



Investor Presentation

August 2022

Safe Harbor Statement

Information, statements and projections contained in these presentation slides concerning Fortinet's business outlook, the third quarter and full year 2022 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 market share gains, guidance and expectations around future financial results, including guidance and expectations for the third quarter and full year 2022, statements regarding the momentum in our business and future growth expectations, 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 the COVID-19 pandemic, the war in Ukraine, economic challenges, fears of a recession, and any actual recession, and the effects of increased inflation in certain geographies; significantly heightened supply chain challenges due to the current global environment; negative impacts from the COVID-19 pandemic on sales, billings, revenue, demand and buying patterns, component supply and ability to manufacture products to meet demand in a timely fashion, and costs such as possible increased costs for shipping and components; global economic conditions, country-specific economic conditions, and foreign currency risks; 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 the COVID-19 pandemic; competition and pricing pressure; product inventory shortages for any reason, including those caused by the COVID-19 pandemic, the war in Ukraine and the effects of increased inflation in certain geographies; risks associated with business disruption caused by natural disasters and health emergencies such as earthquakes, fires, power outages, typhoons, floods, health epidemics and viruses such as the COVID-19 pandemic, and by manmade events such as civil unrest, labor disruption, international trade disputes, international conflicts such as the war in Ukraine, 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.



Fortinet is the Only Pure Play Cybersecurity Company in Both the S&P 500 and Nasdaq 100

1

Large and fast-growing addressable market driven by long-term secular tailwinds, the convergence of security and networking, and vendor consolidation

2

FortiOS everywhere – a broad and integrated platform operating system providing security in any form factor, driving growth into new markets

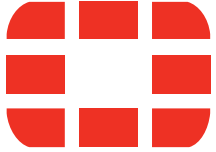
3

Fortinet's Proprietary ASIC technology (SPU) provides 5x better performance, contributing to a lower total cost of ownership

4

Business model is highly diversified across geographies, customer segments, and, industry verticals





20+ Years of Strong Growth

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

>\$40B Market Cap ⁽¹⁾

Nasdaq: FTNT

Top 5 Performing S&P 500 Stock in 2021

42%

LTM Product Revenue Growth

Industry Leading Product Revenue Growth

7 Gartner Magic Quadrants

Over 15 Products in Gartner Research

Leader in SD-WAN and Network Firewall

>35%

Global Firewall Shipments⁽⁴⁾

Most Deployed Network Security

~\$5.6B (+34% y/y)

2022E Billings ^(2,3)

'22E Revenue of ~\$4.4B (+31% y/y) ⁽²⁾

>\$1.2B

2021 Free Cash Flow ⁽³⁾

36% Free Cash Flow Margin

1,279

Issued Global Patents

Industry Innovator

BBB+ & Baa1

Investment Grade Rating

Leading the Cybersecurity Industry

Note: Data is as of June 30, 2022 unless otherwise noted.

(1) As of August 5, 2022.

(2) Based on the midpoint of 2022 guidance provided on August 3, 2022.

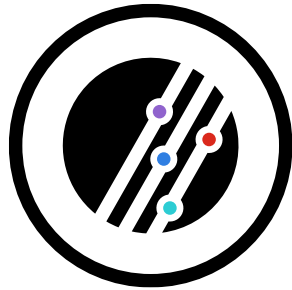
(3) Billings and Free Cash Flow are non-GAAP financial measures.

(4) IDC Worldwide Quarterly Security Appliance Tracker, March 2022 (based on annual unit shipments of Firewall, UTM and VPN appliances).



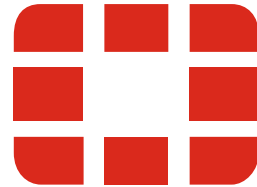
Fortinet – A Leader in the Cybersecurity Industry

**Cybersecurity TAM
is \$199B+ ⁽¹⁾**



Growing significantly faster
than the overall market

**Fortinet is One of the
Largest Cybersecurity
Companies**



The most deployed network
security solution

**Long-Term Industry
Drivers Support
Our Growth**



Customer demand is driven by
heightened awareness,
convergence of the networking
and security markets, and
vendor consolidation



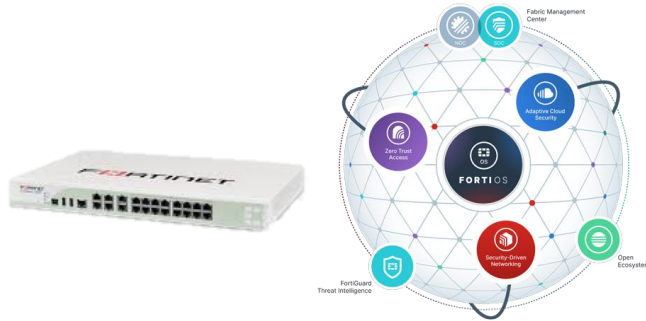
(1) Based on 2026E TAM.

Fortinet Secures Devices and Data Across Networks, Endpoints and Clouds

Hardware & Software

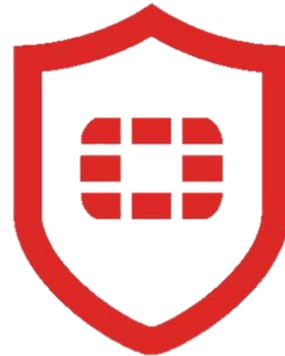
Subscription Services

Core Platform & Platform Extension Products



Hardware and software spanning a wide set of network security functions

FortiGuard Security Services



Global research team identifies and develops security solutions leveraging AI and automation

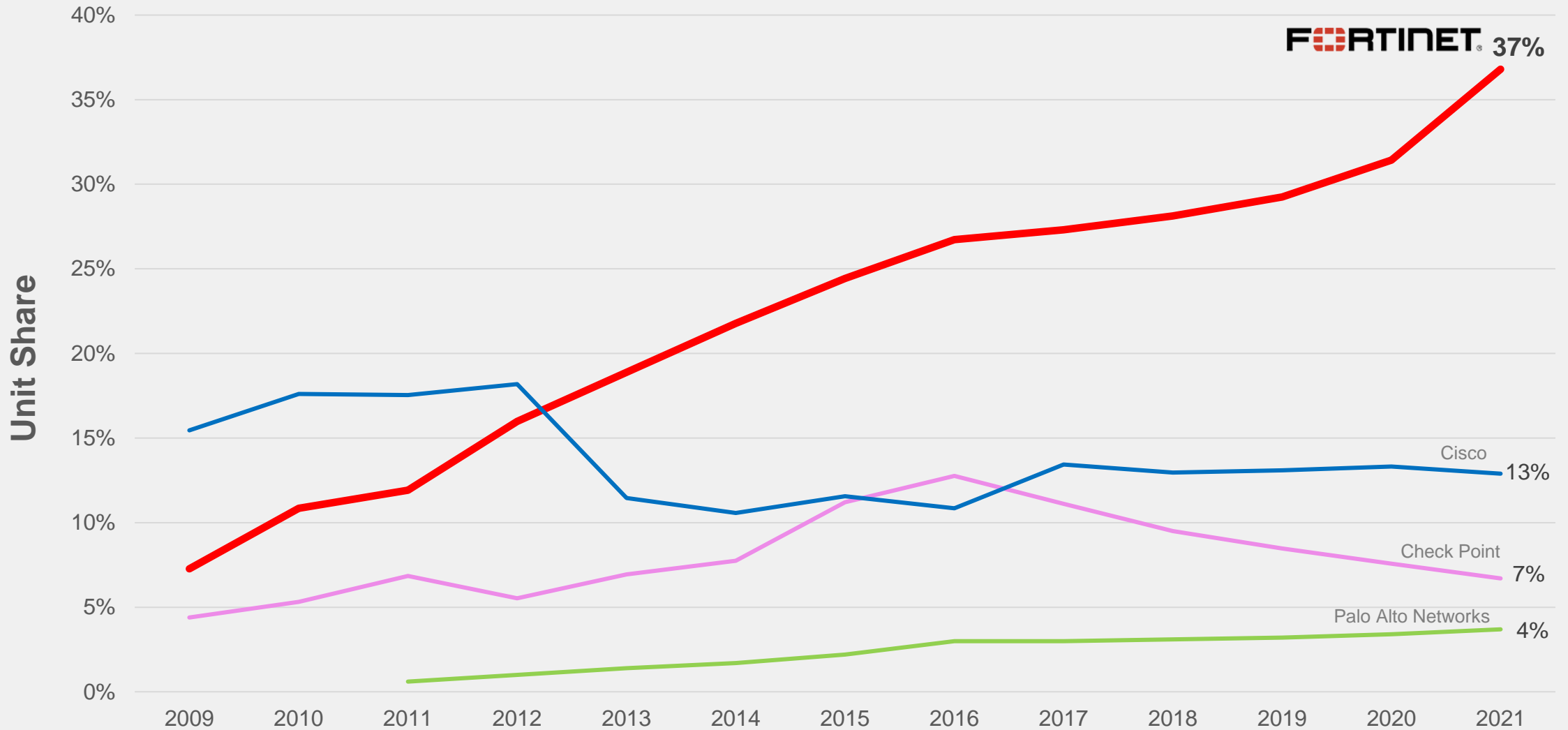
FortiCare Technical Support Services



24/7/365 support and maintenance services

Fortinet – The Most Deployed Network Security Solution

Over One-Third of All Firewall Shipments



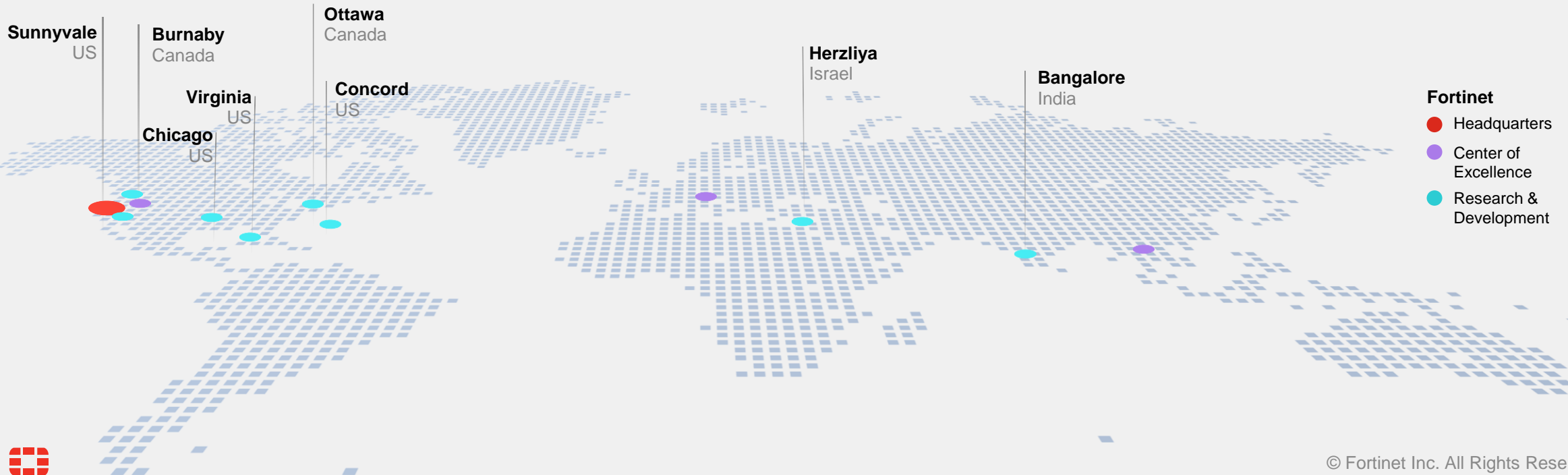
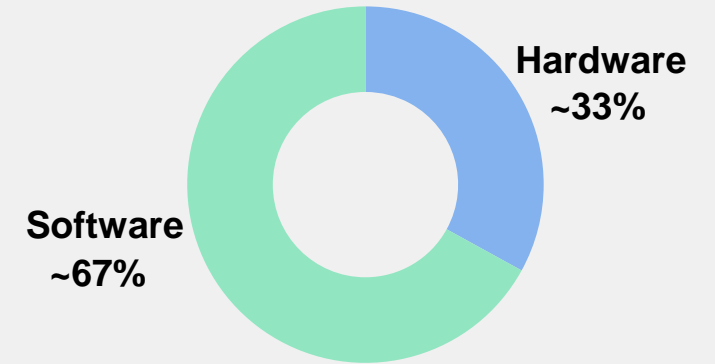
Over 90% of Engineering Talent in North America

11,508

Employees

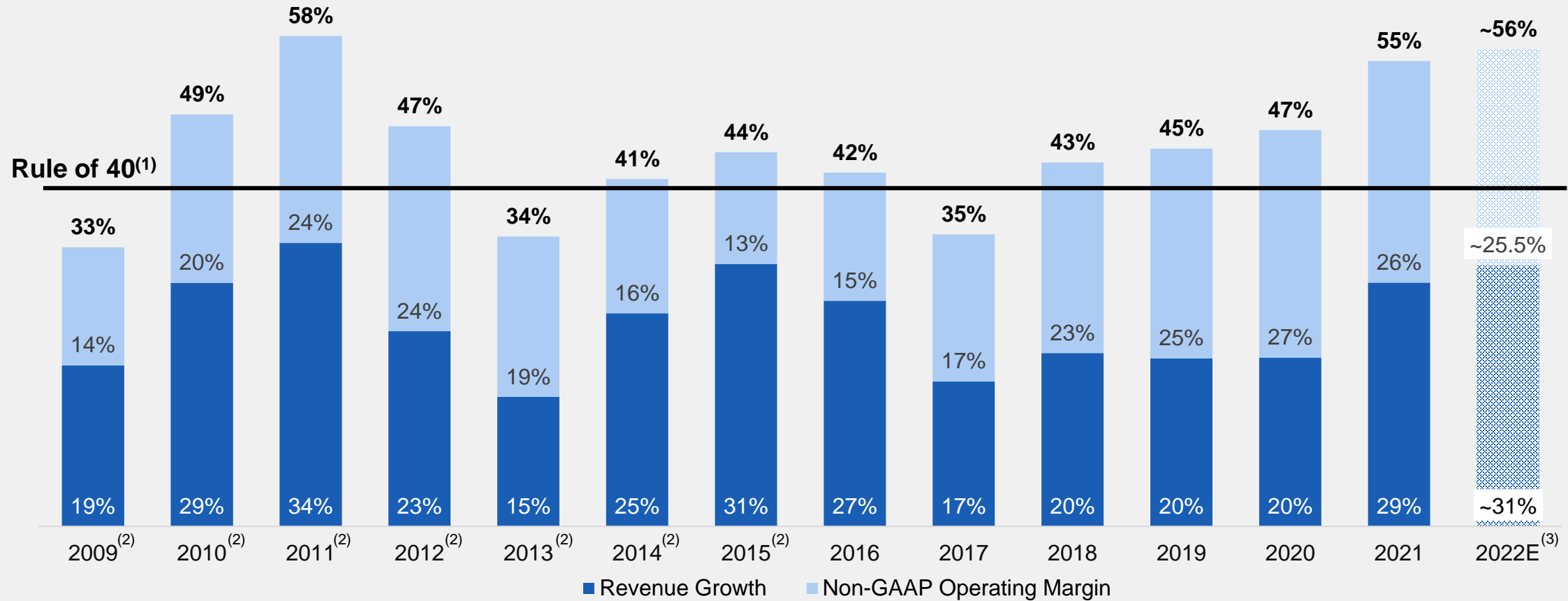
27% y/y Headcount Growth

2,400+ Engineers



Consistent Execution — ‘Rule of 40’ Since 2009 IPO

Expect to achieve ‘Rule of 55’ in 2022



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

(1) Fortinet defines the Rule of 40 and Rule of 50 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 2022 guidance provided on August 3, 2022.

Our Corporate Social Responsibility (CSR) Journey Towards a Safe Digital World

Public Goals



Carbon Neutral
by 2030*



1 Million People Trained
in Cybersecurity
2021-2026

* Target relative to Scope 1 and 2 emissions resulting from our owned facilities worldwide, in alignment with the Science Based Target Initiative (SBTi)

Main Areas of Impact

Innovating for a Safe Internet

- Cybersecurity Risks to Society
- Information Security & Privacy

Respecting the Environment

- Cybersecurity Risks to Society
- Information Security & Privacy

Growing an Inclusive Cybersecurity Workforce

- Diversity, Equity and Inclusion
- Cybersecurity Skills Gap

Promoting Responsible Business

- Business Ethics
- Responsible Product Use

FY21 Highlights

998

zero-day threats discovered by FortiGuard labs



Up to 16x higher power efficiency

¹An average of

61%

reduction in energy consumption



Female new hires
YoY increase

71.6%



Total # people trained

164,982

100%

of direct suppliers screened

1 - Improvements in maximum power consumption use in models (FortiGate E and FortiGate F Series) released in the past 2 years.

2 - Biodegradable packaging for our 1st class of FortiGate products



Fortinet's CSR Impact

Named one of the 100 Best ESG Companies of 2021 by Investor's Business Daily



Environment

- [Corporate HQ Winner](#) of Silicon Valley Business Journal Structures Awards
- Corporate HQ on track for **LEED Gold certification**. Overall energy usage **30% lower** than standard office building
- Corporate HQ solar panels makes the site **net-zero energy and net-zero carbon**
- **All** North American facilities run on renewable electricity
- **Measured Scope 1 and 2** carbon emissions.
- [Announced Commitment to Become Carbon Neutral by 2030](#) in alignment with Science Based Targets Initiatives (SBTi)
- Product **energy efficiency is 3X to 16X higher** than competition
- Fortinet **Environmental Policy**



Social

- Published Inaugural [Diversity and Inclusion Report](#) in 2021
- Published [2020 EEO-1 Consolidated Employer Information Report](#)
- [Pledge](#) to **train 1 Million people** to help close the **cybersecurity skills Gap**
- Established an [Education Outreach Program](#) to drive a diverse cyber workforce
- **Free** self-paced [training courses](#)
- Fortinet's cybersecurity curriculum part of the IBM [SkillsBuild Program](#) & [Cyber Security Learning Hub](#) in partnership with Salesforce and the WEF
- Partnered with Linksys to close the [homework gap](#)
- Publication of two books: [Children's book](#) to educate on Internet Security and [guide for cyber leaders](#) to improve cybersecurity strategies and foster diverse cyber talent



Governance

- **Social Responsibility Committee of the Board of Directors** to promote long-term value for stakeholders.
- Amended bylaws to **add annual election of all directors** and allow shareholders to **call a special meeting**
- Added the ability for **shareholders to place nominees for directors on the proxy ballot** ("proxy access")
- Board of Directors is **>50% racially diverse** and **33% gender diverse**
- **Business Ethics**: Screening 100% of new vendors from high-risk areas/countries and 100% of the Contract Manufacturers of Fortinet end products

Seasoned Management Team With 20+ Years Average Experience



Ken Xie

*Chairman of the Board and CEO
25+ years of experience
20+ years with Fortinet (Founder)*



Michael Xie

*President and CTO
25+ years of experience
20+ years with Fortinet*



Keith Jensen

*CFO & CAO
30+ years of experience
8 years with Fortinet*



Patrice Perche

*CRO & EVP Support
30+ years of experience
17 years with Fortinet*



John Maddison

*CMO and EVP, Products
30+ years of experience
10 years with Fortinet*



Ana Pease

*VP, Talent Management
and Operations
18+ years of experience
4 years with Fortinet*



John Whittle

*EVP, Corporate Development
& General Counsel
25+ years of experience
15 years with Fortinet*




Peter Salkowski

*VP, Investor Relations
20+ years of experience
4 years with Fortinet*



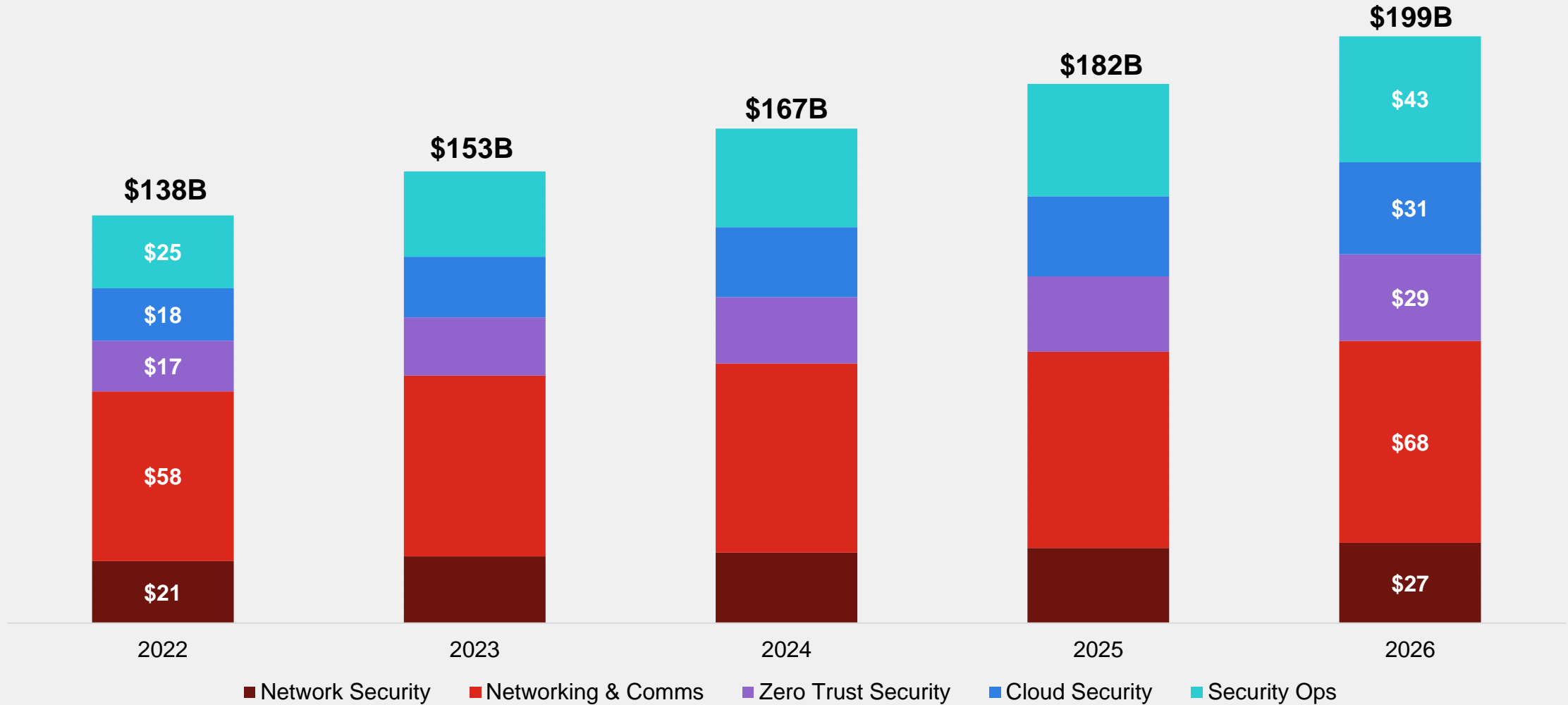


Industry Growth Drivers

- Total Addressable Market
 - Long Term Strategic Trends / Industry Drivers
- 

Total Addressable Market

10% Annual Growth and Adding New Markets



Long-Term Strategic Trends / Industry Drivers

Security Spending Increasing as a % of Total IT Budgets

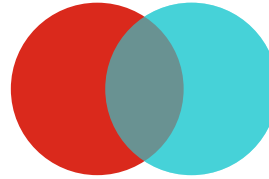
Heightened Awareness



Expanding Attack Surfaces

- Ransomware / high profile attacks
 - Colonial pipeline
 - Robinhood
 - Log4j
- Work from anywhere
- Regulatory / compliance responsibilities

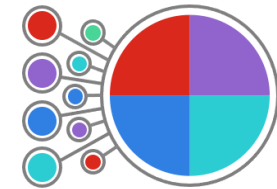
Convergence of Security and Networking



Security-driven Networking

- Network infrastructure changes
 - Cloud
 - SD-WAN
 - 5G and OT
 - ZTNA / Endpoint
- Micro-segmentation
- Edge Computing

Vendor Consolidation



Reducing Complexity

- Integrated solutions
- Reduce costs
- Lack of skilled security professionals

Ever Evolving Threat Landscape



Destructive Ransomware

“Threat actors continued to pound away at organizations (approximately 150,000 detections per week) with a variety of new and previously ransomware strains, often leaving a trail of destruction in their wake.”

“Fortinet Global Threat Landscape Report,” February 2022



Advanced Persistent Cybercrime

Cybercrime groups are deeply funded and organized with reconnaissance missions in APT-like fashion. The growing sophistication of the threat landscape is the top (36%) challenge in preventing ransomware.

“Fortinet Global Ransomware Survey,” November 2021



State-Sponsored Attacks

“50% of U.S. technology executives believe that state-sponsored cyber warfare poses the most dangerous threat to their company or organization.”

CNBC Survey, December 2020



Cybersecurity MESH Architecture

“By 2024, organizations adopting a cybersecurity mesh architecture will reduce the financial impact of individual security incidents by an average of 90%.”

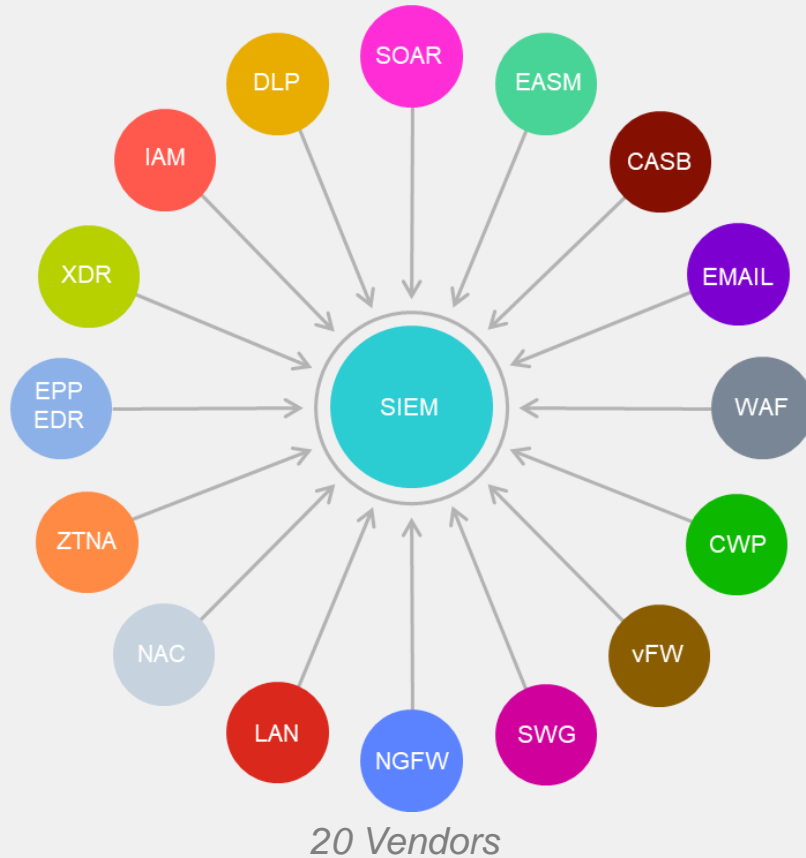
Gartner®, “Top Strategic Technology Trends for 2022: Cybersecurity Mesh,” October 2021

Consolidation of Security Point Product Vendors

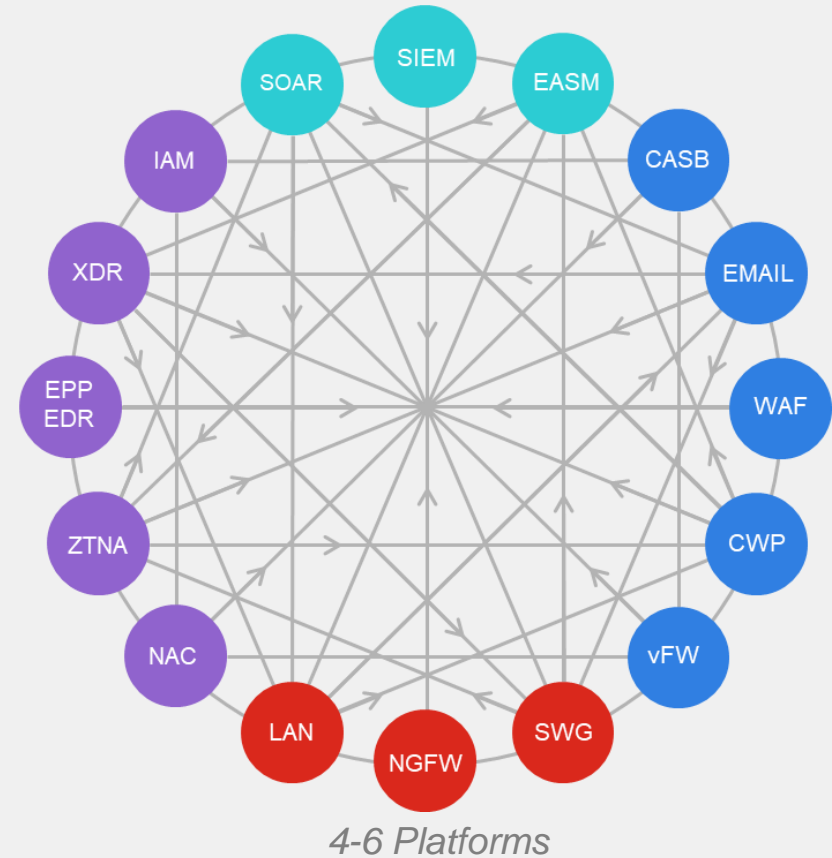
Gartner Cybersecurity MESH Architecture (CSMA)

Cybersecurity has traditionally been deployed one solution at a time and was not designed to work well with other deployed solutions while increasing management complexity. A platform approach consolidates point products into a cybersecurity platform, allowing for much tighter integration, increased automation, and a more rapid, coordinated, and effective response to threats across the network.

Cybersecurity Point Products



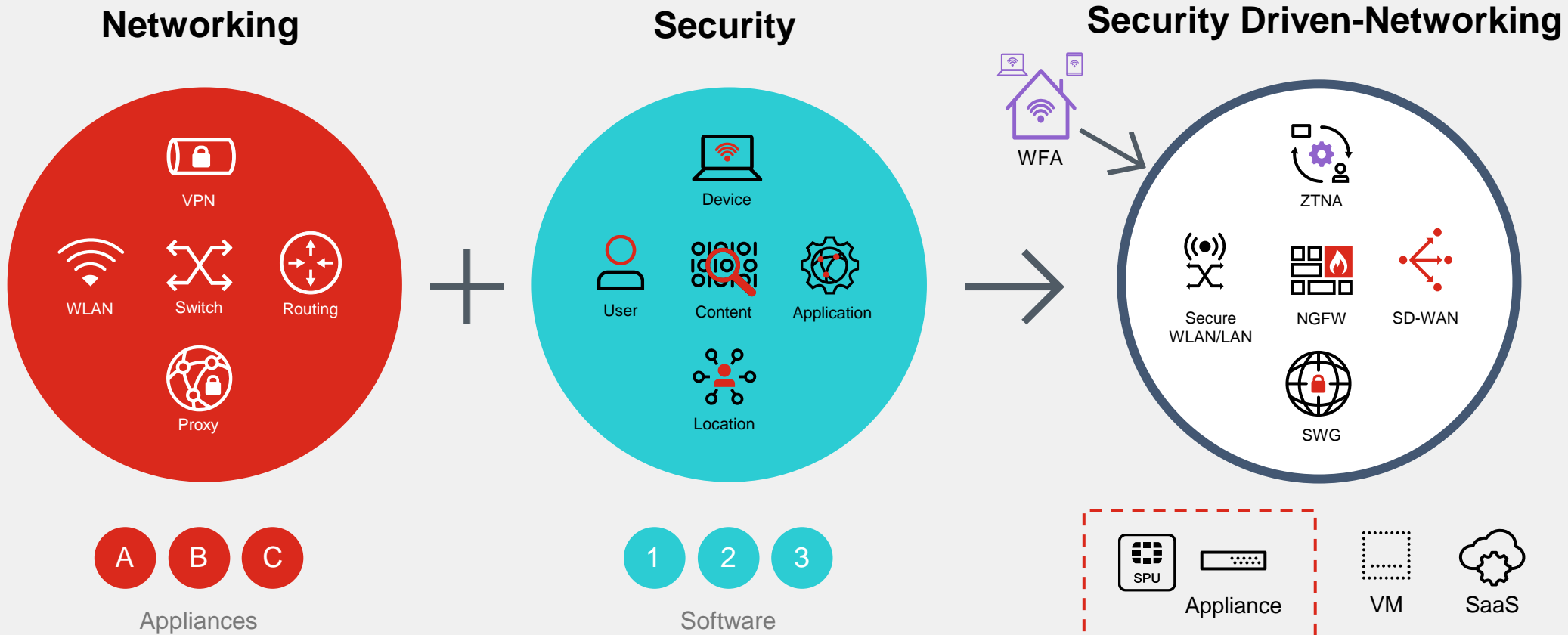
Cybersecurity Platform Approach



Convergence of Networking and Security

Security-Driven Networking

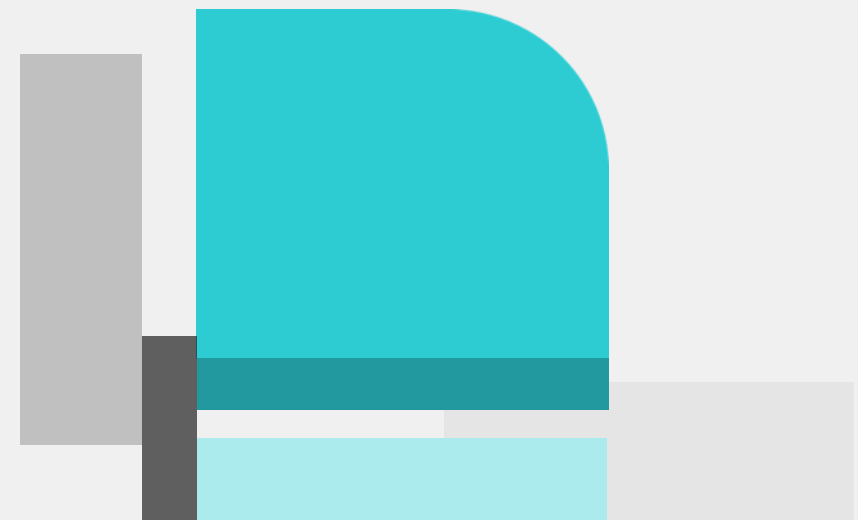
Traditional networking lacks awareness of content, applications, users, devices, location and more. A security-driven networking approach converges networking and security into a single, accelerated solution. The specially designed FortiOS (operating system) and security processors work in concert to greatly improve network performance and security posture while decreasing footprint and power consumption.





Fortinet Growth Drivers

- Fortinet Growth Drivers
 - Industry Validations & Magic Quadrants
 - Industry Consolidation
 - Convergence of Security and Networking
 - Fortinet's ASIC Advantage
 - Moving Up Market into Enterprise / G2000
- 
- 



Fortinet Growth Drivers

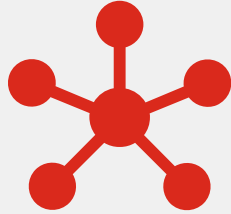
Vendor Consolidation



Reducing Complexity

- Security Fabric platform / hybrid cloud
- FortiOS / ASIC technology
- Increased presence with Global 2000
- Proprietary technology lowers TCO

Convergence of Security & Networking



Security-Driven Networking

- Network infrastructure changes
- Micro-segmentation
- Cloud
- Edge compute

Heightened Awareness



Expanding Attack Surfaces

- Ransomware / high profile attacks
- Work from anywhere
- Regulatory / compliance responsibilities

Increased Investments



Investments to Support Growth

- Increased sales, marketing and channel investments
- R&D investments support organic growth



Software-based



Hardware-based



Security
Anywhere in
Any Form
Factor



Lower TCO &
Vendor
Consolidation



Fortinet Industry Analyst Recognition

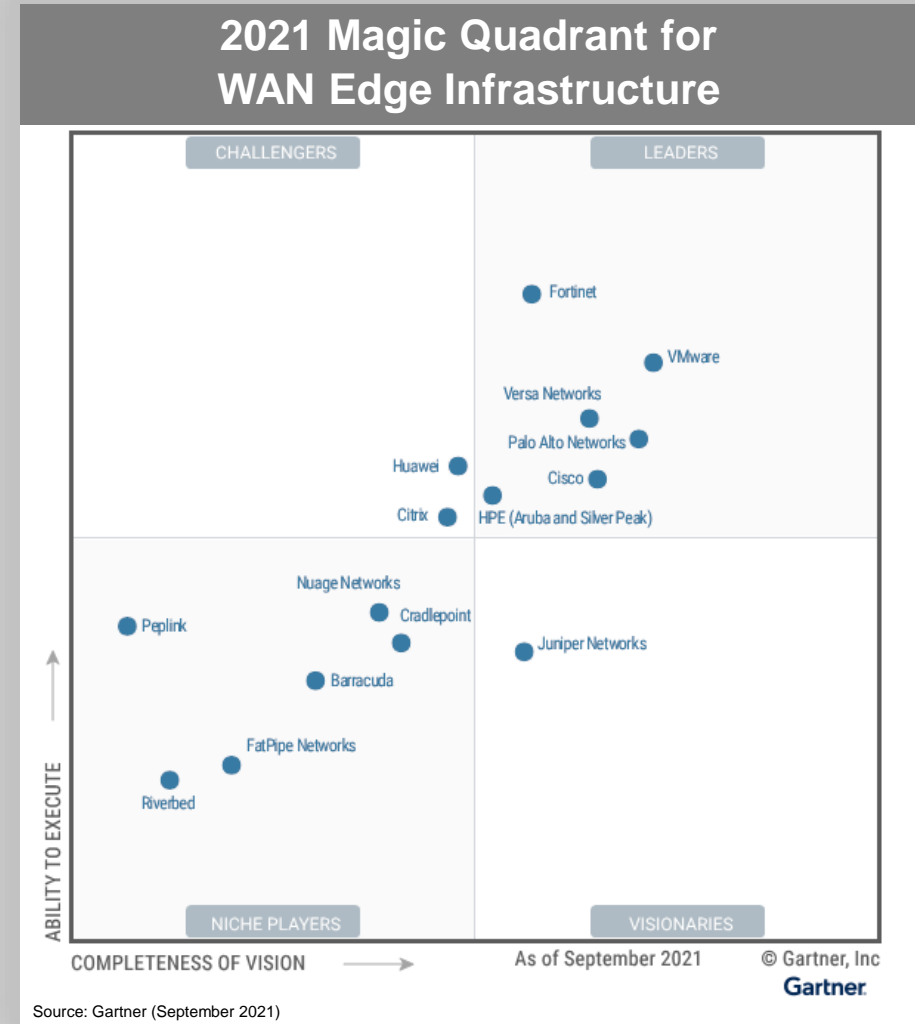
<p>Gartner</p> <p>MAGIC QUADRANTS</p> <p>7</p>	<ul style="list-style-type: none"> • Network Firewall • WAN Edge Infra (SD-WAN) • WLAN/LAN • Endpoint • SIEM • Cloud WAAP • Indoor Location Services 	<p>Gartner</p> <p>MARKET GUIDES</p> <p>8</p>	<ul style="list-style-type: none"> • OT • DEM • NAC • EMAIL • IRM • XDR • SOAR • Indoor Location Services 	<p>Gartner</p> <p>#1 IN CRITICAL CAPABILITIES</p> <p>5</p>	<p>Network Firewall</p> <ul style="list-style-type: none"> • Distributed Enterprise • Enterprise Data Center <p>SD-WAN</p> <ul style="list-style-type: none"> • Security-Sensitive WAN • Small Branch WAN • Remote Worker 	<p>Gartner</p> <p>PEER INSIGHTS CUSTOMERS' CHOICE</p> <p>4</p>	<ul style="list-style-type: none"> • Network Firewall • WLAN/LAN Access Infrastructure • Email Security • WAN Edge Infrastructure
<p>FORRESTER</p> <p>WAVES</p> <p>4</p>	<ul style="list-style-type: none"> • ICS • Enterprise Firewalls • Endpoint Detection and Response • Enterprise Email Security 	<p>FORRESTER</p> <p>NOWTECHS</p> <p>5</p>	<ul style="list-style-type: none"> • WAF • All-In-One Zero Trust Edge • Software-Defined WAN • Endpoint Detection and Response • Enterprise Email Security 	<p>FROST & SULLIVAN</p> <p>TOP VENDOR & LEADERSHIP AWARDS</p> <p>6</p>	<ul style="list-style-type: none"> • Global Email Security • Global NAC • Secure Web Gateways • Industrial Cybersecurity • Global SD-WAN • Global Critical Infrastructure 	<p>IDC</p> <p>MARKETSCAPES</p> <p>2</p>	<ul style="list-style-type: none"> • Worldwide SD-WAN Infrastructure • Modern Endpoint Security
<p>WESTLANDS ADVISORY</p> <p>PLATFORM NAVIGATOR</p> <p>1</p>	<ul style="list-style-type: none"> • IT/OT Security Platform 	<p>kuppingercoile ANALYSTS</p> <p>LEADERSHIP COMPASS</p> <p>2</p>	<ul style="list-style-type: none"> • SIEM • ICS 	<p>GIGAOM</p> <p>GIGAOM RADAR</p> <p>2</p>	<ul style="list-style-type: none"> • Security Services Access (SSA) • Zero-Trust Network Access (ZTNA) 		



Network Firewalls and WAN Edge (SD-WAN) Leader



Fortinet Recognized as a Leader

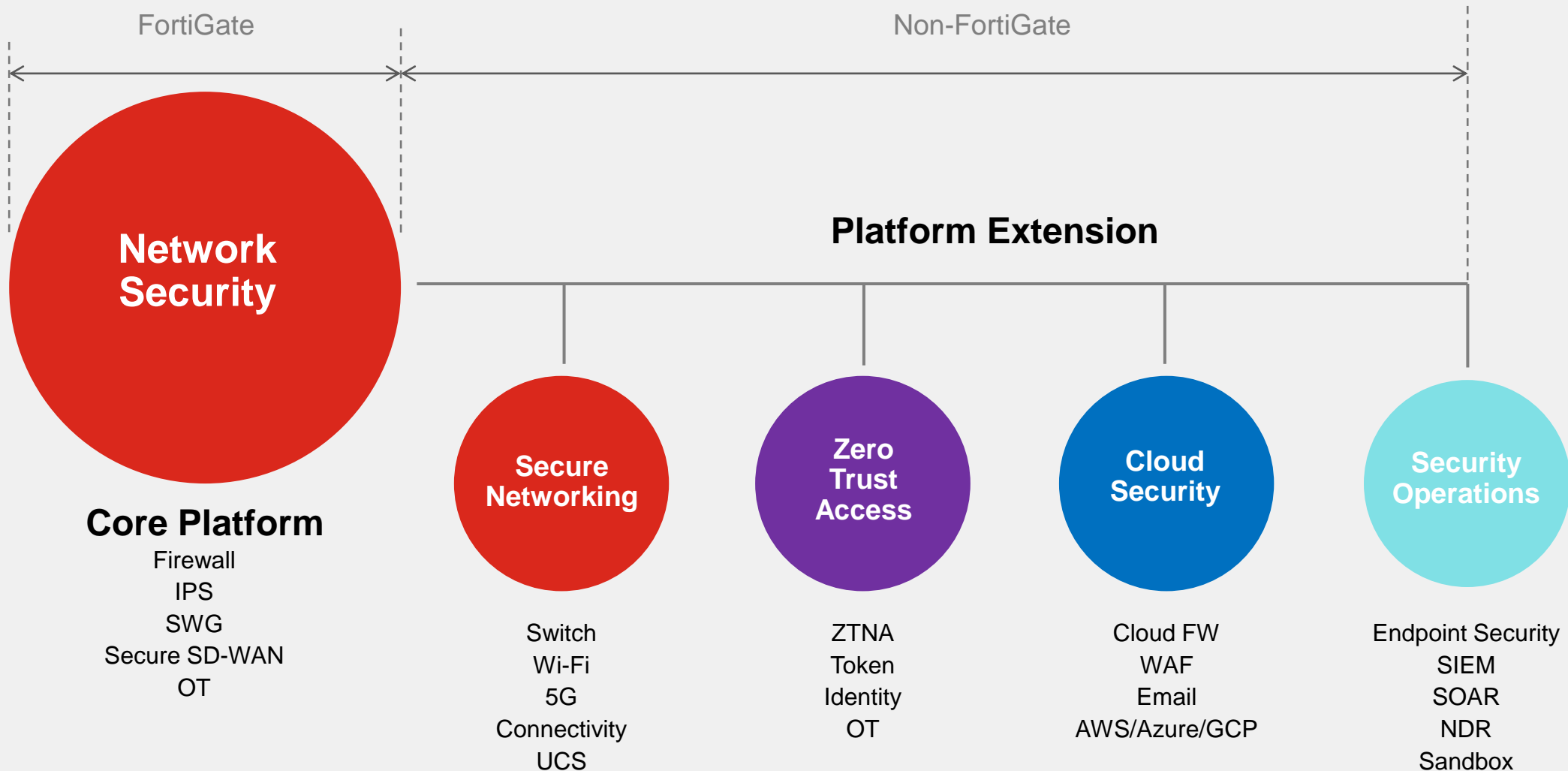


Fortinet Recognized as a Leader

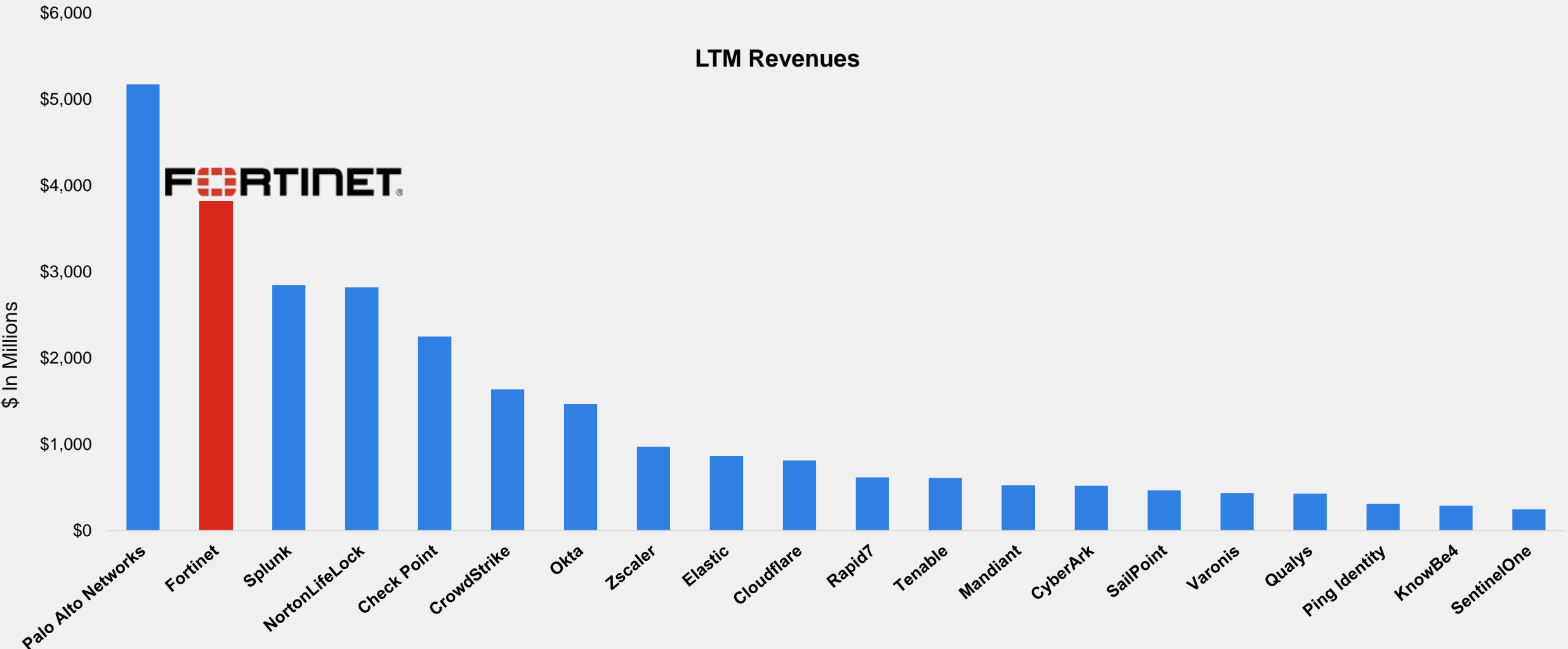


Core Platform and Platform Extension

Both are Growth Drivers



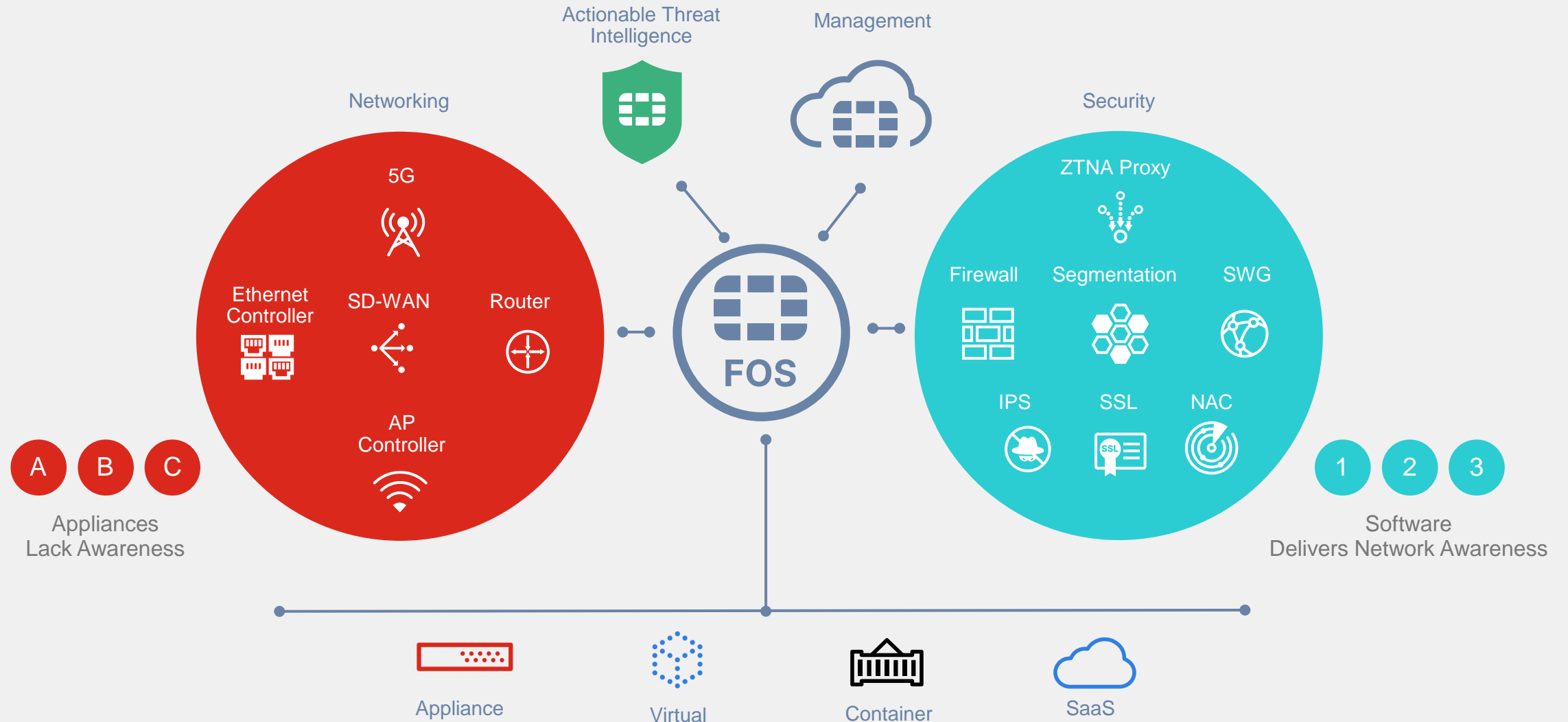
Highly Fragmented Industry Ready for Consolidation



Note: Top 20 pure play cybersecurity companies by market cap listed on the NYSE and NASDAQ as of August 5, 2022 shown. Source: Nasdaq IR Insight and SEC filings.

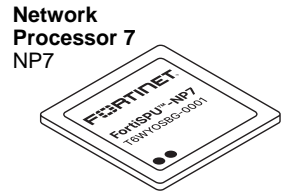
Convergence of Networking and Security

FortiOS Everywhere



The SPU Advantage

Fortinet's Security Processors (SPUs) radically increase the speed, scale, efficiency and value of Fortinet solutions while greatly improving user experience, reducing footprint and power requirements. From entry-level to high-end solutions, SPU-powered Fortinet appliances deliver superior Security Compute Ratings versus industry alternatives.



Network Processors operate in-line to deliver unmatched performance for network functions and hyperscale for stateful firewall functions.

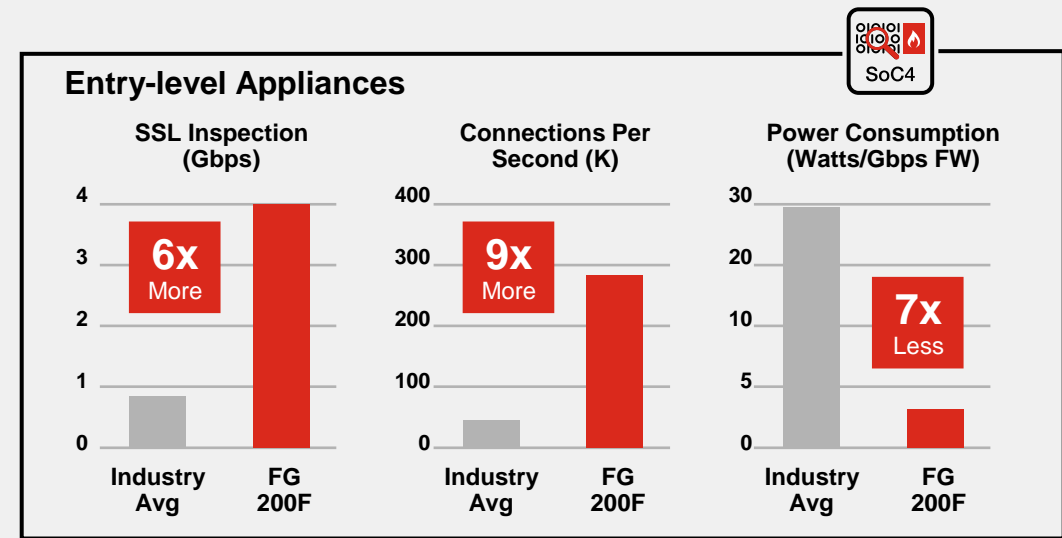
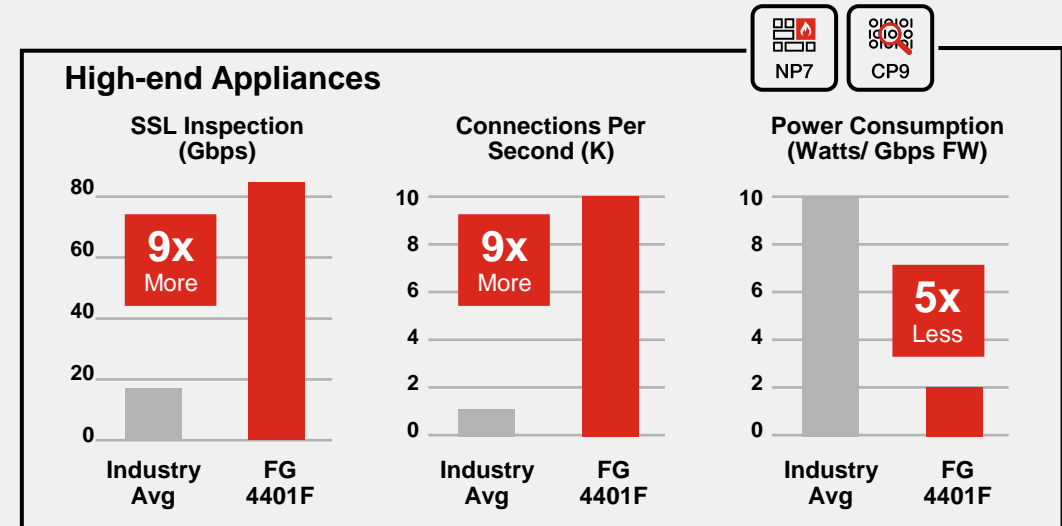


As a co-processor to the main CPU, Content Processors offload resource-intensive processing and drive content inspection to accelerate security functions.

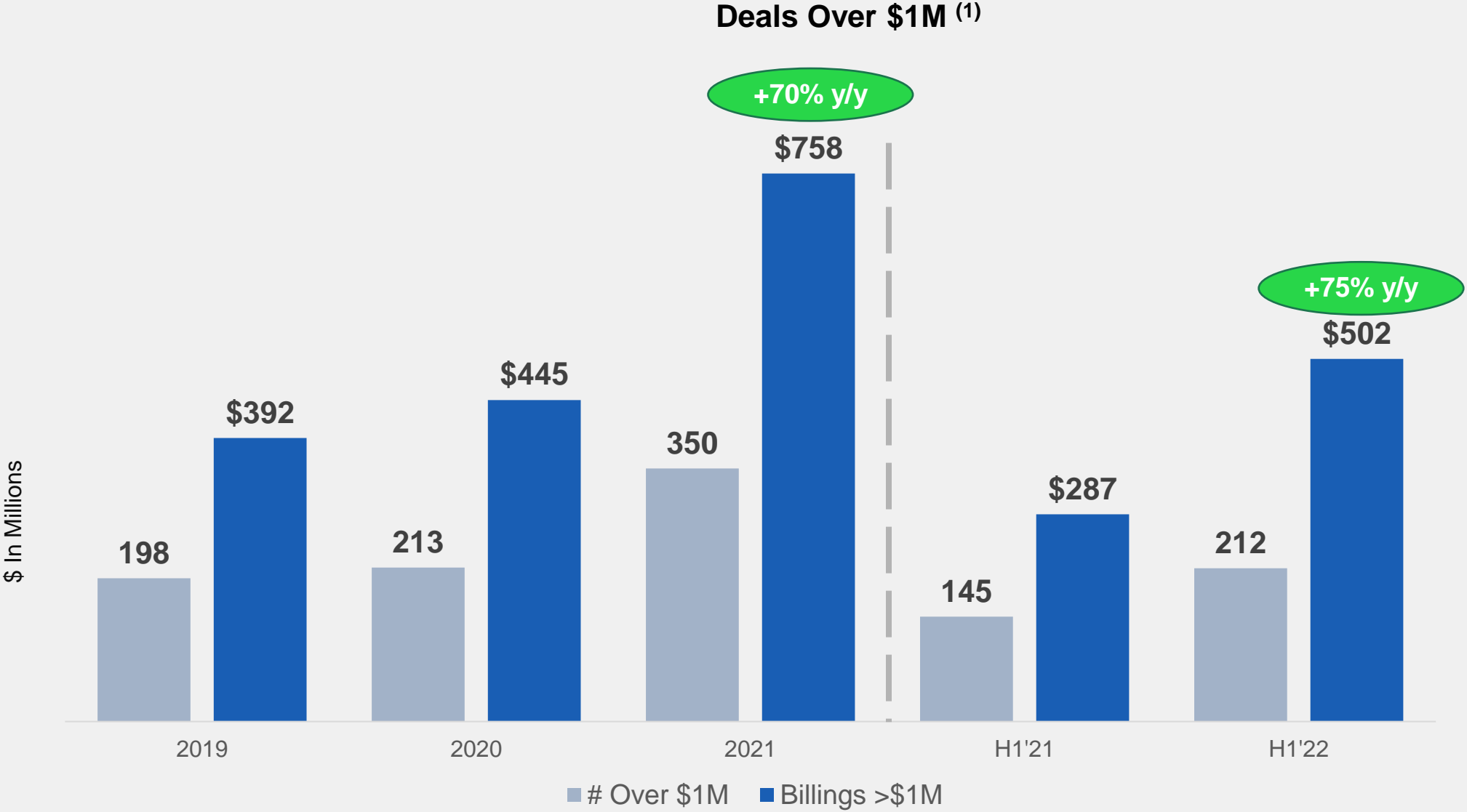


The System-on-a-Chip consolidates network and content processing, delivering fast application identification, steering, and overlay performance.

Security Compute Ratings are benchmarks that compare the performance metrics of Fortinet SPU-based next-generation firewalls to similarly priced solutions from vendors that utilize generic processors for networking and security.




Expanding Up Market Into Enterprise / G2000



(1) Excludes Telco. Deal amounts are derived from invoiced amounts.



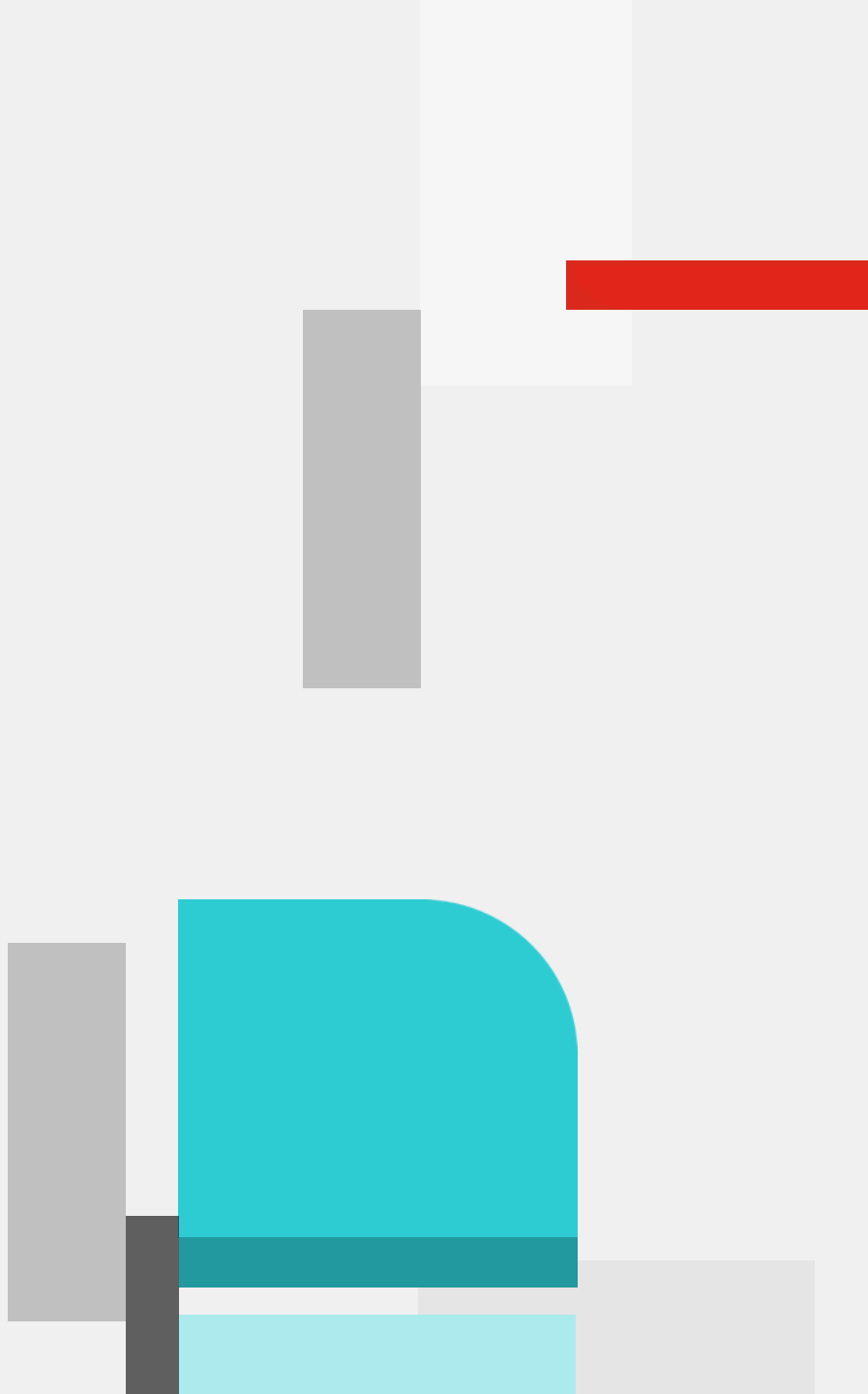


Financial Overview

- Billings
 - Income Statement
 - Balance Sheet and Cash Flow
 - Financial Guidance
- 

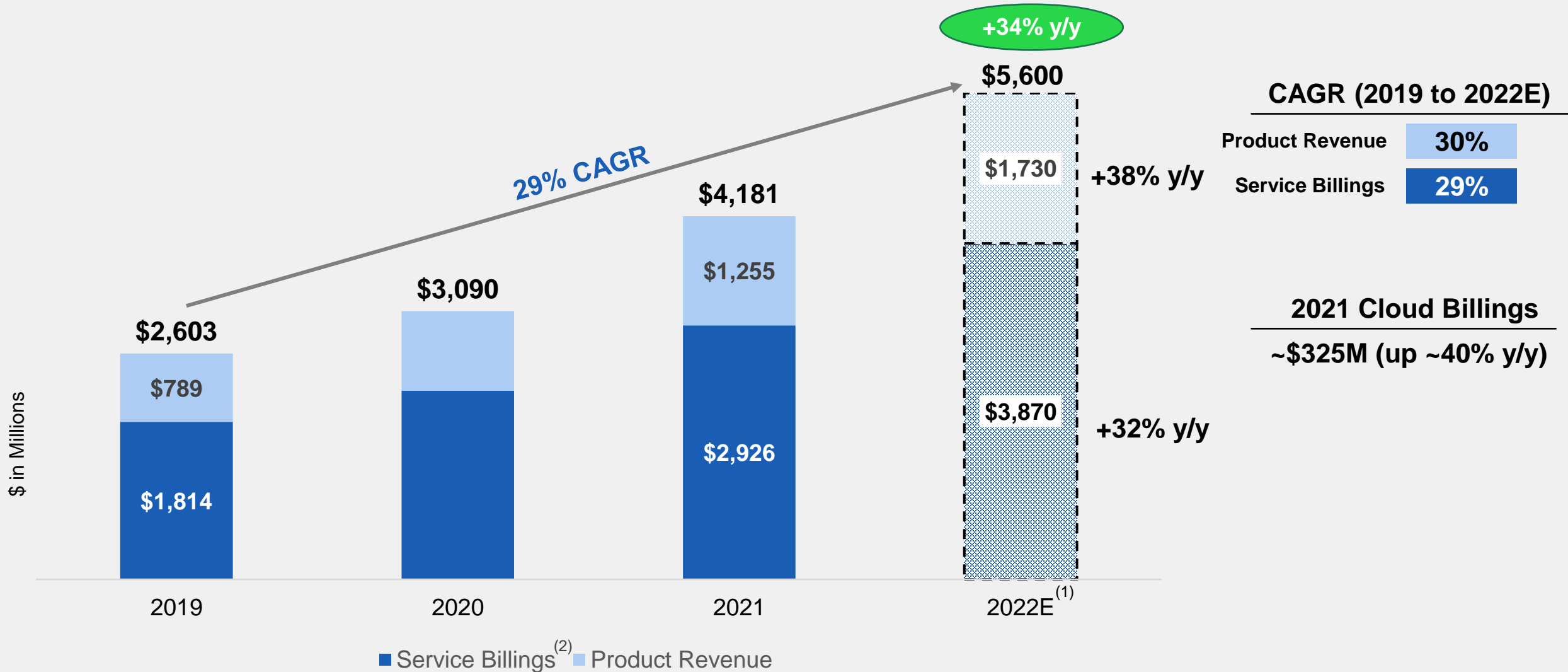


Billings

- Total Billings
 - Core Platform and Platform Extension Billings
 - Highly Diversified Business Model
 - Secure SD-WAN and OT Bookings
- 
- 
- 

Significant Billings Growth at Scale

2022 – Second Consecutive Year of 30%+ Growth



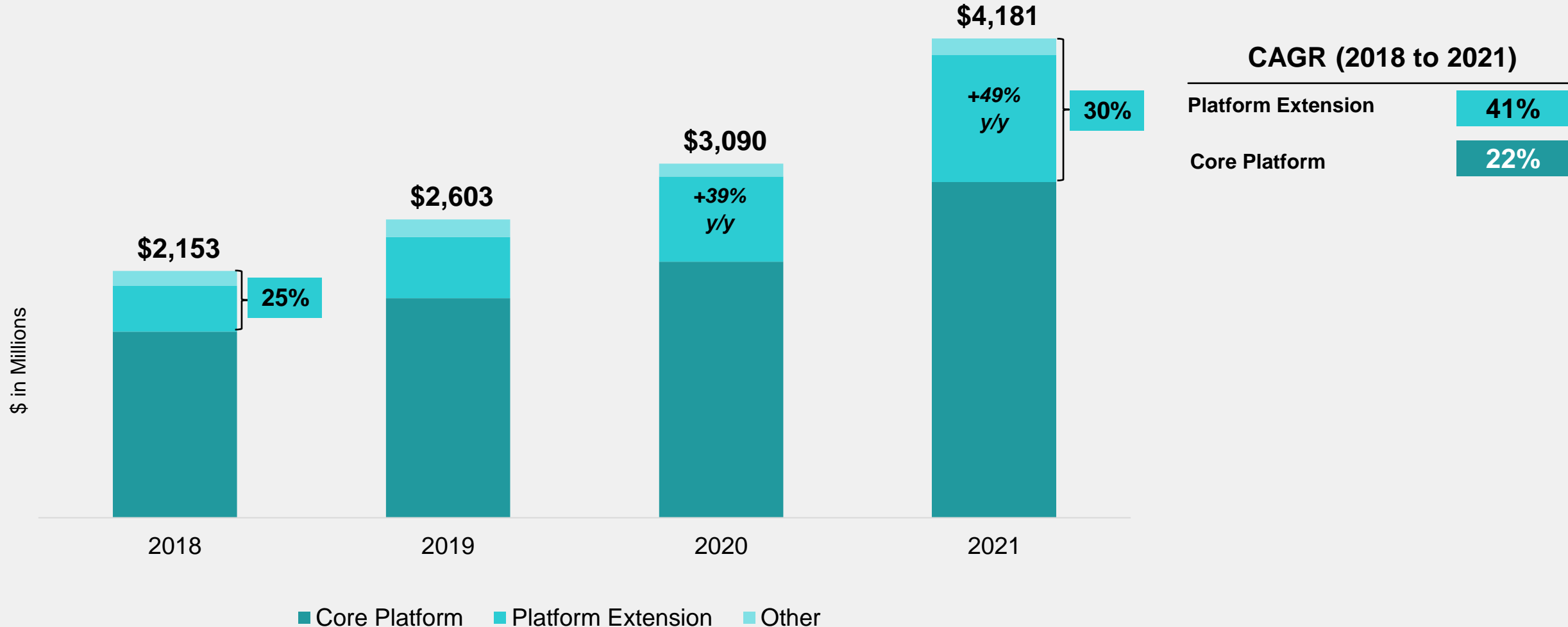
(1) Based on the midpoint of 2022 guidance provided on August 3, 2022.

(2) Service Billings is calculated as total billings minus product revenue.

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.

Core Platform and Platform Extension Fabric Billings

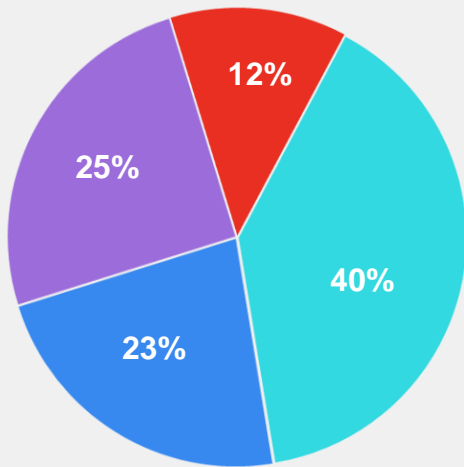
Platform Extension Billings of \$1.25B in 2021



Highly Diversified Business

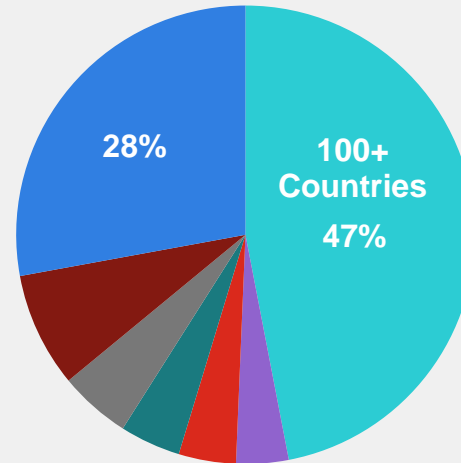
Across Customer Types, Geographies and Industries

Customer Types



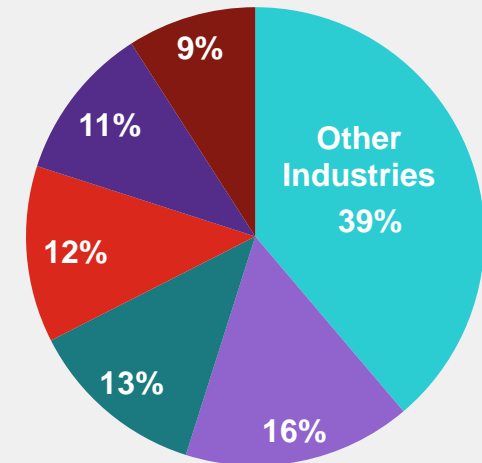
- Large Enterprise
- Mid Enterprise
- Small Enterprise
- SP/MSSP

Geographies



- 100+ Countries
- United States
- Canada
- Germany
- United Kingdom
- France
- Japan

Industries

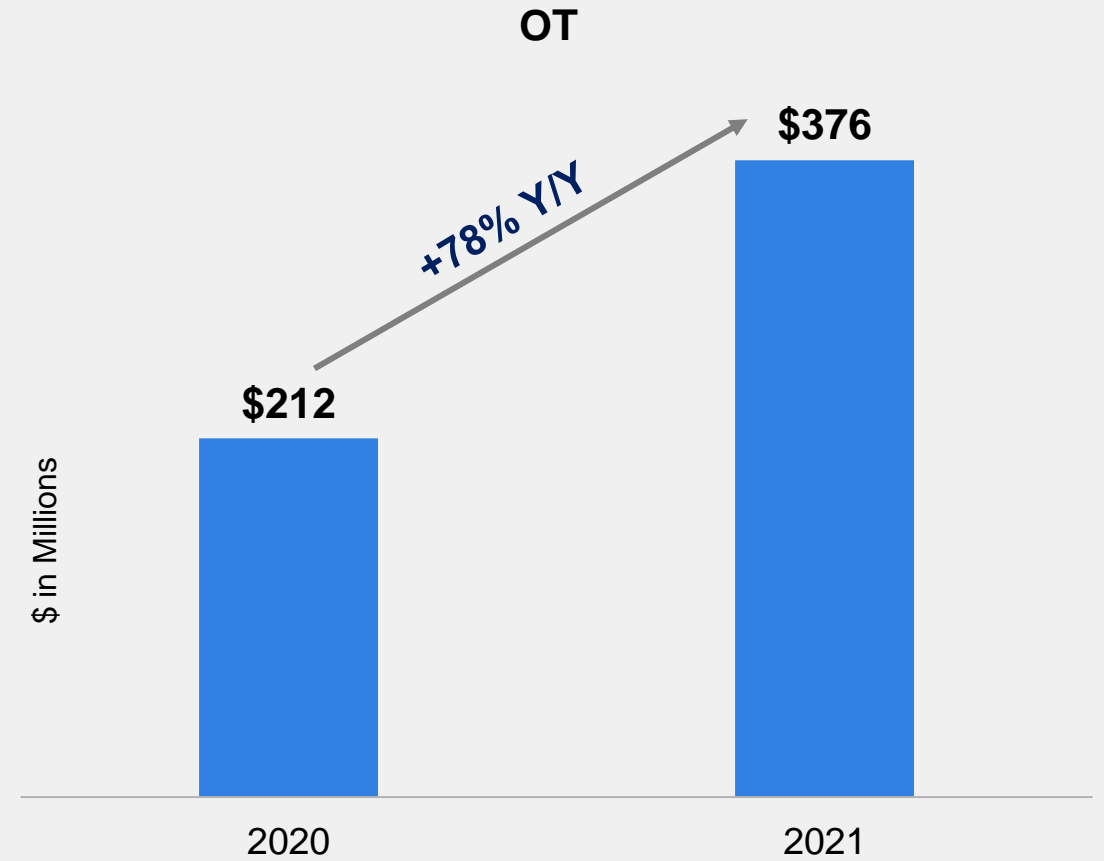
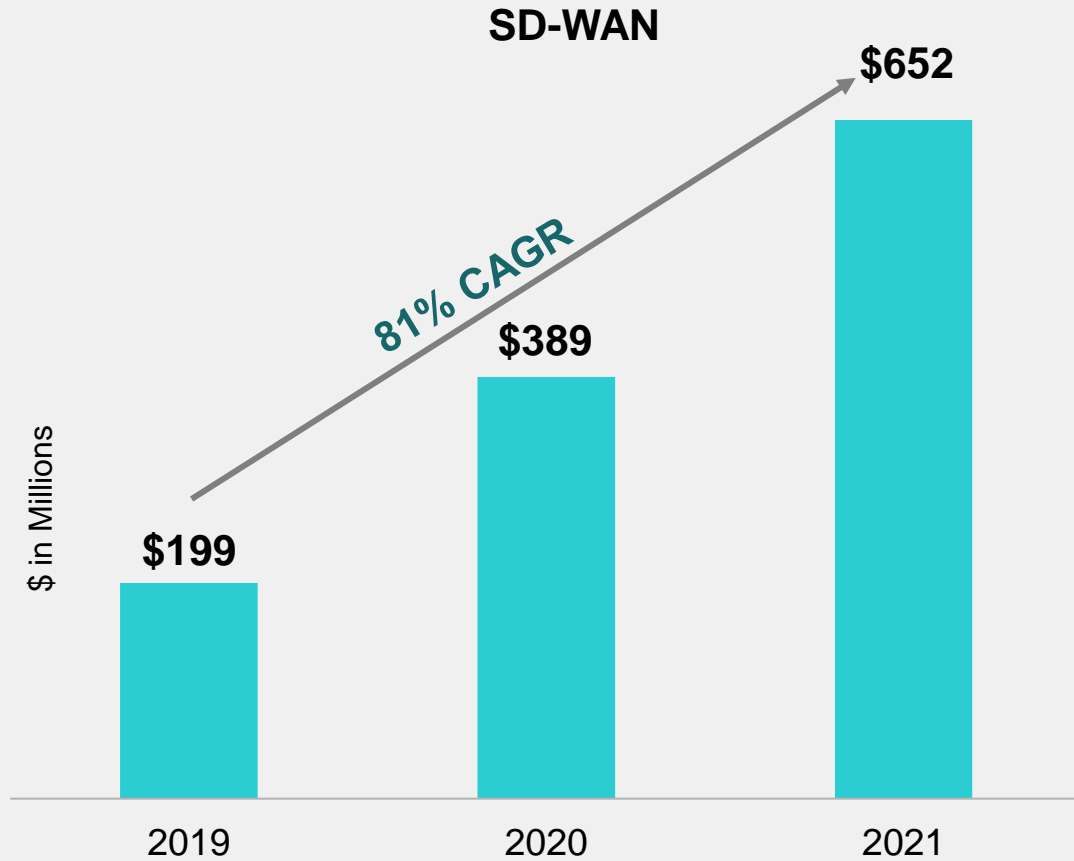


- Worldwide Gov't
- Fin Serv
- SP/MSSP
- Retail
- Tech






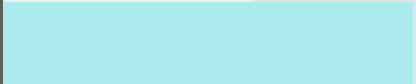
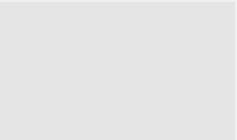
Secure SD-WAN and OT Leading Bookings Growth

Convergence & Consolidation





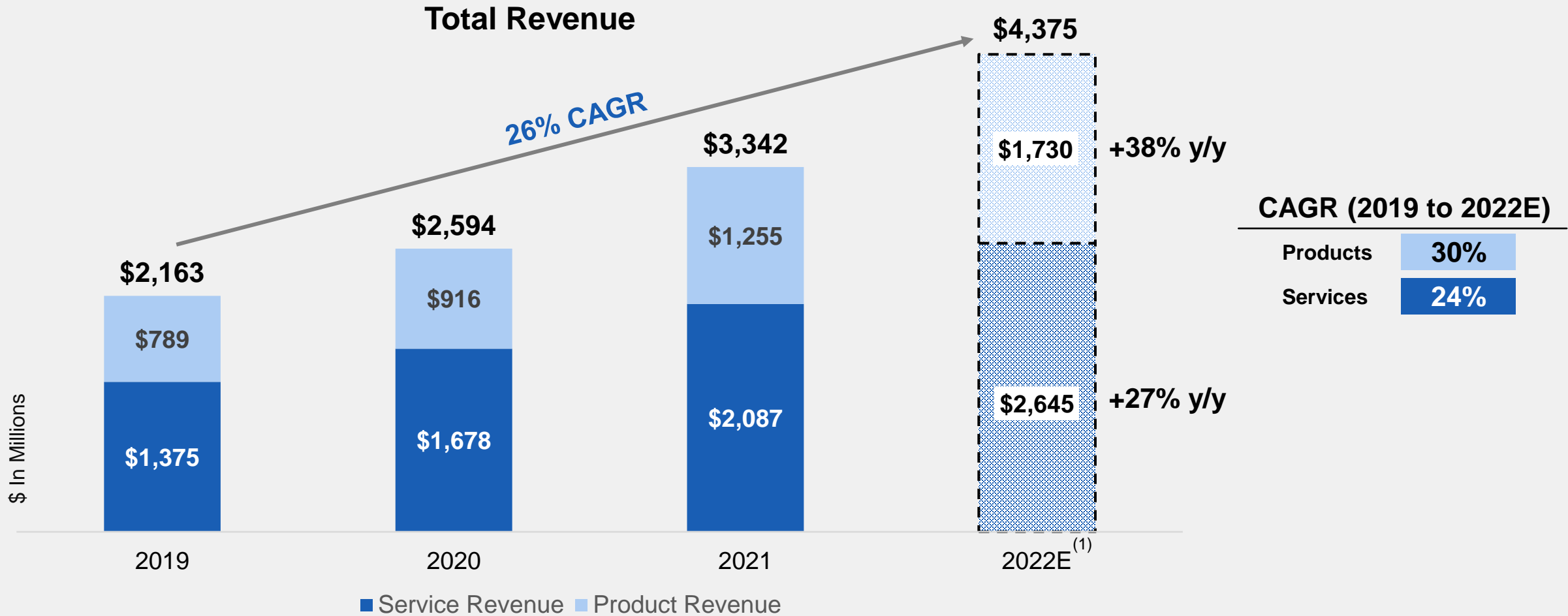
Income Statement

- Strong Revenue Growth at Scale
 - Services Revenue Growth
 - Drivers of Consistent Revenue Performance
 - Product and Total Revenue vs. Closest Competitor
 - Improving Product and Service Gross Profit
 - Balanced Growth and Profitability
 - Sales Leverage and Expense Discipline Drives Higher Operating Profit
 - Peer Performance
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Strong Revenue Growth at Scale

2022 Revenue Growth of 31%⁽¹⁾, More Predictable Service Revenue > 60% of Revenue



(1) Based on the midpoint of 2022 guidance provided on August 3, 2022.

Services Revenue Growth Expected to Accelerate Into 2023

Current Deferred Revenue Growth Leads to Higher Services Revenue

Y/Y Current Deferred Revenue Growth

Highest growth rate in over 6 years



Y/Y Services Revenue Growth

~90% of quarterly services revenue is amortized from deferred revenue



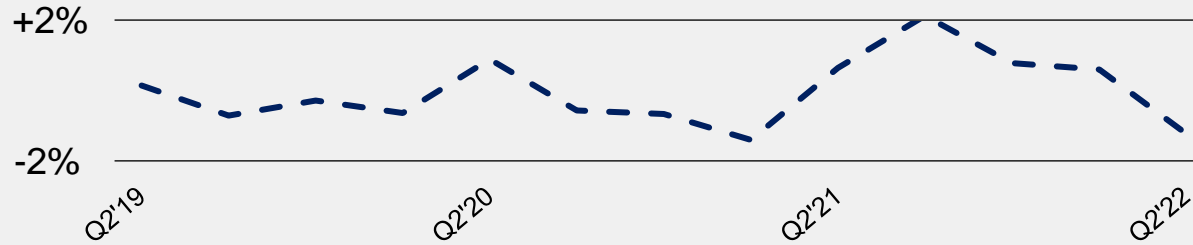
We expect service revenue growth will continue to accelerate through 2022 and into next year



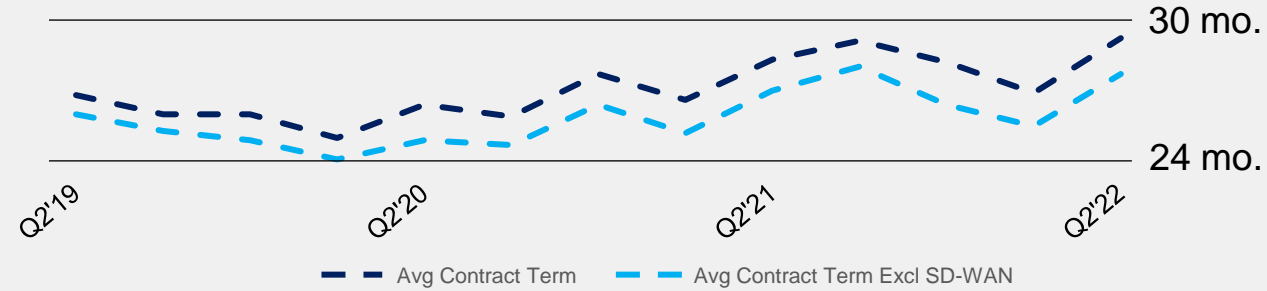
(1) Q4'21 service revenue growth of 27.2% was positively impacted by a legal settlement. Q4'21 was also the first full quarter of the consolidation of Alaxala's results. .

Drivers of Consistent Revenue Performance

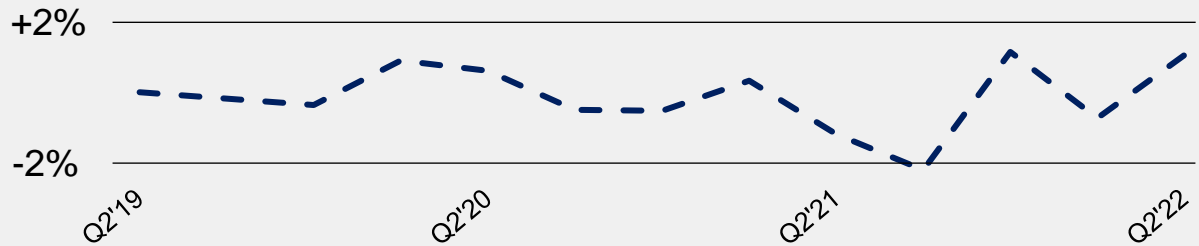
Discount Rate ⁽¹⁾



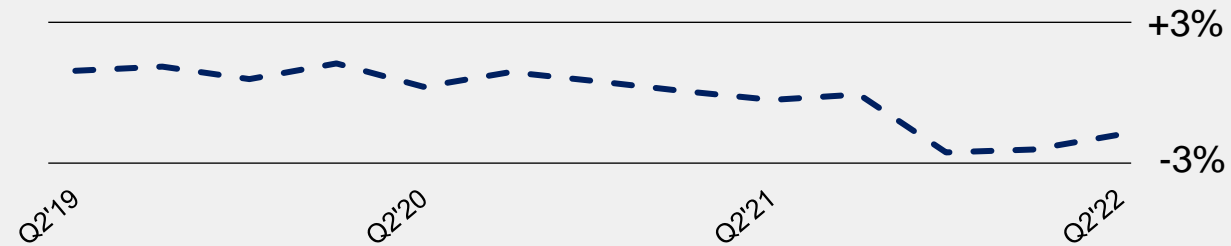
Average Contract Term



Renewal Rate ⁽¹⁾



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

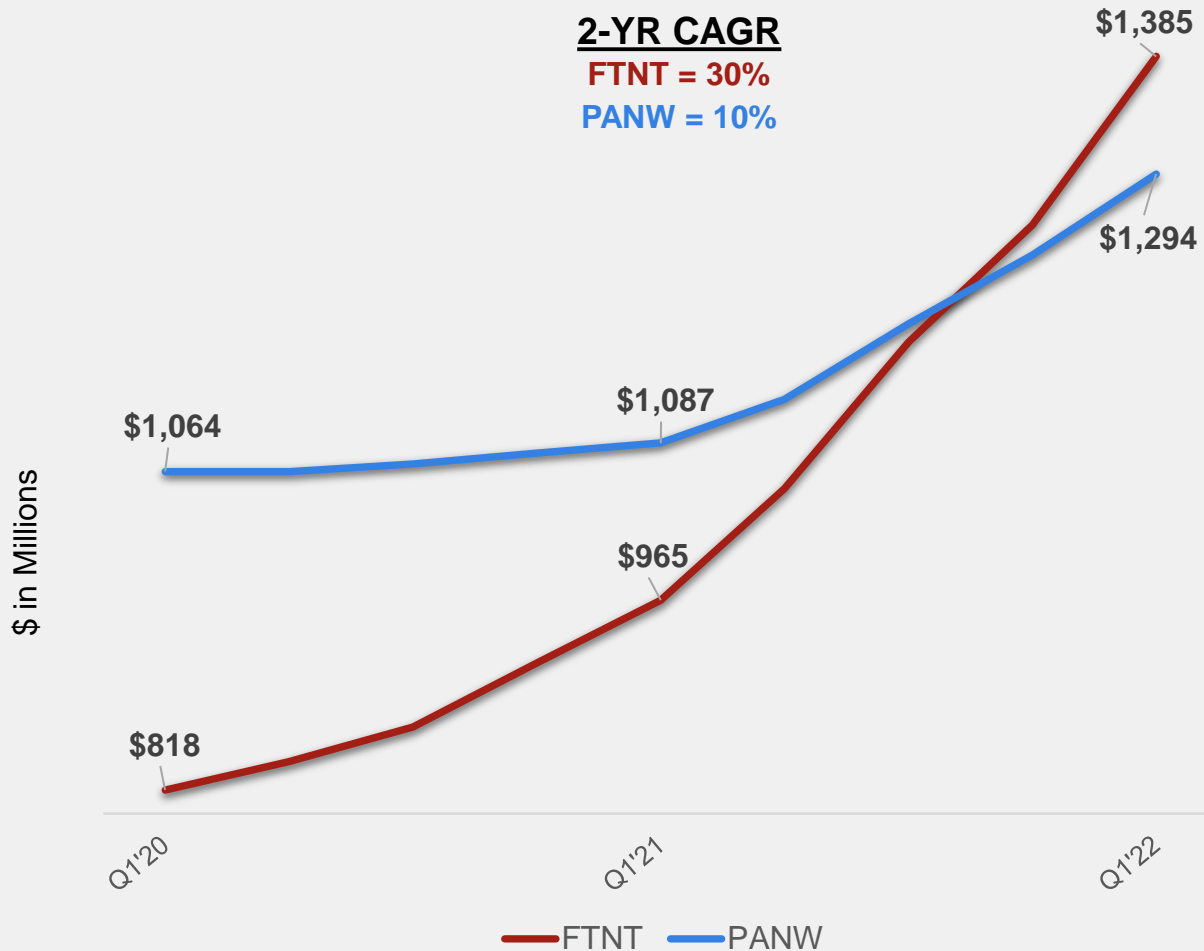


(1) Compared to the 3-year trailing average.
 (2) The decrease beginning in Q4'21 is due to the consolidation of Alaxala.

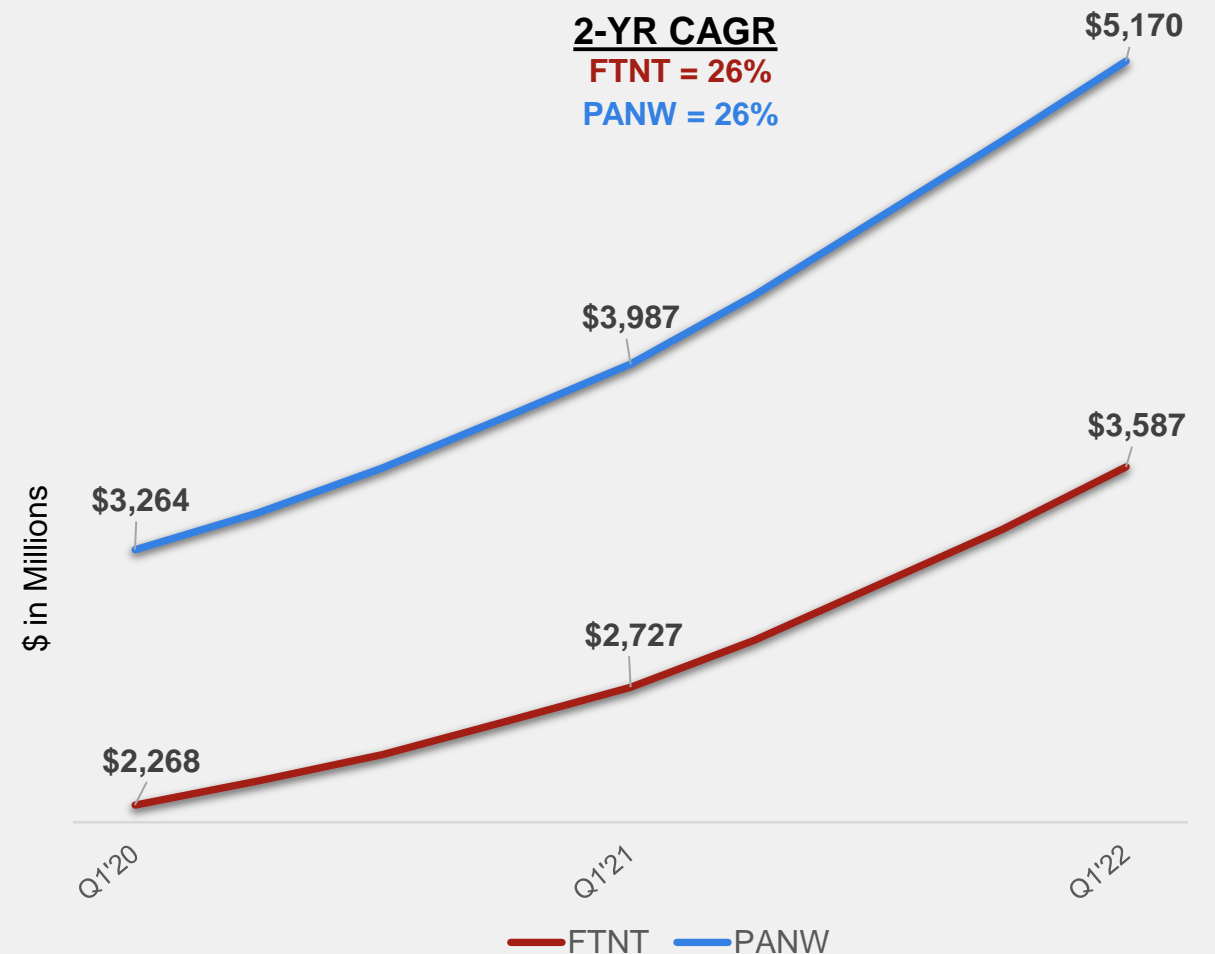
Product and Total Revenue Growth vs. PANW

M&A Activity⁽¹⁾: FTNT = \$157M; PANW = \$2,732M

LTM Product Revenue



LTM Total Revenue

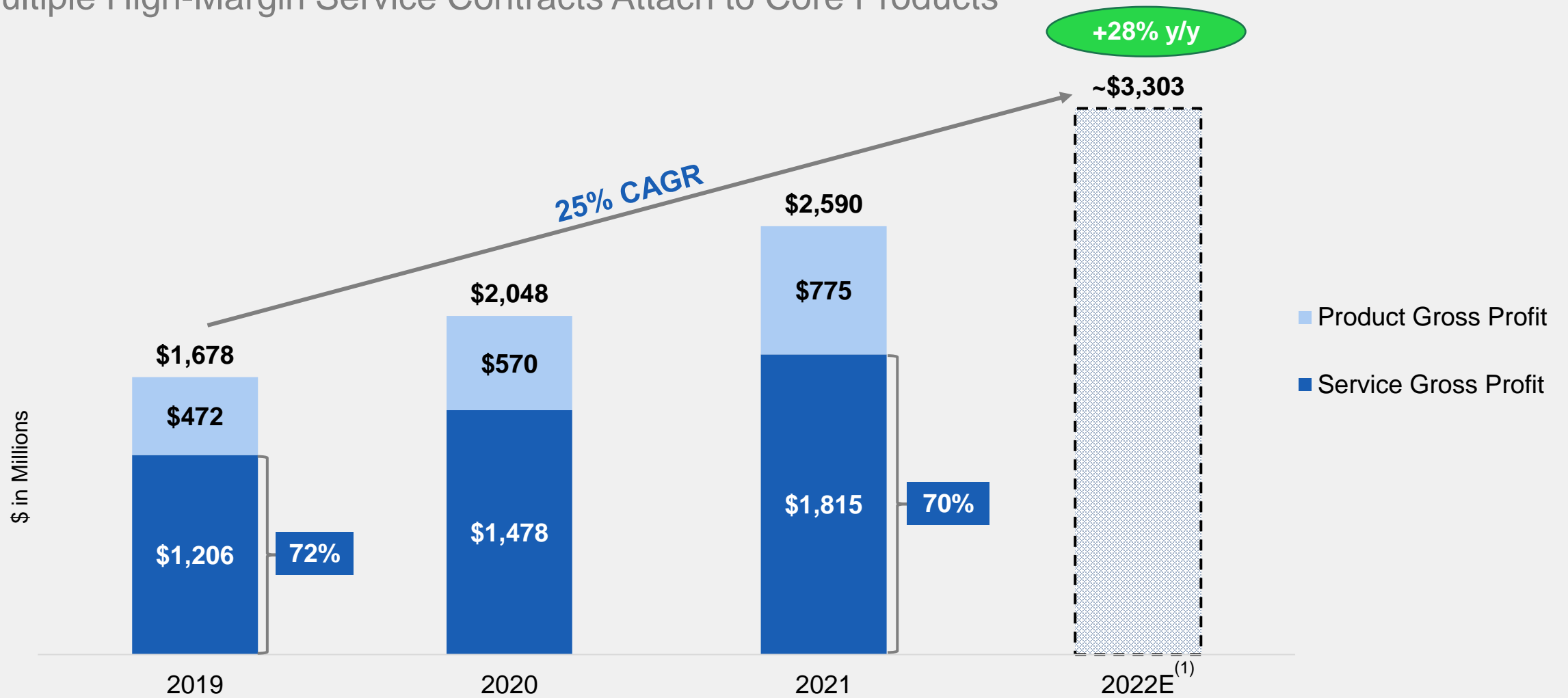


(1) Total purchase price of acquisitions per SEC filings based on transactions that closed from January 1, 2019 through March 31, 2022.

Note: PANW's fiscal year does not follow the calendar year. As such, PANW's calendar Q1'22 LTM results are calculated using the following fiscal quarters: Q4'21, Q1'22, Q2'22, and Q3'22.

Improving Product and Service Gross Profit

Multiple High-Margin Service Contracts Attach to Core Products

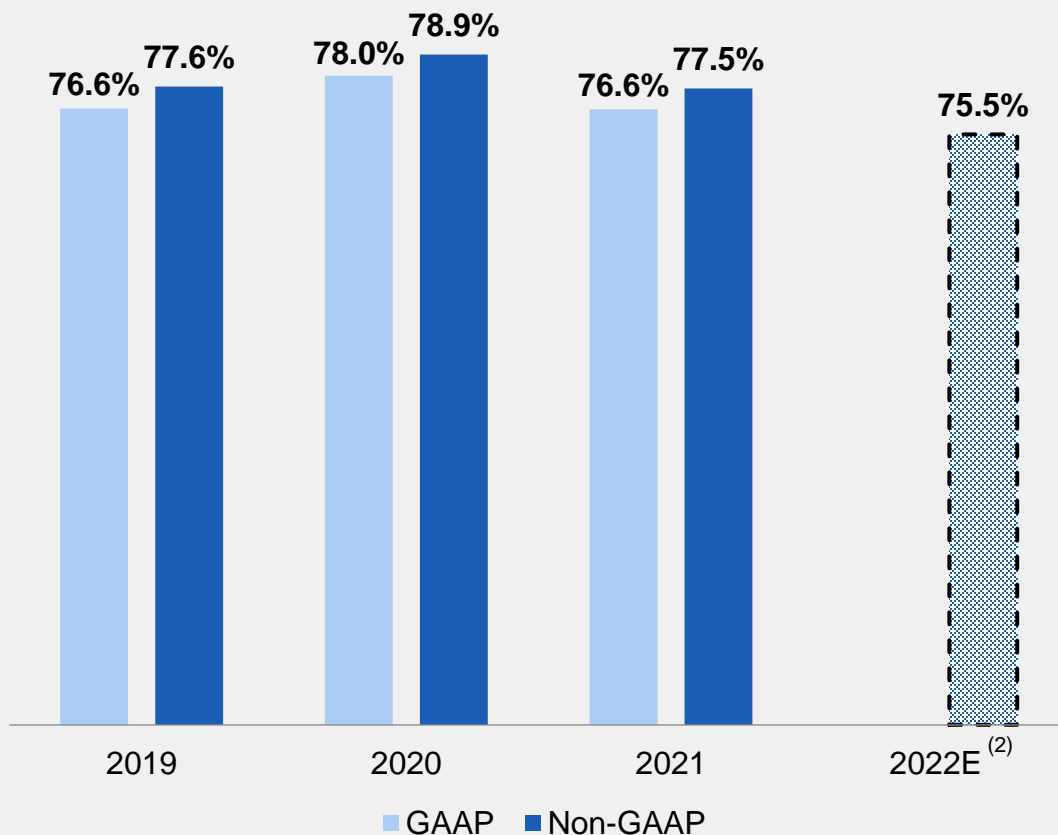


(1) Based on the midpoint of 2022 revenue and gross margin guidance provided on August 3, 2022. The calculated gross profit guidance is \$3,281M at the low-end and \$3,325M at the high-end.
Note: All data on the provided slide are Non-GAAP. Non-GAAP Gross profit is a non-GAAP financial measure. See Appendix for reconciliation of the non-GAAP financial measures to the most comparable GAAP financial measures.

Balanced Growth and Profitability

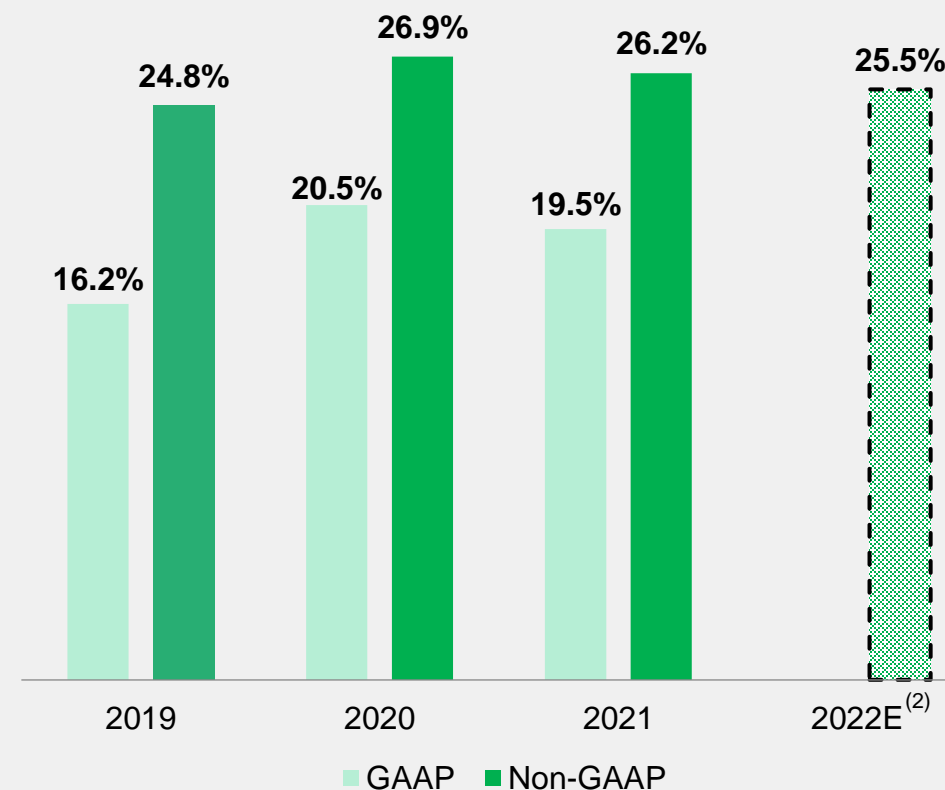
Operating Margins of 25% or more

Gross Margin



2022E reflects supply chain, expedite fees, mix shift towards product, and Alaxala⁽¹⁾

Operating Margin



2022E reflects lower gross margins and increased travel



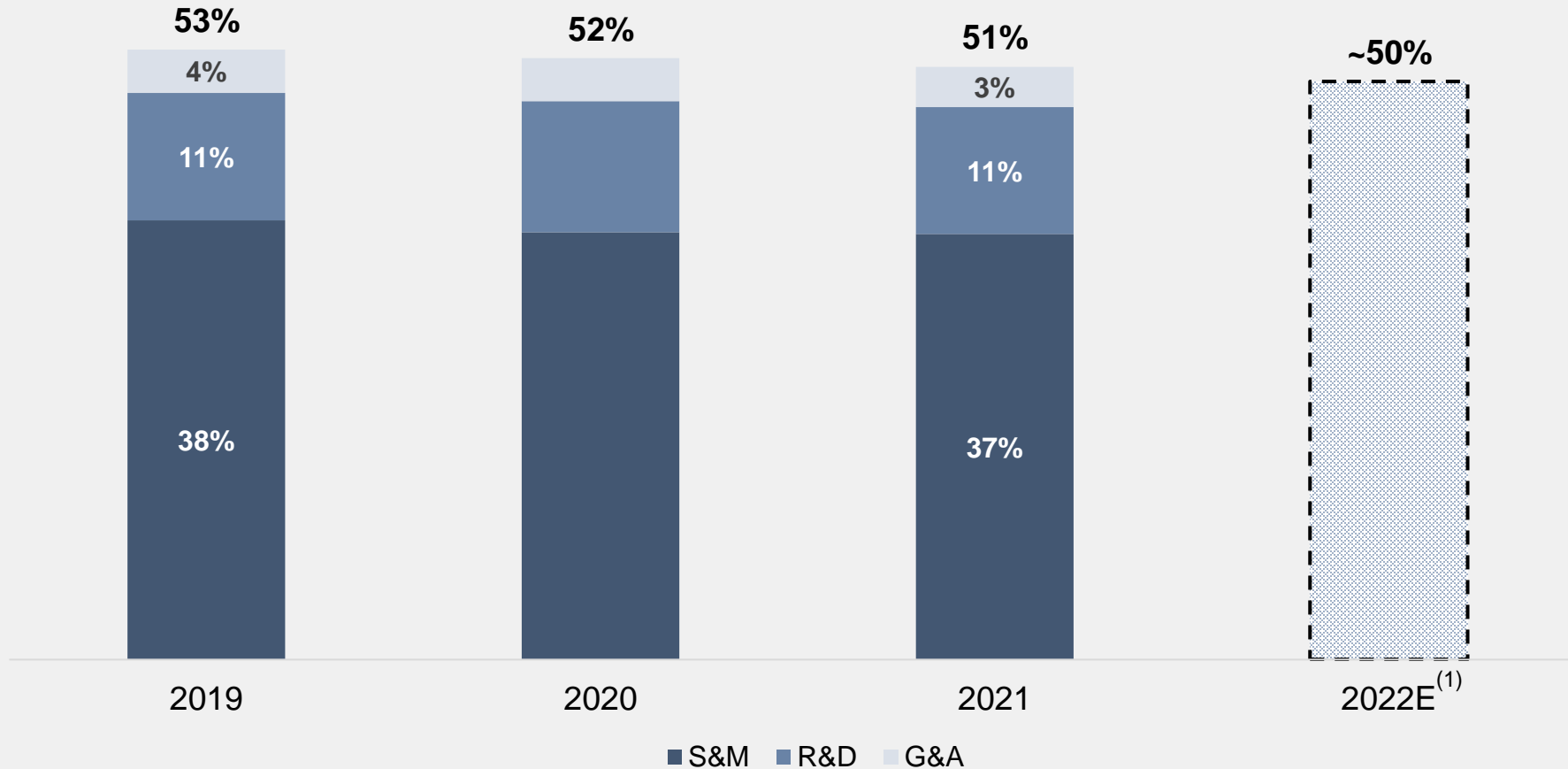
(1) Alaxala closed on August 31, 2021.

(2) Based on the midpoint of 2022 guidance provided on August 3, 2022.

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.

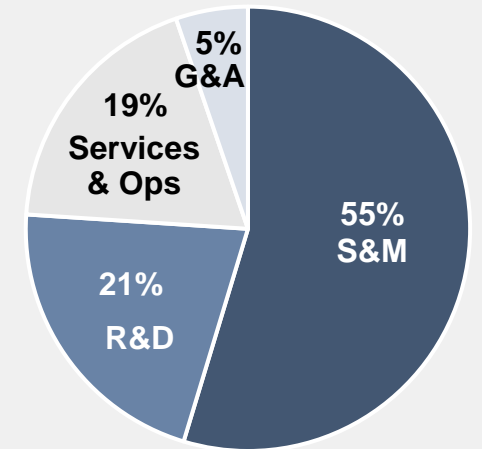
Sales Leverage and Expense Discipline Drives Higher Operating Profit

Non-GAAP Operating Expenses as a % of Revenue



2019 - 2022E CAGR
Revenue = 26%
Opex = 24%

Q2'22 Headcount Mix ⁽²⁾



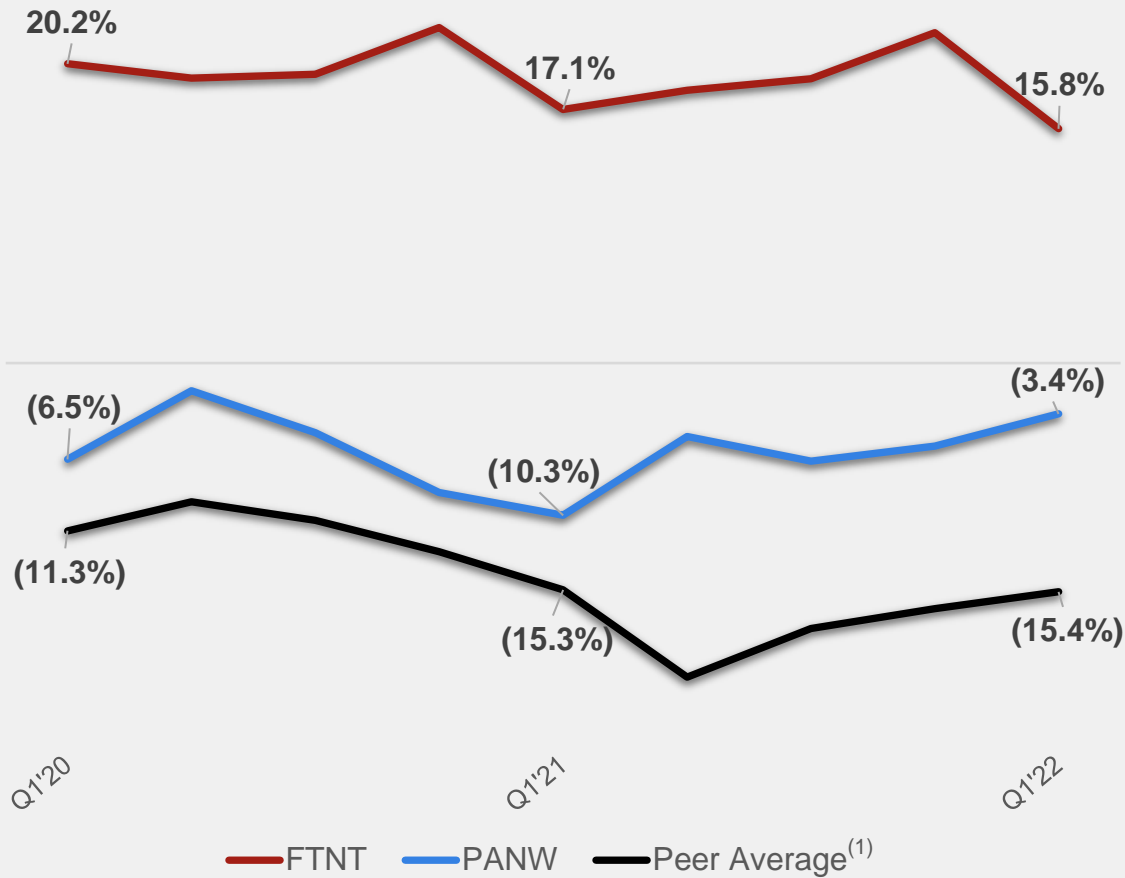
(1) Based on the midpoint of 2022 guidance provided on August 3, 2022.

(2) As of June 30, 2022 (11,508 employees).

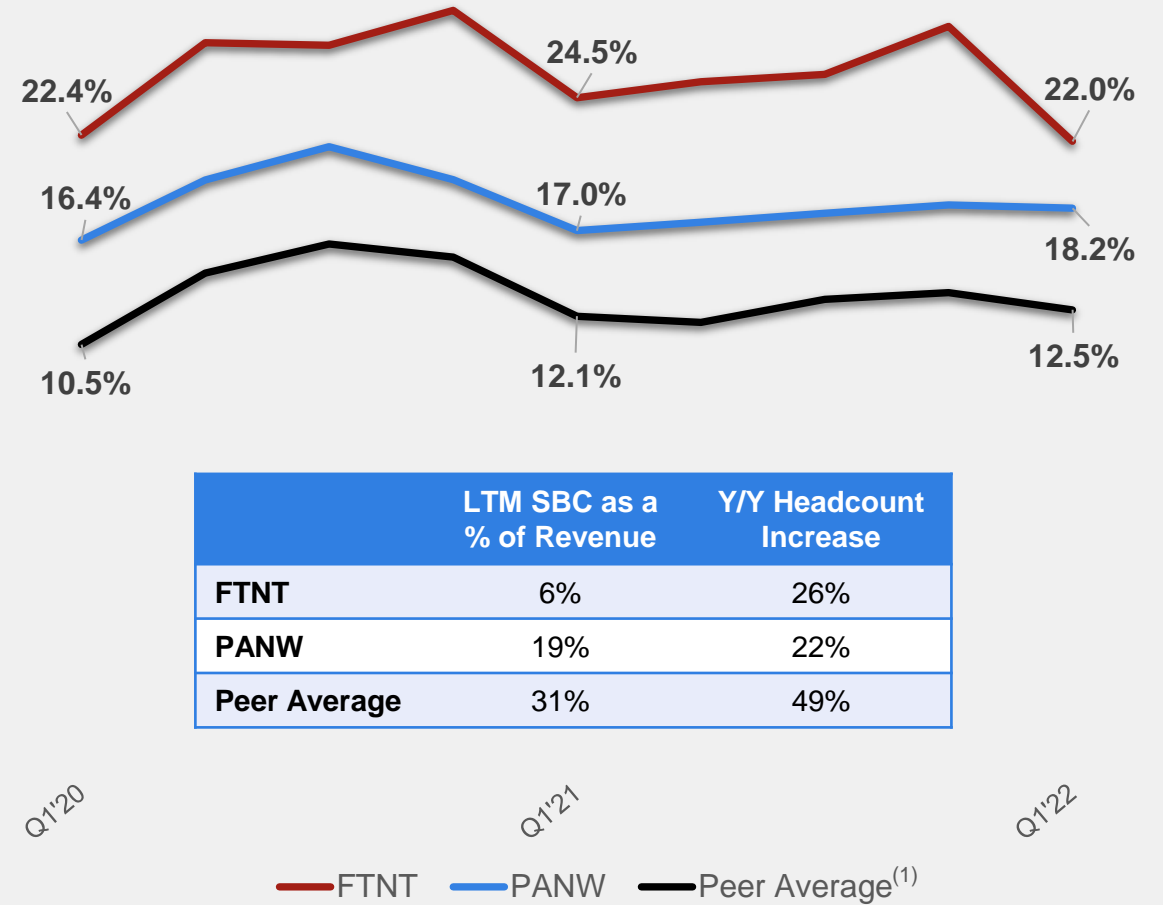
Note: S&M, R&D and G&A are non-GAAP and exclude stock-based compensation and amortization of acquired intangible assets. See Appendix for reconciliation of the non-GAAP financial measures to the most comparable GAAP financial measures.

Fortinet Leads Palo Alto Networks and Cybersecurity Peers in Operating Margins

GAAP Operating Margin



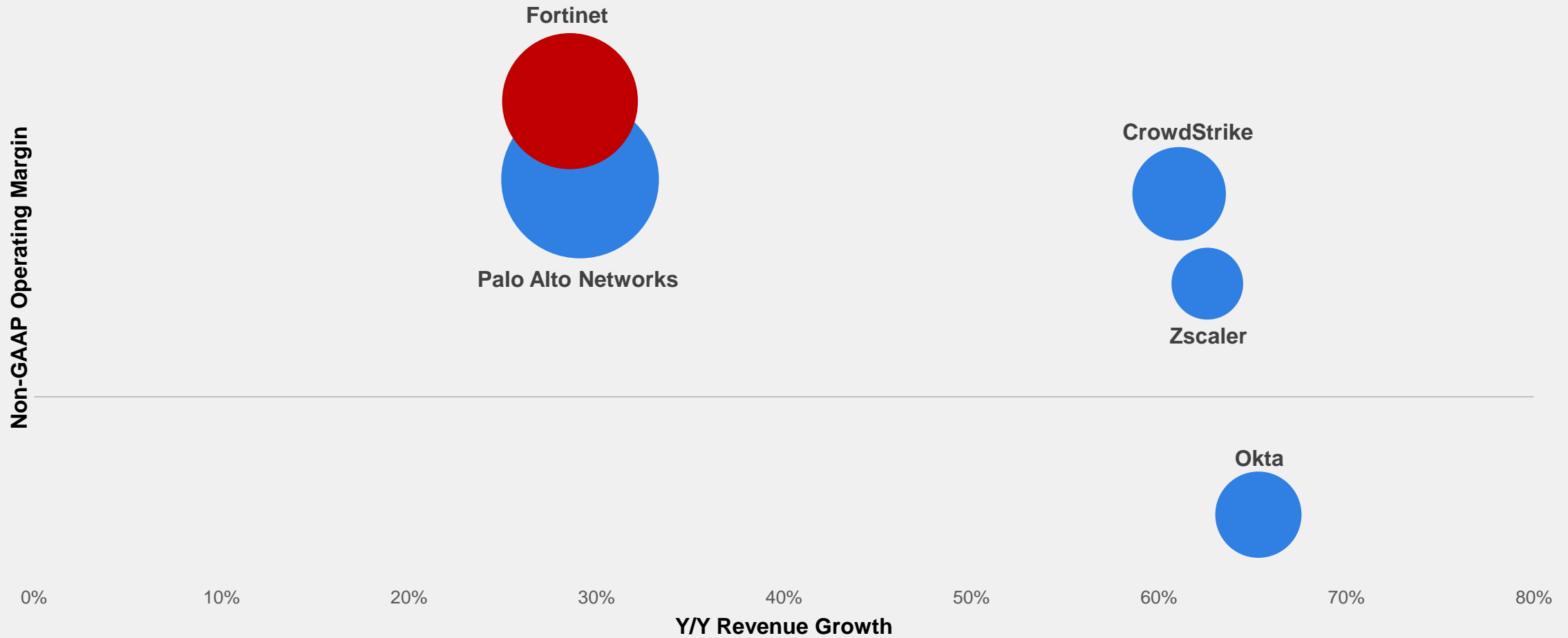
Non-GAAP Operating Margin



	LTM SBC as a % of Revenue	Y/Y Headcount Increase
FTNT	6%	26%
PANW	19%	22%
Peer Average	31%	49%



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

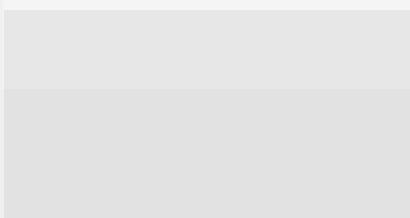



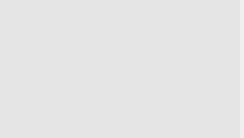


● Area of circle illustrates latest reported quarter's revenue





Balance Sheet and Cash Flow

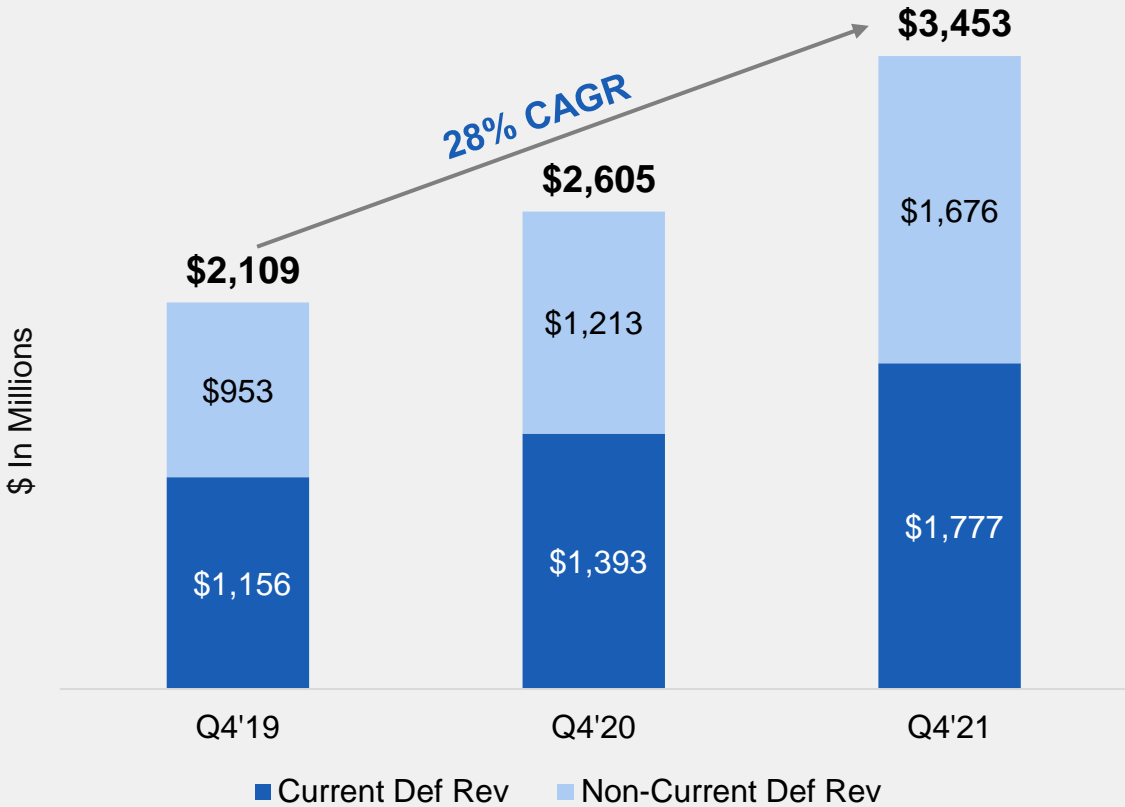
- Deferred Revenue and Free Cash Flow
 - Cash Balance and Share Repurchases
 - Investments and Capital Allocation
- 
- 
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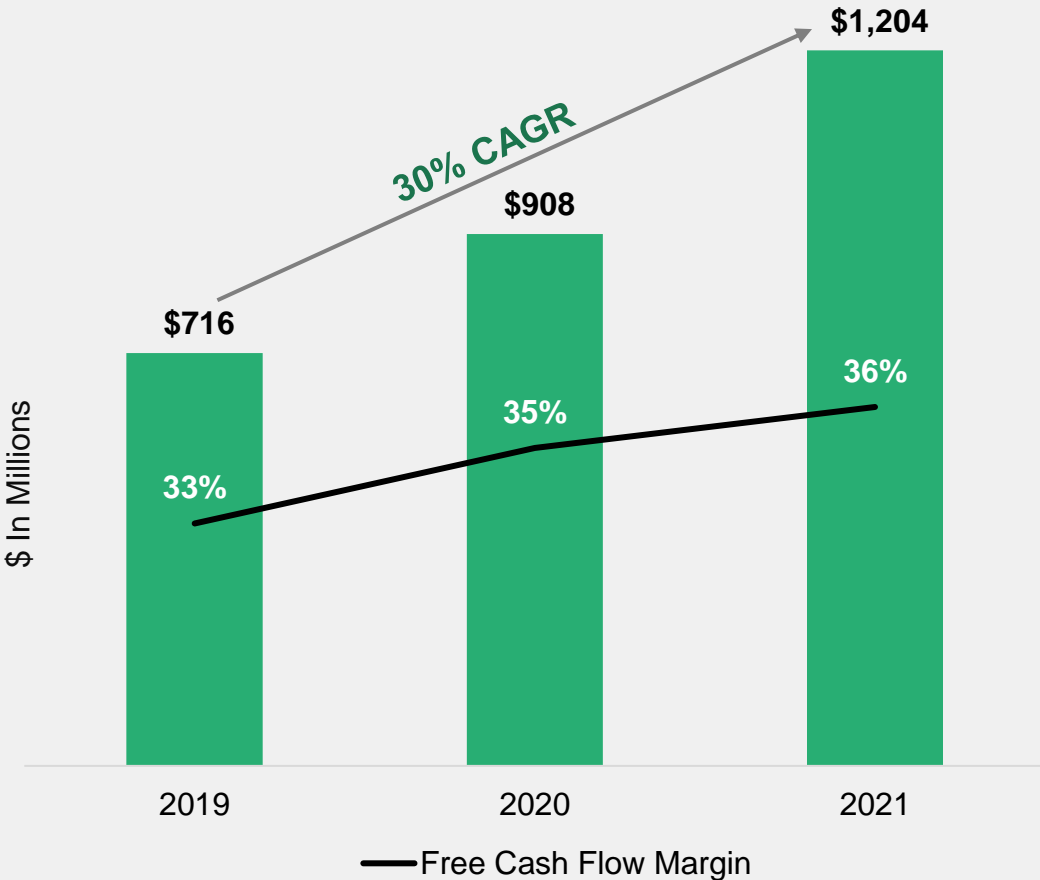
Growing Deferred Revenue and Free Cash Flow

Service Contracts Generating Free Cash Flow

Deferred Revenue



Free Cash Flow ⁽¹⁾



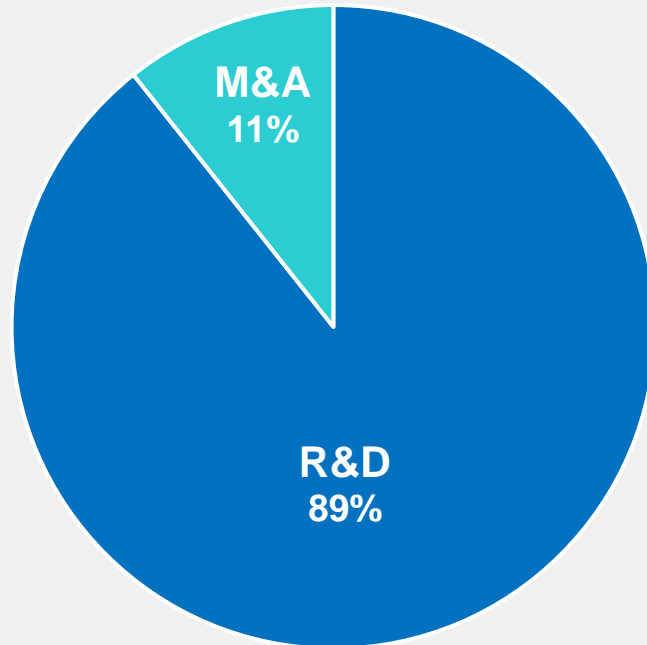
(1) Free Cash Flow and Free Cash Flow Margin are non-GAAP financial measures. See Appendix for reconciliation of the non-GAAP financial measure to the most comparable GAAP financial measure.

Strategic Investments and Capital Allocation

Build vs. Buy Integrated Platform Strategy

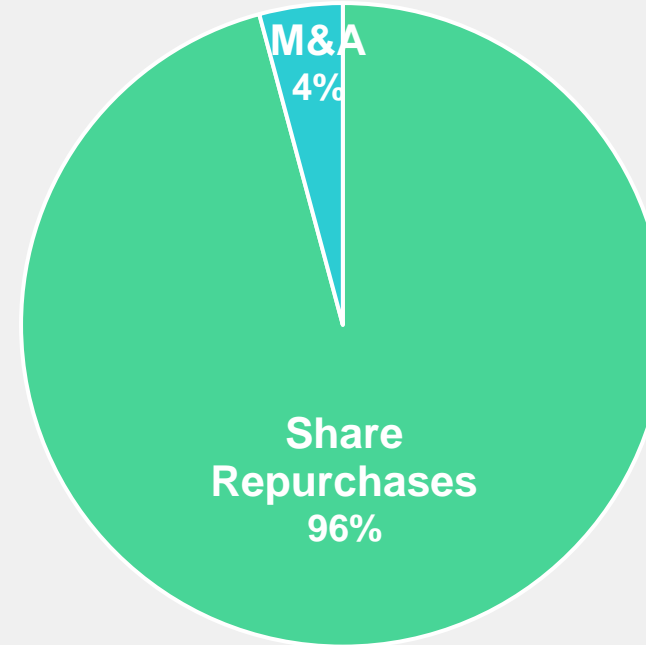
Innovation: ~\$1.7B since 2017

\$1.5B spent on R&D ⁽¹⁾



Capital Return: ~\$4.3B since 2017

Repurchased 182M Shares for \$4.1B ⁽²⁾



(1) This represents our non-GAAP research and development expense from January 1, 2017 through June 30, 2022. 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 June 30, 2022.



Financial Guidance

- Guidance for Q3'22 and 2022
- 2025 Financial Targets

Guidance for Q3'22 and 2022

As of August 3, 2022

	Q3'21 Actual	Q3'22 Guidance	2021 Actual	2022 Guidance
Billings	\$1.064B	\$1.385 - \$1.415B	\$4.181B	\$5.560 - \$5.640B
Y/Y Mid-Pt Growth		31.6%		33.9%
Revenue (GAAP)	\$867.2M	\$1.105 - \$1.135B	\$3.342B	\$4.350 - \$4.400B
Y/Y Mid-Pt Growth		29.2%		30.9%
Service Revenue (GAAP)	\$530.1M		\$2.087B	\$2.620 - \$2.670B
Y/Y Mid-Pt Growth				26.7%
Gross Margin	76.5%	75.0% - 76.0%	77.5%	75.0% - 76.0%
Operating Margin	25.8%	25.0% - 26.0%	26.2%	25.0% - 26.0%
Earnings per share	\$0.20	\$0.26 - \$0.28	\$0.80	\$1.01 - \$1.06



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.

Additional Modeling Points

As of August 3, 2022

	Q3'22 Guidance	2022 Guidance
Cash Paid for Taxes		\$265M
Capital Expenditures	\$105 - \$115M	\$300 - \$330M
Non-GAAP Tax Rate	17%	17%
Shares Outstanding	810 - 820M	810 - 820M



Note: In order to provide a more complete picture of our recurring core business operating results, we include in non-GAAP net income and non-GAAP diluted net income per share the tax adjustment required resulting in an effective tax rate on a non-GAAP basis which often differs from the GAAP tax rate.

2025 Financial Targets: ~\$10B Billings and ~\$8B Revenue

	2019	2020	2021	2022E	2025 Targets
	YoY Growth				
Billings	21%	19%	35%	34%	~\$10B 3 Yr CAGR of ~21%
Revenue (GAAP)	20%	20%	29%	31%	~\$8B 3 Yr CAGR of ~22%
Operating Margin	24.8%	26.9%	26.2%	25.5%	>=25% ⁽¹⁾

2025 Adjusted Free Cash Flow Margin in the mid-to-high 30% range
Long-term Target: Continue to Execute the Rule of 40 ⁽²⁾

Notes:

⁽¹⁾ As an average over the period from 2022 to 2025.

⁽²⁾ Fortinet defines the Rule of 40 as GAAP revenue Y/Y growth plus Non-GAAP Operating Margin.

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.



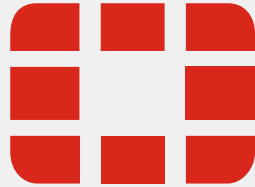
Key Takeaways

Cybersecurity TAM is \$199B+ (1)



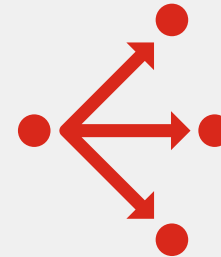
Expanded into new markets such as SASE, ZTNA, Cloud, and 5G

Fortinet is an Industry Leader



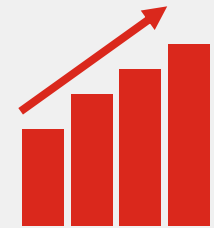
Proprietary ASIC technology and integrated FortiOS platform which allows Fortinet to provide security across all attack surfaces from data center to endpoint to cloud

Diversified Revenue Base



Diversified across geographies, customer sizes, and industry verticals drives revenue visibility

Billings of \$10 Billion by 2025




Software-like margins, drive sustainable free cash flow generation



(1) Based on 2026E TAM.



Appendix

- Product Diagrams
 - Platform Extension Products
 - Non-GAAP Reconciliations
- 

Digital Security, Everywhere You Need It

FortiGuard Security Services

SOC & NOC

- Content Security
- Web Security
- Advanced SOC/NOC

User Security

- User Security
- Device Security
- Bundled Security

Fabric Management Center - SOC

Endpoint

- FortiEDR
- FortiXDR

Breach

- FortiSandbox
- FortiDeceptor
- FortiAI

Incident Response

- FortiAnalyzer
- FortiSIEM
- FortiSOAR
- FortiGuard MDR Service

Fabric Management Center - NOC

- FortiManager
- FortiCloud
- FortiMonitor

Open Ecosystem

- Connector
- Fabric API
- DevOps
- Extended Fabric Ecosystem

Zero Trust Access

- FortiClient
- FortiNAC
- FortiVoice
- FortiToken
- FortiAuthenticator
- FortiCamera

Security-Driven Networking

LAN Edge

- FortiAP
- FortiSwitch

WAN Edge

- FortiGate SD-WAN
- FortiExtender

DC Edge

- FortiGate
- FortiProxy

Cloud Edge

- FortiSASE
- FortiSolator

Adaptive Cloud Security

Network

- FortiGate VM
- Cloud Networking
- FortiDDos
- FortiSegment

Platform

- FortiCASB
- FortiCWP
- AWS Native
- Azure Native

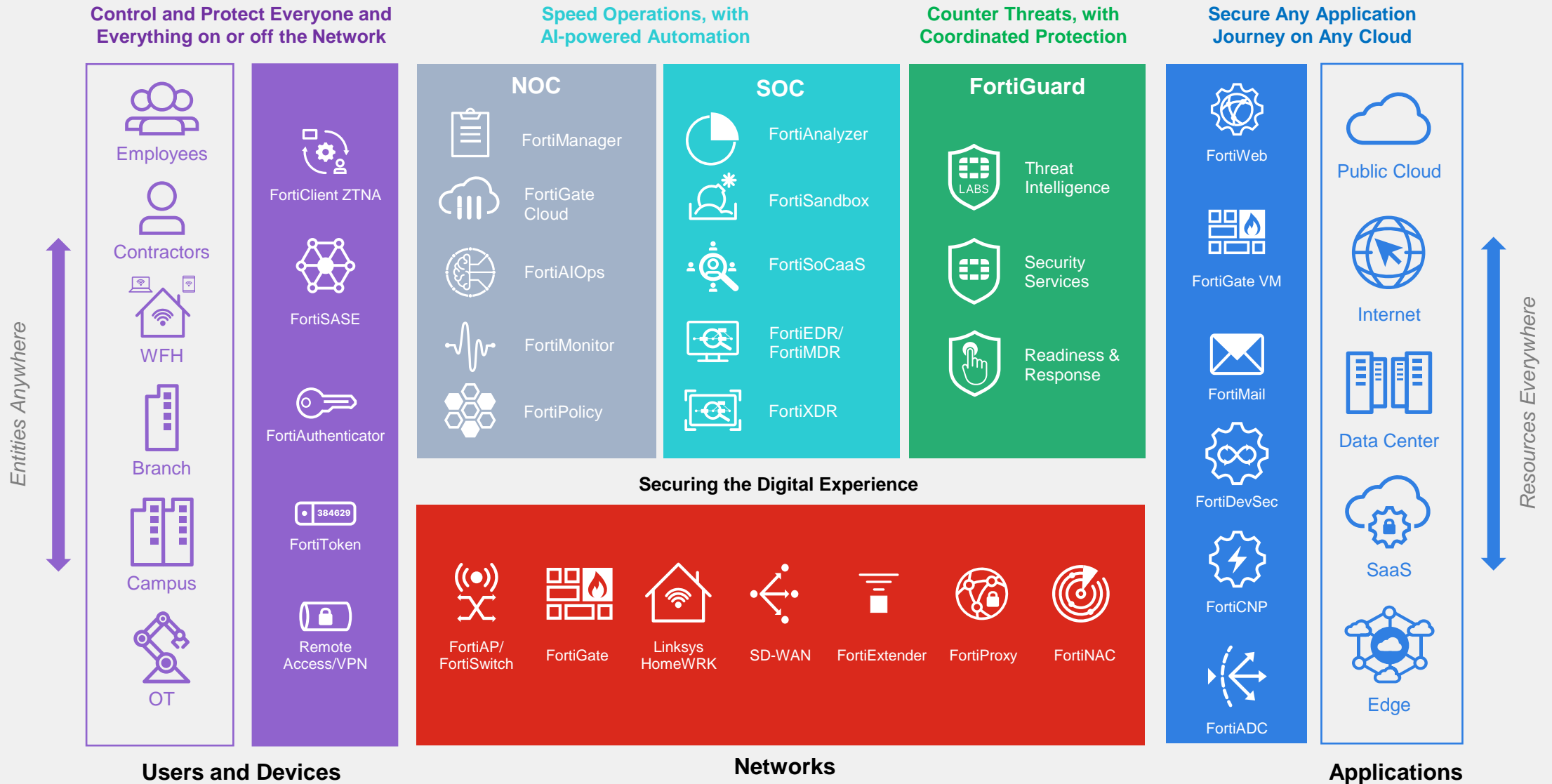
Applications

- FortiWeb
- FortiMail
- FortiADC
- FortiGSLB

- Appliance
- VM
- Hosted
- Cloud
- Software
- Container



Fortinet Technology Vision



FortiGuard Security Integrated Across the Security Fabric

		FGT (HW/VM/SASE)	Proxy	FortiTrust	XDR	FortiWeb	FortiMail	FortiADC	SOC Platforms	FNDR
Content Security	Antivirus	✓	✓	✓	✓	✓	✓	✓		✓
	IL SBX	✓			✓	✓	✓	✓		
	Credential stuffing	✓	✓			✓		✓		
Web Security	URL	✓	✓	✓	✓	✓	✓			✓
	DNS	✓	✓	✓	✓					
	IP-REP	✓				✓	✓			
Device Security	DVC PROT	✓								
	IPS	✓	✓	✓						✓
	BOT/C2	✓	✓	✓	✓		✓			
Application Security	WAF SIG					✓				
	ANN							✓		
	AntiSpam						✓			
Soc Services	MITRE ATT&CK				✓				✓	
	Threat Hunting				✓				✓	
	Auto IR				✓				✓	
	Outbreak							✓	✓	✓
	IoC				✓				✓	✓

Agile Security Posture

Best of breed technologies for organizations with assets and users in hybrid environments and multi-clouds

Context-aware with domain expertise AND integration to the Fabric for automated real-time response

Centralized and Consistent

- Policy management
- Threat and logs databases with ML-based analysis
- Playbooks and automation
- Unified Networking & Security Management
- Support and licensing



Ensuring Trust

Information Security



Independent auditors provide assurances about the suitability of the design and operating effectiveness



ISO 27001 compliance ensures that organizations protect their consumer and personal data.

Government Regulations



FIPS are standards and guidelines for federal computer systems developed by the National Institute of Standards and Technology (NIST).



International certification program providing a common standard for commercial off-the-shelf (COTS) IT products.



The purpose of DoDIN APL compliance is to qualify eligible Fortinet products for sale to DoD organizations.



NSA CSfC compliance is to qualify eligible Fortinet products for sale to DoD and U.S. Intelligence organizations in classified environments.



Fortinet provides G and USG products for customers that must meet US Federal Trade Agreements Act (TAA) requirements.

Product Certifications



Demonstrate to service providers and customers that the solution complies with MEF standards.



Test to demonstrate the ability of Fortinet's strong behavior-based detection through the emulation of an attack



Fortinet participates in and consecutively earns Virus Bulletin's VBSpam and VB100 certifications.



CyberRatings.org is dedicated to quantifying cyber risk and providing transparency on cybersecurity product efficacy through testing and ratings programs.



The first industry organization creating open and transparent network security performance testing standards.



Independent security effectiveness testing across a variety of technology areas encompassing:



SE Labs testing is intended to gauge the effectiveness of today's email security solutions.



How Fortinet's approach to protecting the endpoint holds up against the AV-Comparatives Real-World Protection Test.



List of Platform Extension Products

ALAXALA	FORTIDECEPTOR	FORTISASE
ALIBABA CLOUD	FORTIDIRECTOR	FORTISCAN
AMAZON WEB SERVICE	FORTIDNS	FORTISIEM
ASCENLINK	FORTIEDR	FORTISMS
AZURE CLOUD SERVICE	FORTIEXPLORER	FORTISOAR
CYBERSPONSE	FORTIEXTENDER	FORTISWITCH EXCLUDING 5000 SERIES
ENSILO	FORTIFONE	FORTITAP
FAMS	FORTIGATE-ONE	FORTITESTER
FNDN	FORTIGATEVM	FORTITOKEN
FORTIADC	FORTIGATEVOICE	FORTIVOICE
FORTIAI	FORTIGUARD PREMIER SERVICE	FORTIWAN
FORTIANALYZER	FORTIGUARDVOICE	FORTIWEB
FORTIAP	FORTIHYPERVISOR	FORTIWIFIVOICE
FORTIAP-U	FORTIINSIGHT	FORTIWLC
FORTIAUTHENTICATOR	FORTIISOLATOR	FORTIWLM
FORTIBALANCER	FORTIMAIL	GOOGLE CLOUD PLATFORM
FORTIBRIDGE	FORTIMANAGER	MERU
FORTICACHE	FORTIMOM-VM	MODULE
FORTICALL	FORTIMONITOR	MSSP
FORTICAMERA	FORTINAC	OPAQ
FORTICLIENT	FORTIPORTAL	ORACLE CLOUD INFRASTRUCTURE
FORTICLOUD	FORTIPRESENCE	OTHER
FORTICONVERTER	FORTIPROXY	TALKSWITCH
FORTICORE	FORTIRECORDER	TRAINING
FORTIDB	FORTIREPORTER	TRANSCEIVER
FORTIDDOS	FORTISANDBOX	VIRTUAL DOMAIN LICENSE



Reconciliation of Non-GAAP Results to GAAP Results

\$ in millions	2018	2019	2020	2021
Total revenue	\$1,804.6	\$2,163.0	\$2,594.4	\$3,342.2
Add change in deferred revenue	347.1	442.3	496.2	847.6
Add deferred revenue adjustment due to ASC 606	4.1	-	-	-
Less Adjustment due to adoption of ASU 2021-08	-	-	-	(4.3)
Less deferred revenue balance acquired in business acquisition	(2.5)	(2.4)	(0.6)	(4.1)
Total billings	\$2,153.3	\$2,602.9	\$3,090.0	\$4,181.4

\$ in millions	2019	2020	2021
GAAP gross profit	\$1,657.1	\$2,024.4	\$2,559.2
Stock-based compensation	12.8	14.5	17.4
Amortization of acquired intangible assets	7.7	9.1	12.9
Non-GAAP gross profit	\$1,677.6	\$2,048.0	\$2,589.5
Non-GAAP gross margin	77.6%	78.9%	77.5%



Reconciliation of Non-GAAP Results to GAAP Results

\$ in millions	2019	2020	2021
GAAP product gross profit	\$463.9	\$564.0	\$767.3
Stock-based compensation	1.5	1.6	1.7
Amortization of acquired intangible assets	6.5	4.7	5.7
Non-GAAP product gross profit	\$471.9	\$570.3	\$774.7
Non-GAAP product gross margin	59.8%	62.2%	61.7%

\$ in millions	2019	2020	2021
GAAP service gross profit	\$1,193.2	\$1,460.4	\$1,791.9
Stock-based compensation	11.3	12.9	15.7
Amortization of acquired intangible assets	1.2	4.4	7.2
Non-GAAP service gross profit	\$1,205.7	1,477.7	\$1,814.8
Non-GAAP service gross margin	87.7%	88.1%	86.9%



Reconciliation of Non-GAAP Results to GAAP Results

\$ in millions	2019	2020	2021
GAAP sales and marketing expense	\$926.9	\$1,071.9	\$1,345.7
Stock-based compensation	(101.7)	(108.4)	(110.0)
Amortization of acquired intangible assets	(3.2)	(4.2)	(5.6)
Non-GAAP sales and marketing expense	\$822.0	\$959.3	\$1,230.1

\$ in millions	2019	2020	2021
GAAP general and administrative expense	\$102.1	\$119.5	\$143.5
Stock-based compensation	(20.9)	(23.3)	(27.1)
Litigation-related matter	-	0.7	-
Non-GAAP general and administrative expense	\$81.2	\$96.9	\$116.4

\$ in millions	2017	2018	2019	2020	2021	H1'22
GAAP research and development expense	\$210.6	\$244.5	\$277.1	\$341.4	\$424.2	\$249.2
Stock-based compensation	(32.2)	(36.4)	(38.7)	(47.6)	(56.7)	(31.2)
Non-GAAP research and development expense	\$178.4	\$208.1	\$238.4	\$293.8	\$367.5	\$218.0



Reconciliation of Non-GAAP Results to GAAP Results

<u>\$ in millions</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Q1'20</u>	<u>Q1'21</u>	<u>Q1'22</u>	<u>Q2'22</u>
GAAP operating income	\$351.0	\$531.8	\$650.4	\$116.7	\$121.6	\$151.0	\$195.3
GAAP operating margin	16%	20%	19%	20%	17%	16%	19%
Stock-based compensation	174.1	193.8	211.2	45.3	50.0	53.9	55.3
Amortization of acquired intangible assets	10.9	13.3	18.5	4.0	3.4	6.4	6.0
Litigation settlement expenses	-	(0.7)	-	-	-	-	-
Gain on IP matter	-	(40.2)	(4.6)	(36.8)	(1.1)	(1.1)	(1.2)
Non-GAAP operating income	\$536.0	\$698.0	\$875.5	\$129.2	\$173.9	\$210.2	\$255.4
Non-GAAP operating margin	25%	27%	26%	22%	24%	22%	25%



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
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
GAAP operating margin	10%	17%	21%	19%	12%	8%	1%	4%	8%	13%	16%	20%	19%
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
Amortization of acquired intangible assets	-	-	-	-	1.6	1.4	3.1	9.3	8.6	9.0	10.9	13.3	18.5
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)
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
Non-GAAP operating margin	14%	20%	24%	24%	19%	16%	13%	15%	17%	23%	25%	27%	26%



(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	2019	2020	2021
Net cash provided by operating activities	\$808.0	\$1,083.7	\$1,499.7
Less purchases of property and equipment	(92.2)	(125.9)	(295.9)
Less proceeds from IP matter	-	(50.0)	-
Free cash flow	\$715.8	\$907.8	\$1,203.8
Free cash flow margin	33%	35%	36%



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