



Q2 2022 Financial Results

August 3, 2022

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All forward-looking statements herein reflect our opinions only as of the date of these presentation slides, and we undertake no obligation, and expressly disclaim any obligation, to update forward-looking statements herein in light of new information or future events.



Q2 2022 Non-GAAP Results

	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Billings ⁽¹⁾	\$711.5M	\$749.8M	\$960.9M	\$850.6M	\$960.9M	\$1.06B	\$1.31B	\$1.16B	\$1.30B
<i>Y/Y % Change</i>	14.3%	19.7%	19.8%	27.4%	35.1%	41.9%	35.9%	36.4%	35.7%
Revenue	\$617.6M	\$651.1M	\$748.0M	\$710.3M	\$801.1M	\$867.2M	\$963.6M	\$954.8M	\$1.03B
<i>Y/Y % Change</i>	17.9%	18.8%	21.0%	23.0%	29.7%	33.2%	28.8%	34.4%	28.6%
Product Revenue	\$211.9M	\$223.8M	\$288.4M	\$240.7M	\$298.3M	\$337.1M	\$378.9M	\$371.0M	\$400.7M
<i>Y/Y % Change</i>	11.6%	13.5%	20.8%	25.2%	40.8%	50.6%	31.4%	54.1%	34.3%
Service Revenue	\$405.7M	\$427.3M	\$459.6M	\$469.6M	\$502.8M	\$530.1M	\$584.7M	\$583.8M	\$629.4M
<i>Y/Y % Change</i>	21.5%	21.7%	21.2%	21.8%	23.9%	24.1%	27.2%	24.3%	25.2%

Note

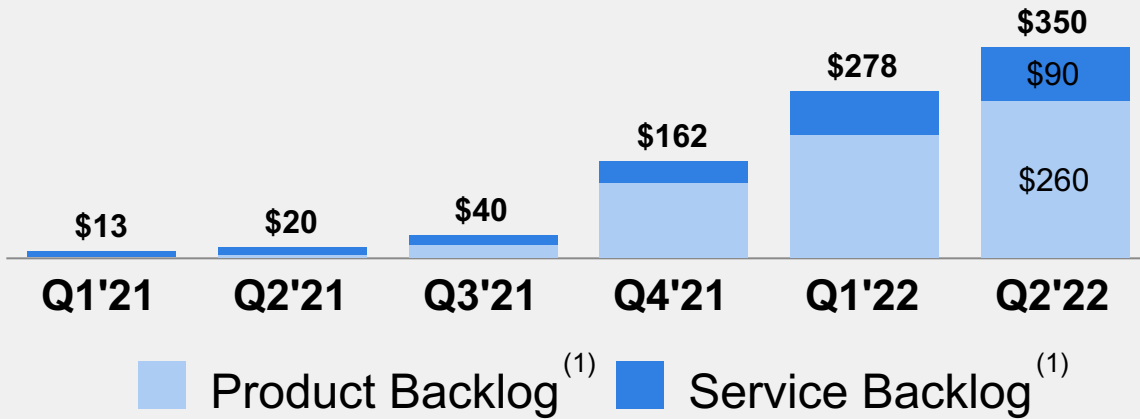
(1) Billings is a non-GAAP measure that we define as revenue recognized in accordance with GAAP plus the change in deferred revenue from the beginning to the end of the period less any deferred revenue balances acquired from business combination(s) and adjustment due to adoption of new accounting standard during the period.



Backlog and Bookings

(\$ in millions)

Backlog



Bookings



Notes

- (1) Backlog represents orders received but not fulfilled and excludes Alaxala.
- (2) Bookings represent the total value of all orders received during the fiscal period.



Q2 2022 Non-GAAP Results

	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Gross Profit ⁽¹⁾	\$488.4M	\$517.6M	\$587.0M	\$560.1M	\$621.2M	\$663.8M	\$744.4M	\$710.2M	\$788.5M
Gross Margin ⁽¹⁾	79.1%	79.5%	78.5%	78.9%	77.5%	76.5%	77.3%	74.4%	76.5%
Operating Income ⁽¹⁾⁽²⁾	\$170.3M	\$178.6M	\$219.9M	\$173.9M	\$203.3M	\$223.6M	\$274.7M	\$210.2M	\$255.4M
Operating Margin ⁽¹⁾⁽²⁾	27.6%	27.4%	29.4%	24.5%	25.4%	25.8%	28.5%	22.0%	24.8%
Net Income attributable to Fortinet, Inc. ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	\$136.6M	\$145.4M	\$175.5M	\$135.6M	\$158.7M	\$165.9M	\$205.8M	\$155.1M	\$194.1M
Diluted Net Income per Share Attributable to Fortinet, Inc. ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	\$0.17	\$0.18	\$0.21	\$0.16	\$0.19	\$0.20	\$0.25	\$0.19	\$0.24
Weighted Diluted Shares Used to Compute Net Income per Share Attributable to Fortinet, Inc. ⁽⁵⁾	826.8M	828.0M	827.6M	832.0M	835.4M	838.6M	835.0M	820.8M	810.1M
Deferred Revenue	\$2.29B	\$2.39B	\$2.61B	\$2.75B	\$2.91B	\$3.11B	\$3.45B	\$3.66B	\$3.93B
Cash, Investments and Marketable Equity Securities⁽⁶⁾	\$1.63B	\$1.77B	\$1.96B	\$3.09B	\$3.36B	\$3.42B	\$2.99B	\$2.50B	\$1.94B
Cash Paid for Stock Repurchases	\$156.1M	—	\$34.1M	—	\$91.6M	\$78.4M	\$571.8M	\$691.2M	\$800.0M
Days Sales Outstanding	73	76	87	81	66	63	75	75	80
Inventory Turns	2.2	2.1	2.7	2.1	2.7	2.9	2.7	3.5	3.1
Headcount	7,756	8,075	8,238	8,615	9,043	9,663	10,195	10,860	11,508

Notes

- (1) Excludes stock-based compensation and amortization of acquired intangible assets.
- (2) Excludes gain on intellectual property (“IP”) and litigation-related matters.
- (3) Excludes the adjustments attributable to non-controlling interests.
- (4) Assumes a quarterly effective tax rate of 22% for Q2'20, a quarterly effective tax rate of 19% for Q3'20 and a quarterly effective tax rate of 21% for Q4'20. Assumes a quarterly effective tax rate of 21% for 2021. Assumes a quarterly effective tax rate of 17% for Q1'22 and Q2'22.
- (5) All share and per share amounts presented herein have been retroactively adjusted to reflect the five-for-one forward stock split which was effective June 22, 2022.
- (6) Excludes investments in privately held companies, which are recorded in other assets.



Revenue by Geography

(\$ in millions)	Q2'20		Q3'20		Q4'20		Q1'21		Q2'21		Q3'21		Q4'21		Q1'22		Q2'22	
	\$	Y/Y % Change	\$	Y/Y % Change	\$	Y/Y % Change	\$	Y/Y % Change	\$	Y/Y % Change	\$	Y/Y % Change	\$	Y/Y % Change	\$	Y/Y % Change	\$	Y/Y % Change
Americas	\$261.0	15.3%	\$272.4	13.0%	\$301.3	19.5%	\$290.9	19.9%	\$337.0	29.1%	\$350.1	28.5%	\$380.8	26.4%	\$382.6	31.5%	\$413.6	22.7%
EMEA	\$229.2	18.9%	\$243.3	21.1%	\$298.3	21.6%	\$275.7	24.8%	\$306.2	33.6%	\$323.2	32.8%	\$370.8	24.3%	\$346.0	25.5%	\$391.8	28.0%
APAC	\$127.4	21.8%	\$135.4	27.5%	\$148.4	23.2%	\$143.7	25.9%	\$157.9	23.9%	\$193.9	43.2%	\$212.0	42.9%	\$226.2	57.4%	\$224.7	42.3%
Total	\$617.6	17.9%	\$651.1	18.8%	\$748.0	21.0%	\$710.3	23.0%	\$801.1	29.7%	\$867.2	33.2%	\$963.6	28.8%	\$954.8	34.4%	\$1,030.1	28.6%

	Q2'20		Q3'20		Q4'20		Q1'21		Q2'21		Q3'21		Q4'21		Q1'22		Q2'22	
	% of revenue	% of revenue	% of revenue	% of revenue	% of revenue	% of revenue	% of revenue	% of revenue	% of revenue	% of revenue	% of revenue	% of revenue	% of revenue	% of revenue	% of revenue	% of revenue	% of revenue	
Americas	42.3%	41.8%	40.3%	41.0%	42.1%	40.4%	39.5%	40.1%	40.2%									
EMEA	37.1%	37.4%	39.9%	38.8%	38.2%	37.3%	38.5%	36.2%	38.0%									
APAC	20.6%	20.8%	19.8%	20.2%	19.7%	22.3%	22.0%	23.7%	21.8%									
Total	100%	100%	100%	100%	100.0%	100.0%	100.0%	100.0%	100.0%									



Number of Deals & FortiGate Sales

Number of Deals ⁽¹⁾	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
No. of Deals >\$50K	2,111	2,267	2,991	2,489	2,856	3,021	3,807	3,241	3,583
No. of Deals >\$250K	369	398	491	387	499	548	758	598	699
No. of Deals >\$500K	146	168	205	167	203	232	320	243	312
No. of Deals >\$1M	59	48	68	66	79	83	122	90	122

% of FortiGate ⁽²⁾	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Entry Level (FG20-90)	20.4%	21.3%	23.6%	27.3%	25.5%	23.9%	22.1%	26.9%	25.4%
Mid - Range (FG100-900)	44.4%	42.2%	41.6%	41.0%	37.6%	38.4%	40.0%	35.2%	42.3%
High - End (FG1000-7000)	35.2%	36.5%	34.8%	31.7%	36.9%	37.7%	37.9%	37.9%	32.3%

Notes

(1) Deals are defined as combined sales in the period to a customer account.

(2) Represents the percentage of invoiced amounts from FortiGate sales during the period by range of product and product bundles.

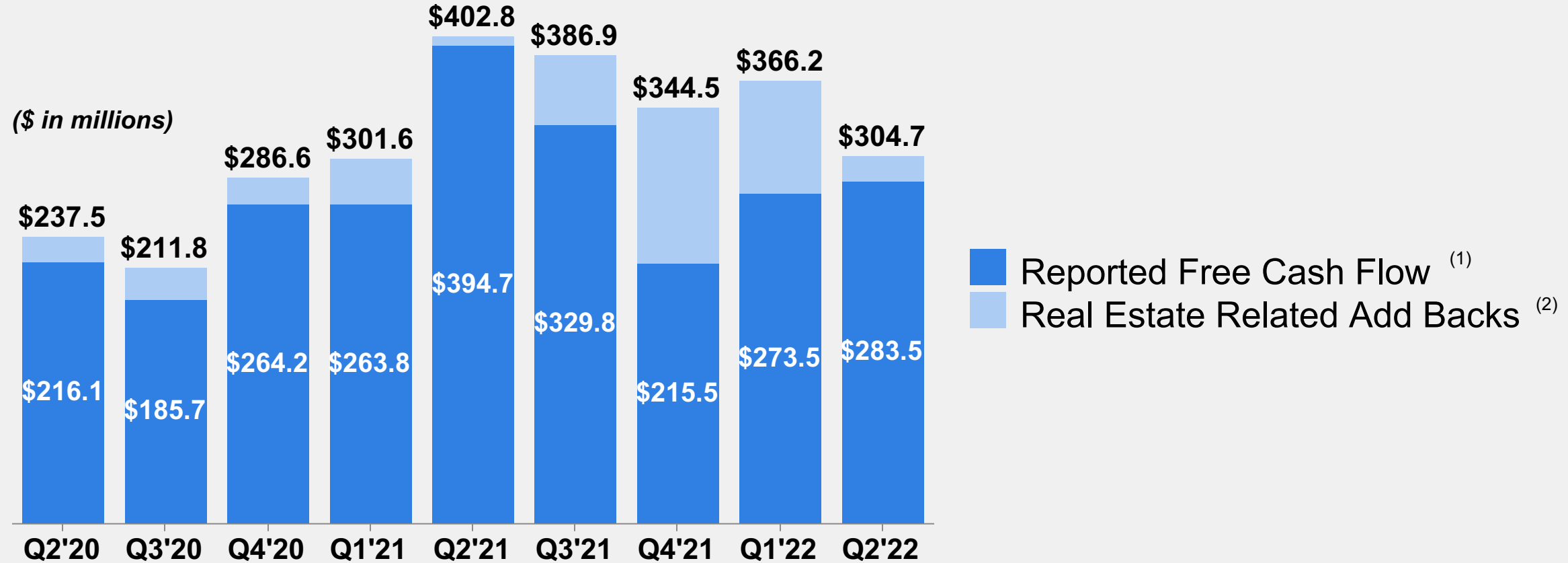


Statement of Cash Flows (Non-GAAP)

(\$ in millions)	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
GAAP Net Income Including Non-controlling Interests	\$113.8	\$123.4	\$146.7	\$107.2	\$137.5	\$163.2	\$198.8	\$138.3	\$173.4
Depreciation, Amortization and Stock-Based Compensation	66.7	66.0	65.4	66.8	71.5	75.6	78.4	78.7	79.8
Accounts Receivable	(25.1)	(47.6)	(173.3)	82.5	53.1	(5.0)	(203.1)	15.4	(134.7)
Inventory	(24.6)	(13.1)	(11.2)	(14.7)	(5.4)	0.6	0.1	(13.5)	(17.7)
Deferred Revenue	93.9	98.6	213.0	140.3	159.8	197.0	342.3	205.5	275.1
Other	22.3	(6.5)	55.9	(66.2)	1.7	(32.6)	(49.7)	(28.3)	(52.5)
GAAP Cash Flow from Operations	\$247.0	\$220.8	\$296.5	\$315.9	\$418.2	\$398.8	\$366.8	\$396.1	\$323.4
Less: Purchase of Property and Equipment	(30.9)	(35.1)	(32.3)	(52.1)	(23.5)	(69.0)	(151.3)	(122.6)	(39.9)
Free Cash Flow	\$216.1	\$185.7	\$264.2	\$263.8	\$394.7	\$329.8	\$215.5	\$273.5	\$283.5
Issuance of Common Stock, Net of Taxes	(12.8)	(25.1)	(17.8)	(31.5)	(28.7)	(38.0)	(43.7)	(53.8)	(30.2)
Stock Repurchases	(156.1)	—	(34.1)	—	(91.6)	(78.4)	(571.8)	(691.2)	(800.0)
Acquisitions	—	(6.1)	(31.0)	(10.3)	—	(63.1)	(1.5)	—	—
Proceeds from (payments of) long-term debt, net	—	(4.1)	—	987.5	(0.5)	(2.2)	(17.3)	—	—
Purchases of investment in privately held company	—	—	—	(75.0)	—	(85.0)	—	—	—
Other	6.8	(3.1)	(0.3)	(2.1)	(2.1)	(3.7)	(7.9)	(18.6)	(12.3)
Change in Cash, Investments, and Marketable Equity Securities	\$54.0	\$147.3	\$181.0	\$1,132.4	\$271.8	\$59.4	\$(426.7)	\$(490.1)	\$(559.0)
Footnote: Cash Paid for Taxes, Net of Refunds	\$9.5	\$9.3	\$12.1	\$23.6	\$24.7	\$21.6	\$57.5	\$18.8	\$110.2



Free Cash Flow and Adjusted Free Cash Flow Growth (Non-GAAP)



Notes

- (1) Free Cash Flow is a non-GAAP measure that we define as net cash provided by operating activities minus purchases of property and equipment and excluding any significant non-recurring items, such as proceeds from intellectual property matter.
- (2) Adjusted Free Cash Flow is a non-GAAP measure that we define as Free Cash Flow plus cash payments associated with real estate purchases and cash payments related to HQ Construction.



Q3 and 2022 Guidance (Non-GAAP)⁽¹⁾

	Actual Q3'21	Q3'22E	Actual 2021	2022E
Billings ⁽²⁾	\$1.064B	\$1.385 - 1.415B	\$4.181B	\$5.560 - 5.640B
<i>Y/Y Mid-Pt Growth</i>		31.6%		33.9%
Revenue (GAAP)	\$867.2M	\$1.105 - 1.135B	\$3.342B	\$4.350 - 4.400B
<i>Y/Y Mid-Pt Growth</i>		29.2%		30.9%
Service Revenue (GAAP)	\$530.1M		\$2.087B	\$2.620 - 2.670B
<i>Y/Y Mid-Pt Growth</i>				26.7%
Gross Margin (%) ⁽³⁾	76.5%	75.0 - 76.0%	77.5%	75.0 - 76.0%
Operating Margin (%) ⁽³⁾⁽⁴⁾	25.8%	25.0 - 26.0%	26.2%	25.0 - 26.0%
Net Income per Share attributable to Fortinet, Inc. ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	\$0.20	\$0.26 - 0.28	\$0.80	\$1.01 - 1.06
Weighted Diluted Shares used to Compute Net Income per Share attributable to Fortinet, Inc. ⁽⁷⁾	838.6M	810 - 820M	835.3M	810 - 820M

Notes

- (1) Guidance for non-GAAP financial measures excludes stock-based compensation, amortization of acquired intangible assets and gain on IP and litigation-related matters. We have not reconciled our guidance with respect to non-GAAP financial measures to the corresponding GAAP measures because certain items that impact these measures are uncertain or out of our control, or cannot be reasonably predicted. Accordingly, a reconciliation of these non-GAAP financial measures to the corresponding GAAP measures is not available without unreasonable effort.
- (2) Billings is a non-GAAP measure that we define as revenue recognized in accordance with GAAP plus the change in deferred revenue from the beginning to the end of the period less any deferred revenue balances acquired from business combination(s) and adjustment due to adoption of new accounting standard during the period.
- (3) Excludes stock-based compensation and amortization of acquired intangible assets.
- (4) Excludes gain on IP and litigation-related matters.
- (5) Excludes the adjustments attributable to non-controlling interests.
- (6) Assumes an effective tax rate of 21% and 17% for 2021 and 2022, respectively. For 2022, we expect cash paid for taxes to be approximately \$265 million.
- (7) All share and per share amounts presented herein have been retroactively adjusted to reflect the five-for-one forward stock split which was effective June 22, 2022.



GAAP to Non-GAAP Reconciliations

(\$ in millions)	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Total revenue	\$617.6	\$651.1	\$748.0	\$710.3	\$801.1	\$867.2	\$963.6	\$954.8	\$1,030.1
Add: Change in deferred revenue	93.9	98.9	213.3	140.3	159.8	201.0	346.5	205.0	274.1
Less: Deferred revenue balance acquired in business combination	—	(0.2)	(0.4)	—	—	(4.1)	—	—	—
Less: ASC 606 transition amount related to deferred revenue ⁽¹⁾	—	—	—	—	—	—	(4.3)	—	—
Total billings	\$711.5	\$749.8	\$960.9	\$850.6	\$960.9	\$1,064.1	\$1,305.8	\$1,159.8	\$1,304.2
GAAP Cash Flow from Operations	\$247.0	\$220.8	\$296.5	\$315.9	\$418.2	\$398.8	\$366.8	\$396.1	\$323.4
Less: Purchase of Property and Equipment	(30.9)	(35.1)	(32.3)	(52.1)	(23.5)	(69.0)	(151.3)	(122.6)	(39.9)
Free Cash Flow ⁽²⁾	216.1	185.7	264.2	263.8	394.7	329.8	215.5	273.5	283.5
Add: Real Estate Related Add Backs	21.4	26.1	22.4	37.8	8.1	57.1	129.0	92.7	21.2
Adjusted Free Cash Flow ⁽³⁾	\$237.5	\$211.8	\$286.6	\$301.6	\$402.8	\$386.9	\$344.5	\$366.2	\$304.7

Note

- (1) We early adopted ASU 2021-08 on a retrospective basis and effective for us beginning on January 1, 2021. The adoption of ASU 2021-08 resulted in a \$4.3 million adjustment attributable to the acquisition of Alaxala in 2021, as a result of the revised measurement of deferred revenue for acquisition.
- (2) Free Cash Flow is a non-GAAP measure that we define as net cash provided by operating activities minus purchases of property and equipment and excluding any significant non-recurring items, such as proceeds from intellectual property matter.
- (3) Adjusted Free Cash Flow is a non-GAAP measure that we define as Free Cash Flow plus cash payments associated with real estate purchases and cash payments related to HQ Construction.



GAAP to Non-GAAP Reconciliations

(\$ in millions)	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
GAAP product gross profit	\$127.5	\$139.5	\$181.0	\$149.4	\$182.7	\$202.8	\$232.4	\$210.0	\$245.5
Stock-based compensation	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.4
Amortization of acquired intangible assets	1.4	0.8	0.9	0.9	0.9	1.5	2.4	2.4	2.1
Non-GAAP product gross profit	\$129.3	\$140.7	\$182.3	\$150.7	\$184.1	\$204.7	\$235.2	\$212.8	\$248.0
<i>Non-GAAP product gross margin</i>	<i>61.0%</i>	<i>62.9%</i>	<i>63.2%</i>	<i>62.6%</i>	<i>61.7%</i>	<i>60.7%</i>	<i>62.1%</i>	<i>57.4%</i>	<i>61.9%</i>
GAAP service gross profit	\$355.0	\$372.4	\$400.0	\$404.3	\$431.5	\$453.2	\$502.9	\$491.0	\$533.8
Stock-based compensation	3.2	3.3	3.4	3.5	3.8	4.1	4.3	4.5	4.7
Amortization of acquired intangible assets	0.9	1.2	1.3	1.6	1.8	1.8	2.0	1.9	2.0
Non-GAAP service gross profit	\$359.1	\$376.9	\$404.7	\$409.4	\$437.1	\$459.1	\$509.2	\$497.4	\$540.5
<i>Non-GAAP service gross margin</i>	<i>88.5%</i>	<i>88.2%</i>	<i>88.1%</i>	<i>87.2%</i>	<i>86.9%</i>	<i>86.6%</i>	<i>87.1%</i>	<i>85.2%</i>	<i>85.9%</i>
GAAP total gross profit	\$482.5	\$511.9	\$581.0	\$553.7	\$614.2	\$656.0	\$735.3	\$701.0	\$779.3
Stock-based compensation	3.6	3.7	3.8	3.9	4.3	4.5	4.7	4.9	5.1
Amortization of acquired intangible assets	2.3	2.0	2.2	2.5	2.7	3.3	4.4	4.3	4.1
Non-GAAP total gross profit	\$488.4	\$517.6	\$587.0	\$560.1	\$621.2	\$663.8	\$744.4	\$710.2	\$788.5
<i>Non-GAAP gross margin</i>	<i>79.1%</i>	<i>79.5%</i>	<i>78.5%</i>	<i>78.9%</i>	<i>77.5%</i>	<i>76.5%</i>	<i>77.3%</i>	<i>74.4%</i>	<i>76.5%</i>
GAAP research and development expense	\$82.1	\$90.0	\$89.0	\$97.2	\$106.6	\$107.8	\$112.6	\$124.9	\$124.3
Stock-based compensation	(12.0)	(12.7)	(12.0)	(13.0)	(14.5)	(14.5)	(14.7)	(15.1)	(16.1)
Non-GAAP research and development expense	\$70.1	\$77.3	\$77.0	\$84.2	\$92.1	\$93.3	\$97.9	\$109.8	\$108.2
<i>Non-GAAP research and development expense as a percentage of revenue</i>	<i>11.4%</i>	<i>11.9%</i>	<i>10.3%</i>	<i>11.9%</i>	<i>11.5%</i>	<i>10.8%</i>	<i>10.2%</i>	<i>11.5%</i>	<i>10.5%</i>
GAAP sales and marketing expense	\$253.8	\$266.7	\$291.4	\$304.0	\$326.9	\$347.1	\$367.7	\$387.6	\$415.5
Stock-based compensation	(27.9)	(27.7)	(27.1)	(26.8)	(27.7)	(27.6)	(27.9)	(26.7)	(26.4)
Amortization of acquired intangible assets	(1.4)	(0.8)	(0.6)	(0.9)	(0.8)	(1.5)	(2.4)	(2.1)	(1.9)
Non-GAAP sales and marketing expense	\$224.5	\$238.2	\$263.7	\$276.3	\$298.4	\$318.0	\$337.4	\$358.8	\$387.2
<i>Non-GAAP sales and marketing expense as a percentage of revenue</i>	<i>36.4%</i>	<i>36.6%</i>	<i>35.3%</i>	<i>38.9%</i>	<i>37.2%</i>	<i>36.7%</i>	<i>35.0%</i>	<i>37.6%</i>	<i>37.6%</i>



GAAP to Non-GAAP Reconciliations (Continued)

(\$ in millions)	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
GAAP general and administrative expense	\$28.9	\$29.4	\$32.4	\$32.0	\$34.4	\$35.8	\$41.3	\$38.6	\$45.4
Stock-based compensation	(6.1)	(5.9)	(6.0)	(6.3)	(7.0)	(6.9)	(6.9)	(7.2)	(7.7)
Litigation-related matter	0.7	—	—	—	—	—	—	—	—
Non-GAAP general and administrative expense	\$23.5	\$23.5	\$26.4	\$25.7	\$27.4	\$28.9	\$34.4	\$31.4	\$37.7
<i>Non-GAAP general and administrative expense as a percentage of revenue</i>	3.8%	3.6%	3.5%	3.6%	3.4%	3.3%	3.6%	3.3%	3.7%
GAAP gain on IP matter	\$(1.1)	\$(1.1)	\$(1.2)	\$(1.1)	\$(1.2)	\$(1.1)	\$(1.2)	\$(1.1)	\$(1.2)
Gain on IP matter	1.1	1.1	1.2	1.1	1.2	1.1	1.2	1.1	1.2
Non-GAAP gain on IP matter	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
<i>Non-GAAP gain on IP matter as a percentage of revenue</i>	—%	—%	—%	—%	—%	—%	—%	—%	—%
GAAP total operating expense	\$363.7	\$385.0	\$411.6	\$432.1	\$466.7	\$489.6	\$520.4	\$550.0	\$584.0
Stock-based compensation	(46.0)	(46.3)	(45.1)	(46.1)	(49.2)	(49.0)	(49.5)	(49.0)	(50.2)
Amortization of acquired intangible assets	(1.4)	(0.8)	(0.6)	(0.9)	(0.8)	(1.5)	(2.4)	(2.1)	(1.9)
Gain on IP matter	1.1	1.1	1.2	1.1	1.2	1.1	1.2	1.1	1.2
Litigation-related matter	0.7	—	—	—	—	—	—	—	—
Non-GAAP total operating expense	\$318.1	\$339.0	\$367.1	\$386.2	\$417.9	\$440.2	\$469.7	\$500.0	\$533.1
<i>Non-GAAP total operating expense as a percentage of revenue</i>	51.5%	52.1%	49.1%	54.4%	52.2%	50.8%	48.7%	52.4%	51.8%
GAAP operating income	\$118.8	\$126.9	\$169.4	\$121.6	\$147.5	\$166.4	\$214.9	\$151.0	\$195.3
Stock-based compensation	49.6	50.0	48.9	50.0	53.5	53.5	54.2	53.9	55.3
Amortization of acquired intangible assets	3.7	2.8	2.8	3.4	3.5	4.8	6.8	6.4	6.0
Gain on IP matter	(1.1)	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)
Litigation-related matter	(0.7)	—	—	—	—	—	—	—	—
Non-GAAP operating income	\$170.3	\$178.6	\$219.9	\$173.9	\$203.3	\$223.6	\$274.7	\$210.2	\$255.4
<i>Non-GAAP operating margin</i>	27.6%	27.4%	29.4%	24.5%	25.4%	25.8%	28.5%	22.0%	24.8%



GAAP to Non-GAAP Reconciliations (Continued)

(\$ in millions)	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
GAAP provision for (benefit from) income taxes	\$9.9	\$5.0	\$25.0	\$12.2	\$7.5	\$(9.3)	\$3.7	\$(8.1)	\$2.4
Tax adjustments related to the above	28.7	29.7	21.7	23.9	34.6	54.2	52.4	41.7	39.1
Non-GAAP provision for income taxes	\$38.6	\$34.7	\$46.7	\$36.1	\$42.1	\$44.9	\$56.1	\$33.6	\$41.5
Non-GAAP effective tax rate	22%	19%	21%	21%	21%	21%	21%	17%	17%
Net income attributable to Fortinet, Inc.	\$113.8	\$123.4	\$146.7	\$107.2	\$137.5	\$163.1	\$199.0	\$138.4	\$173.5
Stock-based compensation	49.6	50.0	48.9	50.0	53.5	53.5	54.2	53.9	55.3
Amortization of acquired intangible assets	3.7	2.8	2.8	3.4	3.5	4.8	6.8	6.4	6.0
Gain on IP matter	(1.1)	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)
Litigation-related matter	(0.7)	—	—	—	—	—	—	—	—
Tax adjustments	(28.7)	(29.7)	(21.7)	(23.9)	(34.6)	(54.2)	(52.4)	(41.7)	(39.1)
Adjustments attributable to non-controlling interests	—	—	—	—	—	(0.2)	(0.6)	(0.8)	(0.4)
Non-GAAP net income attributable to Fortinet, Inc.	\$136.6	\$145.4	\$175.5	\$135.6	\$158.7	\$165.9	\$205.8	\$155.1	\$194.1
GAAP net income per share attributable to Fortinet, Inc., diluted ⁽¹⁾	\$0.14	\$0.15	\$0.18	\$0.13	\$0.16	\$0.19	\$0.24	\$0.17	\$0.21
Stock-based compensation	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.07
Amortization of acquired intangible assets	—	—	—	—	0.01	0.01	0.01	0.01	0.01
Gain on IP matter	—	—	—	—	—	—	—	—	—
Litigation-related matter	—	—	—	—	—	—	—	—	—
Tax adjustments	(0.03)	(0.03)	(0.03)	(0.03)	(0.04)	(0.06)	(0.06)	(0.05)	(0.05)
Adjustments attributable non-controlling interests	—	—	—	—	—	—	—	—	—
Non-GAAP net income per share attributable to Fortinet, Inc., diluted ⁽¹⁾	\$0.17	\$0.18	\$0.21	\$0.16	\$0.19	\$0.20	\$0.25	\$0.19	\$0.24
Shares used in diluted net income per share attributable to Fortinet, Inc. calculations ⁽¹⁾	826.8	828.0	827.6	832.0	835.4	838.6	835.0	820.8	810.1

Note

(1) All share and per share amounts presented herein have been retroactively adjusted to reflect the five-for-one forward stock split which was effective June 22, 2022.





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