

Corporate IR Presentation

May 2025





Forward-Looking Statements

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This presentation contains forward-looking statements. All statements other than statements of historical fact, including statements regarding our future financial and operating performance, including our financial outlook for fourth quarter of fiscal 2025 and full year fiscal 2025, our planned products and upgrades, business strategy and plans and objectives of management for future operations of Zscaler are forward-looking statements. These statements involve known and a significant number of unknown risks, uncertainties, assumptions and other factors that could cause results to differ materially from statements made in this message, including any performance or achievements expressed or implied by the forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment, and new risks may emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results or outcomes to differ materially from those contained in any forward-looking statements we may make, including but not limited to the ongoing effects of inflation and geopolitical events on our business, operations and financial results and the economy in general; our limited operating history; our ability to identify and effectively implement the necessary changes to address execution challenges; risks associated with managing our rapid growth, including fluctuations from period to period; our limited experience with new product and subscription and support introductions and the risks associated with new products and subscription and support offerings, including the discovery of software bugs; our ability to attract and retain new customers; the failure to timely develop and achieve market acceptance of new products and subscriptions as well as existing products and subscription and support; rapidly evolving technological developments in the market for network security products and subscription and support offerings and our ability to remain competitive; length of sales cycles; and general market, political, economic and business conditions. Additional risks and uncertainties that could affect our financial and operating results are included in our most recent filings with the Securities and Exchange Commission ("SEC"). You can locate these reports through our website at <http://ir.zscaler.com> or on the SEC website at www.sec.gov.

In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "continues," "contemplate," "could," "estimate," "expect," "explore," "intend," "likely," "may," "plan," "potential," "predict," "project," "should," "target," "will" or "would" or the negative of these terms or other similar words. Zscaler based these forward-looking statements largely on its current expectations and projections about future events that it believes may affect its business. Actual outcomes and results may differ materially from those contemplated by these forward-looking statements. All forward-looking statements in this message are based on information available to us as of the date hereof, and we do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

Zscaler highlights



Founded in **2007** | Pioneer and leader in cloud security

Redefining network security, with the world's largest in-line security cloud and a 100% SaaS business model.

\$96B



Serviceable market opportunity¹

Opportunity to secure hundreds of millions of users and workloads and billions of IoT/OT devices.



Experienced, founder-led team

Conviction to build a lasting company with sustainable long-term growth.

Strong growth at scale

PERFORMING BEYOND RULE-OF-40

~\$2.9B

annual recurring revenue²

23%

growth y/y revenue³

114%

dollar-based NRR³

18%

FCF margin³

Long-term secular tailwinds

Zero Trust Security and AI are top of mind in the C-Suite.

KEY TRENDS:

ZERO TRUST

AI

IoT

RISING THREATS

LEGACY PHASE-OUT

MOBILITY

5G

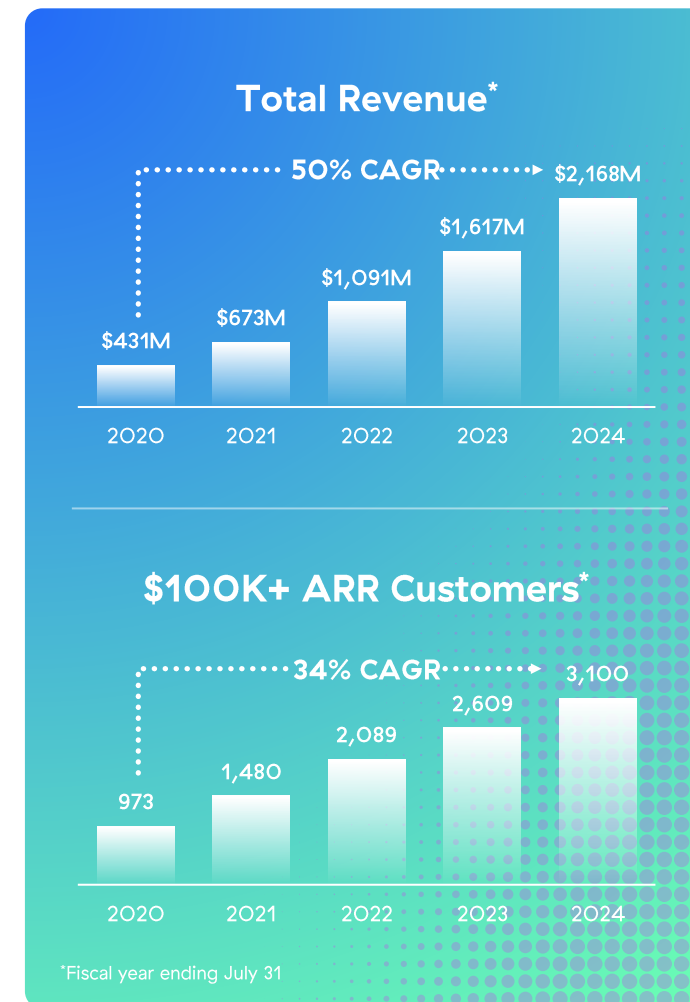
Sustainable competitive advantage



First mover at massive scale, delivering measurable customer value.



Virtuous cycle of growing scale, focused innovation, and data / insight.



1. Based on our analysis of ZoomInfo worldwide workforce data for organizations with 2k+ employees, 650 Group's workload market forecast for 2020, and Gartner's IoT market forecast.

2. Annual recurring revenue (ARR) as of Q3'25. To establish ARR for a customer, we use the total amount of each order booked to compute the annual recurring value of revenue that we would recognize if the customer continues to renew all contractual subscriptions.

3. Revenue growth year-over-year, Dollar-based net retention rate (NRR) and free cash flow (FCF) margin for Q3'25.

The leader in secure digital transformation



World's Largest Security Cloud

~\$2.9B

Annual recurring revenue⁴

500B+

Daily transactions
>20x Google searches¹

50M (As of Q3'25)

Users secured across
>8,650 customers²

500T+

Daily signals
powering AI/ML



Pioneer And Market Leader

14 Years

Gartner MQ
leadership

~45%

Fortune 500
are customers

>35%

Global 2000
are customers

>70

Net Promoter Score
(vs. 30 SaaS Average)



MARKET LEADER ACROSS VERTICALS

Customers in the top 15

Forbes Global 2000³



Capital Goods



Transportation



Drugs &
Biotechnology



Hotels,
Restaurants
& Leisure



Household &
Personal Products



Banking
(outside of China)

1) Google's daily search requests based on estimates from ardorseo.com and internetlivestats.com.
2) Customers as of July 31, 2024. Users as of Q3'25 ended April 30, 2025.
3) Forbes Global 2000 list and Fortune 500, for July 31, 2024.
4) Annual recurring revenue as of Q3'25.

New category leaders are born when megashifts take place



Data center
and hardware



Applications in
the data center



On-Premises
security





OUR VISION

A new world of cloud and mobility, secured.

TRANSFORMATIONAL ZERO TRUST PLATFORM

Secure

Reduce Business Risk

35x Fewer infected machines



Simplify

Eliminate Cost and Complexity

70% Infrastructure cost reduction

SIEMENS

Transform

Increase Business Agility

1 Day to onboard M&A users

S&P Global

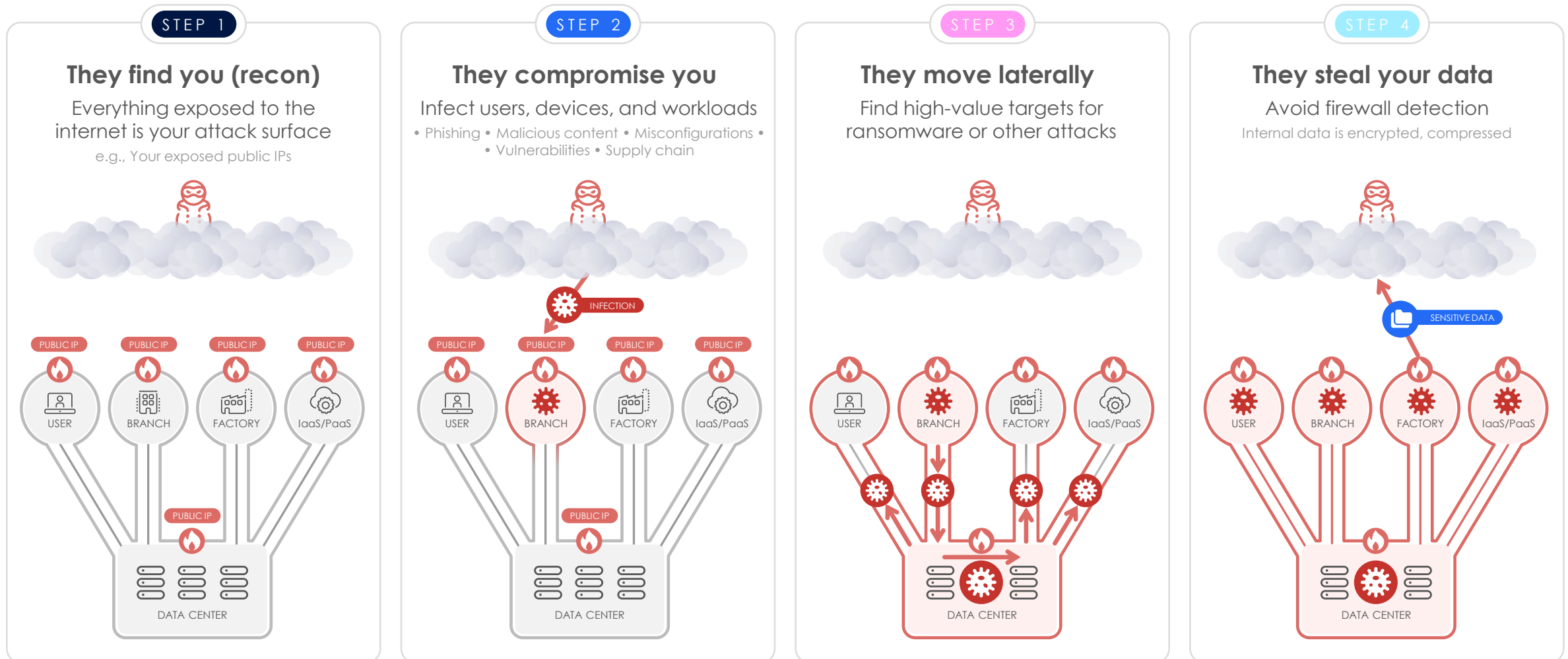
Securing any-to-any connectivity



4 stages of a breach in firewall/VPN architectures



Creates Risk In The Cloud And Mobile World



Zscaler: Disrupting a 30-year-old paradigm in network security

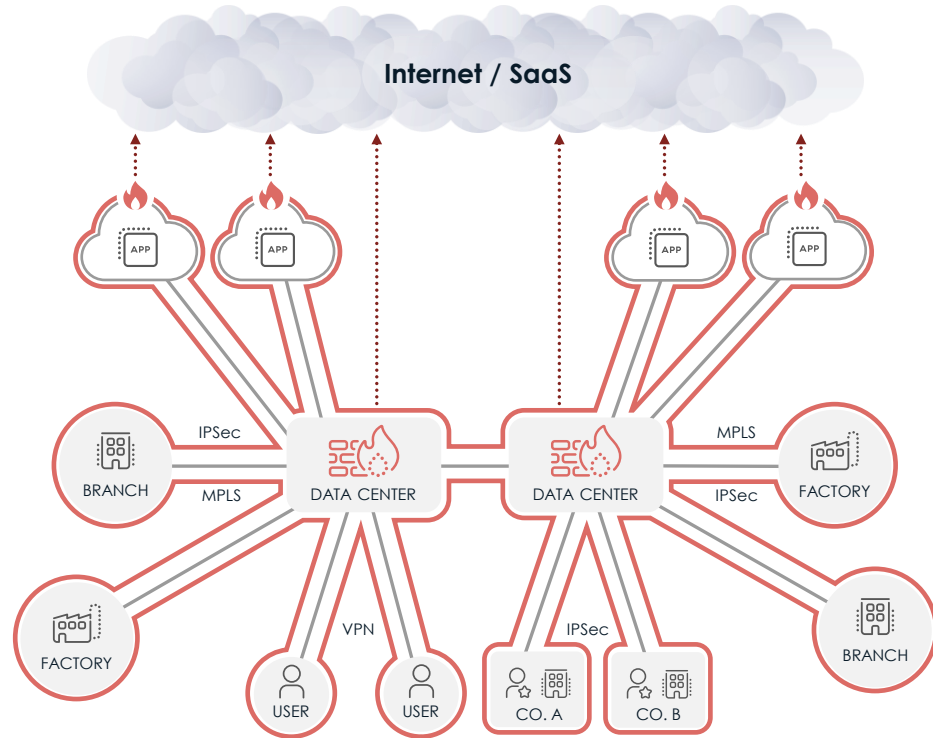


Two Opposing Architectures

Network & Firewall-centric Architecture

Secures a trusted network, connecting one-to-many and expanding the attack surface.

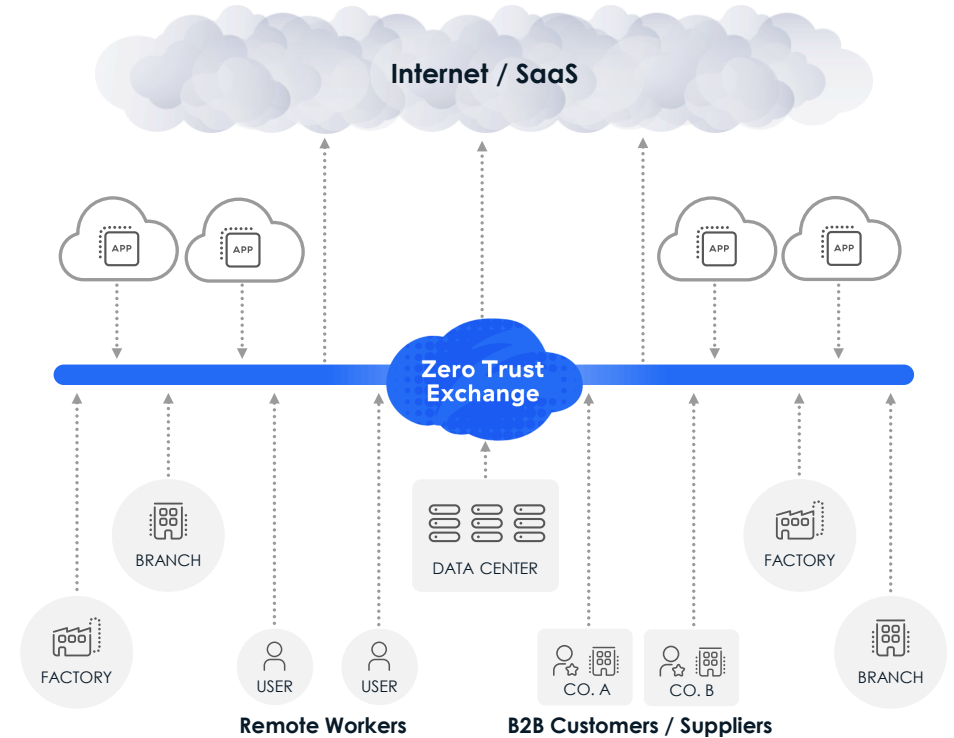
Rigid, Complex and a Security Risk
Barrier to Transformation



Zero Trust Architecture

Users, apps, and devices become islands in the cloud, securely connecting one-to-one through Zscaler.

Agile, Simple and Secure
Enables Transformation



Zscaler: Disrupting a 30-year-old paradigm in network security

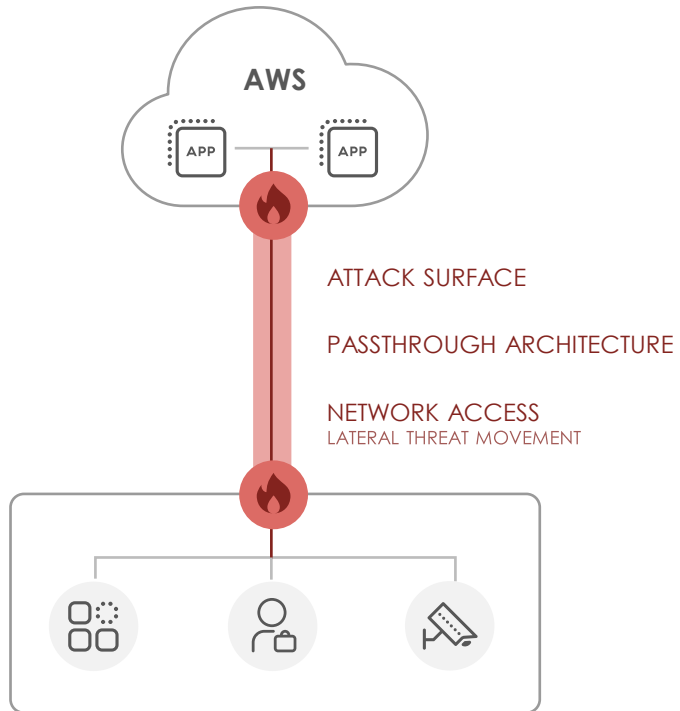


Our architectural differentiation gives us a long-term advantage

Firewall / VPN

Firewalls are like bridges

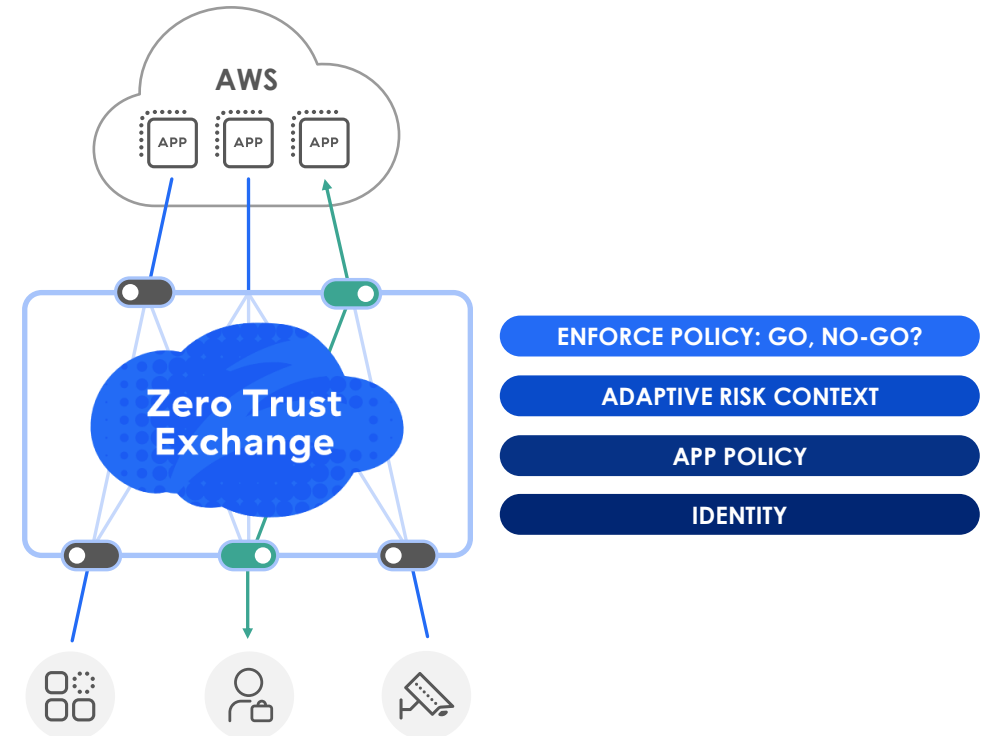
Connect users to a network, where everything is trusted, even attackers.



Zero Trust

Zscaler is like a switchboard

Securely connects one-to-one based on policies, not to the network, a core principle of Zero Trust.



Global footprint and operational excellence



Competitive advantage in delivering a mission critical service

160+ data centers

500B+ transactions per day

9B+ enforcements per day

250K+ security updates per day

- 1 Availability SLA 99.999%
- 2 100% renewable energy
- 3 Proven elasticity & scale
- 4 Security hardened
- 5 Operational compliance



Focused innovation engine and extensible platform

Proven history of rapid innovations & growth



INDUSTRY'S 1ST
Multi-Tenant
Cloud Security
Platform

TRANSACTIONS/DAY
1B

10B

50B

IPO

AT IPO

\$200M
ARR

NASDAQ-
100 INDEX

\$1B
ARR

200B

\$2B
ARR

300B

\$2.5B
ARR

500B*

500th
PATENT
FILED

Business
Insights

Unified
Vulnerability
Mgmt
(UVM)

400th
PATENT
FILED

Workflow
automation

Risk360 (BI)

Zero Trust
SD-WAN

ITDR
(Identity)

SSPM

BDSP

300th
PATENT
FILED

Deception
Integration

Web App
Protection

Private app
Browser
Isolation

Private app
Browser
Isolation

Private app
Browser
Isolation

Private app
Browser
Isolation

Private app
Browser
Isolation

200th
PATENT
FILED

Zscaler
Cloud
Protection

Zscaler
Digital
Experience

100%
RENEWABLE
ENERGY

CSPM/ CIEM

Zero Trust
Workload

UCaaS App
Monitoring

UCaaS App
Monitoring

UCaaS App
Monitoring

UCaaS App
Monitoring

ZIA
Browser
Isolation

API CASB

ZB2B

ZB2B

ZB2B

FedRAMP

100th
PATENT
FILED

Office365
Integration

Office365
Integration

Office365
Integration

Office365
Integration

AI/ML
Partner
APIs

AI/ML
Partner
APIs

AI/ML
Partner
APIs

AI/ML
Partner
APIs



25th
PATENT
FILED

Inline
DLP

CSA
FOUNDER

SSO
Integration

SSO
Integration

Gartner
VISIONARY
SWG MQ

Mobile
Security

Mobile
Security

Gartner
LEADER
SWG MQ

Inline
CASB

Inline
CASB

Inline
CASB

Inline
CASB

Cloud
Sandbox

Cloud
Sandbox

Cloud
Sandbox

Cloud
Sandbox

DNS
Security

DNS
Security

DNS
Security

DNS
Security

Cloud
Firewall

Cloud
Firewall

Cloud
Firewall

Cloud
Firewall

Zscaler
Private
Access

Zscaler
Private
Access

Zscaler
Private
Access

Zscaler
Private
Access

2007

2008

2009

2010

2011

2012

2013

2014

2015

2016

2017

2018

2019

2020

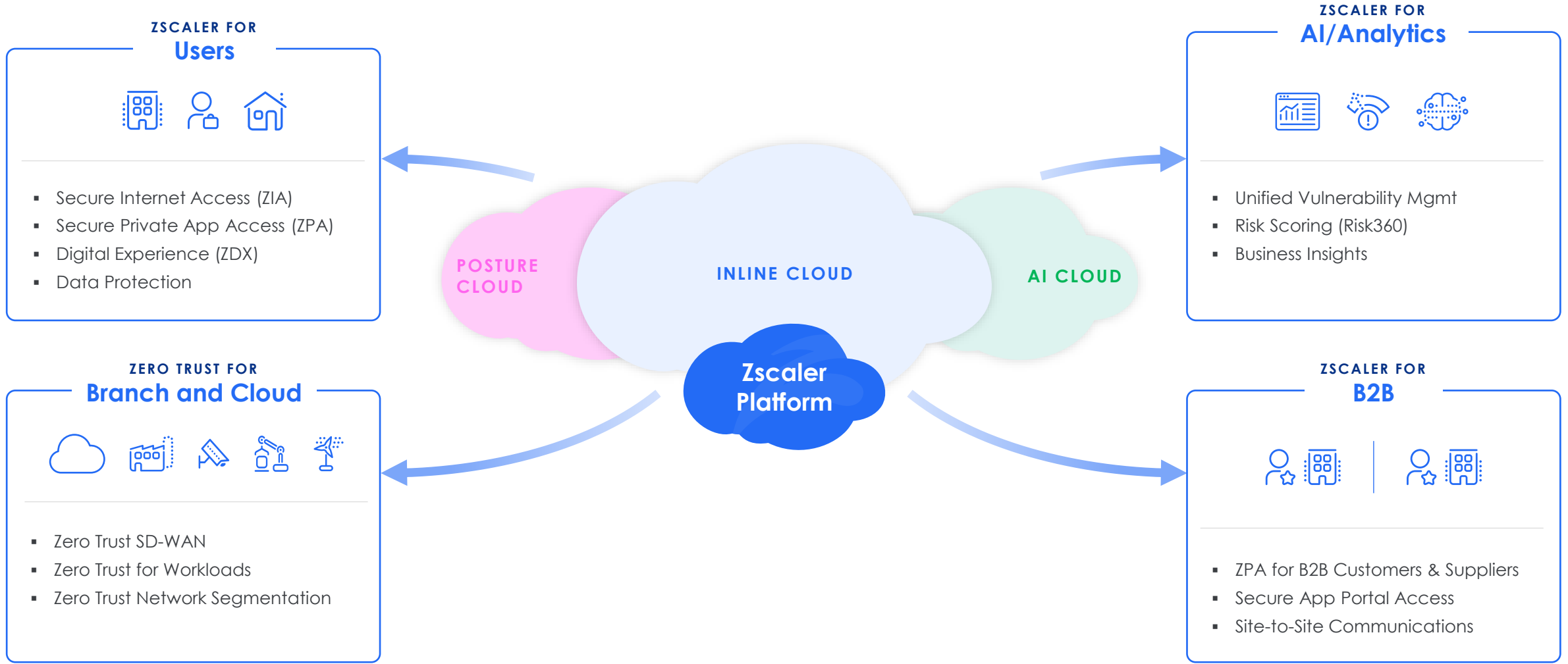
2021

2022

2023

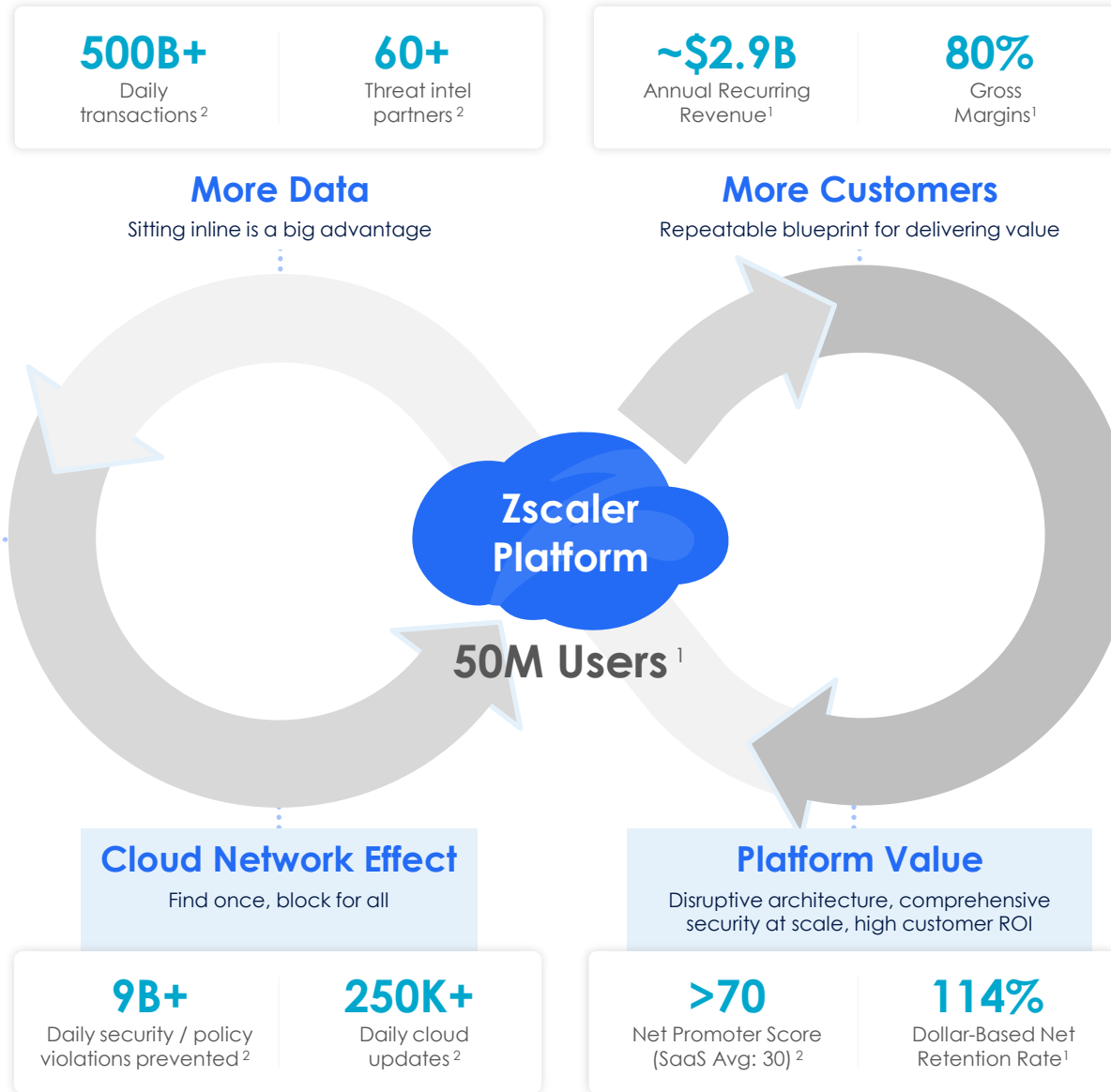
2024

Zscaler platform offerings





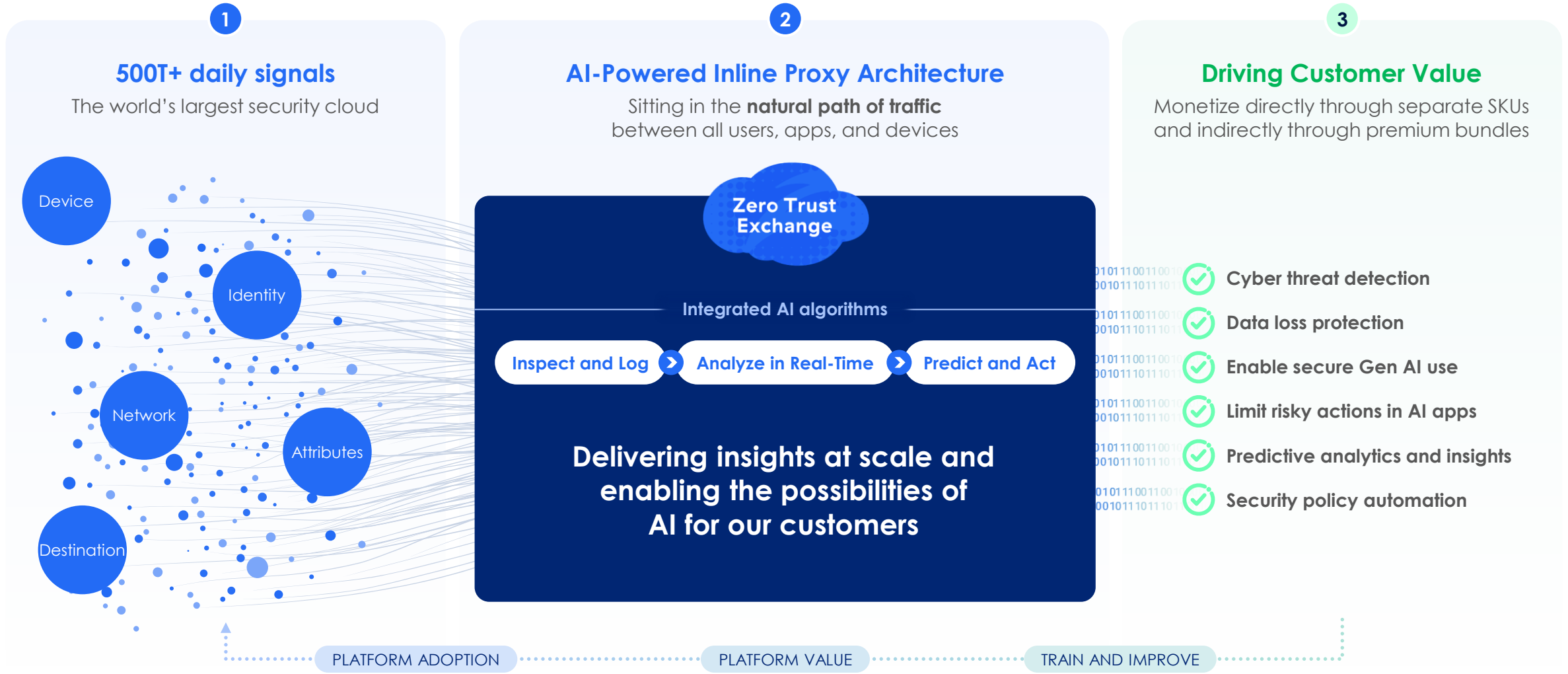
The network effects of a disruptive platform drives customer value at scale



1) ARR, Gross Margin, Dollar-Based Net Retention Rate and number of users for Q3 2025.

2) Net Promoter Score, and cloud stats as of July 31, 2024.

Our platform architecture creates a unique AI opportunity



Driving the “Zero Trust Everywhere”¹ transformation



Our expanded platform enables customers to implement **Zero Trust Everywhere¹**



Better security, lower costs

- Reduce Attack Surface
- Eliminate Lateral Propagation
- 200%+ Return on Investment²

Eliminate legacy security stack

- ~~Firewall~~ ~~MPLS~~ ~~VPN~~
- ~~VDI~~ ~~DDoS~~ ~~NAC~~
- ...and more

Secure

Simplify

Transform

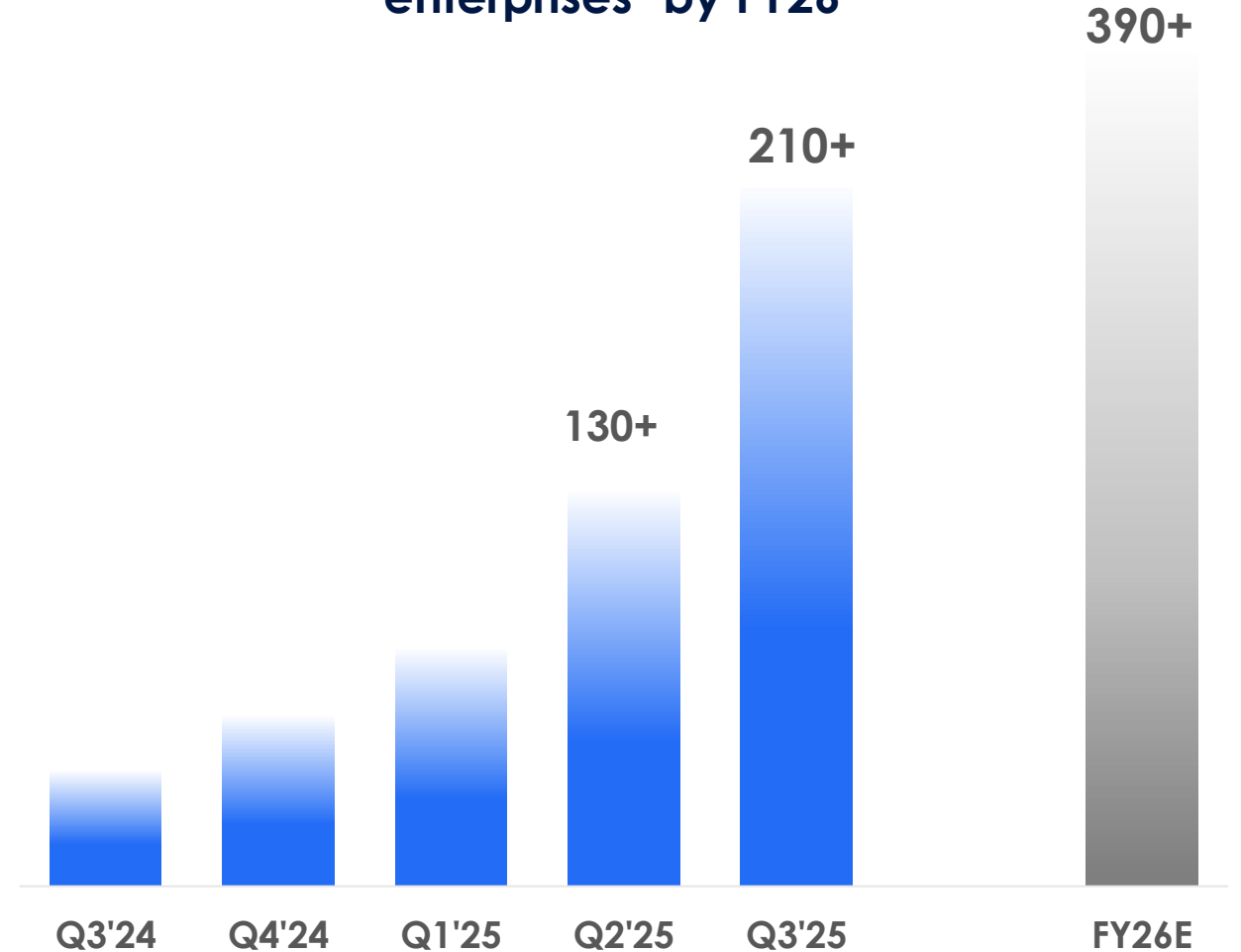
1. “Zero Trust Everywhere” customers are customers that purchased components of Zero Trust Users, Zero Trust Cloud and Zero Trust Branch solutions.
 2. 200% ROI is a potential customer outcome as shown in the Zenith Live Innovations Briefing, June 15, 2023. Not indicative of every deployment.



Increasing adoption of Zero Trust among customers

Goal: >390 “Zero Trust Everywhere”¹ enterprises² by FY26

- Launched surgical field campaigns to enable more “Zero Trust Everywhere”¹ customers
- Customers can leapfrog into Zero Trust by skipping the appliance refresh cycle, freeing themselves from firewalls and other legacy appliances forever



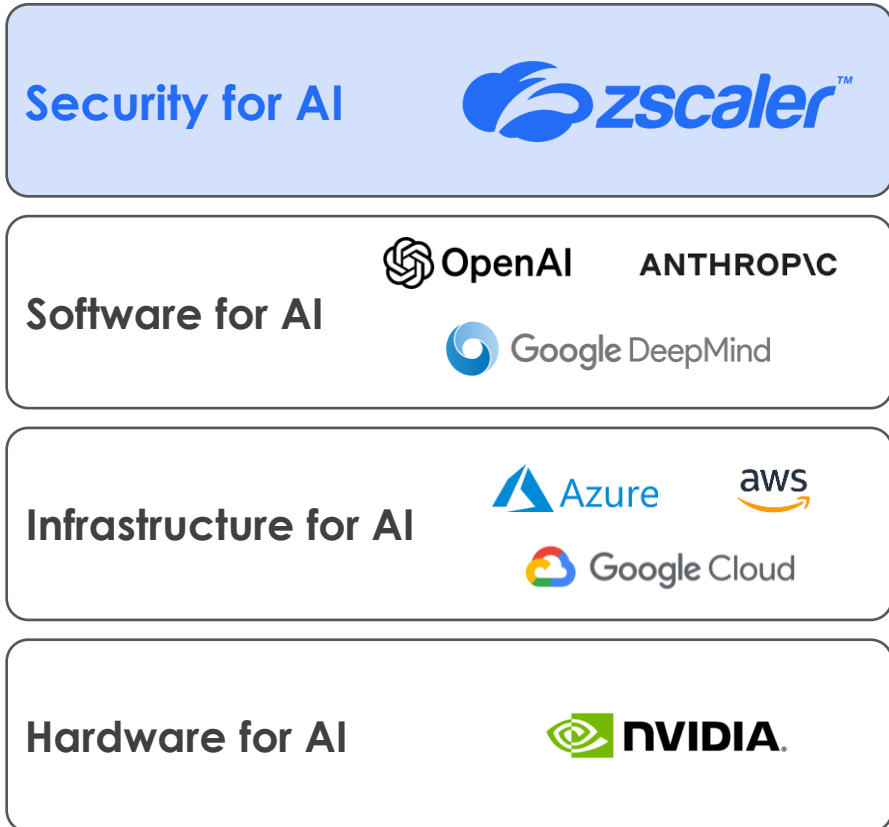
1. “Zero Trust Everywhere” customers are customers that purchased components of Zero Trust Users, Zero Trust Cloud and Zero Trust Branch
2. Enterprises are customers with 1,500 or more employees

Graph is illustrative, not to scale

Leading in AI Security, on multiple fronts



Rapid adoption of AI means the tech stack must also evolve with a higher priority on security



This is a representative group as of March 5, 2025

Zscaler's in-line proxy cloud is uniquely positioned to drive AI adoption and AI-powered security

① Driving AI adoption by securing the use of AI apps

Secure use of Public-AI apps

such as ChatGPT, DeepSeek

Secure use of Private-AI apps¹

such as chatbots, agents

AI deal win: Securing Public-AI apps²

- G2K Tech Company
- Fleet Management Company
- Large Federal Customer

② AI-powered Automated Digital Experience (IT Ops)

ZDX Copilot
ZDX AI-Agents
..and more

ZDX Advanced Plus bookings grew >70% Y/Y to nearly \$75M²

③ AI-powered Security Products (Sec Ops)

CAASM
Vulnerability Prioritization
..and more

SecOps NU ACV grew >120% Y/Y²

1. On roadmap
2. Data as of Q3'25

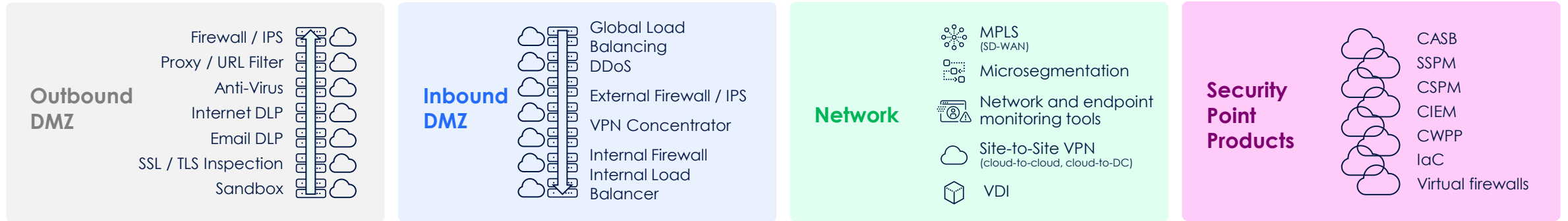
Secular tailwinds powering adoption





Zscaler platform consolidates point products and simplifies IT

Design once, solve for many



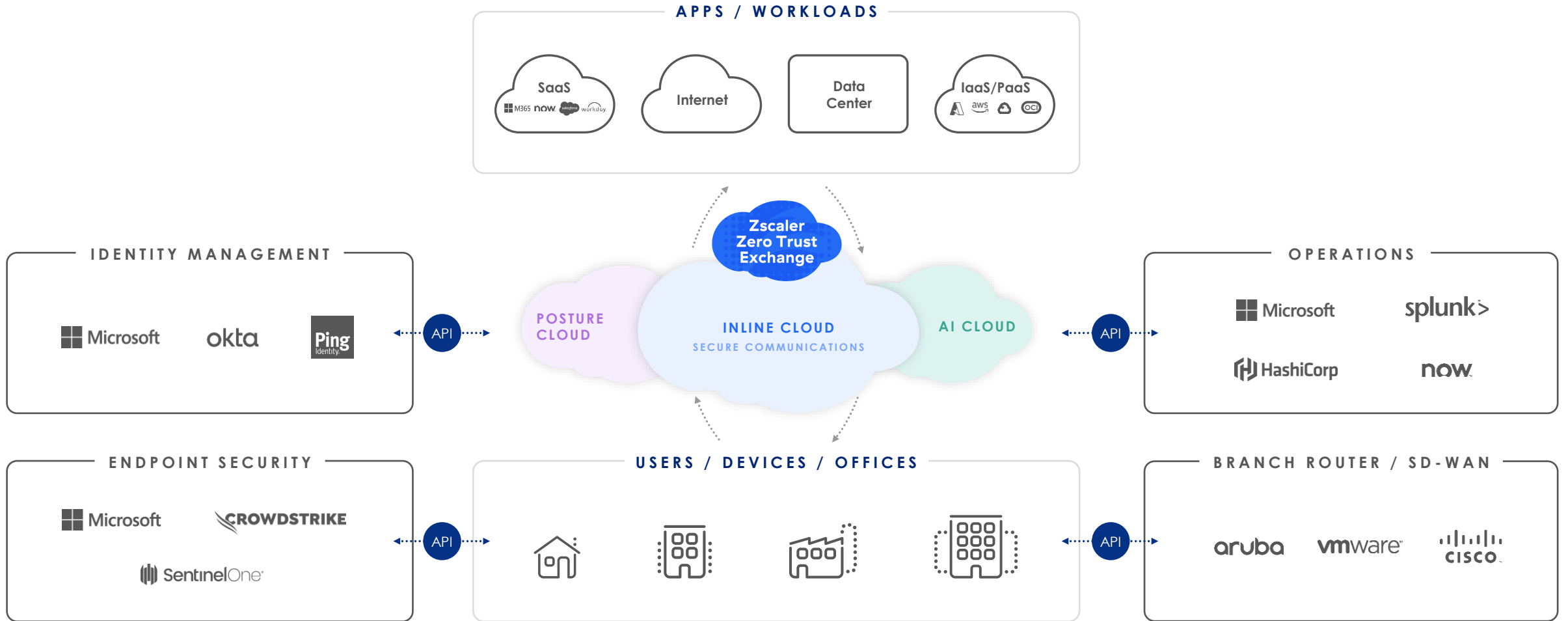
Zscaler Zero Trust Exchange

On vendor consolidation and operational savings alone, Zscaler typically provides customers:

200%+ return on investment*	<12 month payback period*
---------------------------------------	--

*200% ROI is a potential customer outcome as shown in the Zenith Live Innovations Briefing, June 15, 2023. Not indicative of every deployment.

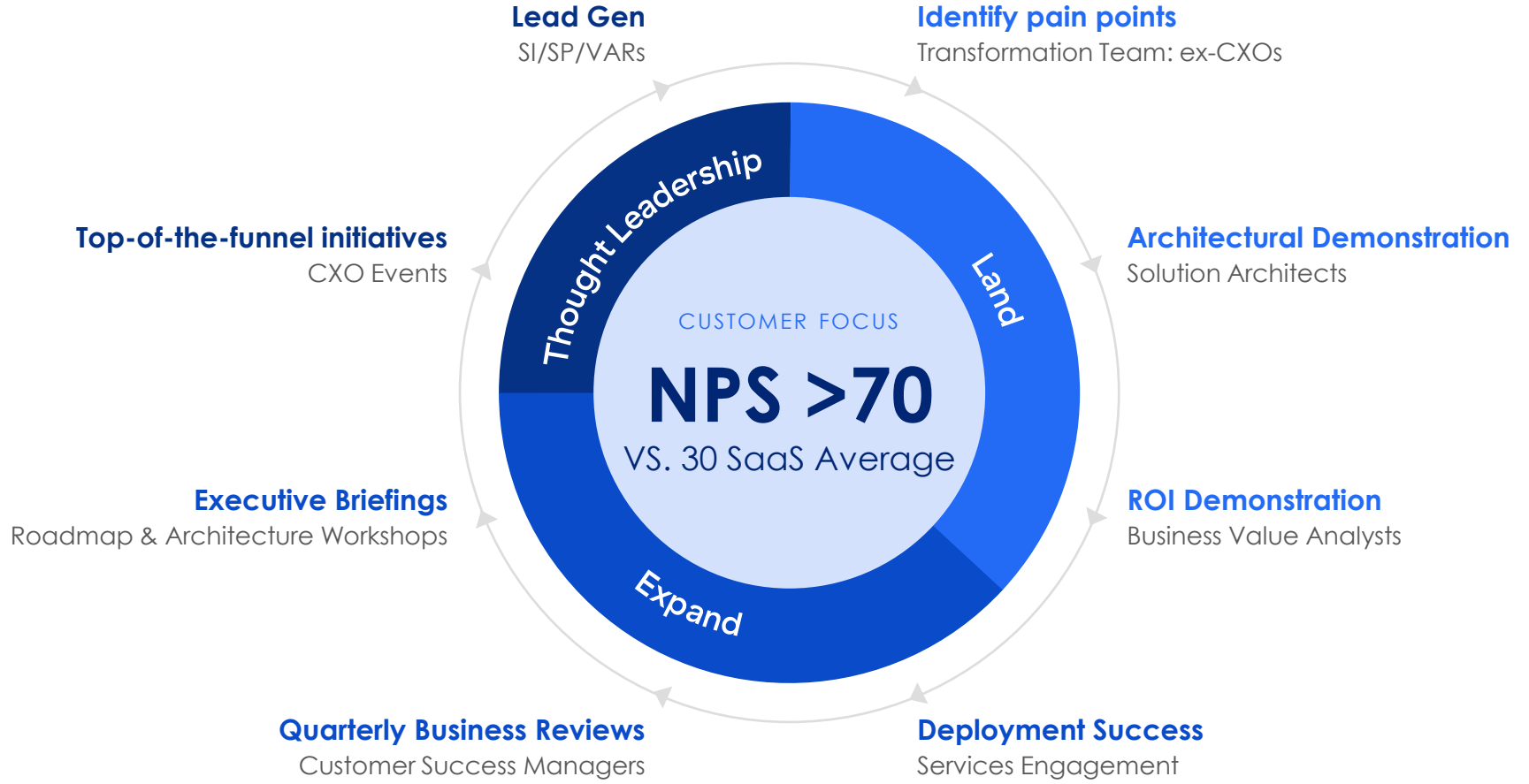
A critical integration partner positioned in the path of data



Enabling digital transformation requires a unique sales process



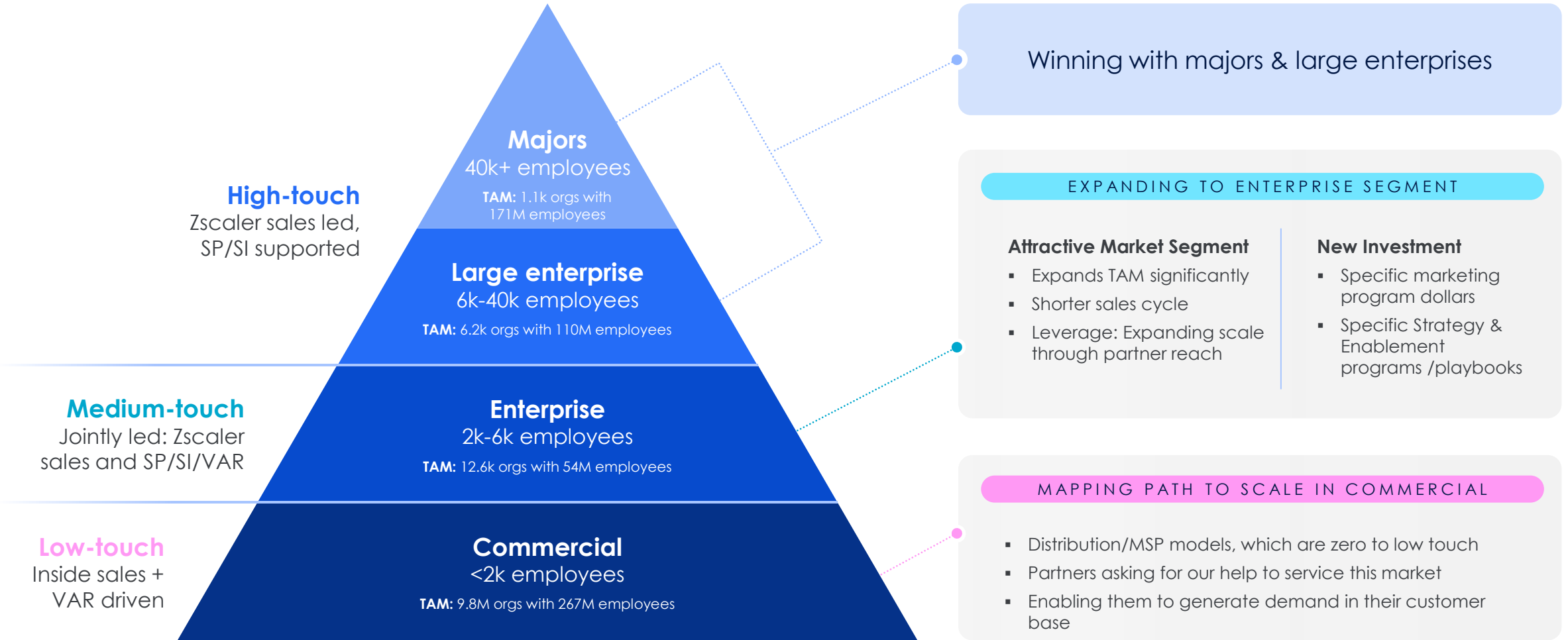
Driving value through high-touch engagement with customers



Go-to-market model built to capture our addressable market



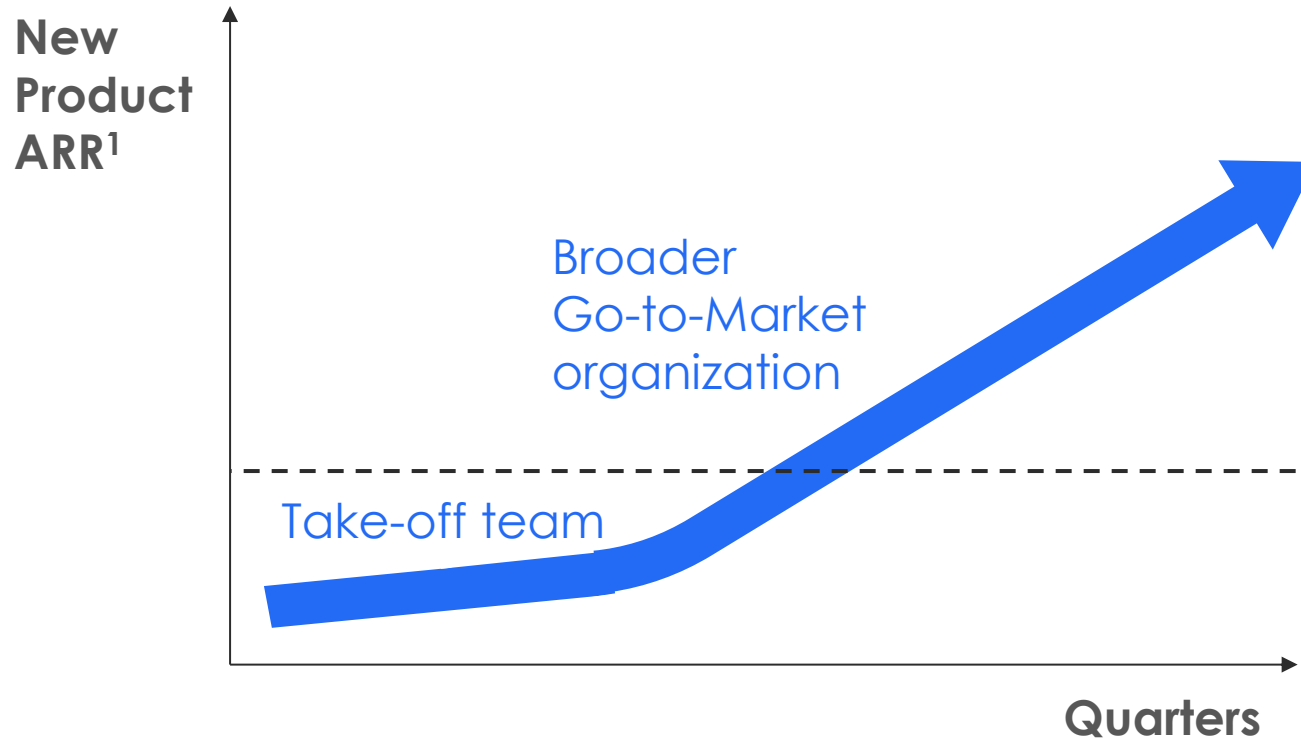
Targeted account-based sale with focus on enterprises, while expanding to smaller enterprises



Total Addressable Market (TAM) for Majors, Large enterprise, Enterprise and Commercial segments are based on data from ZoomInfo for total Global Parent Companies and their Total Employees, rounded to nearest digit, as of December 23, 2020.



Take-off teams to drive new product pillars



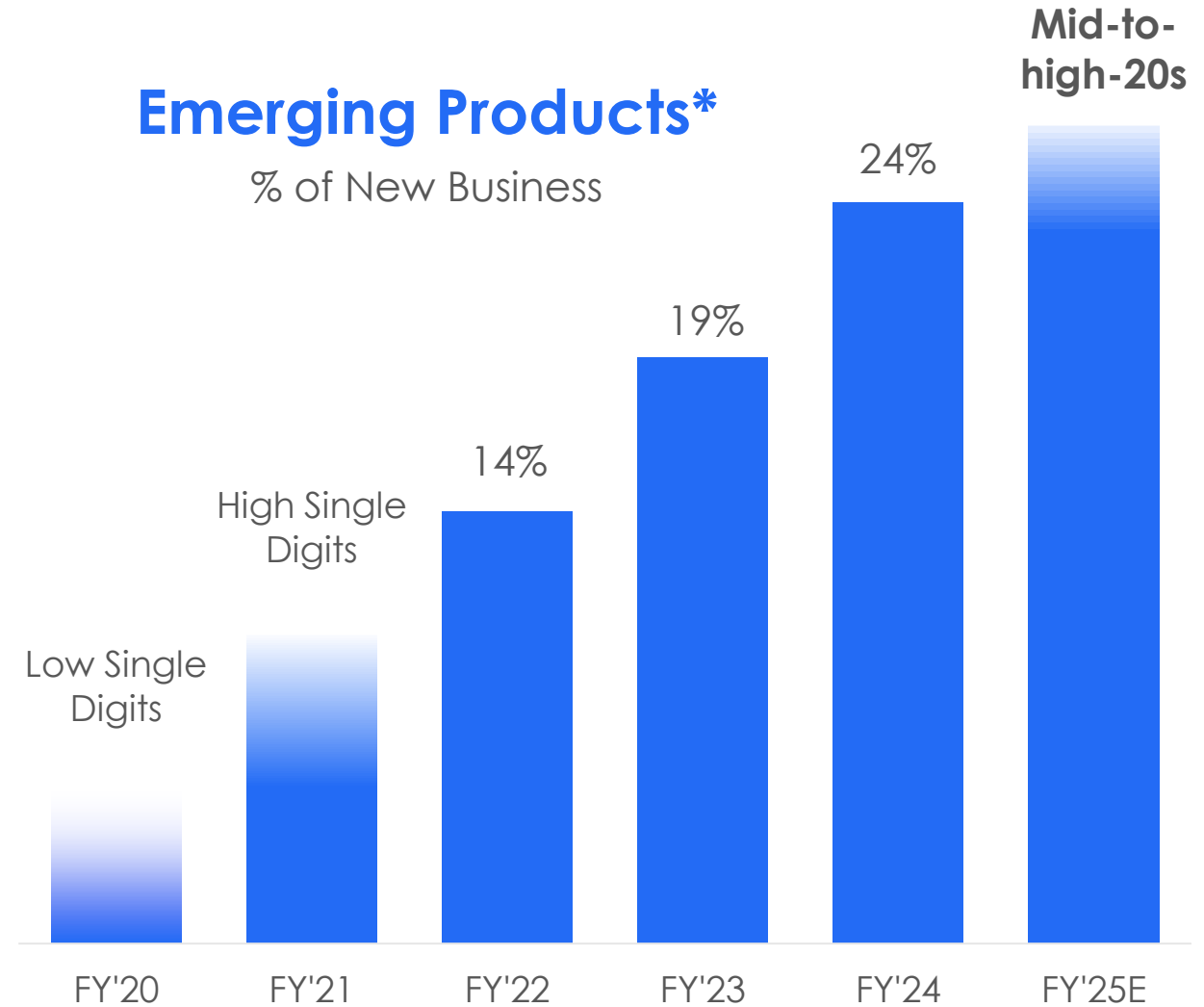
Take-off teams:

- Data Protection
- Zero Trust Networking
- AI Cloud Solutions

1. For illustrative purposes only



Strong customer adoption of our emerging products continues



*Emerging products includes:

- (a) Zscaler Digital Experience (ZDX)
- (b) Zero Trust for Branch and Cloud (includes Zero Trust SD-WAN, Zero Trust for Workloads, Posture Control, AppProtection and Zero Trust Segmentation)
- (c) Agentic Ops (includes Asset Exposure Management, UVM, Risk360, Business Insights, Attack Surface Management, Threat Hunting, Breach Prediction, and ITDR) + Zscaler SDK
- (d) Emerging Data Protection modules of Email DLP, DSPM, Endpoint DLP and GenAI. Emerging products contribution restated historically to include these modules
- (e) ZT Cell

Financial Overview

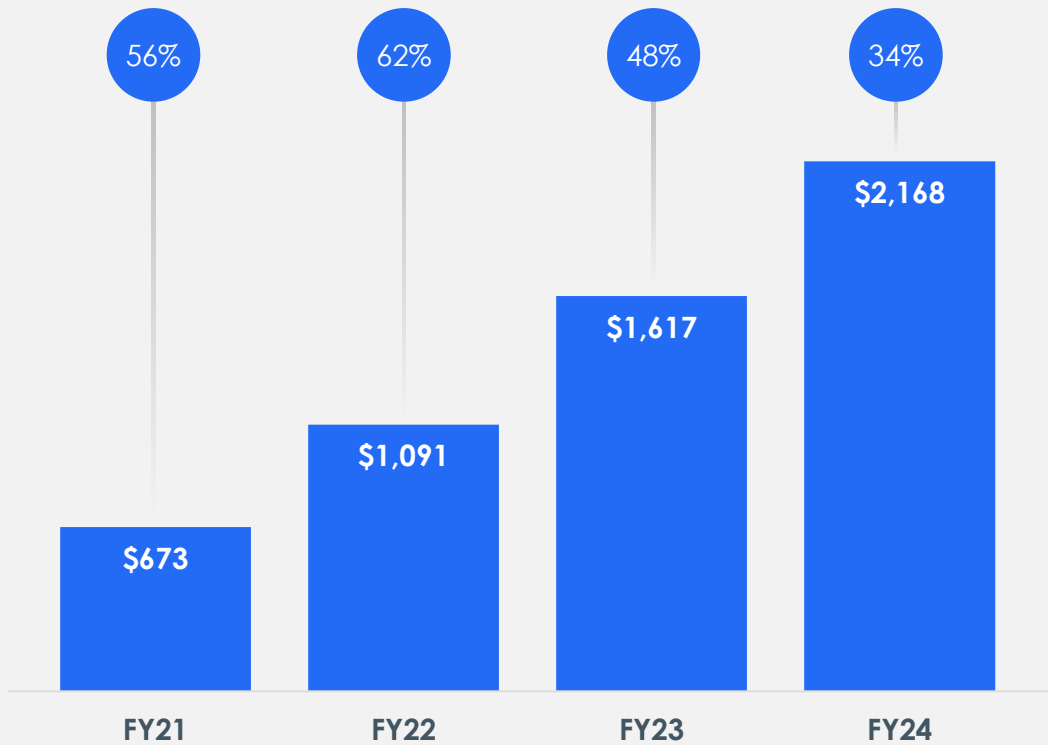




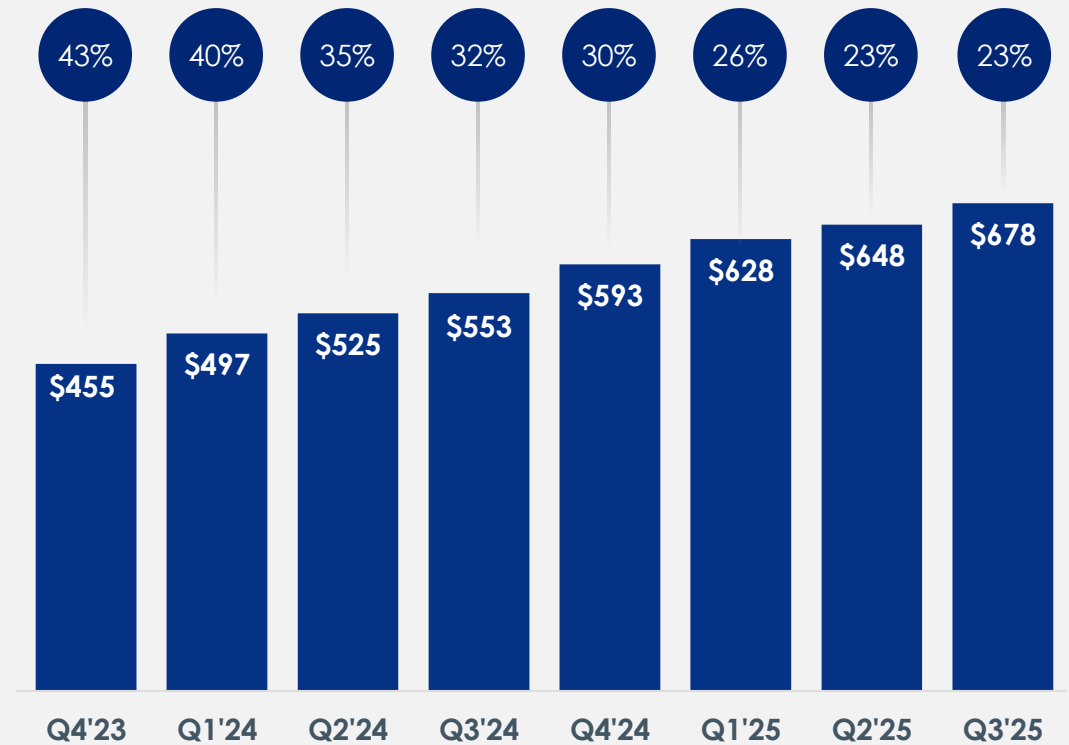
Consistent and strong revenue growth

(\$ in millions)

Annual revenue / YoY growth



Quarterly revenue / YoY growth



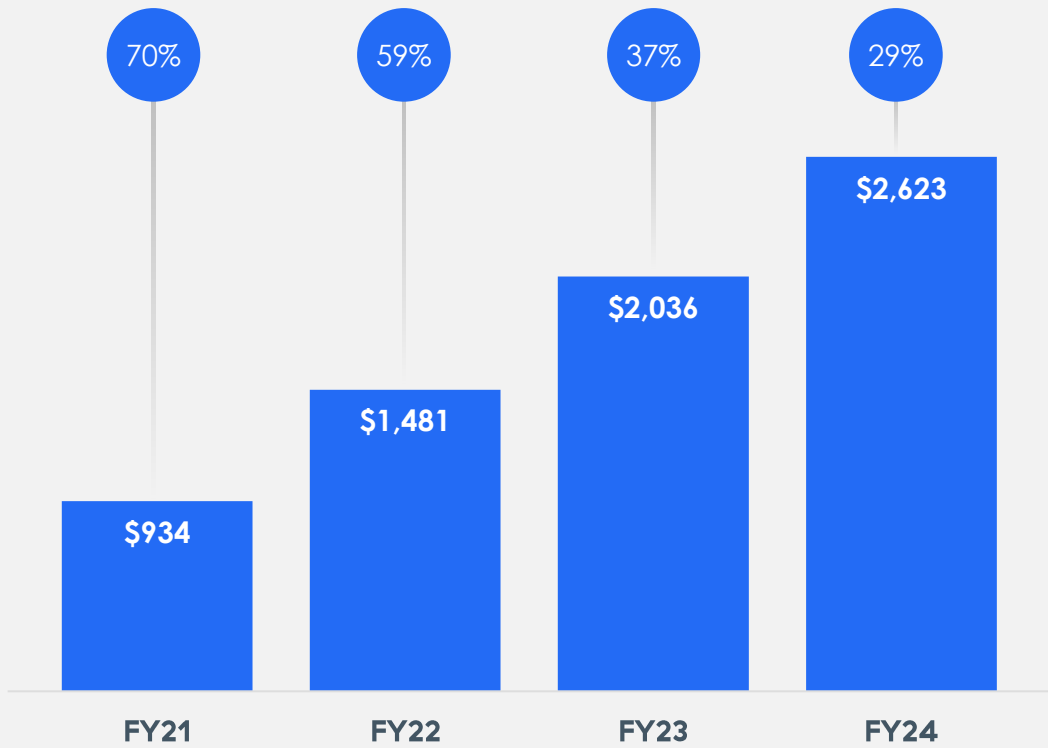
Note: Fiscal year ended July 31.



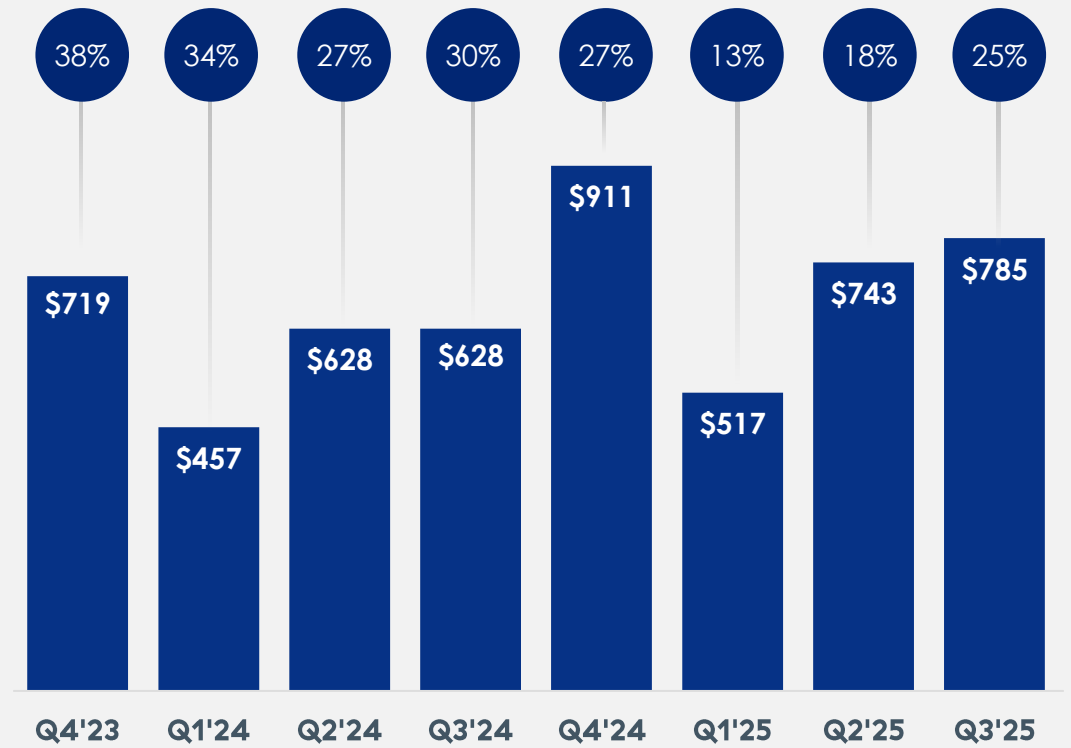
Strong YoY growth in calculated billings

(\$ in millions)

Annual billings / growth



Quarterly billings / YoY growth

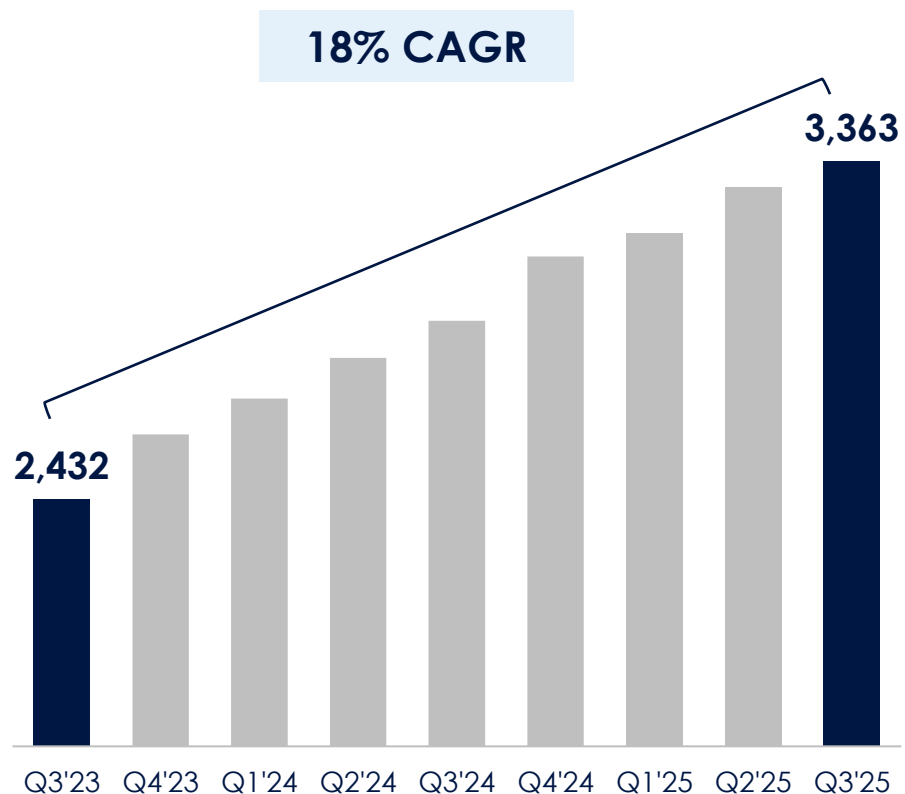


Note: Fiscal year ended July 31.

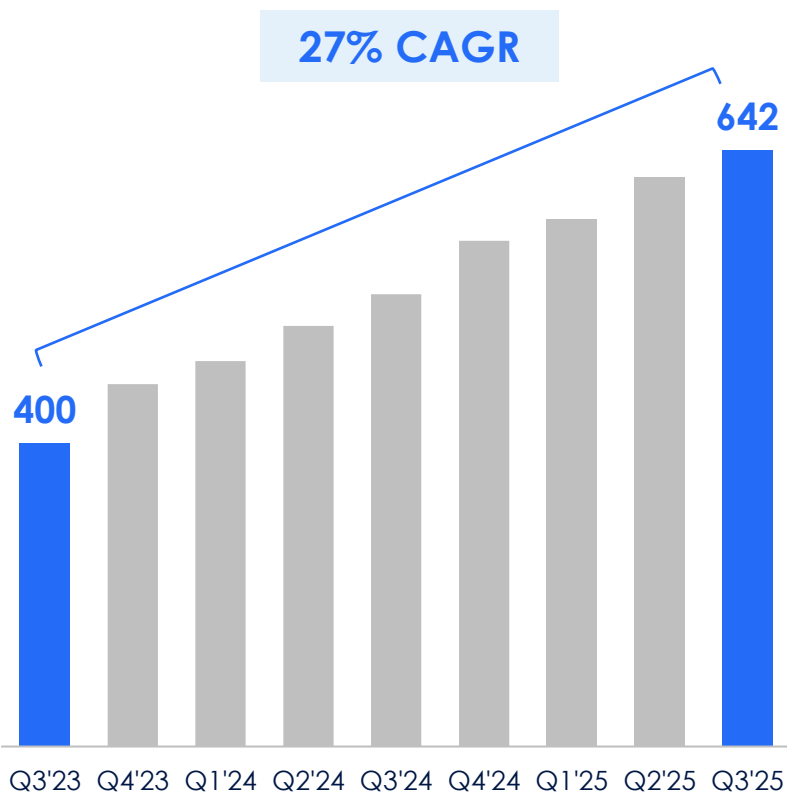
Sustained Large customer momentum



\$100K+ ARR Customers



\$1M+ ARR Customers



~45%

Fortune 500 Customers¹

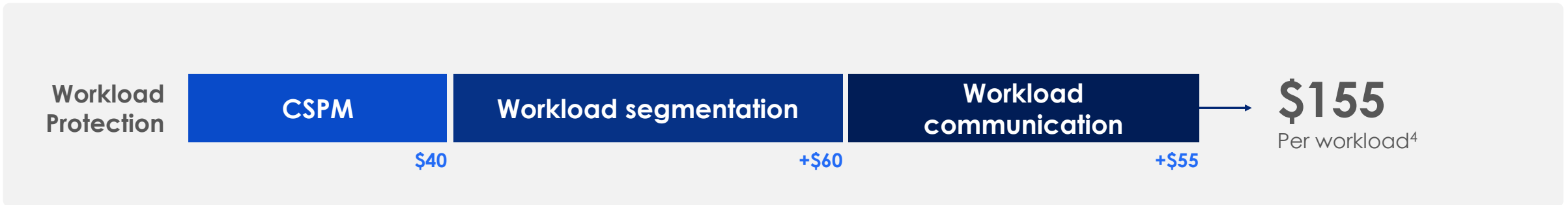
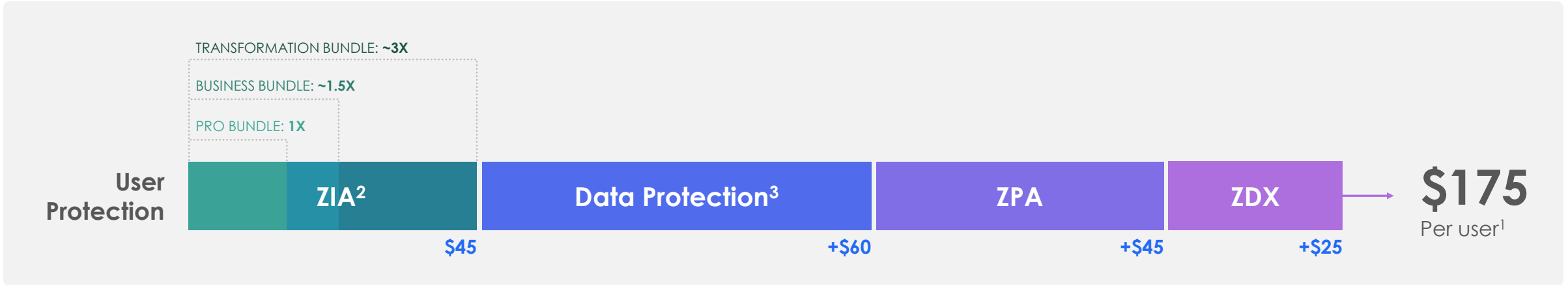
>35%

Global 2000 Customers¹

1) Forbes Global 2000 list and Fortune 500 list customers, for July 31, 2024.



Annual pricing model provides significant expansion opportunities



1. Per user pricing for individual products is effective annual prices to Zscaler for customers of 5,000 seats (also referred to as ARPU, or average revenue per user), except for new products including Browser Isolation and ZDX, where we calculate ARPU based on closed deals with high volume purchases. Per user pricing for ZIA, ZPA, and ZDX as presented at Zscaler Analyst Day 2021 on January 11, 2021.

2. ZIA Professional Bundle includes Secure Web Gateway. Business Bundle includes all Professional Bundle functionality, plus SSL inspection, Advanced Threat Protection, inline Cloud Application Control, Bandwidth Control, and more. Transformation Bundle includes all Business Bundle functionality, plus Cloud Sandbox and Cloud Firewall.

3. Data Protection includes (i) \$30 ARPU from Data Loss Prevention (DLP, Exact Data Match (EDM), API Cloud Access Security Broker (CASB), OCR, Browser Isolation, as presented at Zscaler Analyst Day 2021 (January 11, 2021) and (ii) incremental \$30 ARPU from E-mail DLP, SaaS Security Posture Management (SSPM), tokenization, and endpoint DLP, as presented at Zenith Live 2024 investor innovations briefing on June 12, 2024.

4. As presented at Zscaler Analyst Day 2021 on January 11, 2021. Per workload pricing applies to Zscaler Cloud Protection (ZCP) products, including CSPM, Workload Segmentation and Workload Communication. As ZCP products have been available for a short period of time, pricing per workload is effective annual prices to Zscaler in closed deals with high volume purchases, as well as Zscaler's estimate for current deals in progress.

Large Serviceable Market Opportunity (SAM)



Potential future markets

>600M

potential
B2B users²

3rd party vendors and customers of customers

>7B

IoT/OT
devices⁴

Incremental markets

267M users¹

*at commercial customers with
<2K employees*

338M workloads³

1.2B IoT/OT
devices⁴

*at commercial customers with
<2K employees*

Serviceable markets

335M

users¹

*at enterprises with
2K+ employees*

150M

workloads³

Top public clouds

1.5B

IoT/OT devices⁴

*at enterprises with
2K+ employees*



**Zscaler
Data Fabric**

1. Based on Zscaler's analysis of worldwide organization and employee data from ZoomInfo.

2. Zscaler's estimate of potential B2B Users is based on assuming a similar number of users as total worldwide workforce. We consider B2B users to include third-party vendors and customers of our customer.

3. Based on Zscaler's analysis of workload market forecast for 2020 from 650 Research.

4. Based on Zscaler's analysis of IoT market forecast from Gartner.



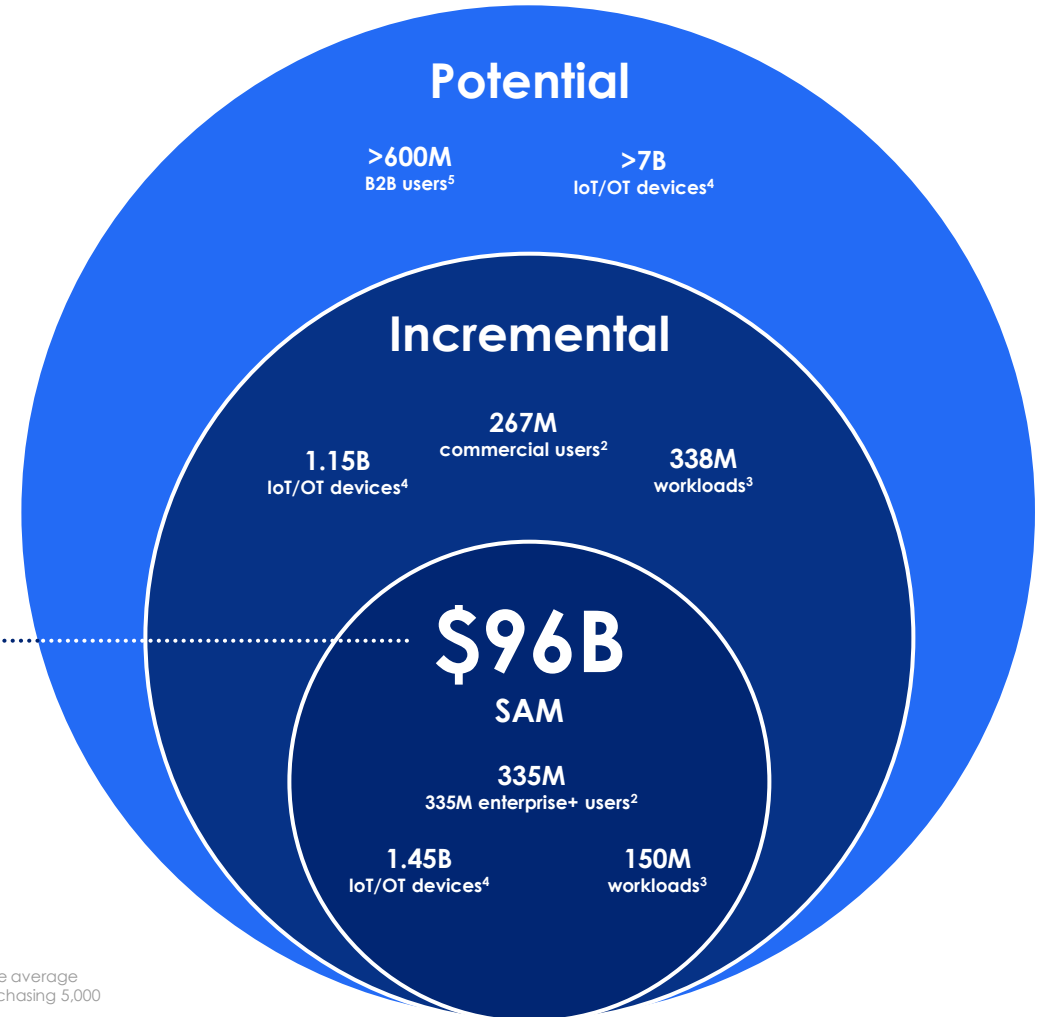
Bigger long-term Total Addressable Market (TAM)¹

\$59B User SAM²
 \$175 ARPU x 335M users
focused on enterprises with 2k+ employees

\$23B Workload SAM³
 \$155 Price Per Workload x 150M workloads
workloads in top public clouds

\$12B IoT/OT SAM⁴
 \$8 ARPD x 1.5B IoT/OT devices
focused on enterprises with 2k+ employees

\$2B Risk360 and BI SAM
 \$6 ARPU x 335M users



1. As presented during Zenith Live 2024

2. Based on Zscaler's analysis of worldwide organization and employee data from ZoomInfo. User SAM multiplies 335 million users by Zscaler's aggregate average revenue per user (ARPU) of approximately \$45 for ZIA Transformation bundle, \$60 for Data Protection, \$45 for ZPA and \$25 for ZDX from customers purchasing 5,000 seats.

3. Based on Zscaler's analysis of workload market forecast for 2020 from 650 Research. Workload SAM multiplies 150 million workloads by Zscaler's aggregate average revenue per workload of approximately \$40 for CSPM, \$60 for Workload segmentation and \$55 for Workload Communication solutions in the ZCP family.

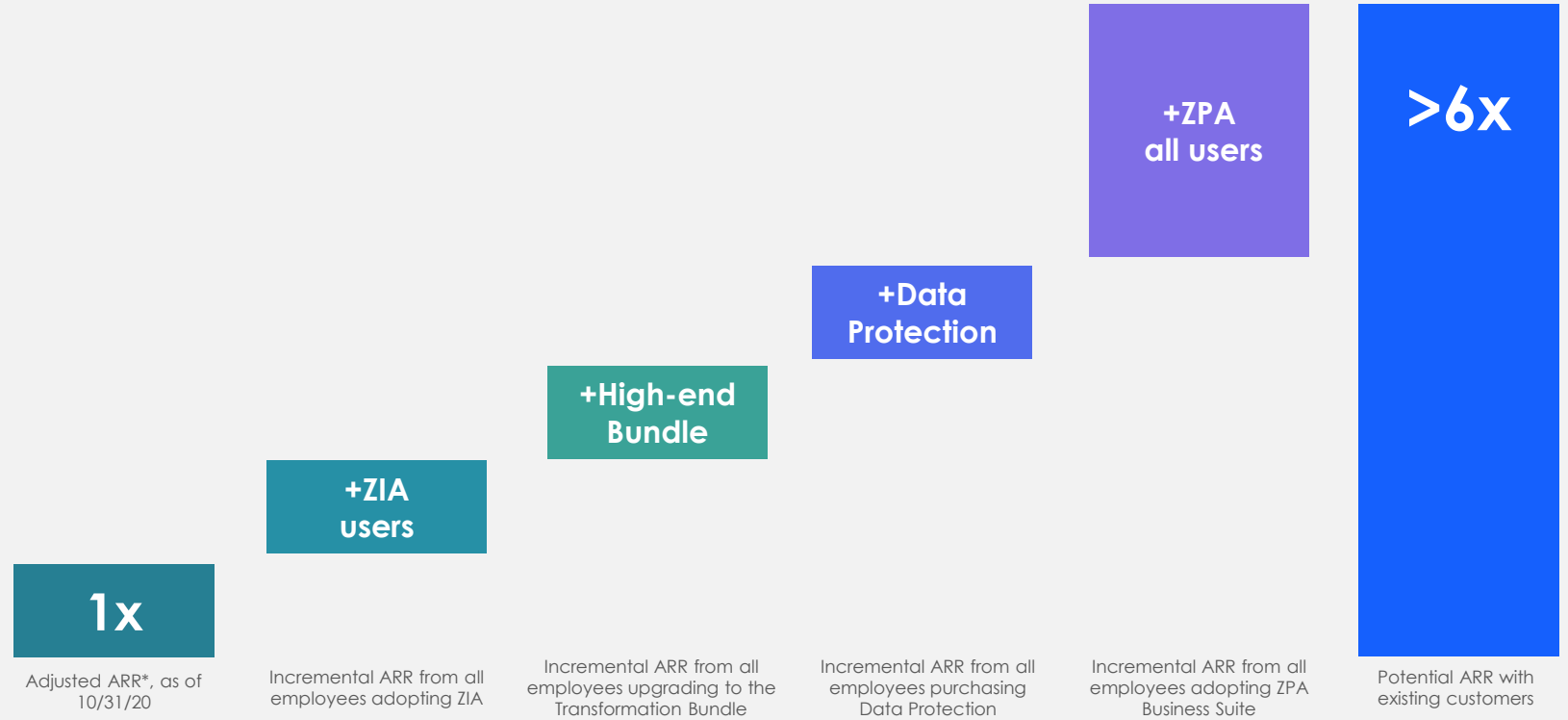
4. Based on Zscaler's analysis of IoT market forecast from Gartner.

5. Zscaler's estimate of potential B2B Users is based on assuming a similar number of users as total worldwide workforce. We consider B2B users to include third-party vendors and customers of our customer.



>6x

Upsell opportunity on ZIA and ZPA alone with existing customers*



*Upsell opportunity analysis based on Annual Recurring Revenue (ARR) of customers with 100 ZIA seats or more, as of Q1'21 ending October 31, 2020; this process eliminates paid trials and other smaller deployments, which if included would increase upsell potential further. Our analysis also excludes OEM agreements and end customers with deals primarily based on traffic/usage. Including all adjustments as noted, Adjusted ARR represents over 95% of Total ARR.

We calculate total Upsell Opportunity as total incremental ARR from selling additional seats to cover total employees and additional ZIA and ZPA product functionality at their existing subscription prices and then applying an incremental discount of 35% on the upsell. Our analysis excludes newly introduced products, including ZB2B, API CASB, Browser Isolation, ZDX and ZCP.

We determine Incremental ARR by calculating the potential value of: 1) additional ZIA seat subscriptions for customers that have purchased ZIA for none or for a subset of total employees, assuming purchase of equivalent product functionality/bundles as existing ZIA subscription, or ZIA Transformation Bundle where no prior ZIA subscription was purchased, for remaining employees; 2) additional product functionality in high-end Transformation Bundle, where customers purchased Professional or Business Bundles; 3) add-on subscriptions for Data Protection products, including DLP and Exact Data Match, and 4) additional ZPA seat subscription for customers that have purchased ZPA for none or for a subset of total employees, assuming purchase of equivalent product functionality/bundles as existing ZPA subscription, or ZPA Business Suite where no prior ZPA subscription was purchased, for remaining employees.

Total employee count for existing customers is Zscaler internal data based on various sources including customer-supplied information, public filings with SEC, Hoover's, Dun & Bradstreet, Discover.org and ZoomInfo.



Significant international revenue

Historically, approximately 50% of our revenue has come from outside Americas

Early big wins in Europe

Continued investment after early success with G2000 customers

Early investment in international sales

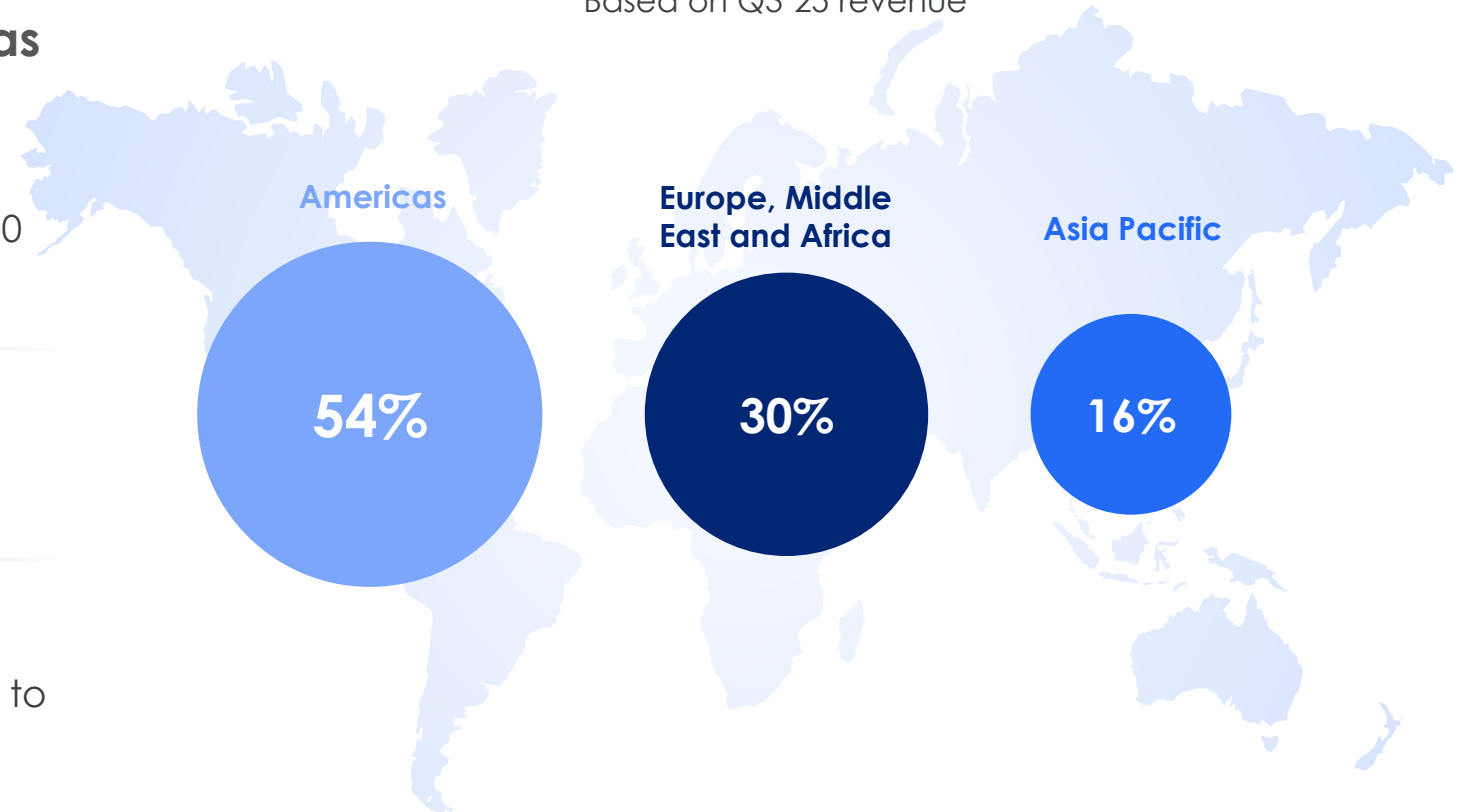
Replicated size of U.S. sales team internationally

Global SP partners

Focused on partnering with global service providers to efficiently expand our reach

Revenue by geography

Based on Q3'25 revenue





Attractive cloud gross margins

Key factors

Purpose-built, multi-tenant architecture

Each subsystem optimized for high throughput, reducing the number of servers needed

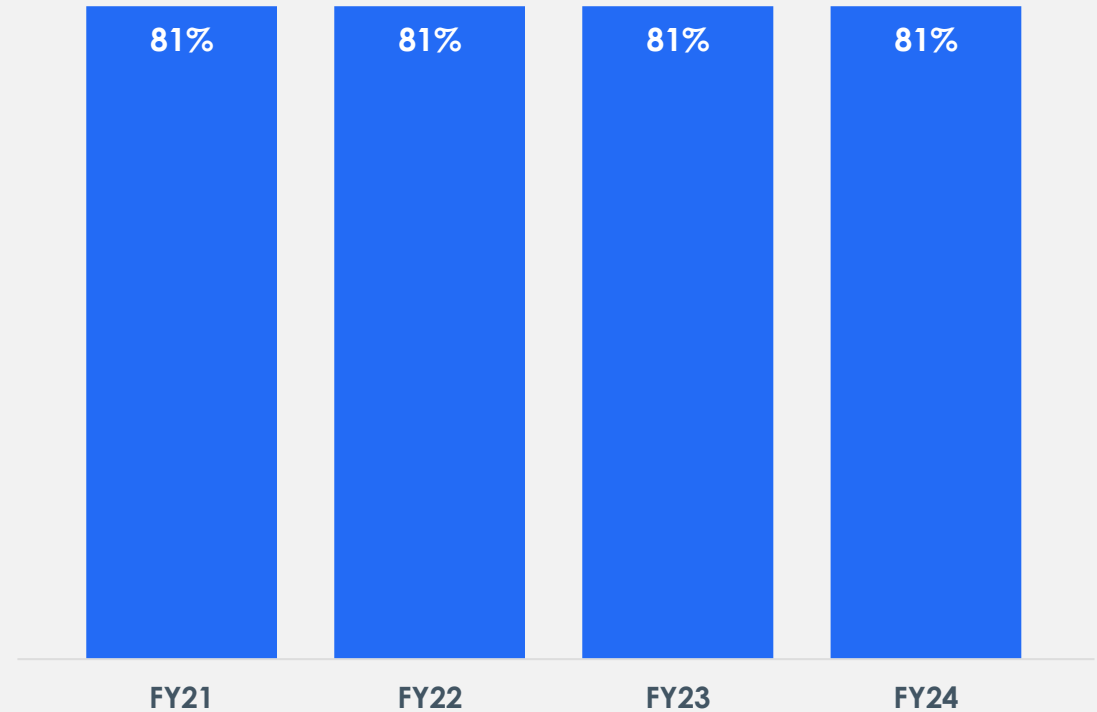
Cloud operations

Highly automated, which requires lower head count to operate

Peering with content and service providers at internet exchanges

Reduces bandwidth cost

Non-GAAP gross margin¹



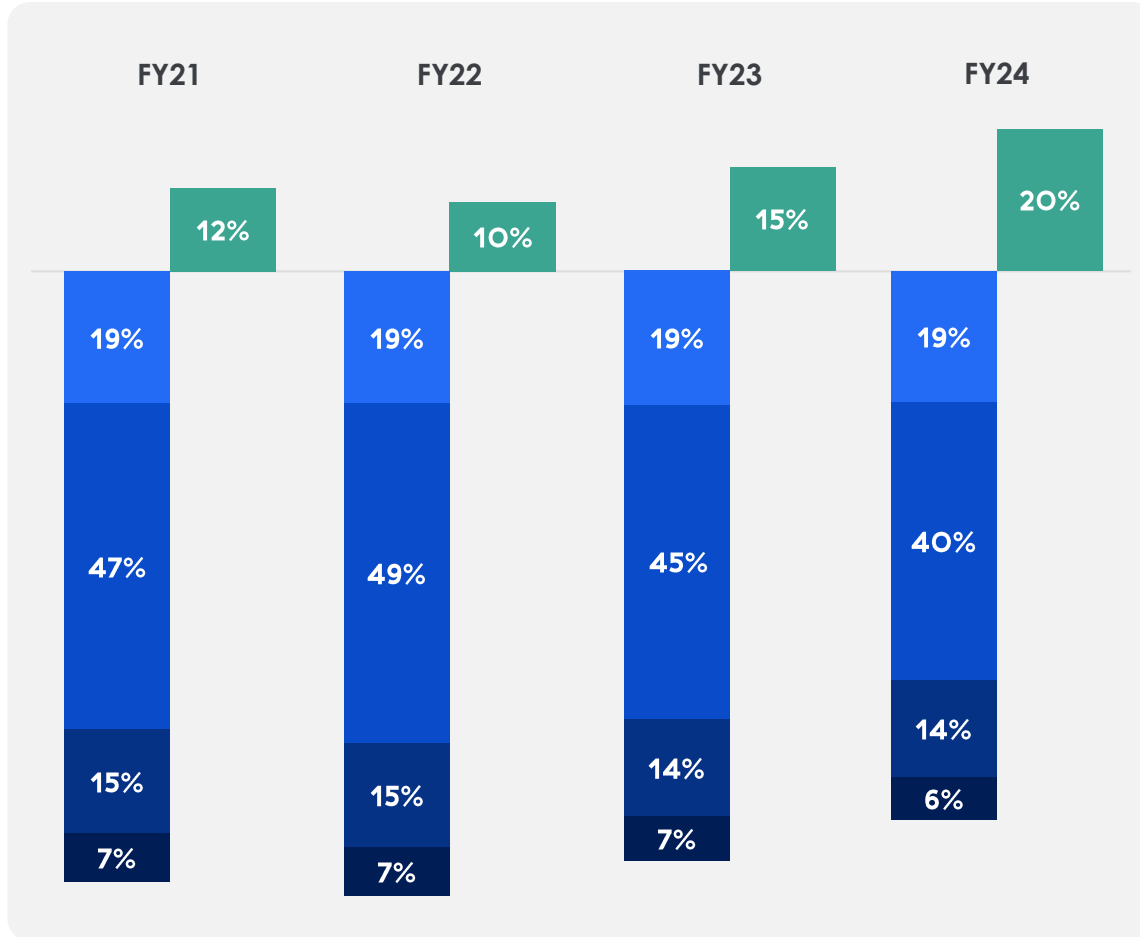
Note: Financials presented are on adjusted, non-GAAP basis; refer to the GAAP to Non-GAAP reconciliation in Appendix.

1. Non-GAAP gross margin is defined as GAAP gross margin, excluding stock-based compensation expense and related payroll taxes and amortization expense of acquired intangible assets.



Investing for growth to capture large opportunity

Non-GAAP expenses¹ and non-GAAP operating margin¹ as % of revenue



Key factors

Operating Margin	60%+ contribution margins on renewal cohorts in years 2 and 3
Cost of Revenue	Scale of our multi-tenant cloud benefits cost of revenue
Sales & Marketing	Investments for long-term leverage Building sales team to drive growth and penetration Ramping marketing efforts to build brand and create demand
R&D	Global centers in Silicon Valley & India Investing in R&D to enhance functionality
G&A	Significant presence in India

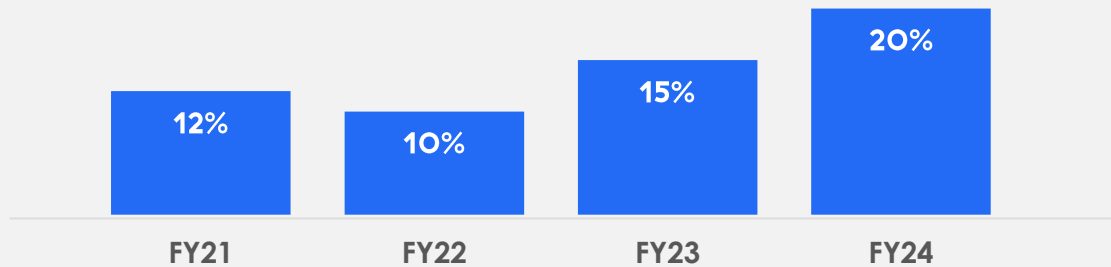
1. Non-GAAP expenses exclude stock-based compensation expenses and related payroll taxes, amortization expense of acquired intangible assets, asset impairment related to facility exits, amortization of debt discount and issuance costs and certain litigation-related expenses. Refer to the GAAP to non-GAAP reconciliation in Appendix A.



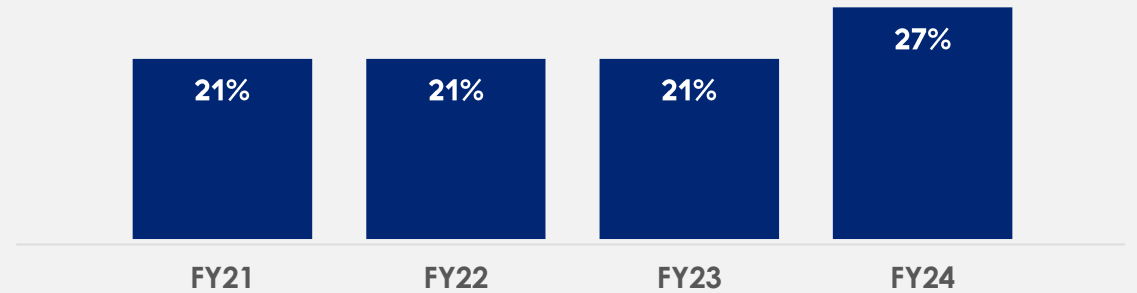
Long-term model (Non-GAAP)

	FY21	FY22	FY23	FY24	FY25 Guidance	Long-Term Targets
Non-GAAP gross margin ⁽¹⁾	81%	81%	81%	81%		78% – 82%
Non-GAAP operating margin	12%	10%	15%	20%	approx. 21.6% ²	20% – 22%
Non-GAAP free cash flow margin	21%	21%	21%	27%	25.5%–26.0%	22% – 25%

Non-GAAP operating margin



Non-GAAP free cash flow margin



1. Non-GAAP gross margin is defined as GAAP gross margin, excluding stock-based compensation expense and amortization of acquired intangible assets. Starting in FY21, payroll taxes related to stock-based compensation are excluded from non-GAAP. Refer to the GAAP to non-GAAP reconciliation in Appendix A.
 2. Represents mid-point of FY25 guidance.

Financial Appendix





Explanation of Non-GAAP Financial Measures

In addition to our results determined in accordance with generally accepted accounting principles in the United States of America ("GAAP"), we believe that the presentation of non-GAAP financial information provides important supplemental information to management and investors regarding financial and business trends relating to our financial condition and results of operations. However, non-GAAP financial information is presented for supplemental informational purposes only and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. Investors are cautioned that there are a number of limitations associated with the use of non-GAAP financial measures and key metrics as analytical tools. Investors are encouraged to review these reconciliations, and not to rely on any single financial measure to evaluate our business.

Expenses Excluded from Non-GAAP Measures

Stock-based compensation expense is excluded primarily because it is a non-cash expense that management believes is not reflective of our ongoing operational performance. Employer payroll taxes related to stock-based compensation, which is a cash expense, are excluded because these are tied to the timing and size of the exercise or vesting of the underlying equity awards and the price of our common stock at the time of vesting or exercise, which may vary from period to period independent of the operating performance of our business. Amortization expense of intangible assets acquired in business acquisitions and related income tax effects, if applicable, are excluded because these are considered by management to be outside of our core business operating performance. Asset impairments related to facility exit costs are excluded because such charges are not reflective of our ongoing operational performance. Amortization of debt discount and issuance costs from our convertible senior notes are excluded because these are non-cash expenses and are not reflective of our ongoing operational performance. We also exclude certain litigation-related expenses consisting of professional fees and related costs incurred by us in defending against significant claims that we deem not to be in the ordinary course of our business and, if applicable, actual losses and accruals related to estimated losses in connection with these claims. There are many uncertainties and potential outcomes associated with any litigation, including the expense of litigation, timing of such expenses, court rulings, unforeseen developments, complications and delays, each of which may affect our results of operations from period to period, as well as the unknown magnitude of the potential loss relating to any lawsuit, all of which are inherently subject to change, difficult to predict and could adversely affect our results of operations. We estimate the tax effect of these items on our non-GAAP results and may adjust our GAAP provision for income taxes, if such effects have a material impact to our non-GAAP results.

Effective August 1, 2024, the beginning of Zscaler's fiscal year ending July 31, 2025, we are using a long-term projected non-GAAP tax rate of 23% for the purpose of determining our non-GAAP net income and non-GAAP net income per share to provide better consistency across interim reporting periods in fiscal 2025 and beyond. Given the significant growth of our business and non-GAAP operating income, we believe this change is necessary to better reflect the performance of our business. We will continue to assess the appropriate non-GAAP tax rate on a regular basis, which could be subject to change for a variety of reasons, including the rapidly evolving global tax environment, significant changes in our geographic earnings mix, or other changes to our strategy or business operations.

Key Non-GAAP Financial Measures Included within this Presentation:

- Non-GAAP Gross Profit and Non-GAAP Gross Margin^(*)
- Non-GAAP Income (Loss) from Operations and Non-GAAP Operating Margin^(*)
- Non-GAAP Net Income (Loss) and Non-GAAP Net Income (Loss) per Share Attributable to Common Stockholders
- Free Cash Flow and Free Cash Flow Margin^(*)

^(*)Non-GAAP to GAAP reconciliations shown on the following slides.



Appendix A: GAAP to Non-GAAP Reconciliation

\$ in thousands

	FY'21	FY'22	FY'23	FY'24
Revenue	\$673,100	\$1,090,946	\$1,616,952	\$2,167,771
GAAP Gross Profit	\$522,783	\$848,664	\$1,254,120	\$1,690,642
Stock-based compensation expense and related payroll taxes	15,272	25,292	40,297	52,766
Amortization expense of acquired intangible assets	6,468	7,975	9,574	12,879
Non-GAAP Gross profit	\$544,523	\$881,931	\$1,303,991	\$1,756,287
GAAP Gross Margin	78%	78%	78%	78%
Non-GAAP gross margin	81%	81%	81%	81%
GAAP Sales and marketing expense	\$459,407	\$735,219	\$953,864	\$1,100,239
Stock-based compensation expense and related payroll taxes	144,273	202,211	222,280	230,597
Amortization expense of acquired intangible assets	327	704	773	1,232
Non-GAAP sales and marketing expense	\$314,807	\$532,304	\$730,811	\$868,410
GAAP sales and marketing expense as a percentage of revenue	68%	67%	59%	51%
Non-GAAP sales and marketing expense as a percentage of revenue	47%	49%	45%	40%
GAAP research and development expense	\$174,653	\$289,139	\$349,735	\$499,828
Stock-based compensation expense and related payroll taxes	73,238	123,422	121,151	186,107
Amortization expense of acquired intangible assets	—	331	713	513
Non-GAAP research and development expense	\$101,415	\$165,386	\$227,871	\$313,208
GAAP research and development expense as a percentage of revenue	26%	27%	22%	23%
Non-GAAP research and development expense as a percentage of revenue	15%	15%	14%	14%
GAAP general and administrative expense	\$96,535	\$151,735	\$177,544	\$212,052
Stock-based compensation expense and related payroll taxes	45,779	79,095	73,051	79,630
Litigation related expenses	—	—	—	—
Asset impairment related to facility exit	416	—	—	—
Non-GAAP general and administrative expense	\$50,340	\$72,640	\$104,493	\$132,422
GAAP general and administrative expense as a percentage of revenue	14%	14%	11%	10%
Non-GAAP general and administrative expense as a percentage of revenue	7%	7%	6%	6%
GAAP restructuring and other charges	\$—	\$—	\$7,600	\$—
Stock-based compensation expense and related payroll taxes	—	—	1,036	—
Restructuring and other charges, excluding stock-based compensation expense	—	—	6,564	—
Non-GAAP restructuring and other charges	\$—	\$—	\$—	\$—
GAAP restructuring and other charges as a percentage of revenue	—%	—%	—%	—%
Non-GAAP restructuring and other charges as a percentage of revenue	—%	—%	—%	—%



Appendix A: GAAP to Non-GAAP Reconciliation (cont.)

\$ in thousands

	FY'21	FY'22	FY'23	FY'24
GAAP total operating expenses	\$730,595	\$1,176,093	\$1,488,743	\$1,812,119
Stock-based compensation expense and related payroll taxes	263,290	404,728	417,518	496,334
Litigation related expenses	—	—	—	—
Amortization expense of acquired intangible assets	327	1,035	1,486	1,745
Asset impairment related to facility exit	416	—	—	—
Restructuring and other charges, excluding stock-based compensation expense	—	—	6,564	—
Non-GAAP total operating expenses	\$466,562	\$770,330	\$1,063,175	\$1,314,040
GAAP total operating expenses as a percentage of revenue	109%	108%	92%	84%
Non-GAAP total operating expenses as a percentage of revenue	69%	71%	66%	61%
GAAP loss from operations	\$(207,812)	\$(327,429)	\$(234,623)	\$(121,477)
Stock-based compensation expense and related payroll taxes	278,562	430,020	457,815	549,100
Litigation related expenses	—	—	—	—
Amortization expense of acquired intangible assets	6,795	9,010	11,060	14,624
Asset impairment related to facility exit	416	—	—	—
Restructuring and other charges, excluding stock-based compensation expense	—	—	6,564	—
Non-GAAP income from operations	\$77,961	\$111,601	\$240,816	\$442,247
GAAP operating margin	(31)%	(30)%	(15)%	(6)%
Non-GAAP operating margin	12%	10%	15%	20%
GAAP interest expense	\$(53,364)	\$(56,579)	\$(6,541)	\$(13,132)
Amortization of debt discount and issuance costs	51,923	55,141	3,894	3,914
Non-GAAP interest expense	\$(1,441)	\$(1,438)	\$(2,647)	\$(9,218)
GAAP net loss	\$(262,029)	\$(390,278)	\$(202,335)	\$(57,706)
Stock-based compensation expense and related payroll taxes	278,562	430,020	457,815	549,100
Litigation related expenses	—	—	—	—
Amortization expense of acquired intangible assets	6,795	9,010	11,060	14,624
Asset impairment related to facility exit	416	—	—	—
Restructuring and other charges, excluding stock-based compensation expense	—	—	6,564	—
Amortization of debt discount and issuance costs	51,923	55,141	3,894	3,914
Benefit for income taxes	—	(2,597)	—	(1,864)
Non-GAAP net income	\$75,667	\$101,296	\$276,998	\$508,068

Appendix A: GAAP to Non-GAAP Reconciliation (cont.)



\$ in thousands

	FY'21	FY'22	FY'23	FY'24
Free cash flow	\$143,743	\$231,332	\$333,619	\$584,950
Revenue	673,100	1,090,946	1,616,952	2,167,771
Free cash flow margin	21%	21%	21%	27%
Net cash provided by operating activities	\$202,040	\$321,912	\$462,343	\$779,846
Less: Purchases of property, equipment and other assets	(48,165)	(69,296)	(97,197)	(144,588)
Less: Capitalized internal-use software costs	(10,132)	(21,284)	(31,527)	(50,308)
Free cash flow	\$143,743	\$231,332	\$333,619	\$584,950
Net cash provided by operating activities, as a percentage of revenue	30%	30%	29%	36%
Less: Purchases of property, equipment and other assets, as a percentage of revenue	(7)%	(7)%	(6)%	(7)%
Less: Capitalized internal-use software costs, as a percentage of revenue	(2)%	(2)%	(2)%	(2)%
Free cash flow margin	21%	21%	21%	27%

Appendix

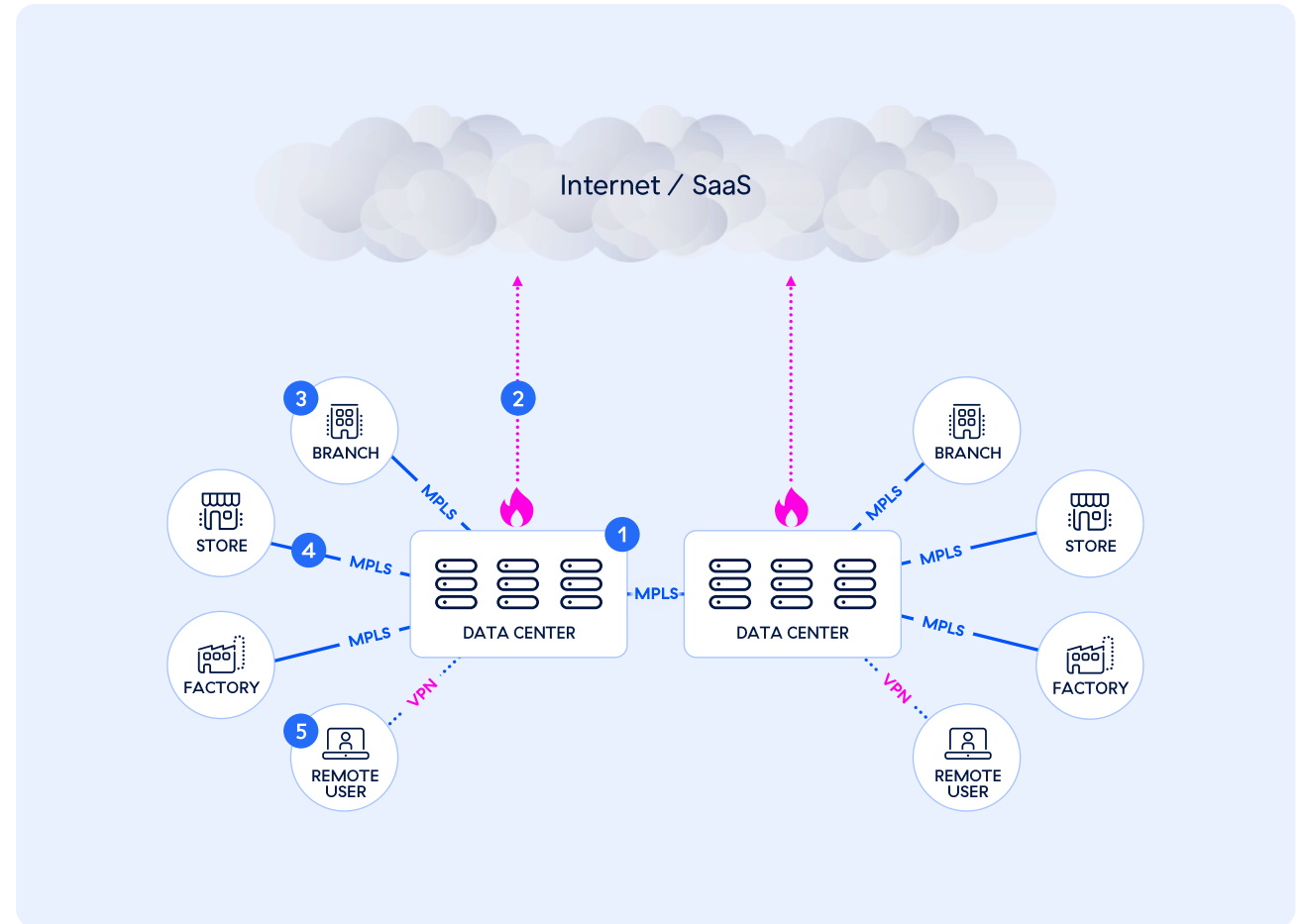


Traditional IT: Hub & spoke networks

OPTIMIZED TO CONNECT USERS TO APPS IN THE DATA CENTER

The castle-and-moat/hub-and-spoke approach was based on the premise that all enterprise users, data and applications resided on the network.

- 1 A few data centers act as “hubs”
- 2 Data centers connect to the public internet via security stacks, as internet gateway
- 3 Branch locations (e.g., offices, stores, factories) connect to the hub, producing “spokes”
- 4 Private MPLS networks used to transmit traffic between hubs and spokes
- 5 Mobile/remote users expand the network via VPNs, adding new spokes

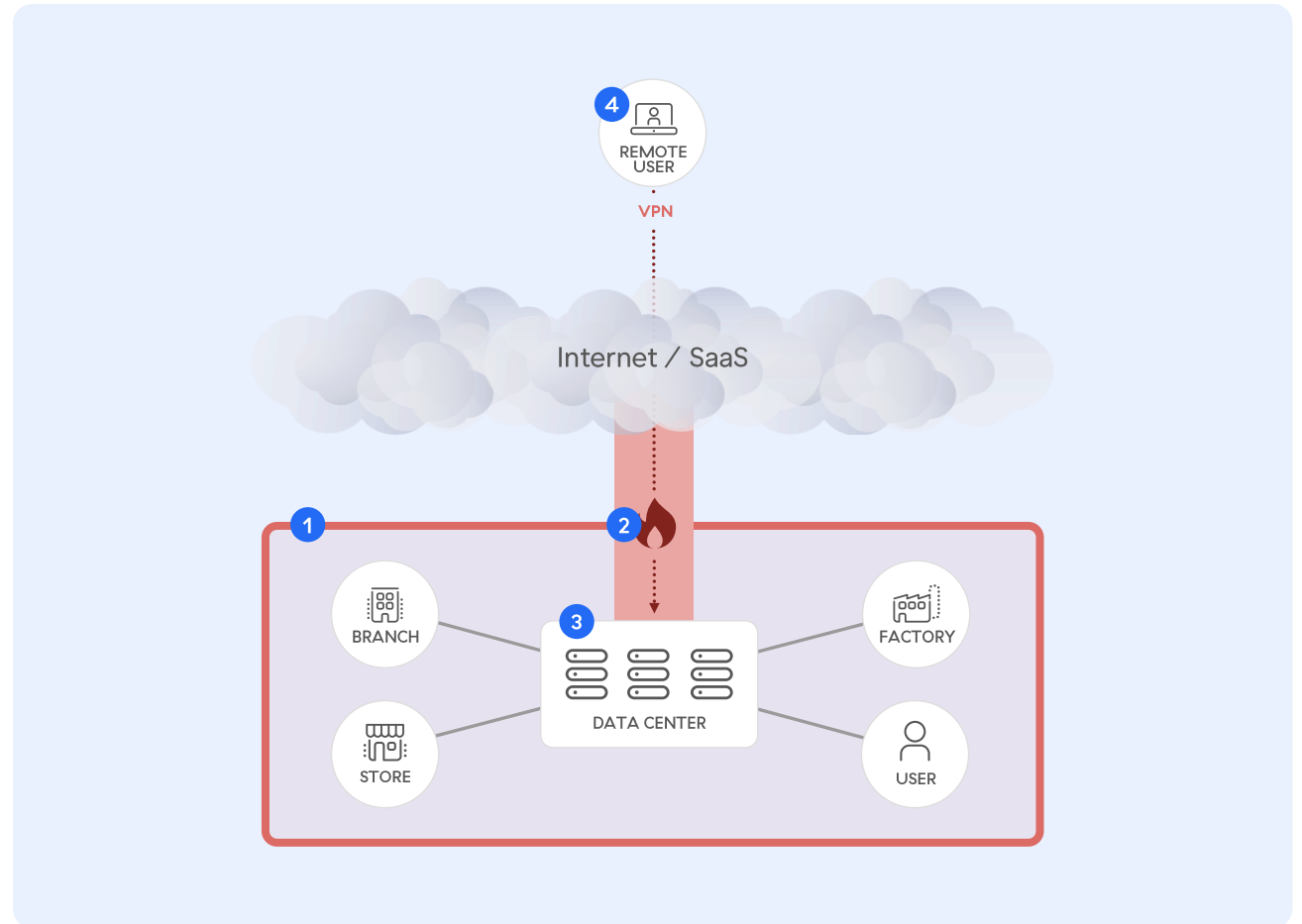


Traditional IT: Castle & moat security

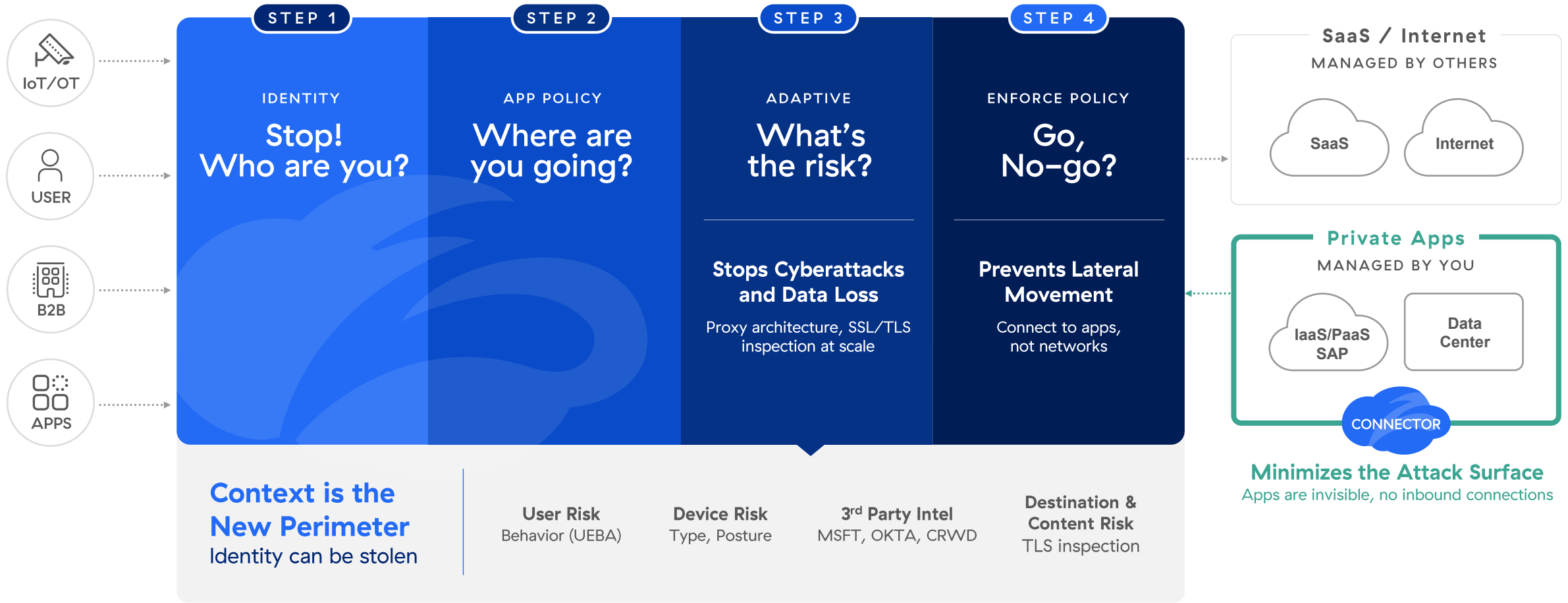
PERIMETER SECURITY APPLIANCES TO PROTECT THE NETWORK

Within the castle, everything is trusted; outside of the castle, everything is untrusted. If an attacker gains access to the network by crossing the “moat,” they can also access any data and systems within.

- 1 The network is set up with a perimeter of security appliances, like a moat around a castle
- 2 A stack of security appliances, called a gateway, or DMZ, acts as a “drawbridge” that allows specific traffic over the “moat” in and out of the network
- 3 Once inside, users can access all applications and data within the network, like people inside a castle having free rein of the castle grounds
- 4 Mobile/remote users cross through the DMZ via VPNs



Zscaler Zero Trust Exchange™ architecture



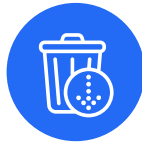


Reduce your carbon footprint with the Zscaler Zero Trust Exchange

Secure your digital transformation while **lowering your environmental impact**

Zscaler is carbon neutral since 2022 and has set a goal to reach net zero by 2025

Environmental Benefit



Decrease IT waste

Security appliances, servers, and other on-premises hardware can be retired



Reduce energy consumption

Optimized cloud native architecture uses less energy than on-premises solutions



Run on 100% renewable energy

Zscaler is committed to efficiency and renewable energy for our security cloud

*Case for organization with 25,000 users across 200 facilities

Potential Impact*

4,200

Kilograms
IT equipment retired

893

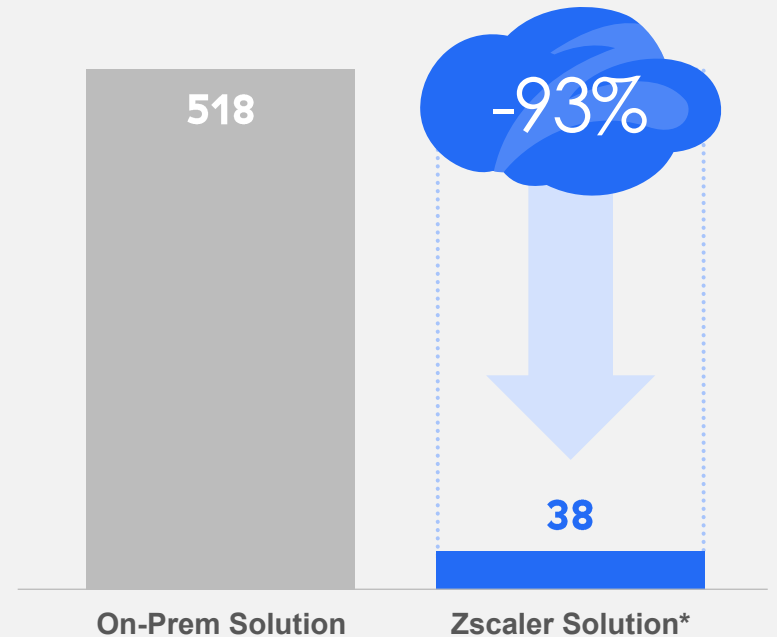
Megawatt hours
Annual energy savings

518

Metric tons of CO2e
Annual carbon savings

Efficient architecture with dramatically less environmental impact

Annual Carbon Footprint (MT CO2e) - Organization with 25,000 Users across 200 facilities



*Gross emissions before energy purchases applied



ZDX: Pinpoint the root cause of user experience challenges

End-to-end network visibility by hop

