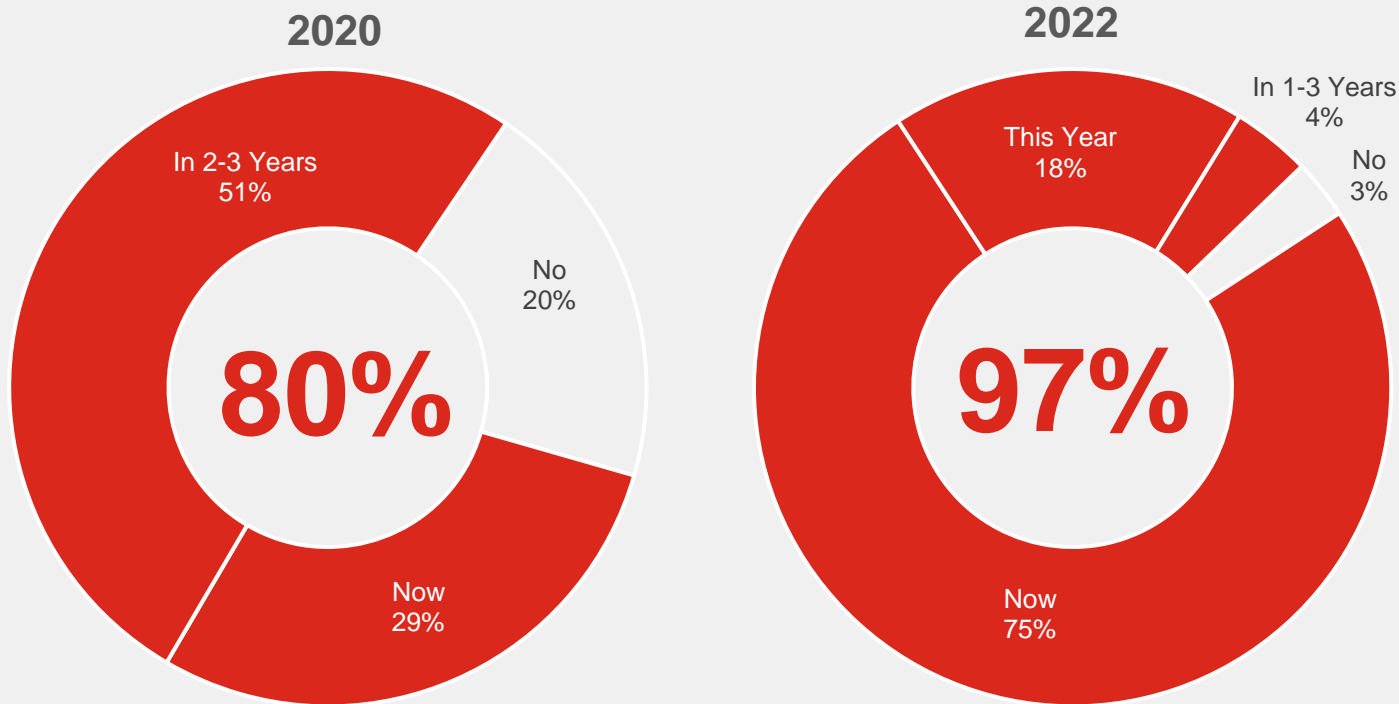
\$9.4M

Avg Breach Cost



Consolidation is Accelerating to Reduce Risk and Minimize Complexity

Organizations pursuing a vendor consolidation strategy



Primary reasons organizations are pursuing security vendor consolidation

65%

Improve risk posture

59%

Improve security capabilities

42%

Fit vendor strategy within the organization

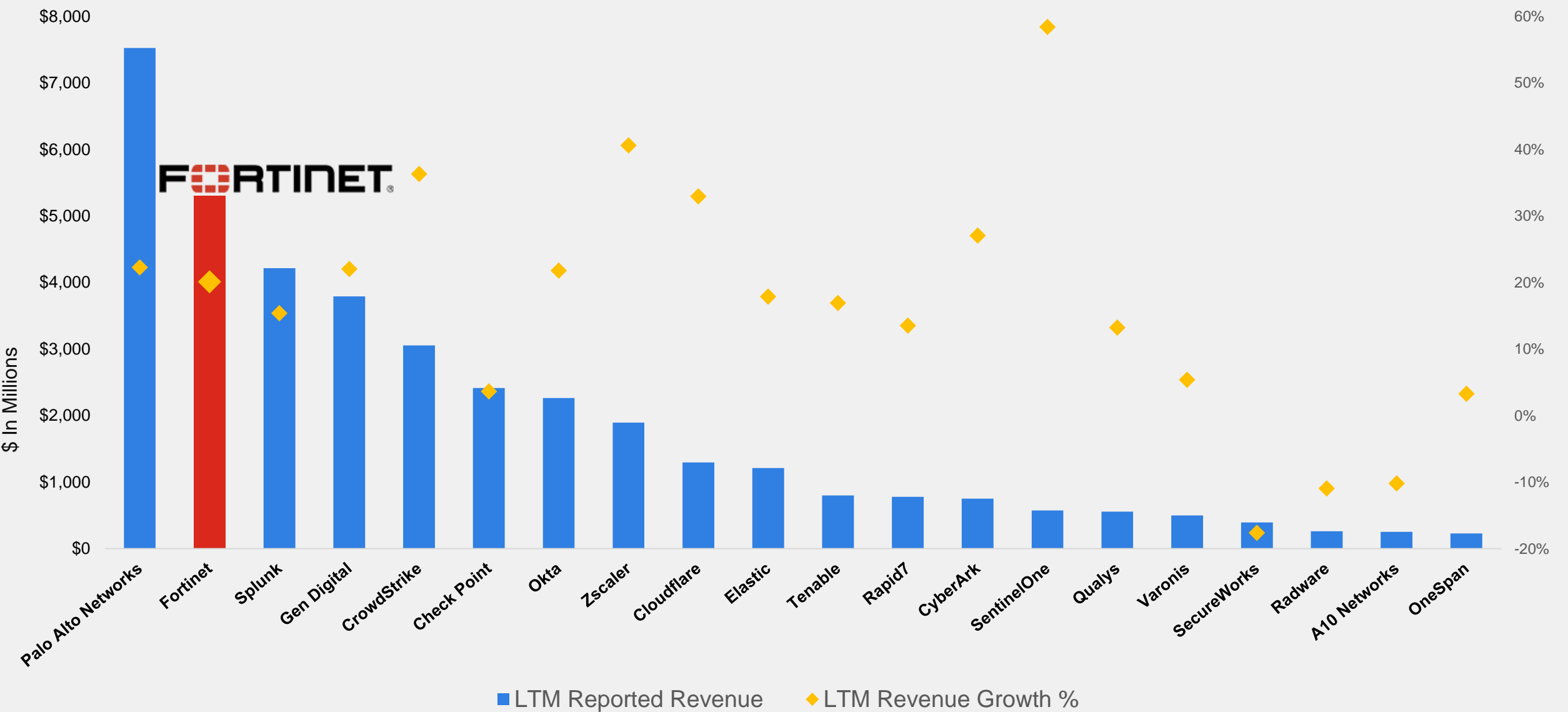
36%

Flat or reduced security team staffing

Gartner®



Highly Fragmented Industry Ready for Consolidation

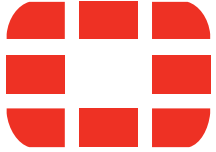


Note: Top 20 pure play cybersecurity companies by market cap listed on the NYSE and NASDAQ as of March 5, 2024 shown.
Source: Nasdaq IR Insight and SEC filings.



Fortinet Overview





20+ Years of Strong Growth

Fortinet Has Been GAAP Profitable And Free Cash Flow ⁽³⁾ Positive Every Year Since Its IPO in 2009

\$50B+ Market Cap ⁽¹⁾

Nasdaq: FTNT

Included in the S&P 500 and Nasdaq 100

BBB+ & Baa1

Investment Grade Rating

Leading the Cybersecurity Industry

~\$5.8B

2024E Revenue ⁽²⁾

'24E Billings of ~\$6.5B ^(2,3)

~26.5%

2024E Operating Margin ⁽²⁾

Balanced Growth and Profitability

8 Gartner Magic Quadrants

90+ Enterprise Analyst Report Inclusions ⁽¹⁾

Leader in SD-WAN and Network Firewall

\$1.7B

2023 Free Cash Flow ⁽³⁾

33% Free Cash Flow Margin



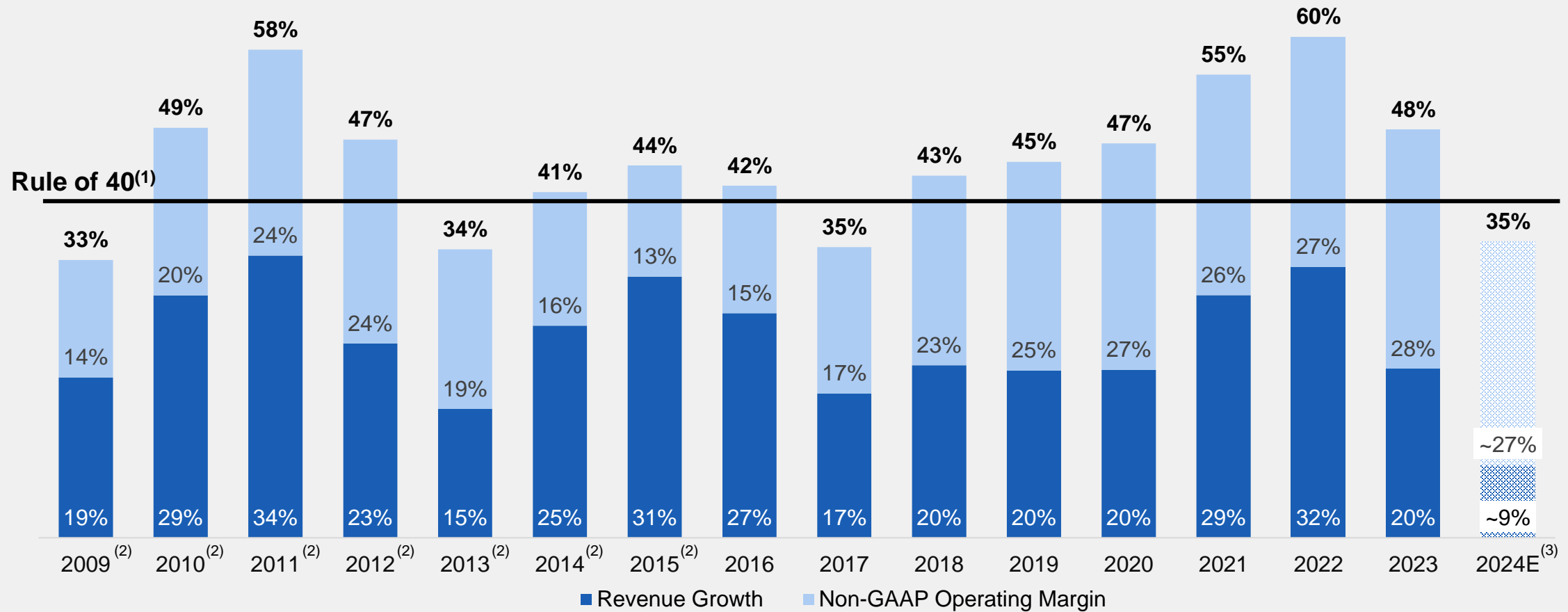
Note: Data is as of December 31, 2023 unless otherwise noted.

(1) As of March 5, 2024.

(2) Based on the midpoint of 2024 guidance provided on February 6, 2024.

(3) Billings, Operating Margin, and Free Cash Flow are non-GAAP financial measures.

Consistent Execution — ‘Rule of 40’ Since 2009 IPO



Note: Fortinet's IPO was on November 18, 2009.

(1) Fortinet defines the Rule of 40 as GAAP revenue Y/Y growth plus Non-GAAP Operating Margin. See Appendix for reconciliation of the non-GAAP financial measures to the most comparable GAAP financial measures.

(2) 2009-2015 have not been adjusted for an immaterial error related to the commencement of revenue recognition for certain FortiCare support service contracts.

(3) Based on the midpoint of 2024 guidance provided on February 6, 2024.

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Fortinet Secures **Over A Half Million** Organizations Worldwide

Over 730,000 enterprises, service providers, and government organizations around the world trust Fortinet to secure their operations

76% of Fortune 100 and **69%** of Global 2000 depend on Fortinet to stay secure



Notes: G2000 - based off of the 2022 Forbes list; total number of accounts is 1932 after factoring in M&A activity since publication. F100 - based off of the 2021 Fortune list; total number of accounts is 494 after factoring in M&A activity since publication.

Fortinet Contributes to the Sustainability of Society

Addressing Cybersecurity Risk to Society



Patents
1,299+



Respecting the Environment



Pledge
NET ZERO

by 2030
Fortinet owned facilities
by 2050
across value chain

88%
less power consumption over industry-standard CPUs



Closing the Cybersecurity Skills Gap



Pledge
1 Million
people trained in cybersecurity by
2026



600+
schools across 99 countries

Promoting Responsible Business



100%

of our key contract manufacturers trained on our compliance and ethics standards

FORTINET
Trusted Resource Center











Fortinet Strategy / Growth Drivers




Fortinet's Platform Approach to Cyber Security








INNOVATION

-  FortiOS
-  Security Processors
-  AI Driven Technologies
-  Global Cloud Network
-  FortiGuard Labs







PLATFORM

-  Secure Networking
-  Universal SASE
-  Security Operations
-  Ecosystem






GO-TO-MARKET

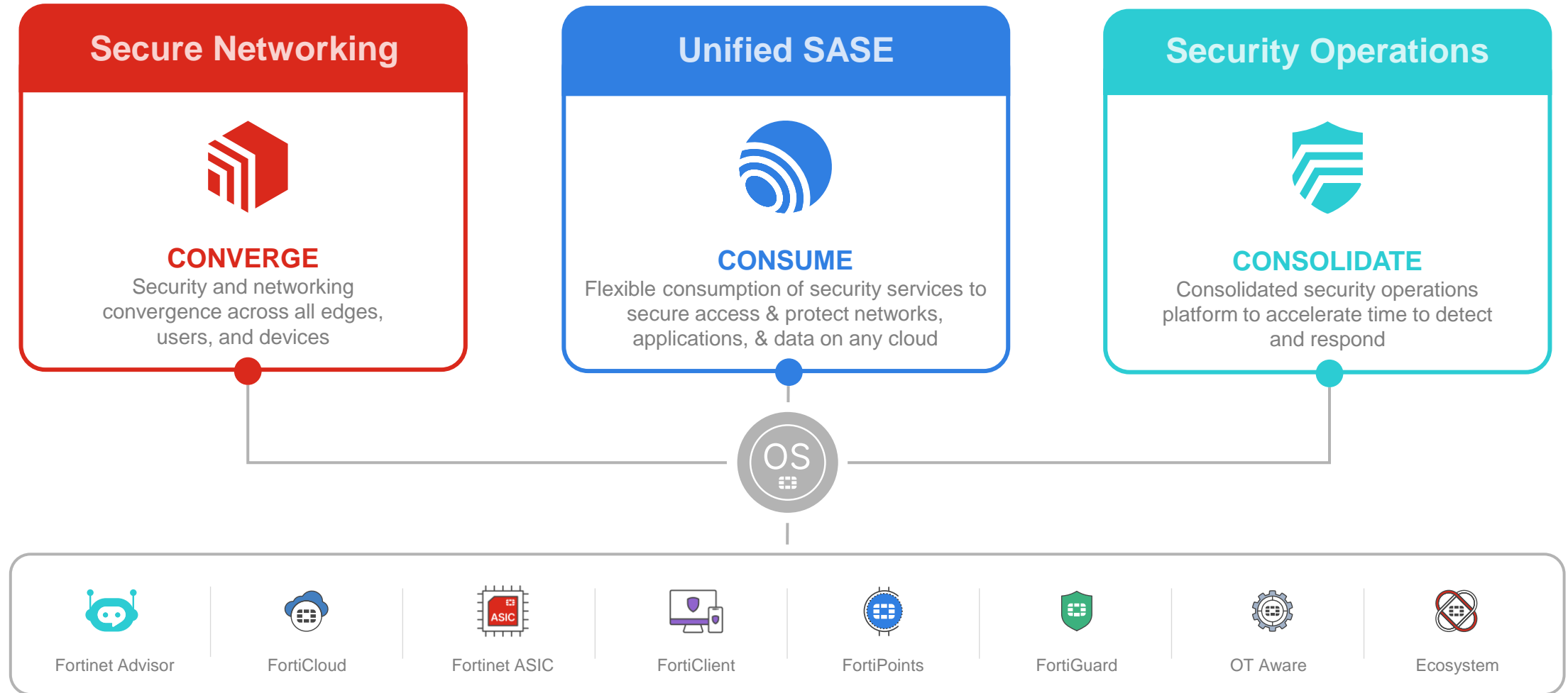
-  Channel Investment
-  Marketplace
-  Simplification



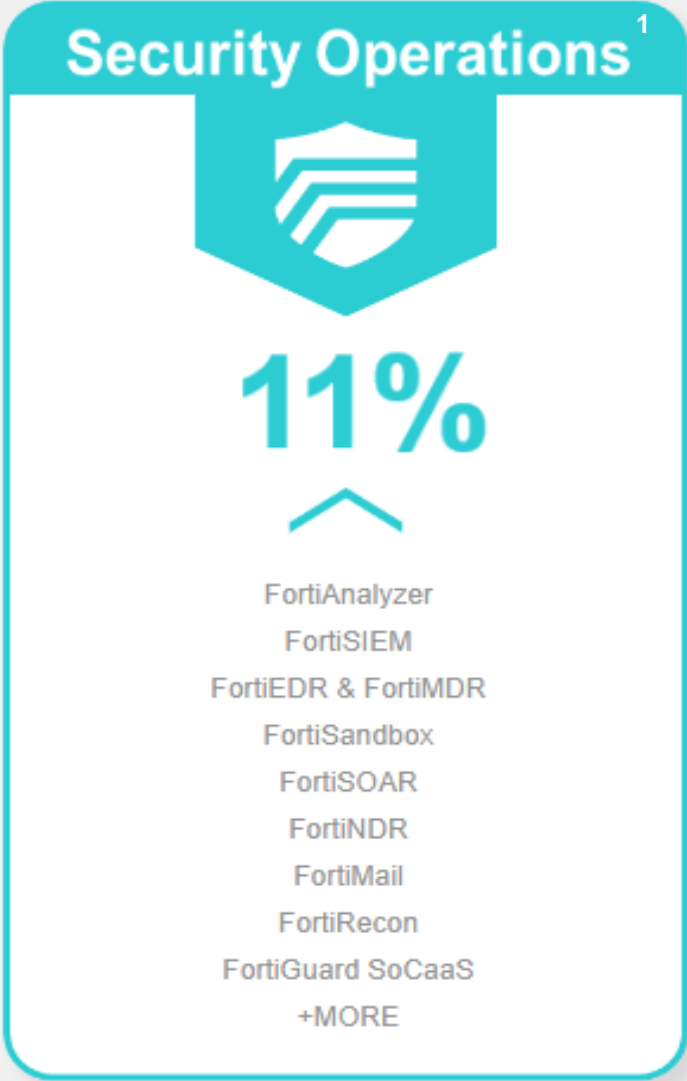
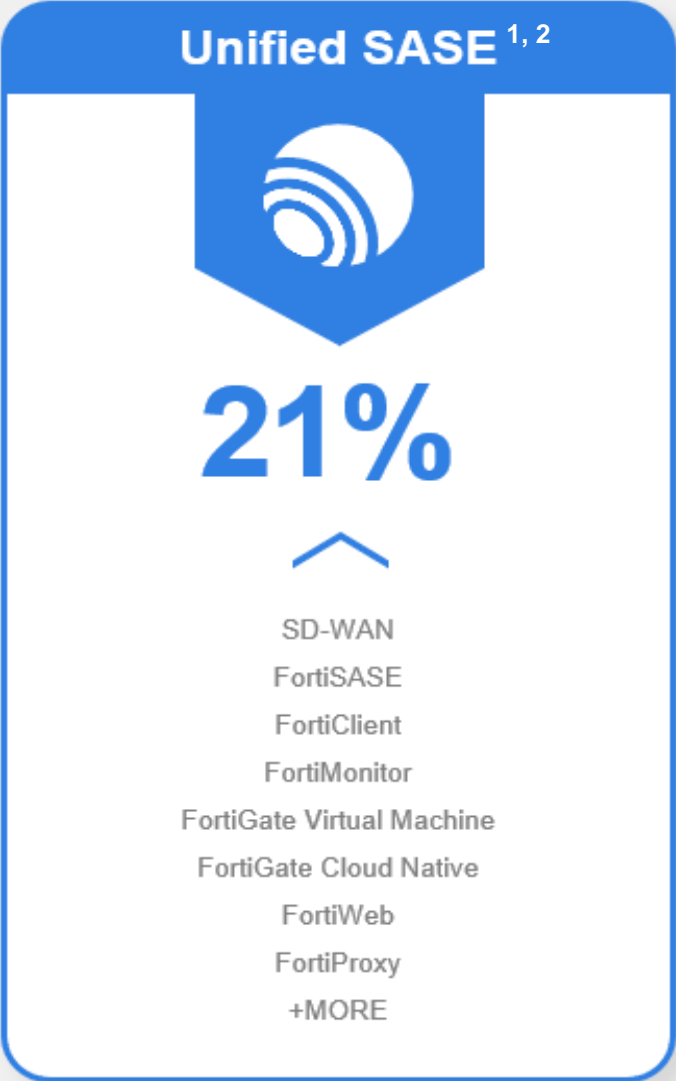
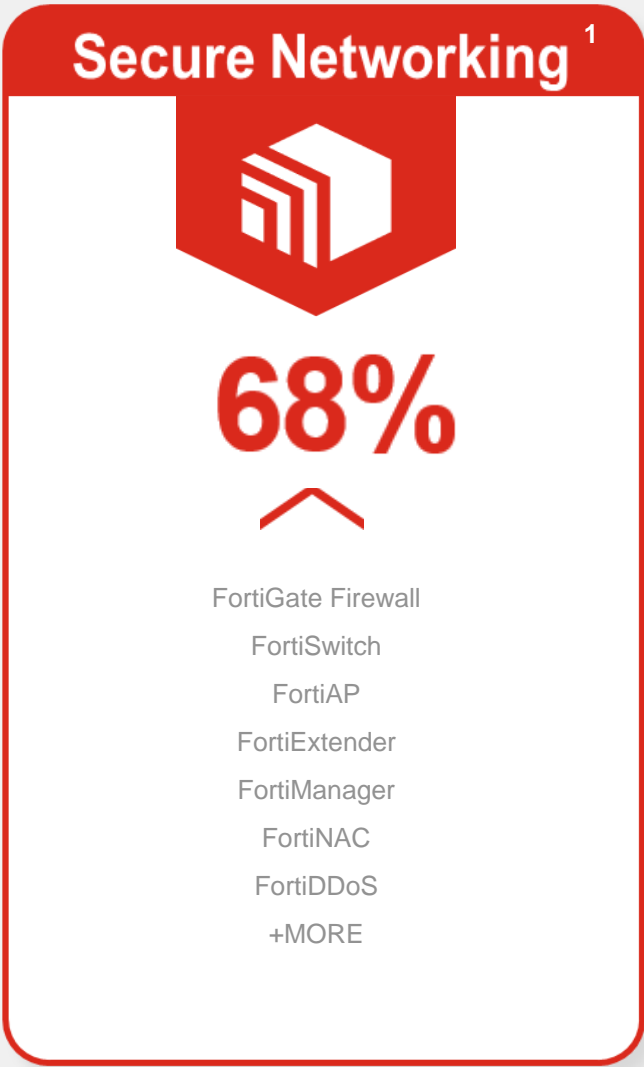
CUSTOMERS

-  Strategic Partnerships
-  Managed Services
-  Training & Education

One Platform – The Fortinet Security Fabric



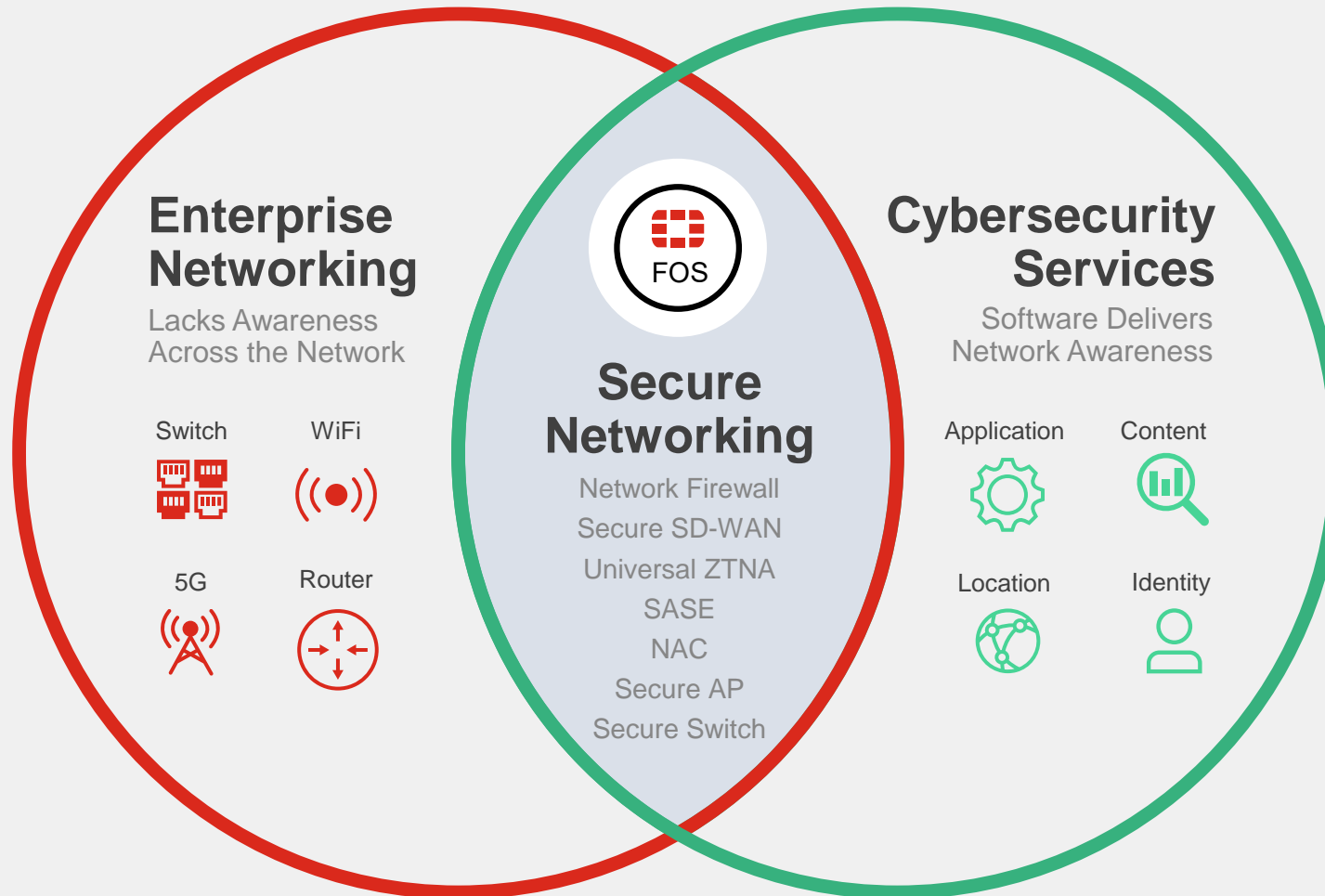
Segment Breakdown Q4'23 Billings



Note 1 All Solutions include FortiGuard service sales
Note 2 SD-WAN in Unified SASE is calculated from a % of FortiGate Entry Level and Mid-Range sales

Convergence – Secure Networking

FortiOS Everywhere



Convergence Benefits

- Reduced complexity
- Single console
- End-to-end digital experience
- Cost savings



Convergence – Secure Networking



Secure Networking



AI-Powered Security

ML/AI Threat Intelligence, FortiGuard Security Services



Unified Management

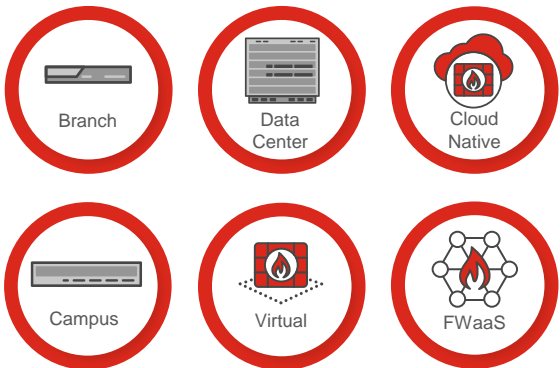
Single Policy console across the entire platform with flexible licensing models



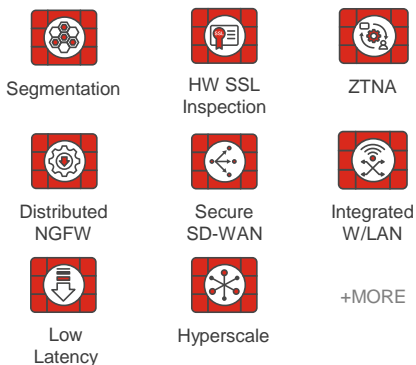
Hybrid Mesh Firewall

Evolution of NGFW to Hybrid Mesh Firewall for unified management that simplifies operations, reduces risk and ensures compliance, at scale.

Products



Networking Operating System Everywhere



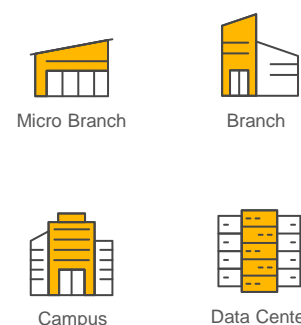
Secure Connectivity

Convergence of Networking and Security delivers secure WLAN/LAN equipment that provides security and automation; improves outcomes and lowers TCO.

Products

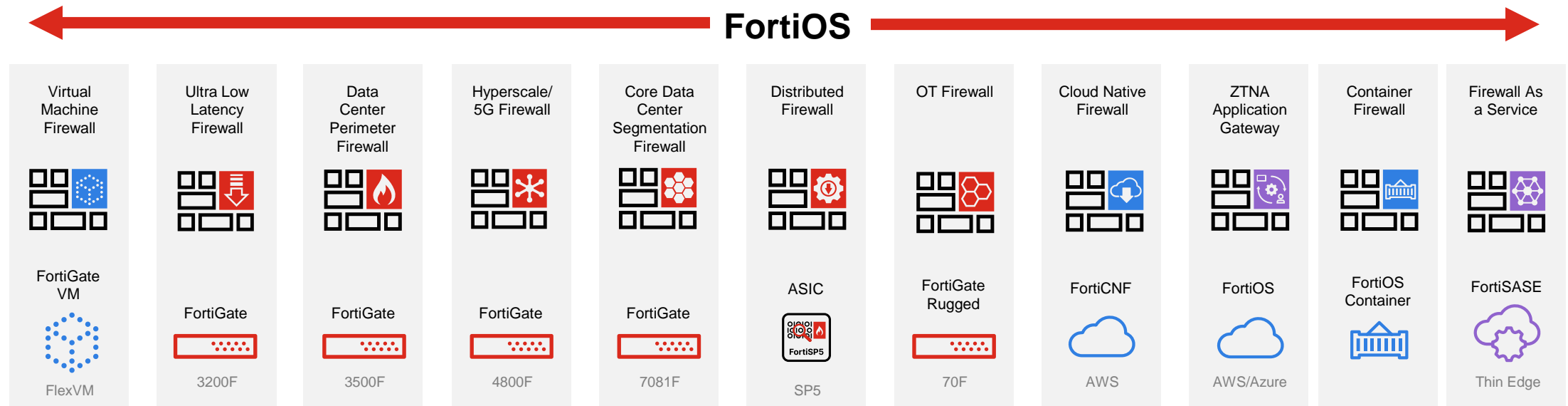


Locations



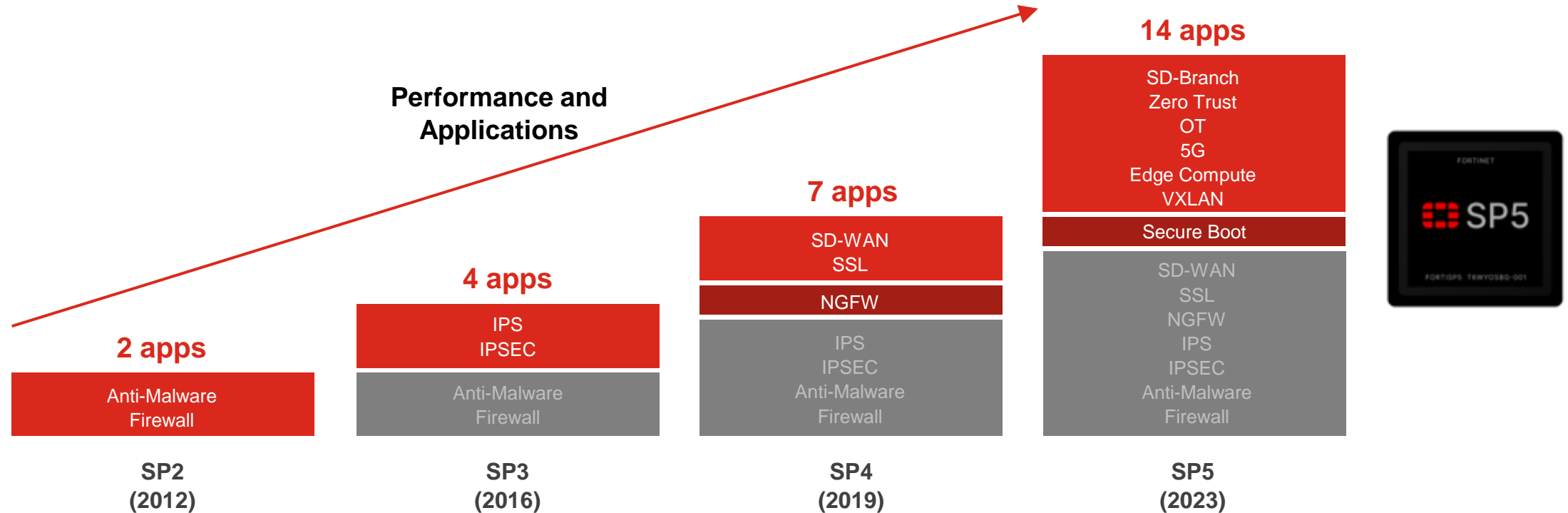
Multiple Firewall Use Cases

“By 2026, more than 60% of organizations will have more than one type of firewall deployment, which will prompt adoption of hybrid mesh firewalls.”¹



Application-Specific Design & Multi-Core Processors

FortiSP5 concurrently supports 2x more applications than the previous generation



Security Compute Rating

Huge performance and power efficiency advantage

FortiGate Rugged 70G-5G-DUAL

Specification	FortiGate 70G-5G	Security Compute Rating	Competitive Average
Firewall (Gbps)	8	3.6X	2.23
IPSec VPN (Gbps)	7	6.3X	1.10
Threat Protection (Gbps)	1.1	1.5X	0.73
Concurrent Sessions	1,400,000	3.7X	375,000
Connections per Second	85,000	6.9X	12,250
Signatures Covered for OT Protocols	3,060	2.5X	1,210

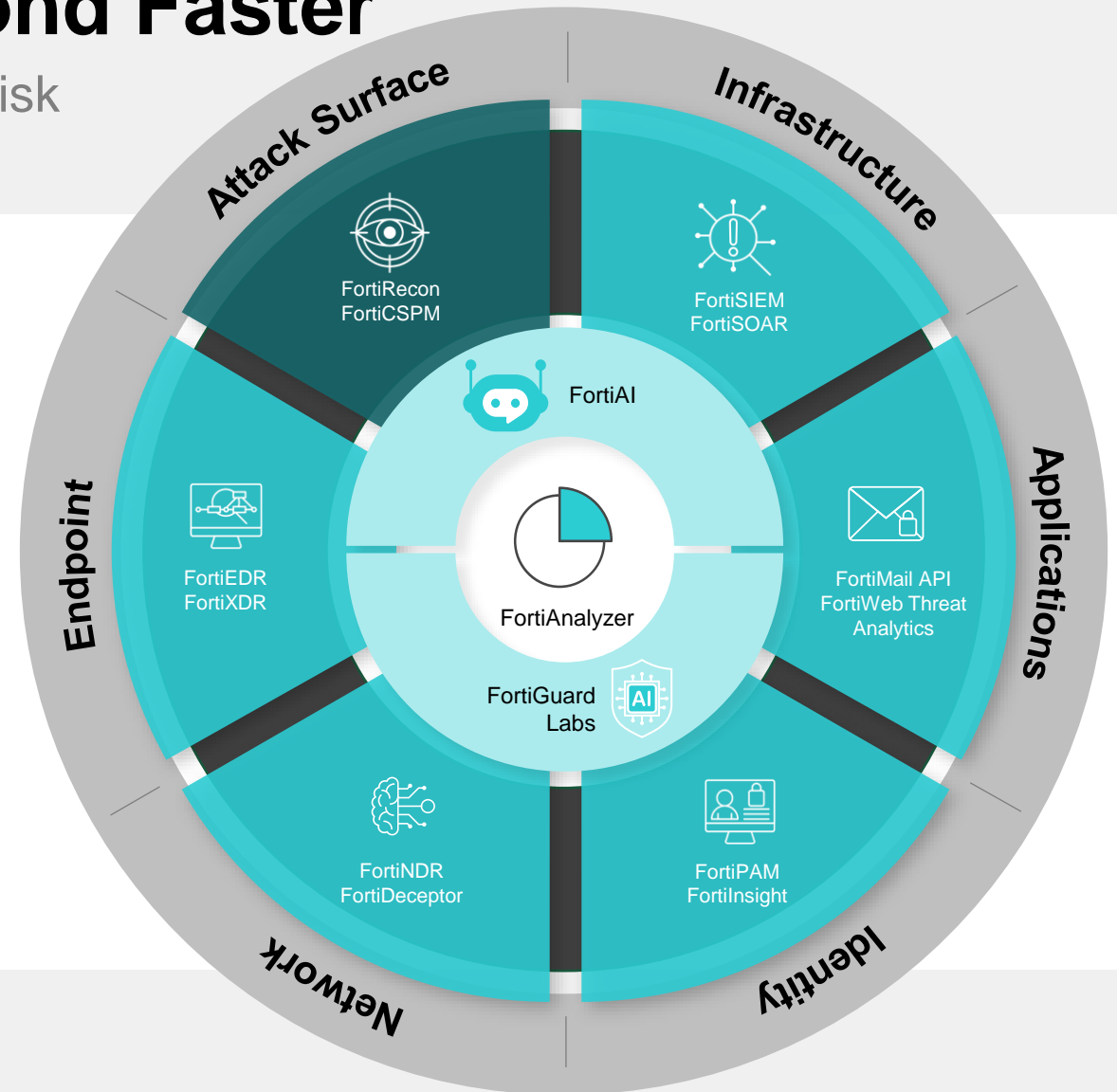
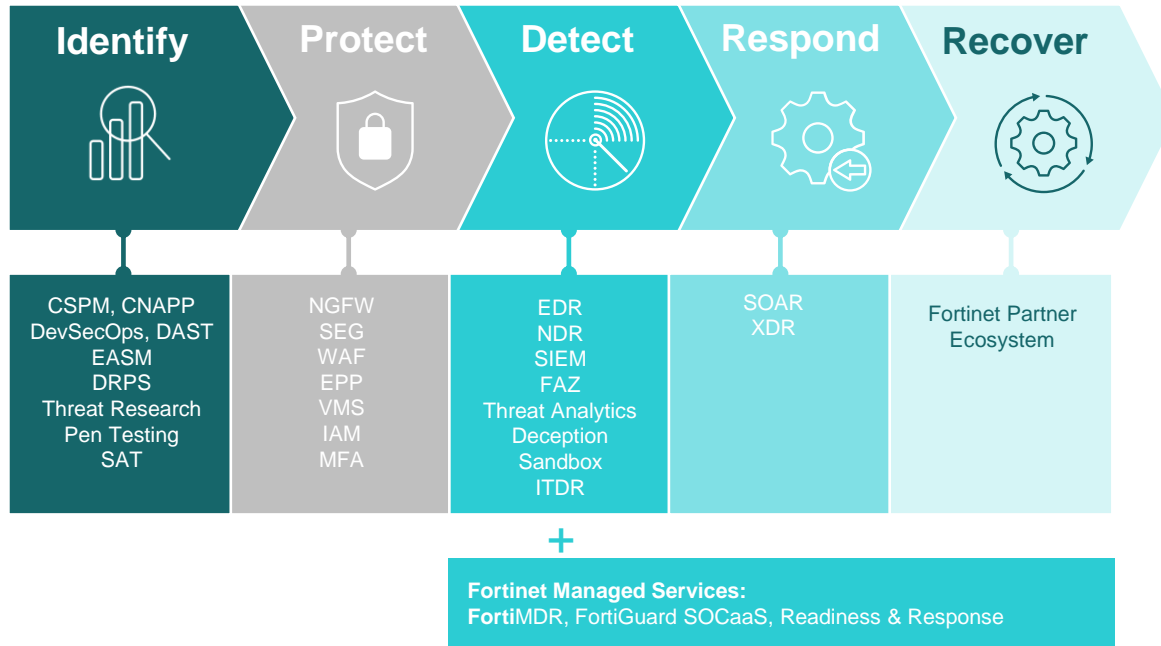
Power Consumption	FortiGate 70G-5G	Security Compute Rating	Competitive Average
Max Power Consumption (Watts)	29	1.2X	34.6
BTU/hr	98.9	1.3X	125.1
Watts/Gbps Firewall Throughput	3.6	4.2X	15.4
Watts/Gbps IPsec VPN Throughput	4.1	6.6X	27.4
BTU/hr per Gbps of FW Throughput	12.4	4.2X	52.4



AI-driven Security Operations: Consolidate to Detect & Respond Faster

Aligns to NIST cybersecurity framework to improve risk management

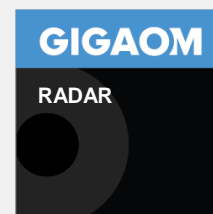
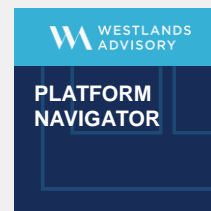
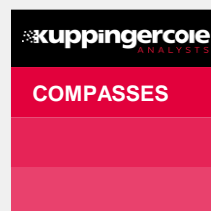
NIST Cybersecurity Framework



90+

Industry Analyst Research Validates Fortinet Across Networking and Security

Fortinet is one of the most validated cybersecurity companies in the world. Fortinet is continually positioned in a leadership position across more than 90+ research reports from the major industry analyst firms like Gartner, IDC and Forrester, and is included in 8 Gartner Magic Quadrants.



Magic Quadrant for Endpoint Protection Platforms - Published 31 December 2023 - G00789052
Magic Quadrant for Security Information and Event Management - Published 10 October 2022 - ID G00755317
Magic Quadrant for SD-WAN - Published 27 September 2023 - ID G00778908
Magic Quadrant for Enterprise Wired and Wireless LAN Infrastructure - Published 21 December 2022 - ID G00762282
Magic Quadrant for Network Firewalls - Published 19 December 2022 - ID G00761497
Magic Quadrant for Security Service Edge - Published 10 April 2023 - ID G00766751
Magic Quadrant for Access Management - Published 16 November 2023 G00781727
Magic Quadrant for Single-Vendor SASE - Published 16 August 2023 - ID G00785023

Organic Development Creates a Truly Integrated Platform

FortiOS Operating System

Network Firewall



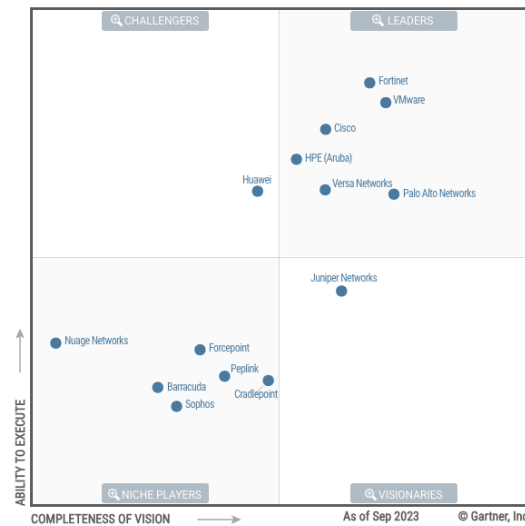
LEADER



SD-WAN



LEADER



Wired and Wireless LAN



VISIONARY



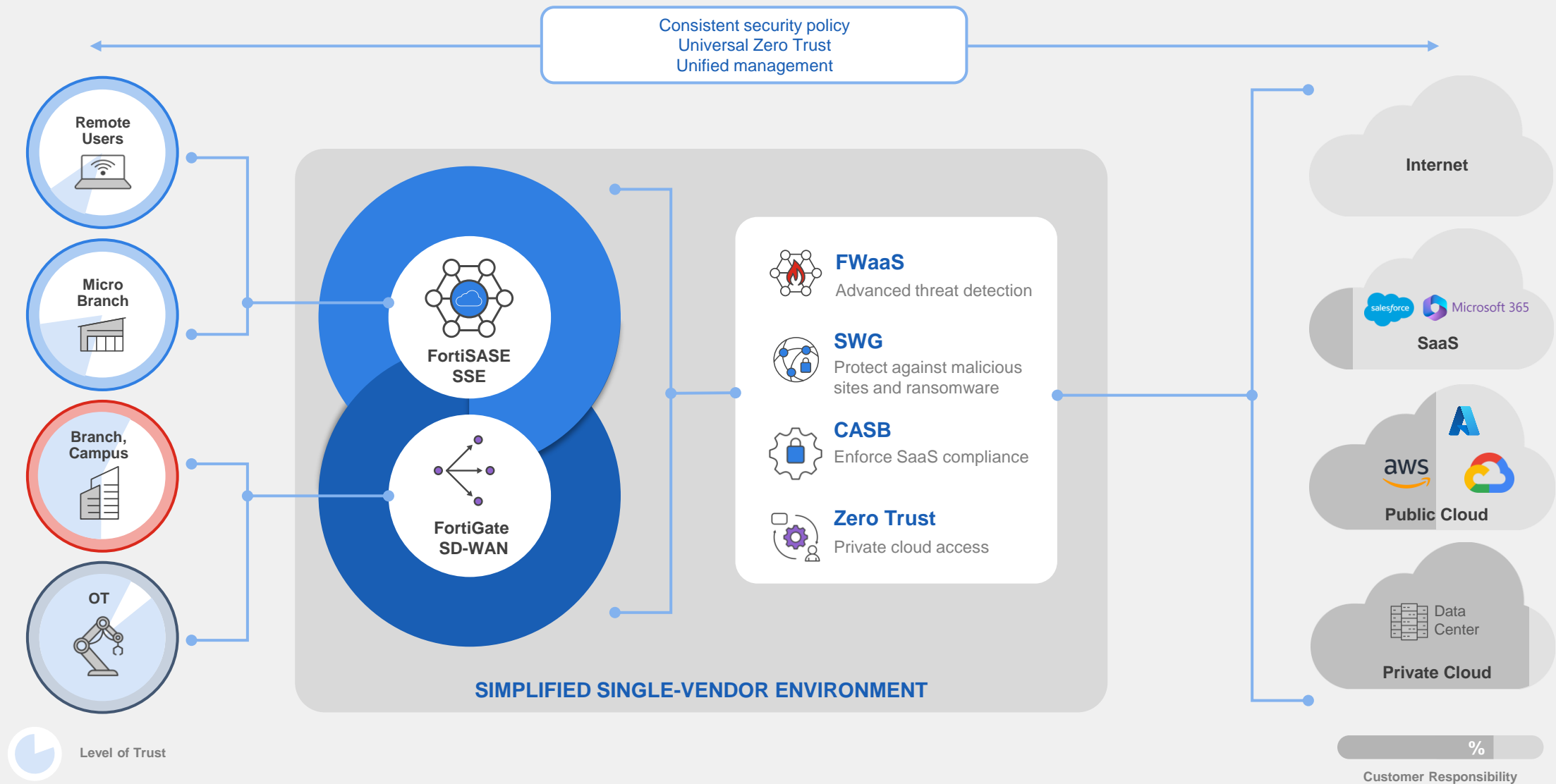
Single-Vendor SASE

Peer Insights
Customers'
Choice
N/A

CHALLENGER

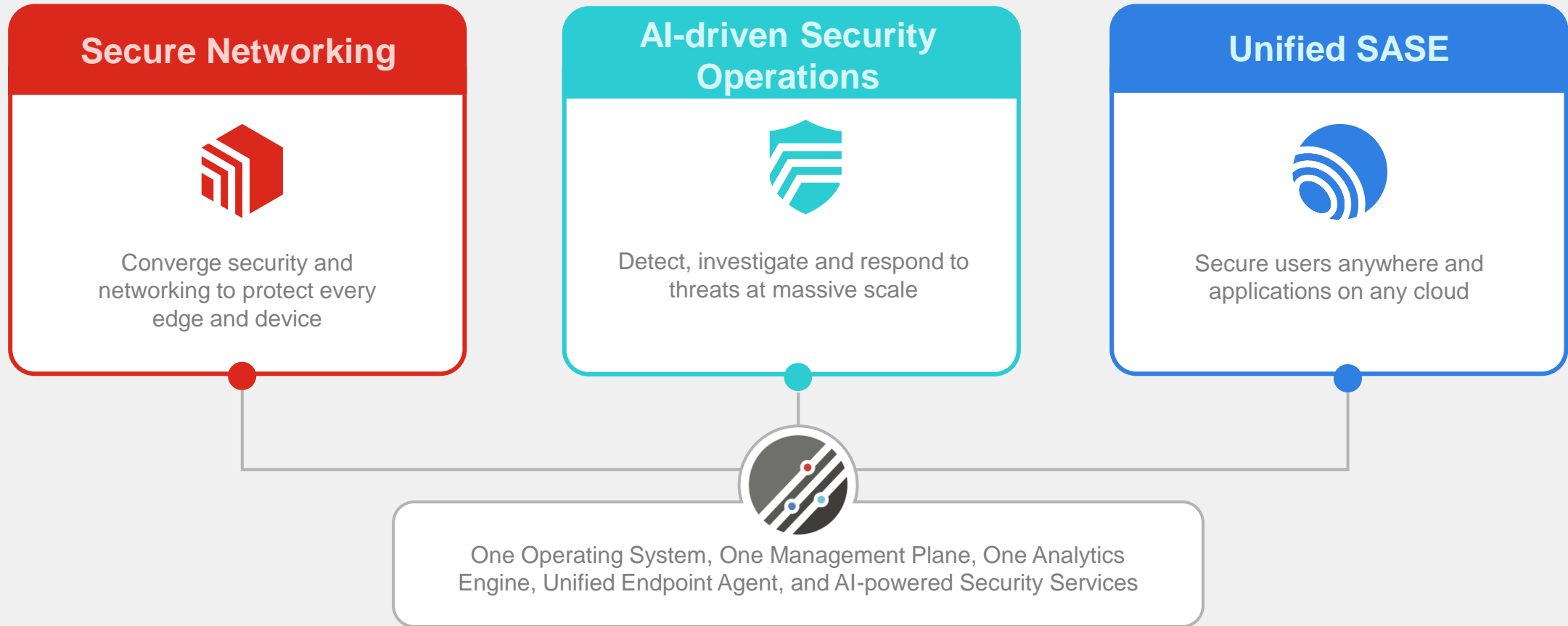


Unified Secure Access for Hybrid Workforce



The Fortinet Security Fabric Vision

Cybersecurity, everywhere you need it.



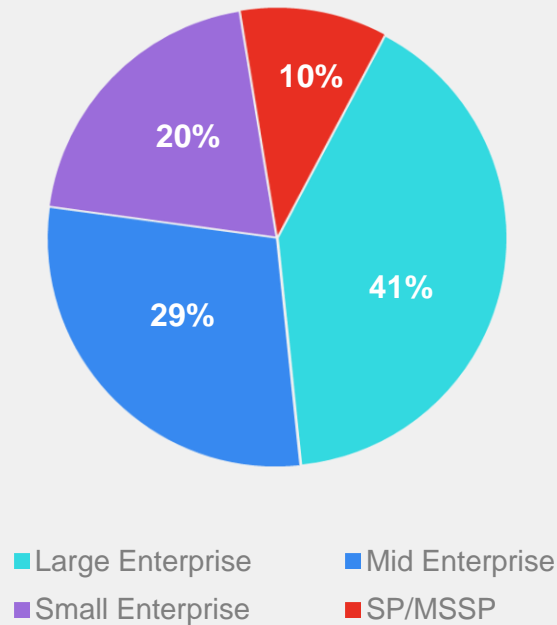


Financial Overview

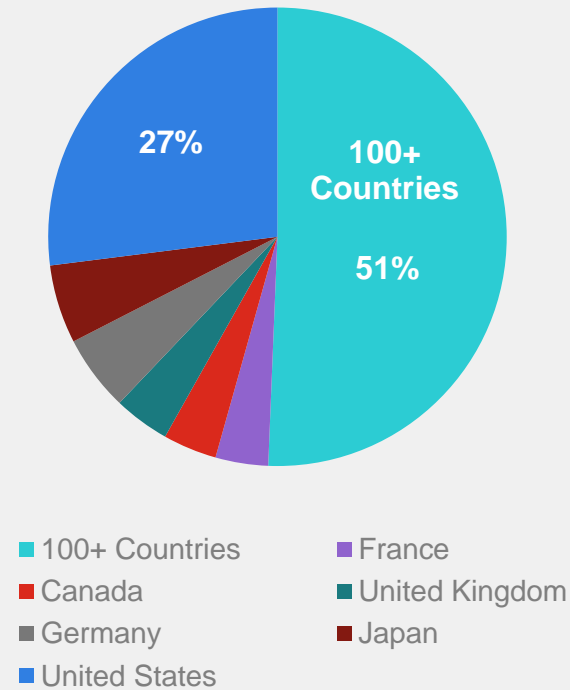
Highly Diversified Business

Across Customer Types, Geographies and Industries

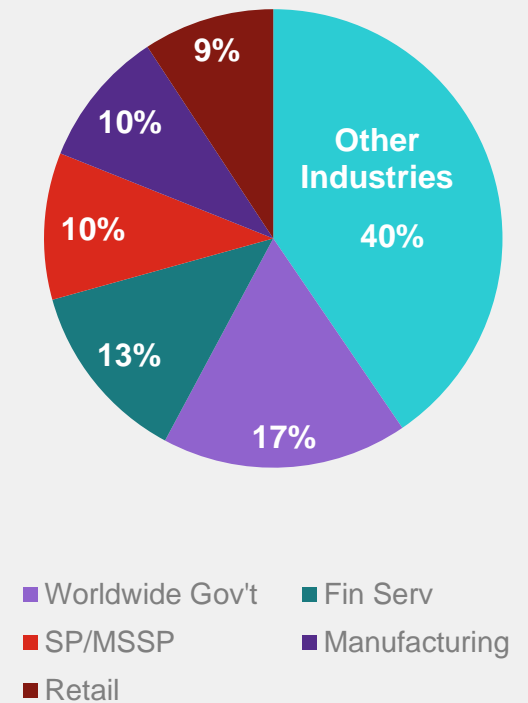
Customer Types



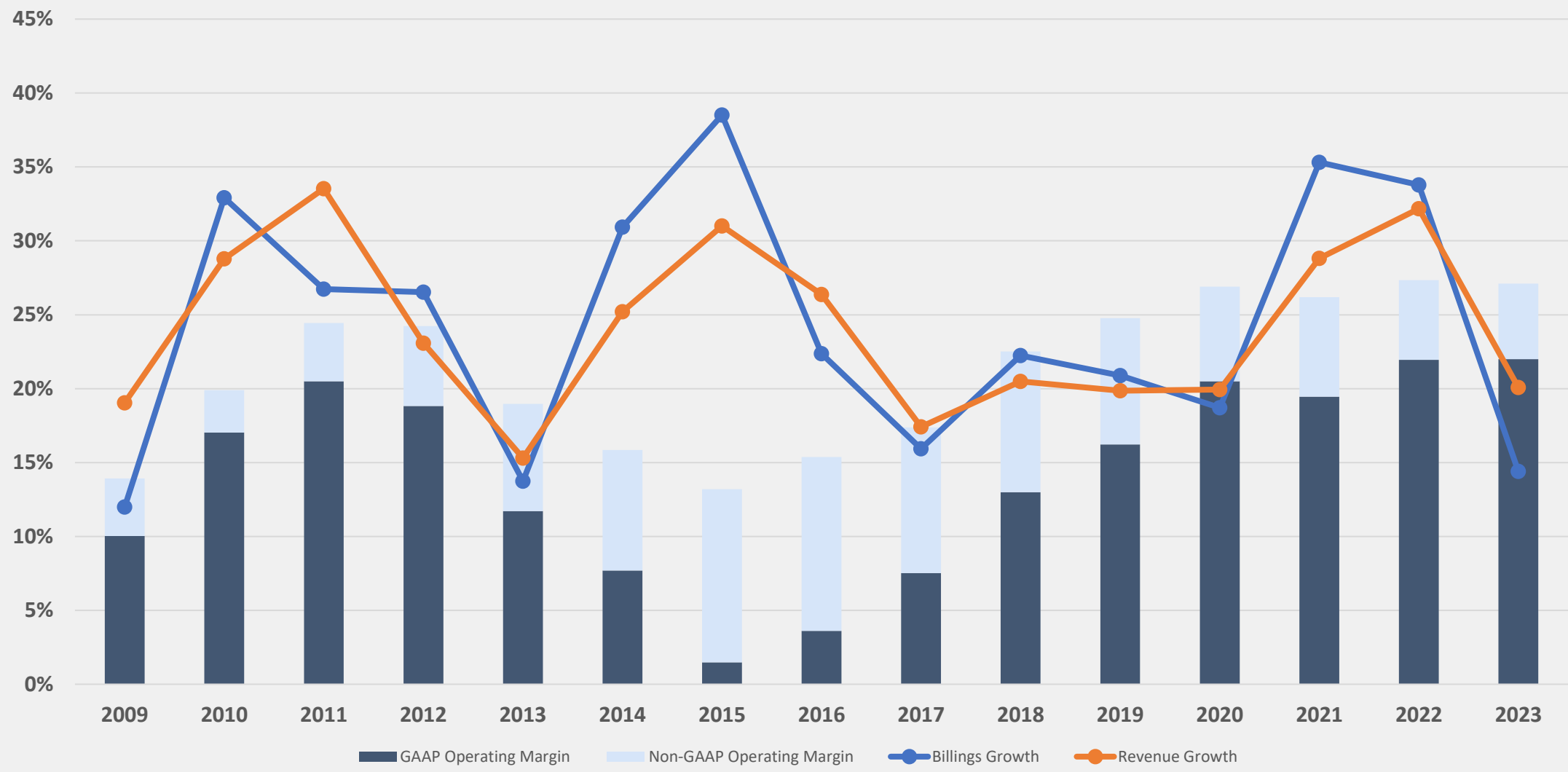
Geographies



Industries



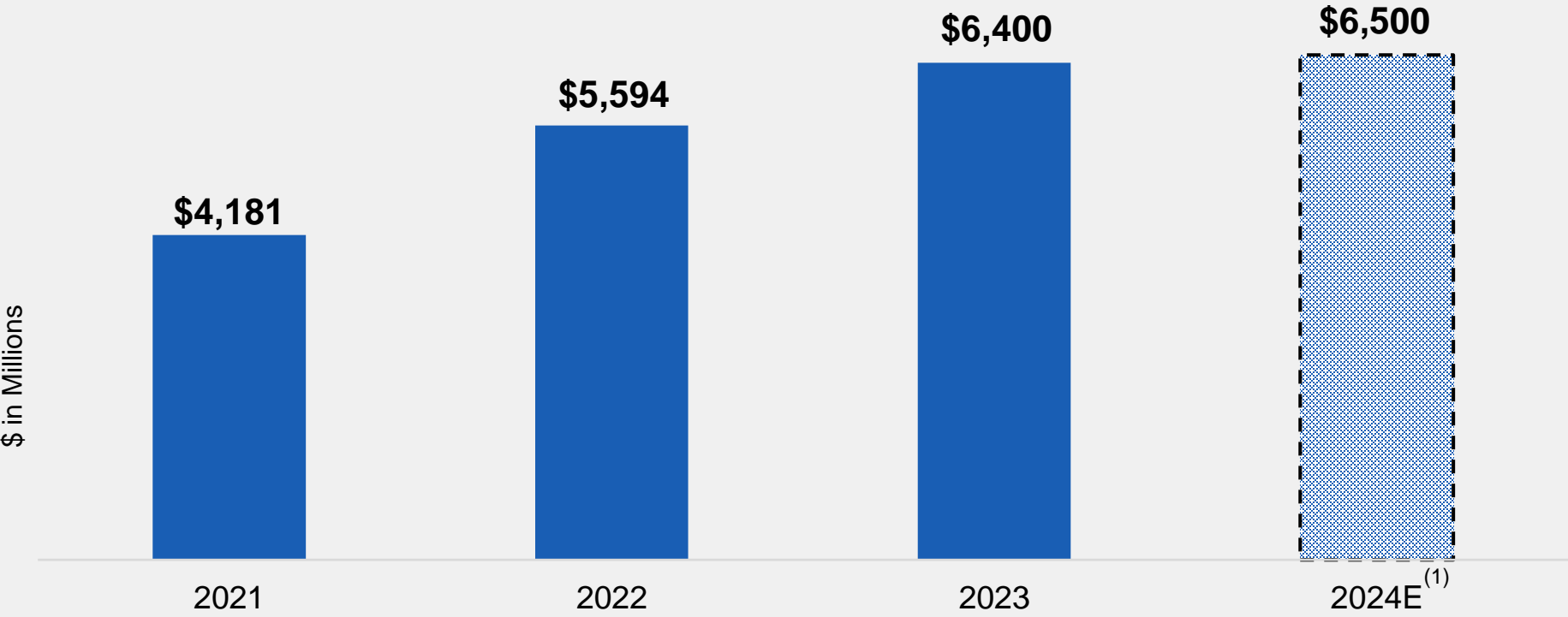
Billings & Revenue Y/Y Growth Rates and Operating Margin: 2009 - 2023



Note

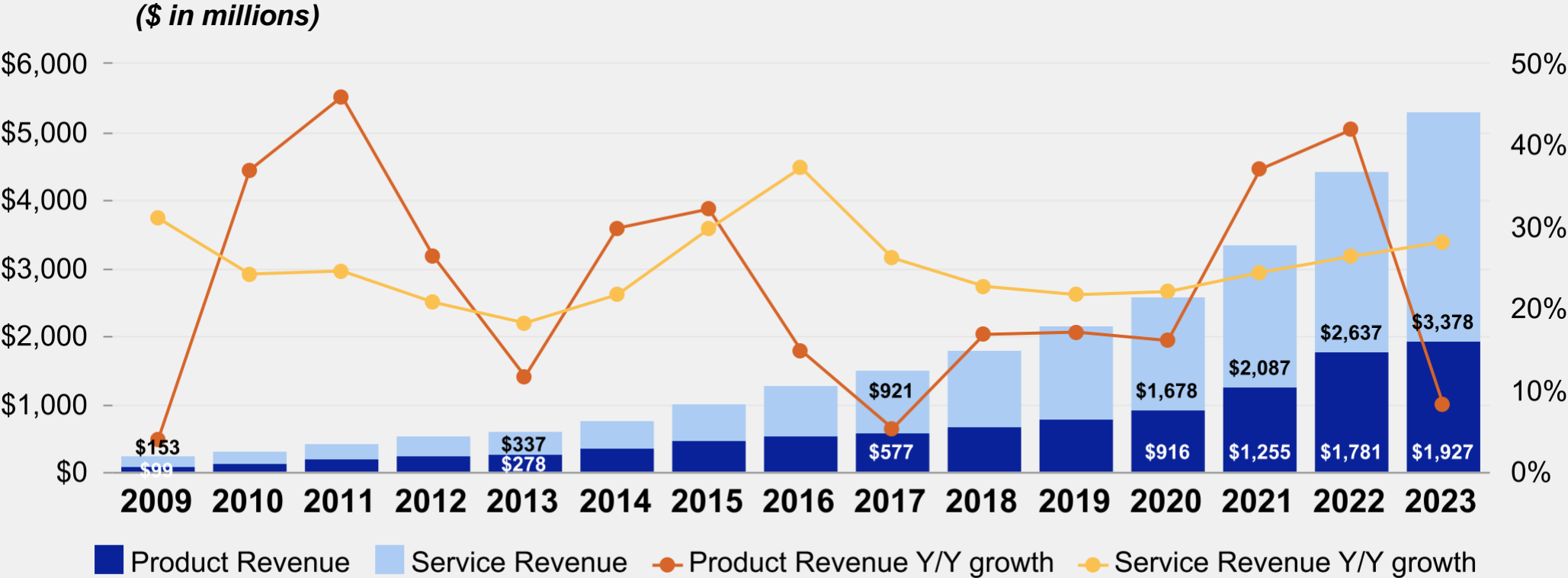
2009-2015 have not been adjusted for an immaterial error related to the commencement of revenue recognition for certain FortiCare support service contracts.

Significant Billings Growth at Scale



(1) Based on the midpoint of 2024 guidance provided on February 6, 2024.
Note: Total Billings is a non-GAAP financial measure, further categorization is derived from invoiced amounts. See Appendix for reconciliation of the non-GAAP financial measure to the most comparable GAAP financial measure.

Product and Services Revenue and Y/Y Growth: 2009 - 2023



	3 & 4 Year CAGRs (Cycles)				14 Year CAGR
	2009 – 2013	2013 – 2017	2017 – 2020	2020 – 2023	2009 – 2023
Product Revenue	29.6%	20.0%	16.7%	28.1%	23.6%
Services Revenue	21.8%	28.6%	22.1%	26.3%	24.7%
Total Revenue	25.0%	24.9%	20.1%	26.9%	24.3%

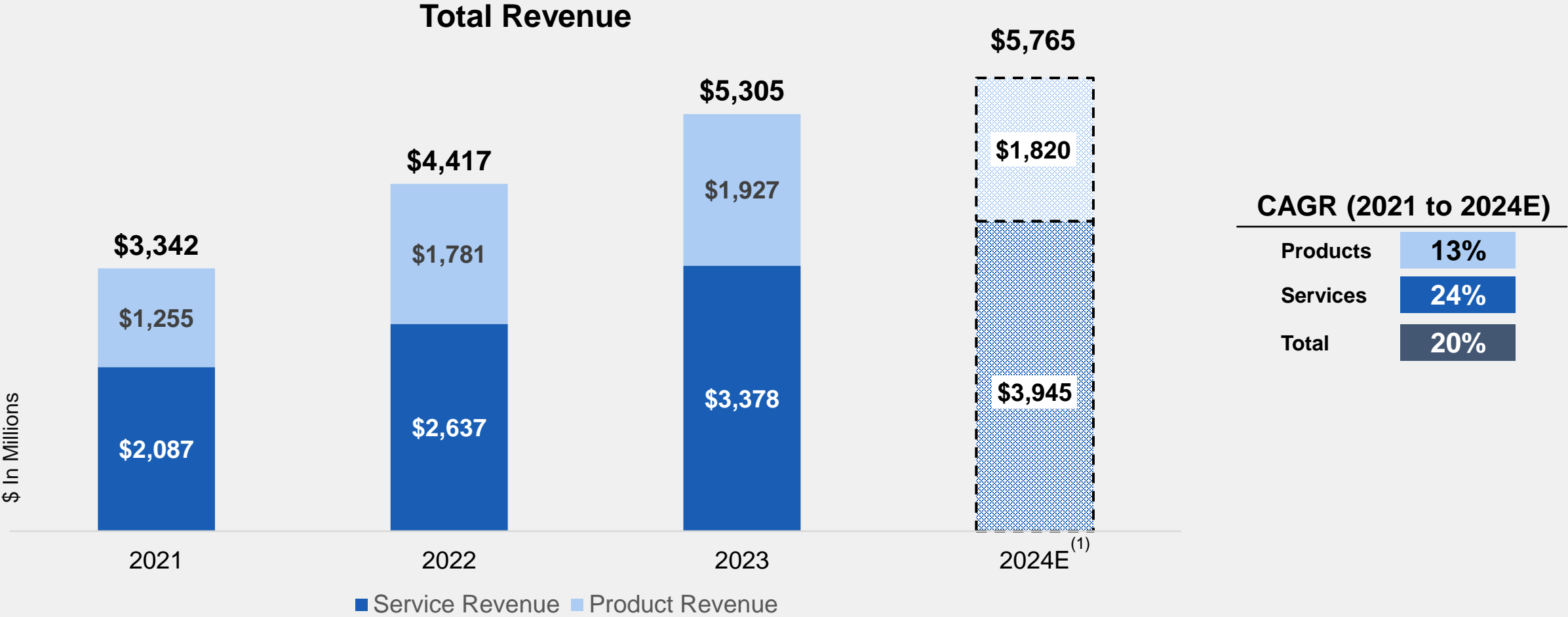


Note

(1) 2009-2015 have not been adjusted for an immaterial error related to the commencement of revenue recognition for certain FortiCare support service contracts.

Strong Revenue Growth at Scale

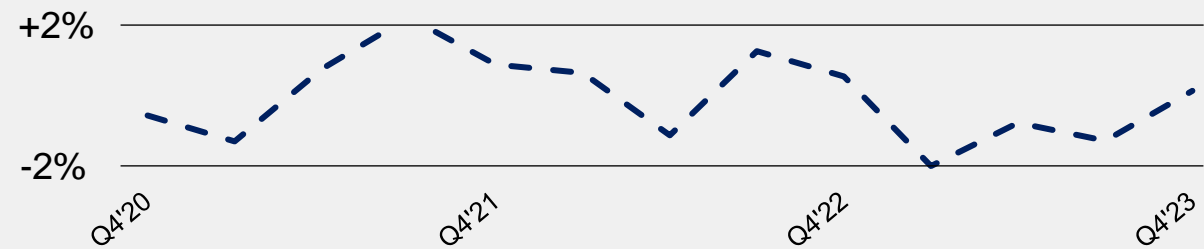
More Predictable Service Revenue is expected to be over 68% of 2024E Revenue



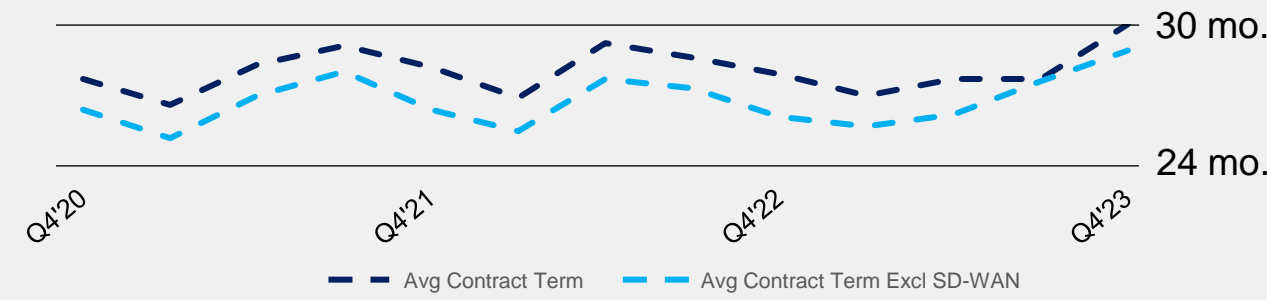
(1) Based on the midpoint of 2024 guidance provided on February 6, 2024.

Drivers of Consistent Revenue Performance

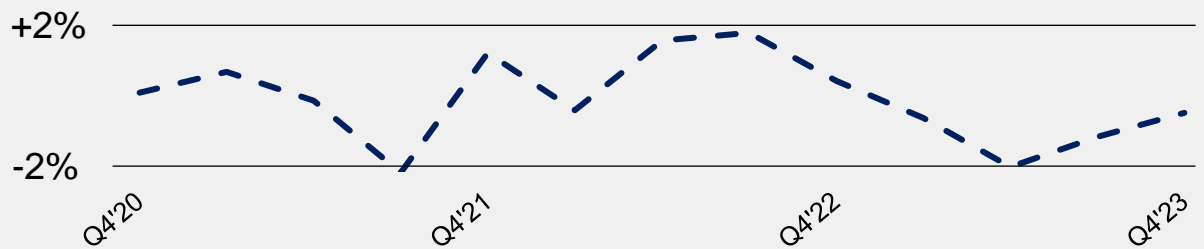
Discount Rate ⁽¹⁾



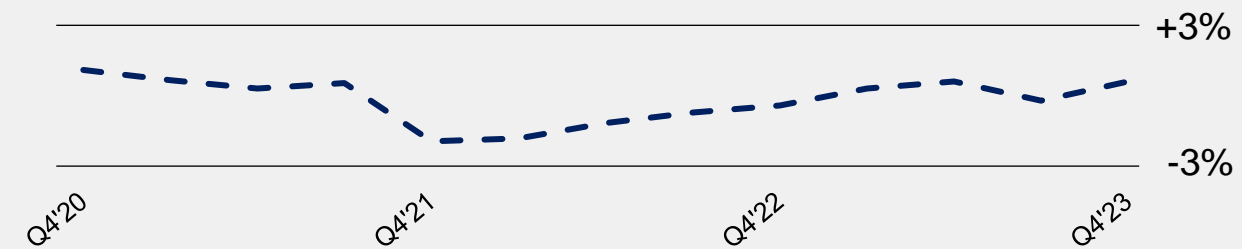
Average Contract Term



Renewal Rate ⁽¹⁾



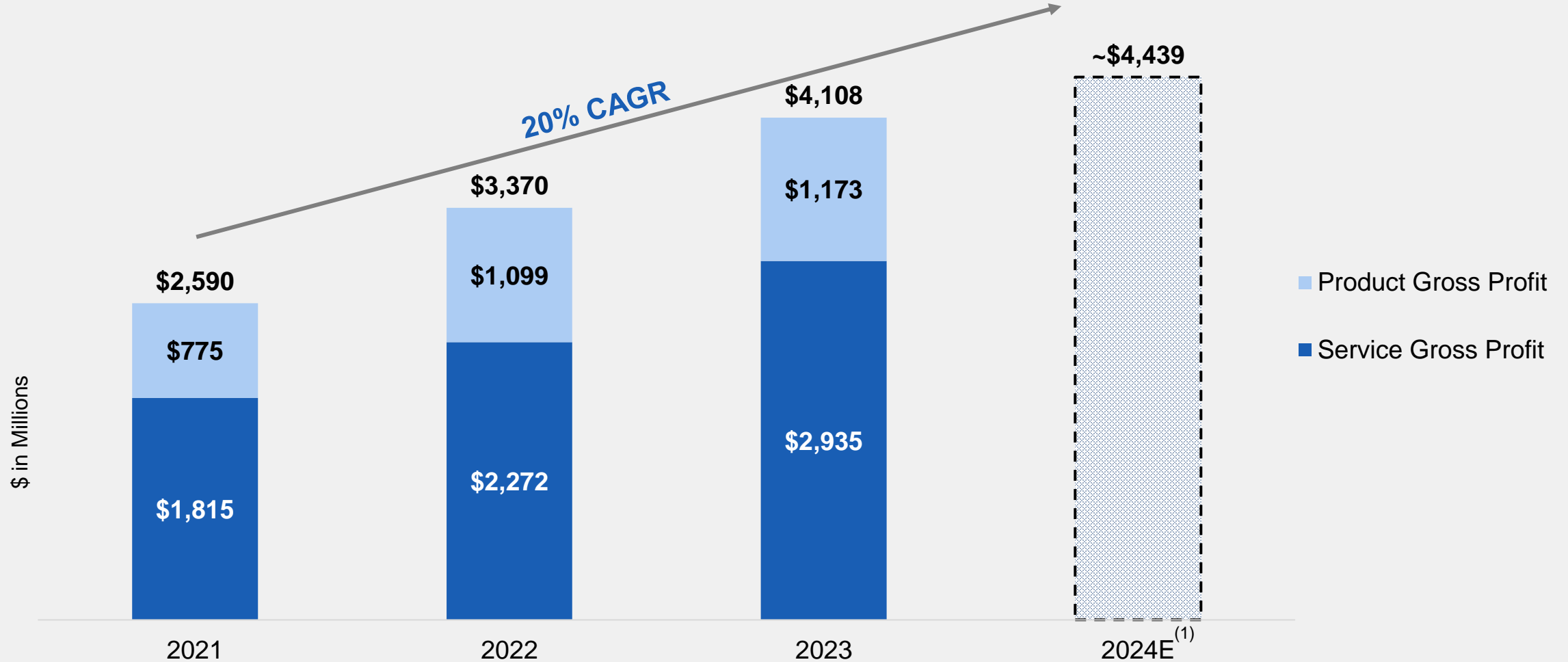
Percentage of Service Revenue from Deferred ^(1,2)



(1) Compared to the 3-year trailing average.
(2) The decrease beginning in Q4'21 is due to the consolidation of Alaxala.

Improving Product and Service Gross Profit

Multiple High-Margin Service Contracts Attach to Core Products

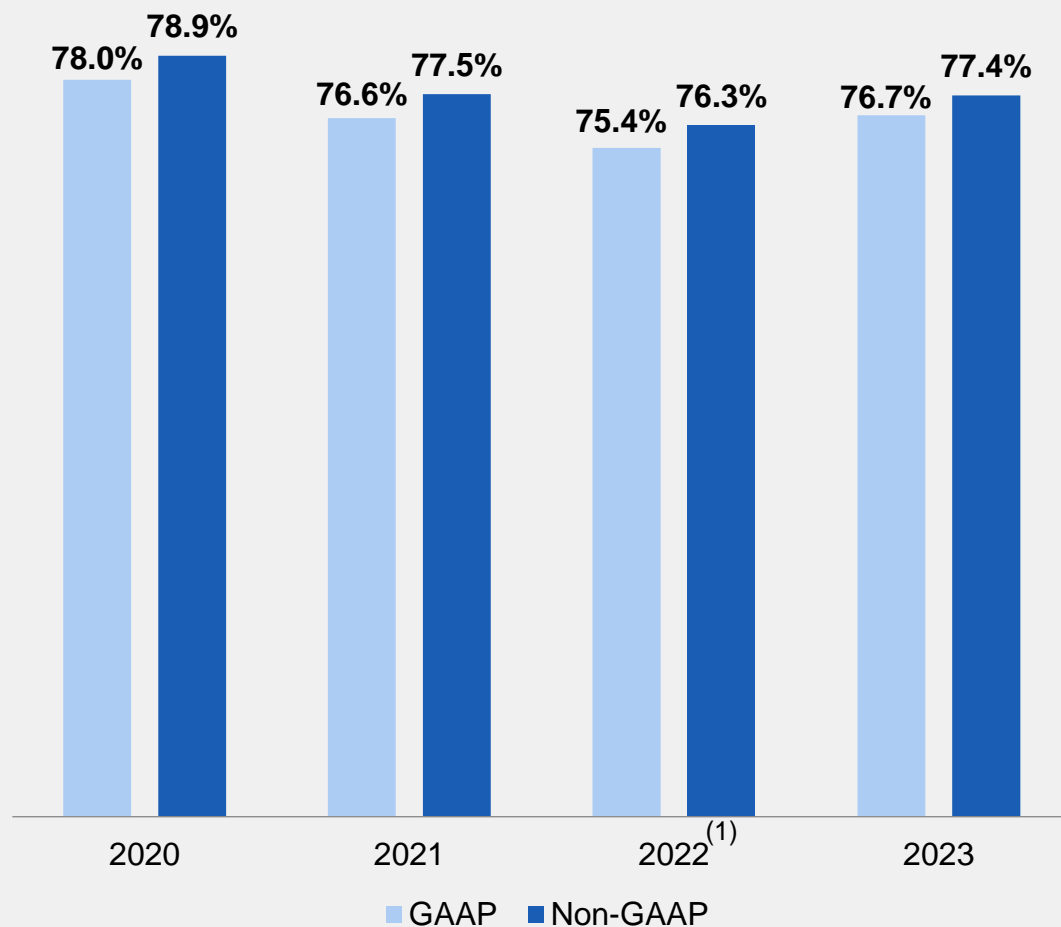


(1) Based on the midpoint of 2024 revenue and gross margin guidance provided on February 6, 2024. The calculated gross profit guidance is \$4,381M at the low-end and \$4,497M at the high-end.
Note: All data on the provided slide are Non-GAAP. Non-GAAP Gross profit is a non-GAAP financial measure. See Appendix for reconciliation of the non-GAAP financial measures to the most comparable GAAP financial measures.

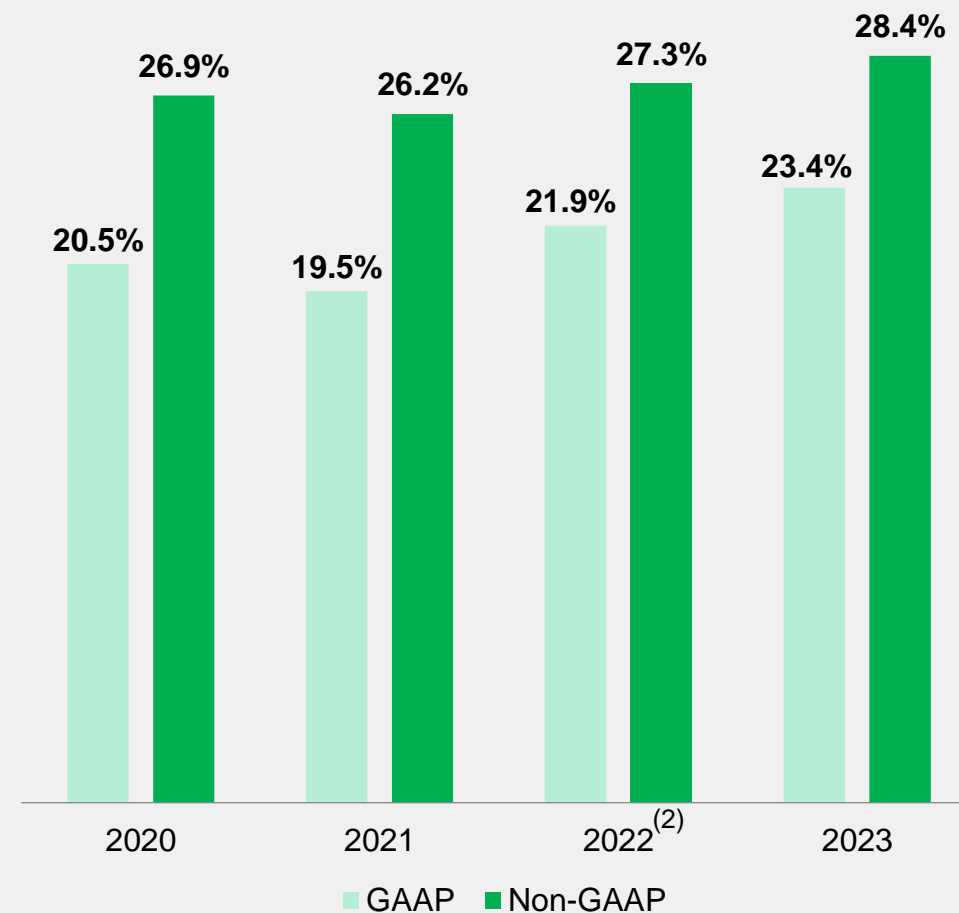
Balanced Growth and Profitability

Non-GAAP Operating Margins of 25% or more

Gross Margin



Operating Margin



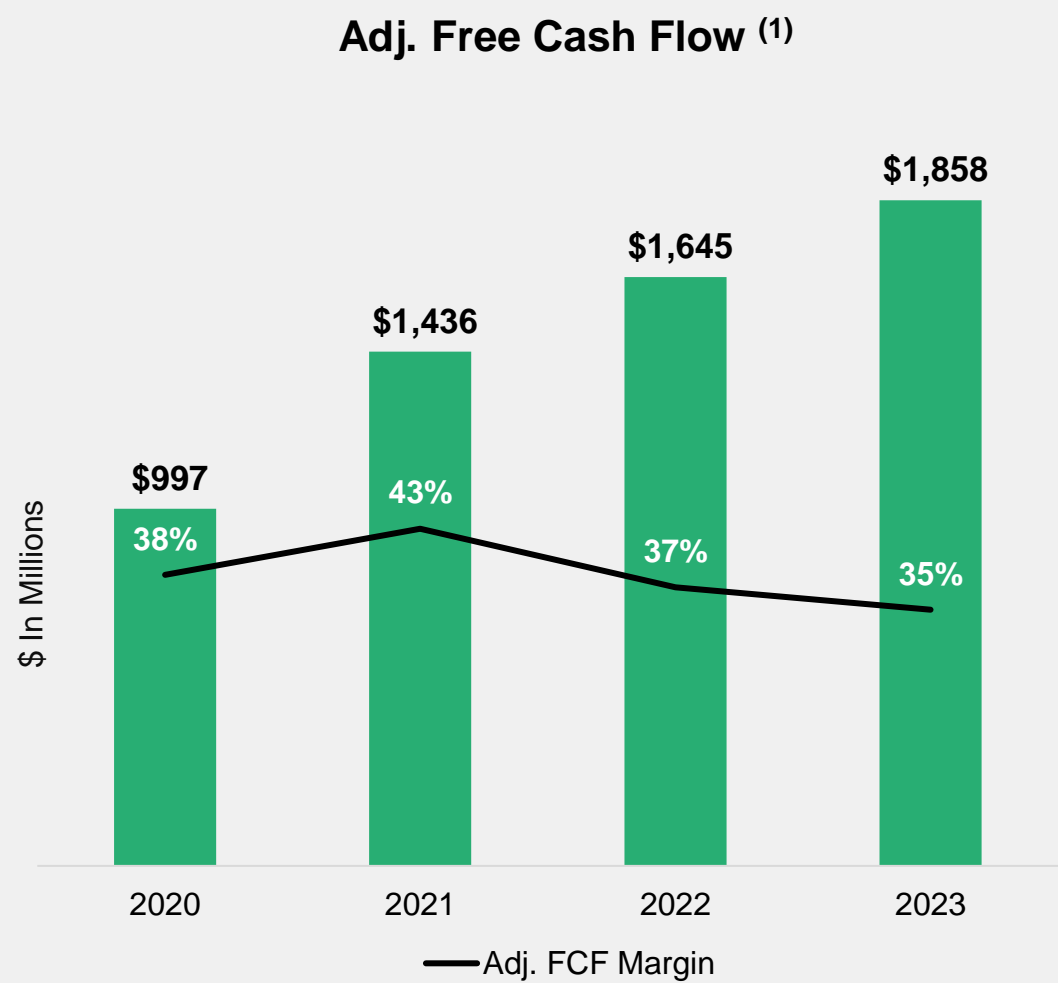
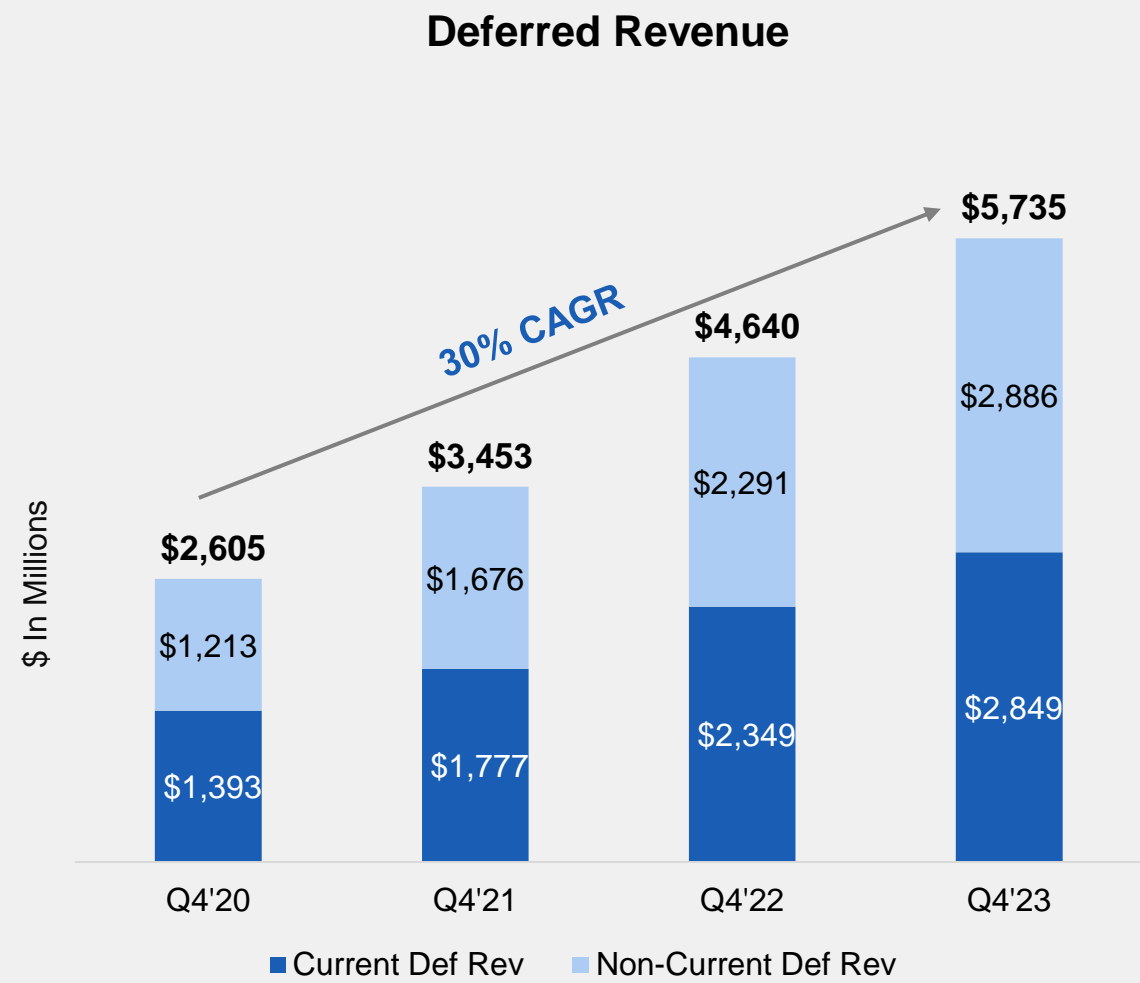
(1) 2022 gross margins reflect supply chain, expedite fees, and mix shift towards product.

(2) 2022 operating margins reflect FX benefit, partially offset by lower GM and increased travel.

Non-GAAP gross margin and non-GAAP operating margin are non-GAAP financial measures. See Appendix for reconciliation of the non-GAAP financial measures to the most comparable GAAP financial measures.

Growing Deferred Revenue and Free Cash Flow

Service Contracts Generating Free Cash Flow



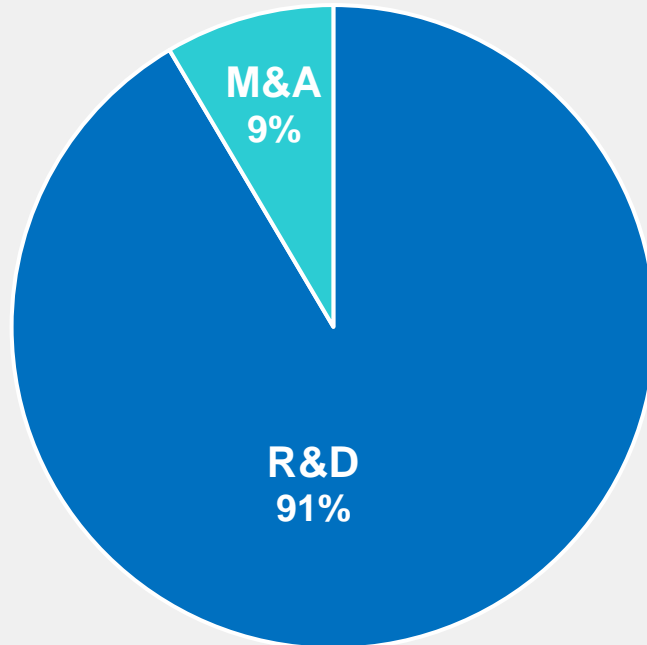
(1) Free Cash Flow and Free Cash Flow Margin are non-GAAP financial measures. See Appendix for reconciliation of the non-GAAP financial measure to the most comparable GAAP financial measure.

Strategic Investments and Capital Allocation

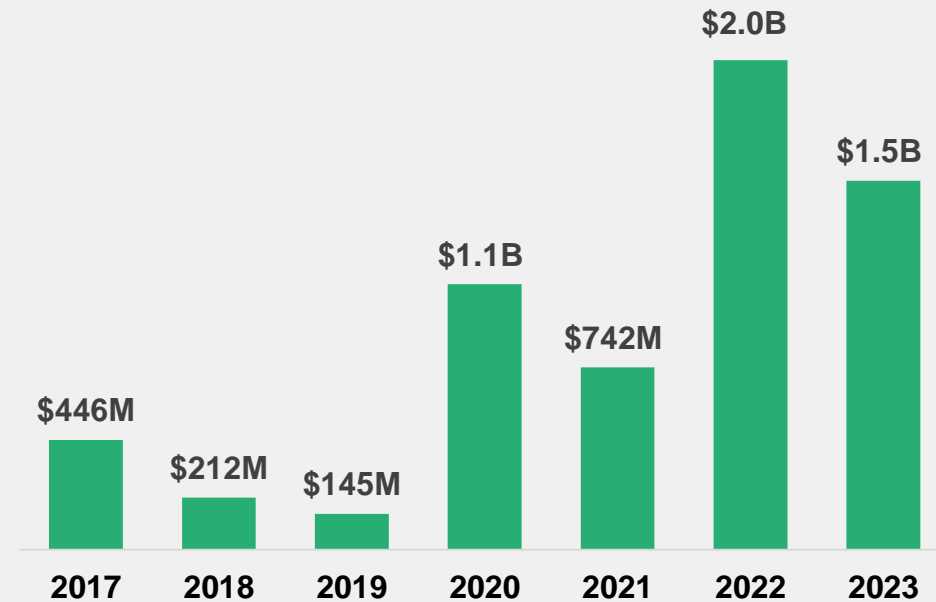
Build vs. Buy Integrated Platform Strategy

Innovation: \$2.5B since 2017

\$2.3B spent on R&D ⁽¹⁾



Repurchased 219M Shares for \$6.1B since 2017 ⁽²⁾



(1) This represents our non-GAAP research and development expense from January 1, 2017 through December 31, 2023. See Appendix for reconciliation of the non-GAAP financial measure to the most comparable GAAP financial measure.

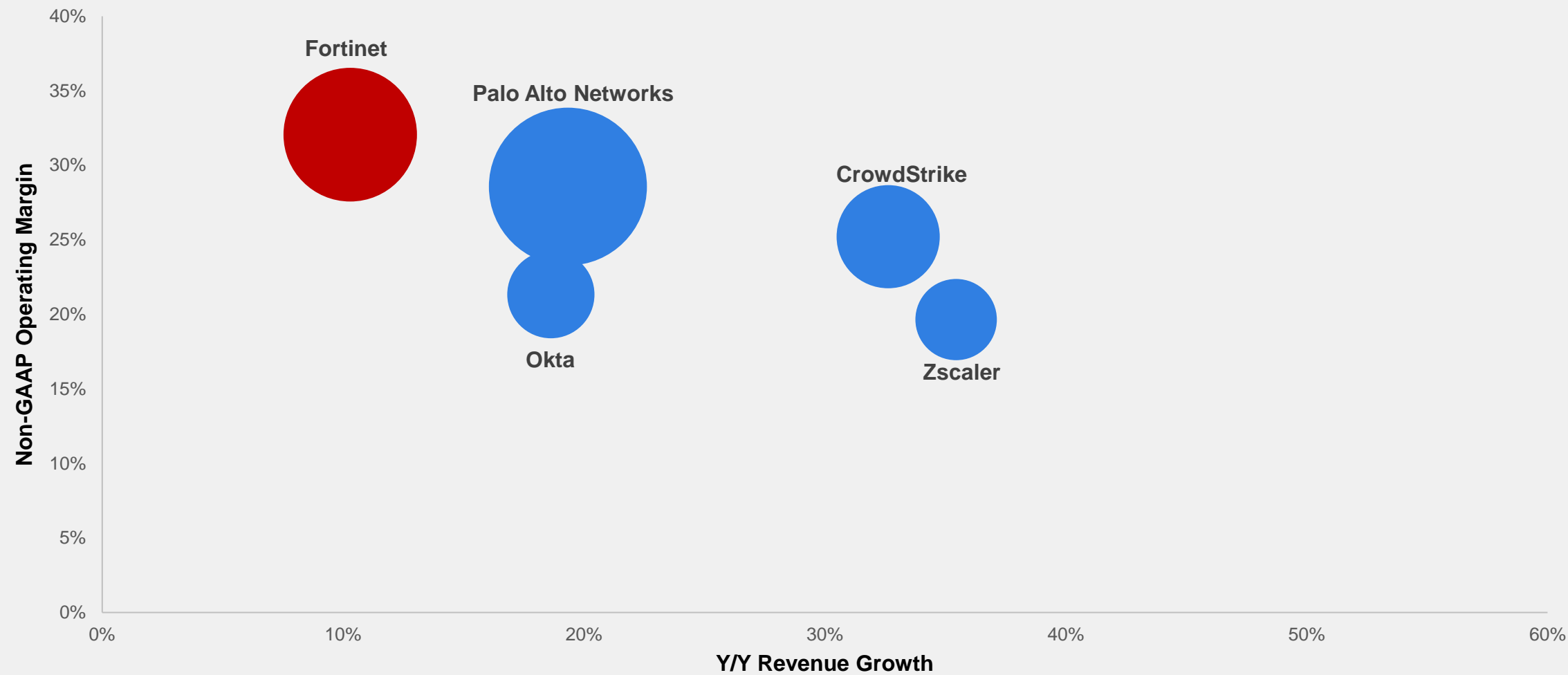
(2) Shares repurchased from January 1, 2017 through December 31, 2023.



FTNT vs. Peers



Revenue Growth and Non-GAAP Operating Margin vs. Cybersecurity Peers



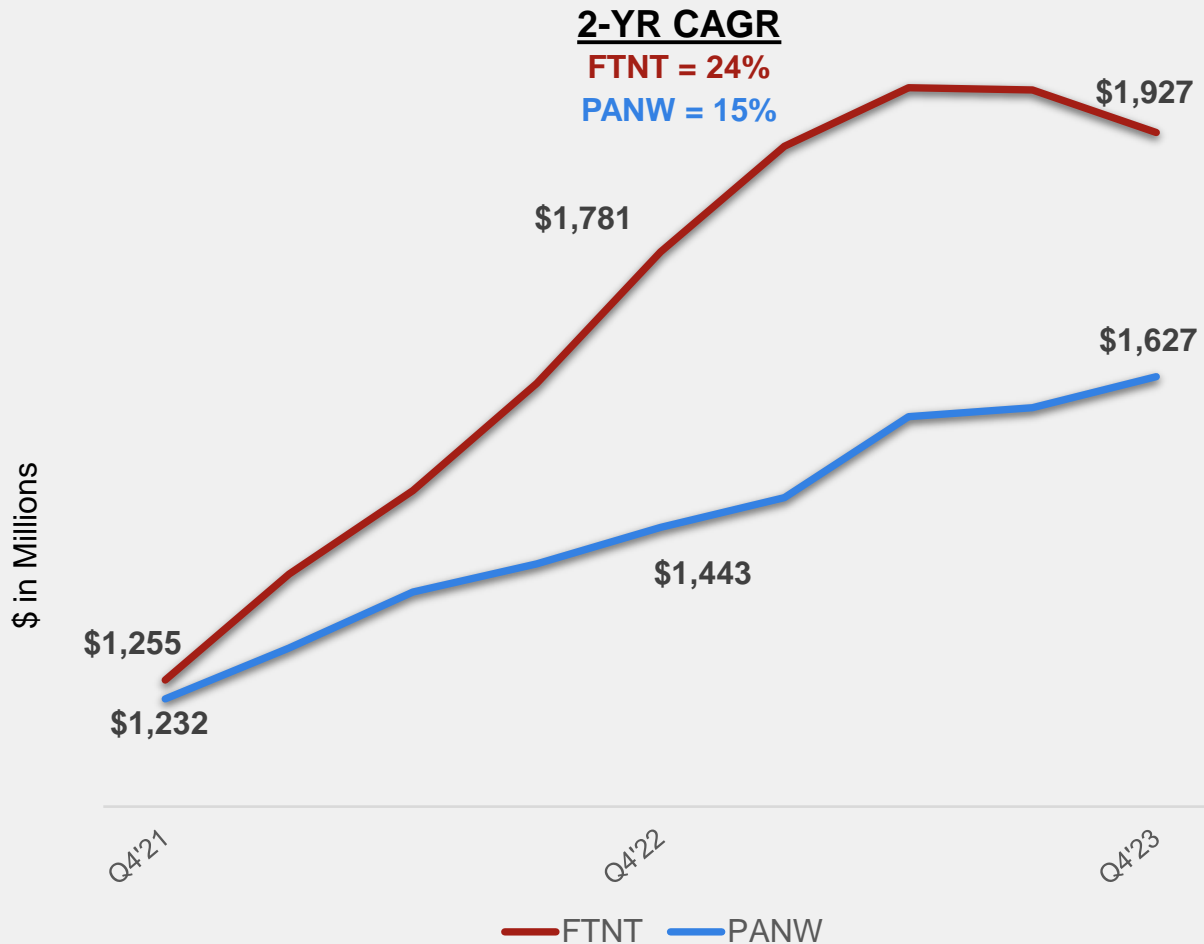
Area of circle illustrates latest reported quarter's revenue



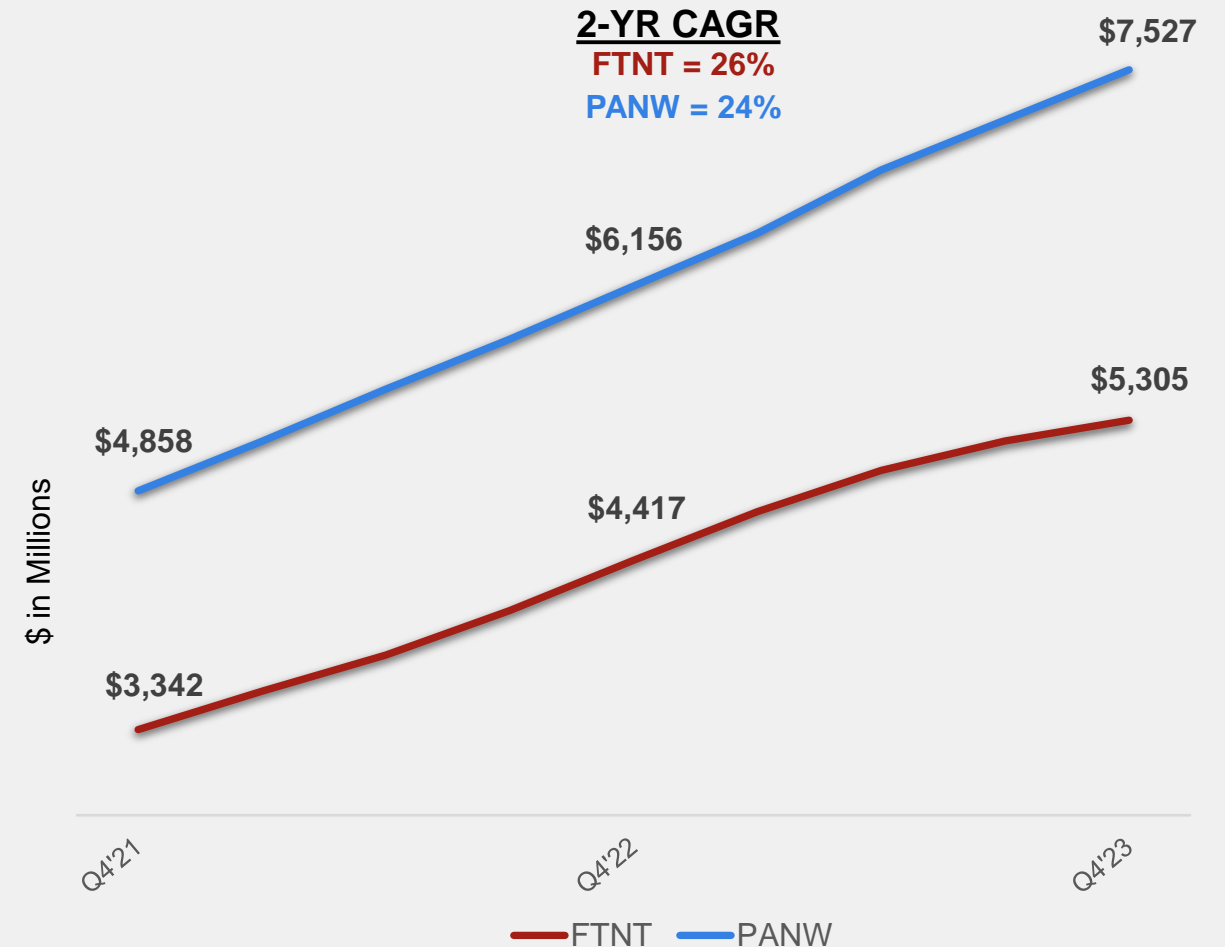
Data based off most recently reported quarter as of March 5, 2024.
Source: Company filings

Product and Total Revenue Growth vs. PANW

LTM Product Revenue



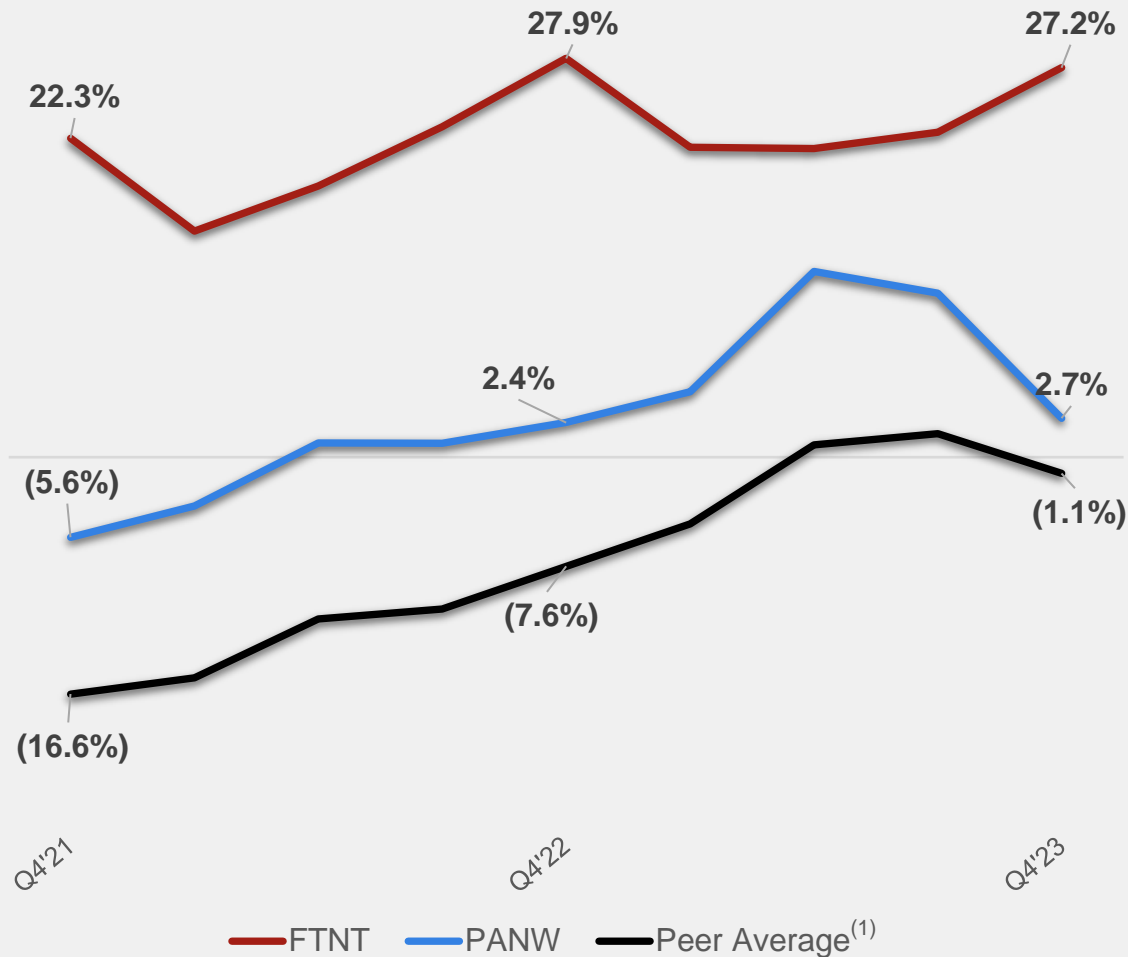
LTM Total Revenue



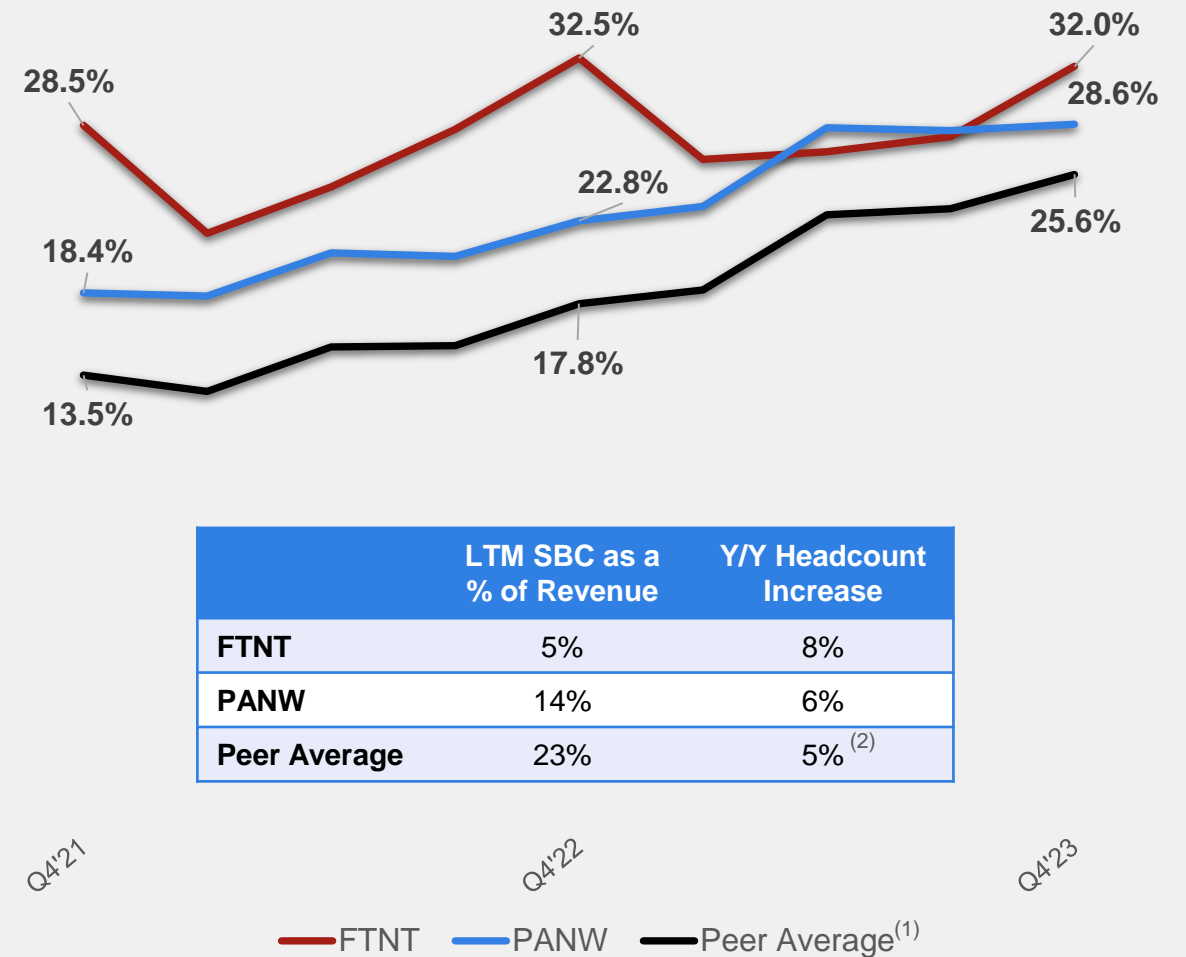
Fortinet vs. Cybersecurity Peers in Operating Margins

As of Q4'23

GAAP Operating Margin



Non-GAAP Operating Margin



	LTM SBC as a % of Revenue	Y/Y Headcount Increase
FTNT	5%	8%
PANW	14%	6%
Peer Average	23%	5% ⁽²⁾



Source: Company filings.

(1) Operating Margin peer average is revenue-weighted and is composed of the following companies: Palo Alto Networks, CrowdStrike, Okta, and Zscaler.

(2) Y/Y Headcount increase peer average includes PANW, CRWD, and OKTA. CRWD's prior quarter headcount growth rate is used as the latest headcount was not available as of the publishing date. ZS does not provide quarterly headcount.

Note: CRWD, OKTA, PANW, and ZS' fiscal years do not follow the calendar year.



Financial Guidance

Guidance for Q1'24 and 2024

As of February 6, 2024

	Q1'23 Actual	Q1'24 Guidance	2023 Actual	2024 Guidance
Billings	\$1.503B	\$1.390 - \$1.450B	\$6.400B	\$6.400 - \$6.600B
Y/Y Mid-Pt Growth		(5.5%)		1.6%
Revenue (GAAP)	\$1.262B	\$1.300 - \$1.360B	\$5.305B	\$5.715 - \$5.815B
Y/Y Mid-Pt Growth		5.4%		8.7%
Service Revenue (GAAP)	\$761.6M		\$3.378B	\$3.920 - \$3.970B
Y/Y Mid-Pt Growth				16.8%
Gross Margin	76.3%	76.5% - 77.5%	77.4%	76.0% - 78.0%
Operating Margin	26.5%	25.5% - 26.5%	28.4%	25.5% - 27.5%
Earnings per share	\$0.34	\$0.37 - \$0.39	\$1.63	\$1.65 - \$1.70
Weighted Diluted Shares	793.4M	775 - 785M	788.2M	785 - 795M



Note: Amounts above are non-GAAP except where GAAP is noted. Our guidance with respect to non-GAAP financial measures excludes stock-based compensation and amortization of acquired intangible assets. 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.

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Additional Modeling Points

As of February 6, 2024

	Actual 2023	Q1'24 Guidance	2024 Guidance
Cash Paid for Taxes	\$426M	\$30M	\$520M
Capital Expenditures	\$204M	\$220 - \$250M	\$370 - \$420M
Non-GAAP Tax Rate	17%	17%	17%



The Fortinet Fabric Portfolio

Secure Networking



FortiGate
Network Firewall



FortiGate
Rugged Firewall



FortiGuard Services
Security Services



FortiManager
Central Management



FortiGate Cloud
Cloud Management



FortiCare Services



FortiSwitch
Switching



FortiAP
Access Point



FortiSwitch
Rugged Switch



FortiAP
Rugged AP



FortiAIops
AI For Networking



FortiNAC
NAC



FortiExtender
5G/LTE



FortiExtender
Rugged Extender

Security Operations



FortiEDR/XDR
EDR/XDR



FortiNDR
NDR



FortiDeceptor
Deception



FortiSandbox
Sandbox



FortiMail
SEG



FortiAnalyzer
Analytics



FortiSIEM
SIEM



FortiSOAR
SOAR



SOCaaS



MDR Service



IR Service



FortiCSPM
Cloud Security
Posture Mgmt.



FortiCNP
Cloud-native
Protection



DevSecOps, DAST
Application Security
Testing



FortiRecon
DRPS



FortiToken
MFA



FortiPAM
PAM



FortiTrust
Identity



FortiAuthenticator
Cloud



FortiCare
Services

Unified SASE



FortiSASE
SSE



FortiGate
SD-WAN



FortiProxy
SWG



FortiClient
ZTNA



FortiMonitor
DEM



FortiCare
Services



FortiGate VM
Virtual Firewall



FortiWeb
Web App. & API
Protection (WAAP)



FortiFlex
Daily-use Points-based
Licensing



FortiGate CNF
Cloud-native
Firewall



FortiADC
Application
Delivery



FortiPoints
Application
Security Testing



Appendix



Reconciliation of Non-GAAP Results to GAAP Results

\$ in millions	2020	2021	2022	2023
Total revenue	\$2,594.4	\$3,342.2	\$4,417.4	\$5,304.8
Add change in deferred revenue	496.2	847.6	1,187.4	\$1,094.7
Less Adjustment due to adoption of ASU 2021-08	-	(4.3)	-	-
Less deferred revenue balance acquired in business acquisition	(0.6)	(4.1)	(10.8)	-
Total billings	\$3,090.0	\$4,181.4	\$5,594.0	\$6,399.5

\$ in millions	2020	2021	2022	2023
GAAP gross profit	\$2,024.4	\$2,559.2	\$3,332.5	\$4,067.6
Stock-based compensation	14.5	17.4	20.5	25.1
Amortization of acquired intangible assets	9.1	12.9	17.2	14.9
Non-GAAP gross profit	\$2,048.0	\$2,589.5	\$3,370.2	\$4,107.6
Non-GAAP gross margin	78.9%	77.5%	76.3%	77.4%



Reconciliation of Non-GAAP Results to GAAP Results

\$ in millions	2020	2021	2022	2023
GAAP product gross profit	\$564.0	\$767.3	\$1,089.2	\$1,163.7
Stock-based compensation	1.6	1.7	1.7	1.8
Amortization of acquired intangible assets	4.7	5.7	7.8	7.1
Non-GAAP product gross profit	\$570.3	\$774.7	\$1,098.7	\$1,172.6
Non-GAAP product gross margin	62.2%	61.7%	61.7%	60.8%

\$ in millions	2020	2021	2022	2023
GAAP service gross profit	\$1,460.4	\$1,791.9	\$2,243.3	\$2,903.9
Stock-based compensation	12.9	15.7	18.8	23.3
Amortization of acquired intangible assets	4.4	7.2	9.4	7.8
Non-GAAP service gross profit	1,477.7	\$1,814.8	\$2,271.5	\$2,935.0
Non-GAAP service gross margin	88.1%	86.9%	86.1%	86.9%



Reconciliation of Non-GAAP Results to GAAP Results

\$ in millions	2017	2018	2019	2020	2021	2022	2023
GAAP research and development expense	\$210.6	\$244.5	\$277.1	\$341.4	\$424.2	\$512.4	\$613.8
Stock-based compensation	(32.2)	(36.4)	(38.7)	(47.6)	(56.7)	(64.2)	(76.8)
Non-GAAP research and development expense	\$178.4	\$208.1	\$238.4	\$293.8	\$367.5	\$448.2	\$537.0



Reconciliation of Non-GAAP Results to GAAP Results

\$ in millions	2020	2021	2022	2023	Q4'21	Q4'22	Q4'23
GAAP operating income	\$531.8	\$650.4	\$969.6	\$1,241.1	\$214.9	\$357.8	\$385.4
GAAP operating margin	20%	19%	22%	23%	22%	28%	27%
Stock-based compensation	193.8	211.2	219.8	251.6	54.2	55.3	64.0
Amortization of acquired intangible assets	13.3	18.5	23.3	18.9	6.8	5.7	5.3
Litigation settlement expenses	(0.7)	-	-	-	-	-	-
Gain on IP matter	(40.2)	(4.6)	(4.6)	(4.6)	(1.2)	(1.2)	(1.2)
Non-GAAP operating income	\$698.0	\$875.5	\$1,208.1	\$1,507.0	\$274.7	\$417.6	\$453.5
Non-GAAP operating margin	27%	26%	27%	28%	29%	33%	32%



Reconciliation of Non-GAAP Results to GAAP Results

\$ in millions	2009 ⁽¹⁾	2010 ⁽¹⁾	2011 ⁽¹⁾	2012 ⁽¹⁾	2013 ⁽¹⁾	2014 ⁽¹⁾	2015 ⁽¹⁾	2016	2017	2018	2019	2020	2021	2022	2023
GAAP operating income	\$25.3	\$55.3	\$88.9	\$100.5	\$72.1	\$59.3	\$14.9	\$46.0	\$112.6	\$234.4	\$351.0	\$531.8	\$650.4	\$969.6	\$1,241.1
GAAP operating margin	10%	17%	21%	19%	12%	8%	1%	4%	8%	13%	16%	20%	19%	22%	23%
Stock-based compensation	7.4	9.3	19.0	30.7	44.4	59.0	95.0	122.4	137.2	162.9	174.1	193.8	211.2	219.8	251.6
Amortization of acquired intangible assets	-	-	-	-	1.6	1.4	3.1	9.3	8.6	9.0	10.9	13.3	18.5	23.3	18.9
Impairment of intangible assets	-	-	-	-	0.5	2.4	1.6	-	-	-	-	-	-	-	-
Write-off of intangible asset	2.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ERP-related expenses	-	-	-	-	-	-	5.4	13.4	-	-	-	-	-	-	-
Acquisition-related charges	-	-	-	-	-	-	2.7	0.3	-	-	-	-	-	-	-
Restructuring charges	-	-	-	-	-	-	7.6	4.0	0.3	-	-	-	-	-	-
Inventory fair value adjustment amortization	-	-	-	-	-	-	2.9	0.8	-	-	-	-	-	-	-
Litigation settlement expenses	-	-	(1.9)	(1.9)	(1.9)	-	-	-	1.5	-	-	(0.7)	-	-	-
Gain on IP matter	-	-	-	-	-	-	-	-	-	-	-	(40.2)	(4.6)	(4.6)	(4.6)
Non-GAAP operating income	\$35.1	\$64.6	\$106.0	\$129.3	\$116.7	\$122.1	\$133.2	\$196.2	\$260.2	\$406.3	\$536.0	\$698.0	\$875.5	\$1,208.1	\$1,507.0
Non-GAAP operating margin	14%	20%	24%	24%	19%	16%	13%	15%	17%	23%	25%	27%	26%	27%	28%



(1) 2009-2015 have not been adjusted for an immaterial error related to the commencement of revenue recognition for certain FortiCare support service contracts.

Reconciliation of Free Cash Flow

\$ in millions	2020	2021	2022	2023
GAAP Cash Flow from Operations	\$1,083.7	\$1,499.7	\$1,703.6	\$1,935.5
Less: Purchases of Property and Equipment	(125.9)	(295.9)	(281.2)	(204.1)
Less: Proceeds from IP Matter	(50.0)	-	-	-
Free Cash Flow	\$907.8	\$1,203.8	\$1,449.4	\$1,731.4
Add: Real Estate Related Add Backs	89.6	232.0	195.1	126.9
Adjusted Free Cash Flow	\$997.4	\$1,435.8	\$1,644.5	\$1,858.3
Free cash flow margin	38%	43%	37%	35%





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