#### ZSCALER, INC. Supplemental Financial Information 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 the following non-GAAP measures are useful in evaluating our operating performance. We use the following non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance. However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In particular, free cash flow is not a substitute for cash used in operating activities. Additionally, the utility of free cash flow as a measure of our liquidity is further limited as it does not represent the total increase or decrease in our cash balance for a given period. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. A reconciliation of our historical non-GAAP financial measures to their most directly comparable financial measures stated in accordance with GAAP has been included in this Supplemental Financial Information. 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 they are non-cash expenses that management believes are not reflective of our ongoing operational performance. Effective August 1, 2020, the beginning of our fiscal year ending July 31, 2021, we have presented employer payroll taxes related to employee equity award transactions, which is a cash expense, as part of stock-based compensation expense in our non-GAAP results. These payroll taxes have been excluded from our non-GAAP results as 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. Prior period amounts have been recasted to conform to this presentation. Amortization expense of acquired intangible assets is 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 they 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

#### **Non-GAAP Financial Measures**

Non-GAAP Gross Profit and Non-GAAP Gross Margin. We define non-GAAP gross profit as GAAP gross profit excluding stock-based compensation expense and related payroll taxes and amortization expense of acquired intangible assets. We define non-GAAP gross margin as non-GAAP gross profit as a percentage of revenue.

Non-GAAP Income from Operations and Non-GAAP Operating Margin. We define non-GAAP income from operations as GAAP loss from operations excluding stock-based compensation expense and related payroll taxes, amortization expense of acquired intangible assets, asset impairment related to facility exit and certain litigation-related expenses. We define non-GAAP operating margin as non-GAAP income from operations as a percentage of revenue.

Non-GAAP Net Income per Share, Diluted. We define non-GAAP net income as GAAP net loss plus stock-based compensation expense and related payroll taxes, amortization expense of acquired intangible assets, asset impairment related to facility exit, amortization of debt discount and issuance costs, certain litigation-related expenses, income tax effects generated by the effects of stock-based compensation expense recognized in foreign jurisdictions and any income tax benefits associated with business combinations. We define non-GAAP net income per share, diluted, as non-GAAP net income divided by the weighted-average diluted shares outstanding, which includes the dilutive effect of potentially diluted common stock equivalents outstanding during the period and the antidilutive impact of the capped call transactions entered into in connection with our convertible senior notes issued in June 2020.

*Free Cash Flow and Free Cash Flow Margin.* We define free cash flow as net cash provided by operating activities less purchases of property, equipment and other assets and capitalized internal-use software. We define free cash flow margin as free cash flow divided by revenue. We believe that free cash flow and free cash flow margin are meaningful indicators of liquidity information to management and investors about the amount of cash generated from our operations that, after the investments in property, equipment and other assets and capitalized internal-use software, can be used for strategic initiatives.

**Calculated Billings**. We define calculated billings as total revenue plus the change in deferred revenue in a period. Calculated billings in any particular period aims to reflect amounts invoiced for subscriptions to access our cloud platform, together with related support services related to our new and existing customers. We typically invoice our customers annually in advance, and to a lesser extent quarterly in advance, monthly in advance or multi-year in advance.

# **Condensed Consolidated Statements of Operations**

(in thousands, except per share amounts) (unaudited)

<b>Fiscal Quarter</b> End of Fiscal Quarter Beginning of Fiscal Quarter	<b>Q4 FY19</b> 7/31/2019 5/1/2019	<b>Q1 FY20</b> 10/31/2019 8/1/2019	<b>Q2 FY20</b> 1/31/2020 11/1/2019	<b>Q3 FY20</b> 4/30/2020 2/1/2020	<b>Q4 FY20</b> 7/31/2020 5/1/2020	<b>Q1 FY21</b> 10/31/2020 8/1/2020	<b>Q2 FY21</b> 1/31/2021 11/1/2020	<b>Q3 FY21</b> 4/30/2021 2/1/2021
Revenue	\$ 86,108	\$ 93,590	\$ 101,268	\$ 110,524	\$ 125,887	\$ 142,578	\$ 157,044	\$ 176,404
Cost of revenue <sup>(1) (2)</sup>	17,339	19,558	20,238	24,579	31,358	31,727	34,135	38,977
Gross profit	68,769	74,032	81,030	85,945	94,529	110,851	122,909	137,427
Operating expenses:								
Sales and marketing <sup>(1) (2)</sup>	49,317	59,411	61,621	67,727	89,222	96,889	110,403	115,730
Research and development (1) (2)	17,213	20,271	20,706	24,117	32,785	35,770	41,751	40,952
General and administrative (1) (3) (4)	10,170	12,625	28,983	14,615	17,409	20,859	24,653	24,595
Total operating expenses	76,700	92,307	111,310	106,459	139,416	153,518	176,807	181,277
Loss from operations	(7,931)	(18,275)	(30,280)	(20,514)	(44,887)	(42,667)	(53,898)	(43,850)
Interest income	2,135	2,022	1,855	1,528	1,072	940	755	593
Interest expense <sup>(5)</sup>	—	—	—	—	(5,025)	(13,049)	(13,245)	(13,436)
Other income (expense), net	(247)	(29)	(13)	70	(252)	268	518	71
Loss before income taxes	(6,043)	(16,282)	(28,438)	(18,916)	(49,092)	(54,508)	(65,870)	(56,622)
Provision (benefit) for income taxes	(767)	794	716	421	457	498	1,671	1,837
Net loss	\$ (5,276)	\$ (17,076)	\$ (29,154)	\$ (19,337)	\$ (49,549)	\$ (55,006)	\$ (67,541)	\$ (58,459)
Net loss per share, basic and diluted	\$ (0.04)	\$ (0.13)	\$ (0.23)	\$ (0.15)	\$ (0.38)	\$ (0.41)	\$ (0.50)	\$ (0.43)
Weighted-average shares used in computing net loss per share, basic and diluted <sup>(6)</sup>	126,302	127,548	128,408	129,682	131,660	133,452	135,024	136,385

<sup>(1)</sup> Includes stock-based compensation expense and related payroll taxes as follows:

Cost of revenue	\$ 1,282	\$ 1,414	\$ 1,648	\$ 1,672	\$ 3,117	\$ 3,266	\$ 3,308	\$ 3,665
Sales and marketing	9,873	10,586	13,033	15,795	32,054	32,654	33,864	34,798
Research and development	4,008	5,054	6,280	7,145	13,458	14,900	17,747	15,033
General and administrative	 (522)	 2,167	 4,392	 4,470	 7,351	 9,509	 12,194	 11,681
Total	\$ 14,641	\$ 19,221	\$ 25,353	\$ 29,082	\$ 55,980	\$ 60,329	\$ 67,113	\$ 65,177

<sup>(2)</sup> Includes amortization expense of acquired intangible assets as follows:

Cost of revenue	\$ 205	\$ 205	\$ 205	\$ 348	\$ 1,272	\$	1,504	\$	1,503	\$ 1,503
Sales and marketing	7	8	8	8	50		73		73	73
Research and development	 291	 566	 429	 285	 					 —
Total	\$ 503	\$ 779	\$ 642	\$ 641	\$ 1,322	\$	1,577	\$	1,576	\$ 1,576
<sup>(3)</sup> Includes asset impairment related to facility exit as follows:	\$ 	\$ 	\$ 316	\$ 430	\$ 	- \$	41	6 \$	_	\$ 
<sup>(4)</sup> Includes litigation-related expenses as follows:	\$ 2,973	\$ 2,007	\$ 16,334	\$ 12	\$ 3	\$	_	\$		\$ 
<sup>(5)</sup> Includes amortization of debt discount and issuance costs as follows:	\$ _	\$ _	\$ _	\$ _	\$ 4,885	\$	12,690	\$	12,882	\$ 13,077

<sup>(6)</sup> Since we have reported GAAP net losses for for all periods presented, we have excluded all potentially dilutive securities from the calculation of the diluted net loss per share attributable to common stockholders as their effect is antidilutive and accordingly, basic net loss per share equals diluted net loss per share for all periods presented.

### Non-GAAP Condensed Consolidated Statements of Operations

(in thousands, except per share amounts) (unaudited)

Fiscal Quarter End of Fiscal Quarter Beginning of Fiscal Quarter	<b>Q4 FY19</b> 7/31/2019 5/1/2019	<b>Q1 FY20</b> 10/31/2019 8/1/2019	<b>Q2 FY20</b> 1/31/2020 11/1/2019	<b>Q3 FY20</b> 4/30/2020 2/1/2020	<b>Q4 FY20</b> 7/31/2020 5/1/2020	<b>Q1 FY21</b> 10/31/2020 8/1/2020	<b>Q2 FY21</b> 1/31/2021 11/1/2020	<b>Q3 FY21</b> 4/30/2021 2/1/2021
Revenue	\$ 86,108	\$ 93,590	\$ 101,268	\$ 110,524	\$ 125,887	\$ 142,578	\$ 157,044	\$ 176,404
Cost of revenue	15,852	17,939	18,385	22,559	26,969	26,957	29,324	33,809
Gross profit	70,256	75,651	82,883	87,965	98,918	115,621	127,720	142,595
Operating expenses:								
Sales and marketing	39,437	48,817	48,580	51,924	57,118	64,162	76,466	80,859
Research and development	12,914	14,651	13,997	16,687	19,327	20,870	24,004	25,919
General and administrative	7,719	8,451	7,941	9,703	10,055	10,934	12,459	12,914
Total operating expenses	60,070	71,919	70,518	78,314	86,500	95,966	112,929	119,692
Income from operations	10,186	3,732	12,365	9,651	12,418	19,655	14,791	22,903
Interest income	2,135	2,022	1,855	1,528	1,072	940	755	593
Interest expense	_	_	_	_	(140)	(359)	(363)	(359)
Other income (expense), net	(247)	(29)	(13)	70	(252)	268	518	71
Income before income taxes	12,074	5,725	14,207	11,249	13,098	20,504	15,701	23,208
Provision for income taxes <sup>(1)</sup>	655	794	716	911	1,077	498	1,671	1,837
Non-GAAP net income	\$ 11,419	\$ 4,931	\$ 13,491	\$ 10,338	\$ 12,021	\$ 20,006	\$ 14,030	\$ 21,371
Non-GAAP net income per share, diluted	\$ 0.08	\$ 0.04	\$ 0.10	\$ 0.07	\$ 0.08	\$ 0.14	\$ 0.10	\$ 0.15
Weighted-average shares used in computing non-GAAP net income per share, diluted	137,545	136,860	136,663	137,873	141,465	143,372	144,623	144,913

<sup>(1)</sup> We use our GAAP provision for income taxes for purposes of determining our non-GAAP income tax expense. The difference between our GAAP and non-GAAP income tax expense represents the effects of stock-based compensation expense recognized in foreign jurisdictions and any income tax benefits associated with business combinations. The income tax benefit related to stock-based compensation and included in the GAAP provision for income taxes was not material for all periods presented. In the fiscal quarter ended July 31, 2019, April 30, 2020 and July 31, 2020, we recorded a tax benefit of \$1.4 million, \$0.5 million and \$0.6 million, respectively, associated with intangible assets recognized as a result of our acquisitions of Appsulate, Inc., Cloudneeti Corporation and Edgewise Networks, Inc., respectively.

### **Condensed Consolidated Balance Sheets**

(in thousands)

(unaudited)

Fiscal Quarter	Q4 FY19 (*)	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21
End of Fiscal Quarter	7/31/2019	10/31/2019	1/31/2020	4/30/2020	7/31/2020	10/31/2020	1/31/2021	4/30/2021
Assets								
Current assets:								
Cash and cash equivalents	\$ 78,484	\$ 69,346	\$ 76,534	\$ 124,592	\$ 141,851	\$ 102,016	\$ 95,347	\$ 106,590
Short-term investments	286,162	308,285	308,380	266,722	1,228,722	1,313,938	1,349,402	1,361,019
Accounts receivable, net	93,341	70,482	94,784	105,583	147,584	105,942	170,412	164,923
Deferred contract acquisition costs Prepaid expenses and other current assets	21,219 16.880	22,060 18,713	23,527 19,917	26,316 28,903	32,240 31,396	35,589 22,040	39,902 23,586	44,541 28,428
Total current assets	496,086	488,886	523,142	552,116	1,581,793	1,579,525	1,678,649	1,705,501
Property and equipment, net	41,046	48,361	52,355	63,297	75,734	83,976	90,527	106,812
	41,040	,	,	,	,	· · ·	· · ·	· · · ·
Operating lease right-of-use assets Deferred contract acquisition costs, noncurrent	48,566	32,585 48,366	32,142 50,523	35,128 58,024	36,119	45,586 83,690	45,942 95,044	49,727 107,927
Acquired intangible assets, net	48,300	7,929	,	10,146	24,024	,	20,871	· · · · ·
Goodwill	7,479	7,929	7,287		30,059	22,447 30,059	30,059	26,495
Other noncurrent assets	· · · · · ·	,	7,479	13,350	· · · ·	,	· · · · · ·	53,291
Total assets	2,277 \$ 604,162	2,622 \$ 636,228	3,497 \$ 676,425	3,903 \$ 735,964	\$ 1 822 458	7,664	8,325 \$ 1,969,417	12,523
Total assets	\$ 604,162	\$ 636,228	\$ 676,425	\$ 735,964	\$ 1,833,458	\$ 1,832,947	\$ 1,909,417	\$ 2,062,276
Liabilities and stockholders' equity Current liabilities:								
Accounts payable	\$ 6,208	\$ 3,784	\$ 2,675	\$ 9,392	\$ 5,233	\$ 7,663	\$ 13,170	\$ 20,172
Accrued expenses and other current liabilities	12,810	12,003	13,606	14,366	16,361	13,871	14,208	16,622
Accrued compensation	21,544	22,926	25,019	34,215	49,444	37,097	47,861	61,276
Deferred revenue	221,387	218,191	251,221	274,726	337,263	340,035	406,184	445,835
Operating lease liabilities		9,413	11,142	12,939	15,600	17,796	20,152	20,974
Total current liabilities	261,949	266,317	303,663	345,638	423,901	416,462	501,575	564,879
Convertible senior notes, net	—	—	—	—	861,615	874,359	887,186	900,263
Deferred revenue, noncurrent	29,815	27,678	28,801	26,065	32,504	31,865	40,633	49,599
Operating lease liabilities, noncurrent	_	24,825	23,300	27,909	28,023	35,266	33,829	35,472
Other noncurrent liabilities	3,840	3,356	1,497	1,558	2,586	2,890	3,490	3,956
Total liabilities	295,604	322,176	357,261	401,170	1,348,629	1,360,842	1,466,713	1,554,169
Stockholders' equity								
Common stock	127	128	129	130	133	134	136	137
Additional paid-in capital Accumulated other comprehensive	532,618	555,019	589,229	623,859	823,804	886,815	964,214	1,027,888
income (loss)	268	436	491	827	463	(267)		659
Accumulated deficit	(224,455)	(241,531)	(270,685)	(290,022)	(339,571)	(394,577)	(462,118)	(520,577)
Total stockholders' equity	308,558	314,052	319,164	334,794	484,829	492,105	502,704	508,107
Total liabilities and stockholders' equity	\$ 604,162	\$ 636,228	\$ 676,425	\$ 735,964	\$ 1,833,458	\$ 1,852,947	\$ 1,969,417	\$ 2,062,276

(\*) On August 1, 2019, the beginning of our fiscal 2020, we adopted Topic 842 using the transition provision which allows for the adoption of Topic 842 to be applied on a modified retrospective basis at the beginning of the fiscal year of adoption. As such, the condensed consolidated balance sheets for fiscal 2019 periods are not comparable to subsequent periods. The adoption of this standard resulted in the recognition of the operating lease right-of-use assets and operating lease liabilities related to our real estate and co-location arrangements.

Baye in a prime in the prime in theprim in thenere in the prim in the prime in the prime in the pri	Fiscal Quarter	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21
Cash Answ from operating activities         5         (6,276)         S         (7,276)         S         (2,2154)         S         (0,937)         S         (0,9540)	End of Fiscal Quarter	7/31/2019	10/31/2019	1/31/2020	4//30/2020	7/31/2020	10/31/2020	1/31/2021	4//30/2021
Net loss         5         (5.276)         5         (12,376)         5         (12,376)         5         (12,376)         5         (12,376)         5         (12,376)         5         (12,376)         5         (12,376)         5         (12,376)         5         (12,376)         5         (12,376)         5         (12,376)         (1	Beginning of Fiscal Quarter	5/1/2019	8/1/2019	1/11/2019	2/1/2020	5/1/2020	8/1/2020	1/11/2020	2/1/2021
Adjustments in reconcil: net loss cash provided by contrain activities:         3.067         3.582         3.026         4.770         5.456         6.092         7.235         8.00           Amortization and amortization expanse         501         779         642         6411         1.322         1.576         1.57           Amortization of ched discourt and submer costs         -         -         -         -         4.435         1.200         1.2682         1.201         3.264         3.470         5.138         6.138         4.907         5.65         5.900         6.238         7.205         5.918         5.9185         5.185         5.185         5.185         5.185         5.185         5.185         5.185         5.185         5.185         5.185         5.185         5.185         5.997         5.185         5.185         5.997         5.185         5.185         5.997         1.6         4.9         5.50         6.010         5.599         6.211         5.599         6.21         5.297         1.6         4.9         3.06         6.215         5.997         1.6         4.99         3.0         6.2           Ohard in apprint frame constant account and soutcast and labilities, net of effects of themses acquatitins anons.100         6.176         6.219									
	Adjustments to reconcile net loss to cash provided	\$ (5,276)	\$ (17,076)	\$ (29,154)	\$ (19,337)	\$ (49,549)	\$ (55,006)	\$ (67,541)	\$ (58,459
Amortization of debrind comma cognition costs         5.146         5.555         5.890         6.248         7.249         8.678         9.445         10.269           Amortization of debri discount and issume costs	Depreciation and amortization expense	3,067	3,582	3,926	4,770	5,456	6,092	7,235	8,074
Anontization of debt discount and issuance costs       —       —       —       4.885       12.690       12.823       13.07         Non-cash operating lease costs       —       2.951       3.264       3.434       3.906       4.513       4.907       5.65         Non-cash operating lease costs       12.335       18.376       2.326       2.770       5.133       2.605       2.241       3.15         Amorization (accretion) of investment purclassed       (1.92)       (49)       -49       (55)       (607)       (520)       (401)       -6       -7       -7       5       7       6       2.9       0       (1.900)       (42.901)       (1.900)       (42.901)       (1.900)       -8       0       5.2       7       7       6       4.51       (2.770)       5       7.83       (1.610)       (4.81)       (2.410)       (1.510)       (7.83)       (1.801)       (4.511)       (4.511)       (4.511)       (4.511)       (4.511)       (4.511)       (4.511)       (4.511)       (4.511)       (4.511)       (4.511)       (4.511)       (4.512)       (4.512)       (4.512)       (4.512)       (4.512)       (4.512)       (4.512)       (4.512)       (4.512)       (4.512)       (4.512)       (4.52)						,	,	,	1,576 10,454
Non-cash operating lase casts $-$ 2,51       3,264       3,344       3,966       4,513       4,513       5,66         Stack-based compension expanse       12,335       18,376       23,866       27,70       51,383       57,185       61,380       59,66         Stack-based compension expanse       (1,792)       (300)       (142)       (21)       513       2,606       2,841       3,13         Deferred income taxes       (1,392)       (49)       49       (553)       (617)       (210)       (220)       (230)       (240)       (41,614)       (65,115)       (647)       (617)       (70)       (710)       (720)       (720)       (721)       (710)       (710)       (720)       (721)       (710)       (710)       (710)       (710)       (710)       (710)       (710)       (710)       (710)       (710)       (710)       (710)       (710)       (710)       (710)       (710)       (710)       (711)       (710)       (711)       (710)       (712)       (711)       (710)       (712)       (711)       (710)       (712)       (712)       (711)       (710)       (712)       (712)       (712)       (712)       (712)       (712)       (712)       (712)	-	_	_	_	_	4,885	12,690	12,882	13,070
Snock-hand compensation expension         12,335         18,376         23,866         27,770         51,383         57,185         61,380         59,92           Anterizing (necesing) of investments purchased at a perminan (discourt)         (479)         (300)         (142)         (21)         511,38         2,005         2,341         3,105           Impairment of assets         (1.322)         (49)         49         (455)         (617)         (5,20)         (46)         (46)         (42,01)         10,175         (42,00)         41,054         (46,315)         (42,01)         (41,017)         (42,01)         (41,017)         (42,01)         (41,017)         (42,01)         (41,017)         (42,01)         (41,017)         (42,01)         (42,01)         (42,01)         (41,017)         (42,01)			2,951	3,264	3,434				5,650
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$		12,335	· · · · ·	· · ·	· · · · ·	· · · · ·		,	59,97
Deferred income taxes         (1,32)         (49)         (45)         (57)         (520)         (461)         (57)           Changes in operating assets and liabilities, net of Changes in operating assets and liabilities, net of Changes Accounts payoid (2,471)         (1,510)         (0,538)         (42,512)         (2,5112)									
Impairment of assets         Curr         -	· · · · · · · · · · · · · · · · · · ·	. ,	( )		. ,				3,154
Other         40         23         25         57         16         29         30         (1)           Changes in grants and inhibities, net of Checks of business acquisitions.         -		(1,392)	(49)		. ,	(617)	( )	(461)	(52
Changes upwinding assets and liabilities, net of effects of business acquisitions       (22,190)       (22,859)       (24,291)       (10,756)       (42,04)       41,634       (66,315)       4,55         Accounts receivable       (0,026)       (0,6176)       (0,6334)       (21,50)       7283       (1,161)       (4,279)         Parpid accounts payable       (1,016)       (4,231)       (1,510)       (6,334)       2(1,51)       7833       (1,161)       (4,27)         Account payable       (1,106)       (5,333)       34,153       20,701       64,456       (1,234)       10,75       44,51       42,104         Account payable       (1,106)       (6,333)       34,153       20,701       64,456       (2,122)       (4,821)       (4,424)       (6,657)         Acceund payable faces liabilities       (-       (2,349)       (2,840)       (2,032)       (2,122)       (4,821)       (4,424)       (6,657)         Operating target activities       (7,823)       (1,412)       (2,440)       (2,023)       (2,122)       (4,821)       (1,412)       (4,424)       (6,676)         Operating target activities       (1,429)       (2,440)       (2,023)       (2,411)       (1,424)       (0,412)       (1,412,41)       (1,412,41)       (1,412,41)		40	223			16		30	(56
Deferred contract acquisition costs       (10.826)       (6,176)       (9,514)       (16,538)       (32,824)       (18,042)       (22,112)       (27,97)         Prepaid express, other current and noncurrent assts       (4,281)       (2,471)       (1,510)       (9,384)       (215)       7,883       (1,161)       (4,92)         Accounts payable       1,106       (38)       (565)       2,526       (1,041)       76       4,551       1,75         Account sprayable       (300)       1,382       2,093       9,106       15,229       (12,347)       10,764       13,10         Deferred revenue       39,660       (5,333)       34,153       20,761       68,436       2,133       76,771       49,551         Operating task libilities       -       (2,349)       (2,349)       (2,023)       (2,122)       (14,424)       (6,97)         Net cash provided by operating activities       17,822       21,429       5,431       20,822       31,635       53,532       30,404       73,32         Cash flows from investing activities       17,823       (1,249)       (1,820)       (2,421)       (2,411)       (2,401)       (1,871)       (2,77)         Purchase of property, equipment and oher assets       (8,820)       (6,824)	effects of business acquisitions								
Papel accentes, other current and noncurrent sames         (4.281)         (2.471)         (1.510)         (9.384)         (215)         7.883         (1.161)         (4.281)           Account symphes, other current and noncurrent liabilities         7.11         (466)         (777)         1.903         1.522         (1.243)         2.976         1.22           Accrued express, other current and noncurrent         (301)         1.382         2.903         9.196         15.229         (12.347)         10.764         4.551         4.955           Deferred revenue         39.660         (5.333)         3.4133         20.761         6.8,450         2.133         30.404         (7.352)         30.404         (7.442)         (6.97)           Deferred revenue         17.823         21.429         5.431         20.822         31.035         53.523         30.404         (7.48)           Cash dows from investing activities:         Thurstering activities         11.802         (2.471)         (2.023)         (2.411)         (2.401)         (1.419)         (1.42)           Purchases of short-term investing activities $$ $$ (2.000) $$ (2.42)         (2.417)         (3.04.83)           Purchase of short-term investings         (62,862)									4,55
sases       (4,281)       (2,471)       (1,510)       (9,384)       (215)       7,883       (1,161)       (4,451)         Accounds expenses, other current and noncurrent inhibities       711       (466)       (777)       1,903       1,632       (1,243)       2,976       1,237         Accrued compensation       (301)       1,382       2,093       9,196       (12,22)       (12,347)       10,764       13,21         Operating lease liabilities       -       (2,349)       (2,840)       (293)       (2,122)       (4,821)       (4,424)       (6,69)         Operating lease liabilities       -       (2,349)       (2,840)       (9,694)       (18,279)       (8,904)       (10,499)       (14,81)         Operating lease liabilities       -       -       (4,49)       (1,402)       (2,471)       (2,023)       (2,411)       (2,401)       (1,4171)       (2,71)         Acchard companies       -       -       -       (8,918)       (30,633)       -       -       (2,481)         Acchard companies       (10,609)       -       -       (2,621)       (10,2,40)       (1,418)       (2,4175)       (3,425)       (1,4163)       (2,4475)       (2,445)         Proceeds from sachoware       (1	•	(10,826)	(6,176)	(9,514)	(16,538)	(32,824)	(18,042)	(25,112)	(27,976
Accurace dexpenses, other current and noncurrent liabilities       T11       (446)       (777)       1,903       1,623       (1,243)       2,976       1,23         Accurace dexpenses, other current and noncurrent Mabilities       39,660       (5333)       34,153       20,761       15,229       (1,243)       70,751       49,052         Operating lasse liabilities        (2,349)       (2,840)       (293)       (2,122)       (4,821)       (4,424)       (4,697)         Net cash provided by operating activities       17,823       21,429       5,431       20,822       31,635       53,532       30,044       73,34         Cash flows from investing activities       17,823       (10,210)       (4,889)       (18,279)       (8,904)       (10,499)       (14,81)         Capitalized internal-uses oftware       (1,449)       (1802)       (2,471)       (2,022)       (2,441)       (2,401)       (1,817)       (2,77)         Payments for business acquisitions, net of cash acquired       (10,609)       -       -       (2,000)       -       -       (2,94)         Investments in privately held companies       -       -       14,084       (3,068)       -       10,94         Proceeds from saturities of short-term investments       (10,609) <t< td=""><td></td><td>(4,281)</td><td>(2,471)</td><td>(1,510)</td><td>(9,384)</td><td>(215)</td><td>7,883</td><td>(1,161)</td><td>(4,925</td></t<>		(4,281)	(2,471)	(1,510)	(9,384)	(215)	7,883	(1,161)	(4,925
liabilities       711       (466)       (777)       1.903       1.632       (1.243)       2.976       1.27         Accrued compensation       (301)       1.382       2.093       9,196       1.522       (1.243)       2.976       4.913         Operating lease liabilities       —       (2.349)       (2.840)       (2.93)       (2.122)       (4.821)       (4.424)       (6.97)         Staf flows from investing activities:       —       (2.349)       (2.840)       (2.93)       (2.122)       (4.821)       (4.049)       (10.499)       (14.82)         Cash flows from investing activities:       —       (2.441)       (2.401)       (1.471)       (2.77)         Payments for business acquisitions, net of cash       (10.609)       —       —       (2.900)       (1.449)       (2.471)         Proceeds from maturities of short-term investments       (62.82)       (88410)       (59.13)       (55.21)       (1.02.865)       (71.463)       (24.477)       (30.48)         Proceeds from stale of short-term investments       (4.990)       —       —       (2.900)       —       —       (2.900)       —       —       (2.912)       (1.4475)       (2.4477)       (30.48)       (2.4477)       (2.4477)       (2.4477)       (2.44		1,106	(38)	(565)	2,526	(1,061)	76	4,551	1,794
Deferred revenue       39,660       (5,333)       34,153       20,761       68,436       2,133       76,751       49,53         Operating lease liabilities		711	(466)	(777)	1,903	1,632	(1,243)	2,976	1,275
Operating lease liabilities       -       (2,349)       (2,240)       (293)       (2,122)       (4,821)       (4,424)       (6.97)         Net cash provided by operating activities       17,823       21,429       5,431       20,822       31,635       53,532       30,404       73,30         Cash flows from investing activities:          (10,499)       (14,817)       (2,03)       (2,411)       (2,401)       (14,91)       (14,81)       (2,77)         Payments for business acquisitions, net of cash acquired       (10,609)       —       —       (8,918)       (30,683)       —       —       (29,47)         Purchases of short-term investments       (62,862)       (88,410)       (59,133)       (55,211)       (1,052,865)       (174,663)       (244,975)       (30,488)         Proceeds from maturities of short-term investments       60,355       66,796       59,217       83,212       80,560       76,582       207,233       278,92         Proceeds from subance of common stock upon       6,339       3,059       3,699       5,796       9,048       4,519       6,726       2,66         Proceeds from issuance of common stock upon       6,339       3,059       3,699       5,796       9,048       4,519       6,726	Accrued compensation	(301)	1,382	2,093	9,196	15,229	(12,347)	10,764	13,160
Net cash provided by operating activities       17,823 $21,429$ $5,431$ $20,822$ $31,635$ $53,532$ $30,404$ $73,364$ Cash flows from investing activities:                 73,364         Purchases of property, equipment and other assets       (8,822)       (10,210)       (4,889)       (9,694)       (18,279)       (8,904)       (10,499)       (14,81)         Cash flows from investing activities       (10,609)       —       —       (2,471)       (2,202)       (2,441)       (2,401)       (1,871)       (2,77)         Payments for business acquisitions, net of cash acquired       (10,609)       —       —       (2,000)       —       —       (29,42)         Investments in privately held companies       —       —       —       (2,000)       —       (2,852)       (11,463)       (24,4975)       (30,483)         Proceeds from maturities of short-term investments       60,355       66,796       59,217       83,212       80,560       76,582       207,233       278,92         Proceeds from issuance of common stock upon exercise of stock options       6,339       3,059       3,699       5,796       9,048       4,519	Deferred revenue	39,660	(5,333)	34,153	20,761	68,436	2,133	76,751	49,530
Cash flows from investing activities:         Purchases of property, equipment and other assets $(8,822)$ $(10,210)$ $(4,889)$ $(9,694)$ $(18,279)$ $(8,904)$ $(10,499)$ $(14,81)$ Capitalized internal-use software $(1,449)$ $(1,802)$ $(2,471)$ $(2,023)$ $(2,441)$ $(2,401)$ $(1,871)$ $(2,77)$ Payments for business acquisitions, net of cash acquired $(10,609)$ —       — $(2,942)$ $(2,441)$ $(2,401)$ $(1,871)$ $(2,77)$ Payments for business acquisitions, net of cash acquired $(10,609)$ —       — $(2,942)$ $(2,441)$ $(2,401)$ $(244,975)$ $(304,83)$ Purchases of short-term investments $60,355$ $66,796$ $59,217$ $83,212$ $80,560$ $76,582$ $207,233$ $278,92$ Proceeds from sale of short-term investments $14,990$ —       — $14,044$ $7,008$ $11,500$ — $10,99$ Net cash provided by (used in) investing activities: $(8,397)$ $(33,620)$ $(7,276)$ $21,440$ $(1,018,700)$ $(97,886)$ $(50,112)$ $(64,72)$ Cash flows from fi	Operating lease liabilities		(2,349)	(2,840)	(293)	(2,122)	(4,821)	(4,424)	(6,976
Purchases of property, equipment and other assets $(8,822)$ $(10,210)$ $(4,889)$ $(9,694)$ $(18,279)$ $(8,904)$ $(10,499)$ $(14,81)$ Capitalized internal-use software $(1,449)$ $(1,802)$ $(2,471)$ $(2,023)$ $(2,441)$ $(2,401)$ $(1,871)$ $(2,77)$ Payments for business acquisitions, net of cash acquired $(10,609)$ —       — $(8,918)$ $(30,683)$ —       — $(29,42)$ Investments in privately held companies       —       —       —       —       — $(2,000)$ —       — $(28,92)$ Purchases of short-term investments $(62,862)$ $(88,410)$ $(59,133)$ $(55,221)$ $(1,05,06)$ $76,582$ $207,233$ $278,92$ Proceeds from maturities of short-term investments $61,355$ $66,796$ $59,217$ $83,212$ $80,560$ $76,582$ $207,233$ $278,92$ Proceeds from issuance of common stock upon exercise of stock options $(8,397)$ $(3,3620)$ $(7,276)$ $21,440$ $(1,018,700)$ $(9,788)$ $(50,112)$ $(64,79)$ Proceeds from issuance of common stock upon exercise of stock options $7,745$ <td>Net cash provided by operating activities</td> <td>17,823</td> <td>21,429</td> <td>5,431</td> <td>20,822</td> <td>31,635</td> <td>53,532</td> <td>30,404</td> <td>73,368</td>	Net cash provided by operating activities	17,823	21,429	5,431	20,822	31,635	53,532	30,404	73,368
Capitalized internal-use software $(1,449)$ $(1,802)$ $(2,471)$ $(2,023)$ $(2,441)$ $(2,401)$ $(1,817)$ $(2,77)$ Payments for business acquisitions, net of cash acquired $(10,609)$ —       — $(8,918)$ $(30,683)$ —       — $(2,944)$ Investments in privately held companies       —       —       — $(2,000)$ —       — $(2,942)$ Purchases of short-term investments $(62,862)$ $(88,410)$ $(59,133)$ $(55,221)$ $(1,052,865)$ $(174,663)$ $(244,975)$ $(30,683)$ Proceeds from state of short-term investments $(62,862)$ $(88,410)$ $(59,133)$ $(55,221)$ $(1,052,865)$ $(76,582)$ $207,233$ $278,92$ Proceeds from state of short-term investments $14,990$ —       — $14,084$ $7,008$ $11,500$ — $10,95$ Net cash provided by (used in) investing $(8,397)$ $(33,626)$ $(7,276)$ $21,440$ $(1,018,700)$ $(97,886)$ $(50,112)$ $(64,75)$ Cash flows from financing activities	Cash flows from investing activities:								
Payments for business acquisitions, net of cash acquired       (10,609)       —       —       (8,918)       (30,683)       —       —       (29,42)         Investments in privately held companies       —       —       —       —       —       (2,000)       —       —       (2,42,975)       (30,483)         Purchases of short-term investments $60,355$ $66,796$ $59,217$ $83,212$ $80,560$ $76,582$ $207,233$ $278,92$ Proceeds from sale of short-term investments $14,990$ —       —       14,084 $7,008$ $11,500$ —       10.95         Net cash provided by (used in) investing activities: $(8,397)$ $(33,626)$ $(7,276)$ $21,440$ $(1,018,700)$ $(97,886)$ $(50,112)$ $(64,79)$ Cash flow from financing activities:       Proceeds from issuance of common stock upon exercise of stock options $6,339$ $3,059$ $3,699$ $5,796$ $9,048$ $4,519$ $6,726$ $2,66$ Proceeds from issuance of common stock upon exercise of stock options incleare of convertible senior notes; exercise of stock options insuance of convertible senior notes; more of susance of convertible senior notes; more of susance ocats       —       —       —       —       —       —	Purchases of property, equipment and other assets	(8,822)	(10,210)	(4,889)	(9,694)	(18,279)	(8,904)	(10,499)	(14,812
acquired       (10.609)       —       —       (8,918)       (30,63)       —       —       (29,44)         Investments in privately held companies       —       —       —       —       (2,000)       —       —       (2,83)         Purchases of short-term investments       (62,862)       (88,410)       (59,133)       (55,221)       (1,052,865)       (174,663)       (244,975)       (304,83)         Proceeds from stautrities of short-term investments       60,355       66,796       59,217       83,212       80,560       76,582       207,233       278,99         Nec eash provided by (used in) investing       [4,990]       —       —       14,084       7,008       11,500       —       10,99         Net eash provided by (used in) investing       [8,397]       (33,626)       (7,276)       21,440       (1,018,700)       (97,886)       (50,112)       (64,79         Cash from financing activities:       —       —       5,334       —       9,999       —       8,563       —         Proceeds from issuance of common stock under the employee stock purchase plan suguistion       —       —       —       —       —       —       —       —       —       —       —       —       —       —       — <td>Capitalized internal-use software</td> <td>(1,449)</td> <td>(1,802)</td> <td>(2,471)</td> <td>(2,023)</td> <td>(2,441)</td> <td>(2,401)</td> <td>(1,871)</td> <td>(2,77</td>	Capitalized internal-use software	(1,449)	(1,802)	(2,471)	(2,023)	(2,441)	(2,401)	(1,871)	(2,77
Purchases of short-term investments $(62,862)$ $(88,410)$ $(59,133)$ $(55,221)$ $(1,052,865)$ $(174,663)$ $(244,975)$ $(304,83)$ Proceeds from maturities of short-term investments $60,355$ $66,796$ $59,217$ $83,212$ $80,560$ $76,582$ $207,233$ $278,92$ Proceeds from sale of short-term investments $14,990$ ——14,084 $7,008$ $11,500$ — $10,99$ Net cash provided by (used in) investing activities $(8,397)$ $(33,626)$ $(7,276)$ $21,440$ $(1,018,700)$ $(97,886)$ $(50,112)$ $(64,79)$ Proceeds from issuance of common stock upon exercise of stock options $6,339$ $3,059$ $3,699$ $5,796$ $9,048$ $4,519$ $6,726$ $2,66$ Proceeds from issuance of common stock under the employee stock purchase plan $7,745$ — $5,334$ — $9,999$ — $8,563$ —Proceeds from issuance of convertible senior notes, net of issuance oc constertation related to a buriness acquisition———————Proceeds from issuance of convertible senior notes—————— $22,500$ —Proceeds from issuance of convertible senior notes——————— $22,500$ —Proceeds from issuance of convertible senior notes——————— $22,500$ —Proceeds from issuance of convertible senior notes——— </td <td>acquired</td> <td>(10,609)</td> <td>_</td> <td>—</td> <td>(8,918)</td> <td></td> <td>_</td> <td>_</td> <td>(29,420</td>	acquired	(10,609)	_	—	(8,918)		_	_	(29,420
Proceeds from naturities of short-term investments $60,355$ $66,796$ $59,217$ $83,212$ $80,560$ $76,582$ $207,233$ $278,92$ Proceeds from sale of short-term investments $14,990$ ——14,084 $7,008$ $11,500$ —10,99Net cash provided by (used in) investing activities $(8,397)$ $(33,626)$ $(7,276)$ $21,440$ $(1,018,700)$ $(97,886)$ $(50,112)$ $(64,78)$ Proceeds from issuance of common stock upon exercise of stock options $6,339$ $3,059$ $3,699$ $5,796$ $9,048$ $4,519$ $6,726$ $2,66$ Proceeds from issuance of common stock under the employee stock purchase plan $7,745$ — $5,334$ — $9,999$ — $8,563$ —Proceeds from issuance of convertible senior notes, net of issuance costs————1,130,522———Proceeds from issuance of convertible senior notes $-14,084$ $3,059$ $9,033$ $5,796$ $1,004,324$ $4,519$ $13,039$ $2,66$ Net cash provided by financing activities $14,084$ $3,059$ $9,033$ $5,796$ $1,004,324$ $4,519$ $13,039$ $2,66$ Net cash provided by financing activities $14,084$ $3,059$ $9,346$ $76,534$ $124,592$ $141,851$ $102,016$ $95,347$ Statance costs $-14,084$ $3,059$ $9,346$ $76,534$ $124,592$ $141,851$ $102,016$ $95,347$ $5$ $106,55$ Recach equivalents and restricte	1 5 1		(00.410)	(50.122)	(55.221)		(174 ((2))	(244.075)	
Proceeds from sale of short-term investments       14,990       —       —       14,084       7,008       11,500       —       10,99         Net cash provided by (used in) investing activities:       (8,397)       (33,626)       (7,276)       21,440       (1,018,700)       (97,886)       (50,112)       (64,79)         Cash flows from financing activities:       Proceeds from issuance of common stock upon exercise of stock options       6,339       3,059       3,699       5,796       9,048       4,519       6,726       2,660         Proceeds from issuance of common stock upon exercise of stock options       6,339       3,059       3,699       5,796       9,048       4,519       6,726       2,660         Proceeds from issuance of common stock under the employee stock purchase plan       7,745       —       5,334       —       9,999       —       8,563       —         Proceeds from issuance of convertible senior notes, net of issuance costs       —       —       —       1,130,522       —       —       —       2,250       —       —       —       2,250       —       —       —       —       2,260       …       …       …       …       …       …       …       …       …       …       …       …       …       …       … </td <td>Purchases of short-term investments</td> <td>(62,862)</td> <td>(88,410)</td> <td>(59,133)</td> <td>(55,221)</td> <td>(1,052,865)</td> <td>(1/4,663)</td> <td>(244,975)</td> <td>(304,834</td>	Purchases of short-term investments	(62,862)	(88,410)	(59,133)	(55,221)	(1,052,865)	(1/4,663)	(244,975)	(304,834
Net cash provided by (used in) investing activities         (8,397)         (33,626)         (7,276)         21,440         (1,018,700)         (97,886)         (50,112)         (64,79           Cash flows from financing activities:         Proceeds from issuance of common stock upon exercise of stock options         6,339         3,059         3,699         5,796         9,048         4,519         6,726         2,66           Proceeds from issuance of common stock under the employee stock purchase plan         7,745         -         5,334         9,999         -         8,563         -           Payment of deferred consideration related to a business acquisition         -	Proceeds from maturities of short-term investments	60,355	66,796	59,217	83,212	80,560	76,582	207,233	278,929
activities       (8,397)       (33,626)       (7,276)       21,440       (1,018,700)       (97,886)       (50,112)       (64,75         Cash flows from financing activities:       Proceeds from issuance of common stock upon exercise of stock options       6,339       3,059       3,699       5,796       9,048       4,519       6,726       2,66         Proceeds from issuance of common stock under the employee stock purchase plan       7,745       -       5,334       -       9,999       -       8,563       -         Proceeds from issuance of convertible senior notes, end of convertible senior notes, end of subsness acquisition       -		14,990			14,084	7,008	11,500		10,999
Proceeds from issuance of common stock upon exercise of stock options $6,339$ $3,059$ $3,699$ $5,796$ $9,048$ $4,519$ $6,726$ $2,66$ Proceeds from issuance of common stock under the employes stock purchase plan $7,745$ $ 5,334$ $ 9,999$ $ 8,563$ $-$ Payment of deferred consideration related to a business acquisition $      (2,250)$ $-$ Proceeds from issuance of convertible senior notes, net of issuance costs $  -$		(8,397)	(33,626)	(7,276)	21,440	(1,018,700)	(97,886)	(50,112)	(64,790
exercise of stock options       6,339       3,059       3,699       5,796       9,048       4,519       6,726       2,66         Proceeds from issuance of common stock under the employee stock purchase plan       7,745       —       5,334       —       9,999       —       8,563       —         Payment of deferred consideration related to a business acquisition       —       —       —       —       —       (2,250)       —         Proceeds from issuance of convertible senior notes, net of issuance of convertible senior notes       —       —       —       —       1,130,522       —       —       —       —       —       Proceeds from issuance of convertible senior notes, net of issuance oxts       —       —       —       14,0522       —       …       …       …       …       …       …       …	Cash flows from financing activities:								
employee stock purchase plan7,745 $-$ 5,334 $-$ 9,999 $-$ 8,563Payment of deferred consideration related to a business acquisition $     (2,250)$ $-$ Proceeds from issuance of convertible senior notes, net of issuance costs $     (2,250)$ $-$ Purchases of capped calls related to convertible senior notes $       -$ Net cash provided by financing activities14,0843,0599,0335,7961,004,3244,51913,0392,66Net increase (decrease) in cash, cash equivalents and restricted cash at beginning of period23,510(9,138)7,18848,05817,259(39,835)(6,669)11,24Cash, cash equivalents and restricted cash at beginning of period54,97478,48469,34676,534124,592141,851102,01695,347\$106,59Reconciliation of cash, cash equivalents and restricted cash at end of period\$78,484\$69,346\$76,534\$124,592\$141,851\$102,016\$95,347\$106,59Reconciliation of cash, cash equivalents and restricted cash with condensed consolidated balance sheets: Cash and cash equivalents\$78,484\$69,346\$76,534\$124,592\$141,851\$102,016\$95,347\$106,59	exercise of stock options	6,339	3,059	3,699	5,796	9,048	4,519	6,726	2,665
business acquisition $         -$	employee stock purchase plan	7,745	-	5,334	_	9,999	_	8,563	_
net of issuance costs	business acquisition	—	—	—	—	_	—	(2,250)	_
Purchases of capped calls related to convertible senior notes $  -$ <th< td=""><td></td><td>_</td><td>_</td><td>_</td><td>_</td><td>1.130.522</td><td>_</td><td>_</td><td>_</td></th<>		_	_	_	_	1.130.522	_	_	_
Net cash provided by financing activities         14,084         3,059         9,033         5,796         1,004,324         4,519         13,039         2,66           Net increase (decrease) in cash, cash equivalents and restricted cash         23,510         (9,138)         7,188         48,058         17,259         (39,835)         (6,669)         11,24           Cash, cash equivalents and restricted cash at beginning of period         54,974         78,484         69,346         76,534         124,592         141,851         102,016         95,347         \$         106,59           Cash, cash equivalents and restricted cash at end of period         \$         78,484         \$         69,346         \$         124,592         \$         141,851         \$         102,016         \$         95,347         \$         106,59           Reconciliation of cash, cash equivalents and restricted cash with condensed consolidated balance sheets:         Cash and cash equivalents         \$         78,484         \$         69,346         \$         124,592         \$         141,851         \$         102,016         \$         95,347         \$         106,59	Purchases of capped calls related to convertible								
Net increase (decrease) in cash, cash equivalents and restricted cash23,510 $(9,138)$ 7,18848,058 $17,259$ $(39,835)$ $(6,669)$ $11,24$ Cash, cash equivalents and restricted cash at beginning of period $54,974$ $78,484$ $69,346$ $76,534$ $124,592$ $141,851$ $102,016$ $95,34$ Cash, cash equivalents and restricted cash at end of period\$ $78,484$ \$ $69,346$ \$ $76,534$ $124,592$ \$ $141,851$ \$ $102,016$ \$ $95,347$ \$ $106,55$ Reconciliation of cash, cash equivalents cash equivalents\$ $78,484$ \$ $69,346$ \$ $76,534$ \$ $124,592$ \$ $141,851$ \$ $102,016$ \$ $95,347$ \$ $106,55$ Reconciliation of cash, cash equivalents\$ $78,484$ \$ $69,346$ \$ $76,534$ \$ $124,592$ \$ $141,851$ \$ $102,016$ \$ $95,347$ \$ $106,55$ Reconciliation of cash, cash equivalents\$ $78,484$ \$ $69,346$ \$ $76,534$ \$ $124,592$ \$ $141,851$ \$ $102,016$ \$ $95,347$ \$ $106,55$	senior notes					(145,245)			
and restricted cash       23,510       (9,138)       7,188       48,058       17,259       (39,835)       (6,669)       11,24         Cash, cash equivalents and restricted cash at beginning of period       54,974       78,484       69,346       76,534       124,592       141,851       102,016       95,347         Cash, cash equivalents and restricted cash at end of period       \$       78,484       \$       69,346       \$       76,534       \$       124,592       \$       141,851       \$       102,016       \$       95,347       \$       106,59         Reconciliation of cash, cash equivalents       \$       78,484       \$       69,346       \$       76,534       \$       124,592       \$       141,851       \$       102,016       \$       95,347       \$       106,59         Reconciliation of cash, cash equivalents and restricted cash with condensed consolidated balance sheets:       Cash and cash equivalents       \$       78,484       \$       69,346       \$       124,592       \$       141,851       \$       102,016       \$       95,347       \$       106,59         Cash and cash equivalents       \$       78,484       \$       69,346       \$       76,534       \$       124,592       \$       141,851       \$		14,084	3,059	9,033	5,796	1,004,324	4,519	13,039	2,665
beginning of period       54,974       78,484       69,346       76,534       124,592       141,851       102,016       95,347         Cash, cash equivalents and restricted cash at end of period       \$         78,484       \$         69,346       \$         76,534       \$         124,592       \$         141,851       \$         102,016       \$         95,347       \$         106,59         Reconciliation of cash, cash equivalents and restricted cash with condensed consolidated balance sheets:       Cash and cash equivalents       \$         78,484       69,346       \$         76,534       \$         124,592       \$         141,851       \$         95,347       \$         106,59         Reconciliation of cash, cash equivalents       \$         78,484       \$         69,346       \$         76,534       \$         124,592       \$         141,851       \$         95,347       \$         106,59	and restricted cash	23,510	(9,138)	7,188	48,058	17,259	(39,835)	(6,669)	11,243
period       \$ 78,484       \$ 69,346       \$ 76,534       \$ 124,592       \$ 141,851       \$ 102,016       \$ 95,347       \$ 106,59         Reconciliation of cash, cash equivalents and restricted cash with condensed consolidated balance sheets:       Cash and cash equivalents       \$ 78,484       \$ 69,346       \$ 76,534       \$ 124,592       \$ 141,851       \$ 102,016       \$ 95,347       \$ 106,59         Cash and cash equivalents       \$ 78,484       \$ 69,346       \$ 76,534       \$ 124,592       \$ 141,851       \$ 102,016       \$ 95,347       \$ 106,59		54,974	78,484	69,346	76,534	124,592	141,851	102,016	95,347
Cash and cash equivalents \$ 78,484 \$ 69,346 \$ 76,534 \$ 124,592 \$ 141,851 \$ 102,016 \$ 95,347 \$ 106,59		\$ 78,484	\$ 69,346	\$ 76,534	\$ 124,592	\$ 141,851	\$ 102,016	\$ 95,347	\$ 106,590
	Reconciliation of cash, cash equivalents and restri	cted cash with c	ondensed conso	olidated balance	sheets:				
Restricted cash, current and noncurrent								<b>^</b>	
	Cash and cash equivalents	\$ 78,484	\$ 69,346	\$ 76,534	\$ 124,592	\$ 141,851	\$ 102,016	\$ 95,347	\$ 106,590

## GAAP to Non-GAAP Reconciliations

(in thousands, except per share amounts)(unaudited)

Fiscal Quarter		Q4 FY19		Q1 FY20		Q2 FY20		Q3 FY20		Q4 FY20		Q1 FY21		Q2 FY21		Q3 FY21
End of Fiscal Quarter	,	7/31/2019	1	0/31/2019	]	/31/2020	4	4/30/2020	Ţ.	7/31/2020	1	0/31/2020		1/31/2021	4	4/30/2021
Beginning of Fiscal Quarter		5/1/2019		8/1/2019	1	1/1/2019		2/1/2020		5/1/2020		8/1/2020		11/1/2020		2/1/2021
GAAP gross profit	\$	68,769	\$	74,032	\$	81,030	\$	85,945	\$	94,529	\$	110,851	\$	122,909	\$	137,427
Stock-based compensation expense and related payroll taxes		1,282		1,414		1,648		1,672		3,117		3,266		3,308		3,665
Amortization expense of acquired intangible assets		205		205		205		348		1,272		1,504		1,503		1,503
Non-GAAP gross profit	\$	70,256	\$	75,651	\$	82,883	\$	87,965	\$	98,918	\$	115,621	\$	127,720	\$	142,595
Non-GAAP gross margin		82 %		81 %		82 %		80 %		79 %		81 %	_	81 %		81 %
GAAP sales and marketing expense	\$	49,317	\$	59,411	\$	61,621	\$	67,727	\$	89,222	\$	96,889	\$	110,403	\$	115,730
Stock-based compensation expense and related payroll taxes		9,873		10,586		13,033		15,795		32,054		32,654		33,864		34,798
Amortization expense of acquired intangible assets		7		8		8		8		50		73		73		73
Non-GAAP sales and marketing expense	\$	39,437	\$	48,817	\$	48,580	\$	51,924	\$	57,118	\$	64,162	\$	76,466	\$	80,859
Non-GAAP sales and marketing expense as a percentage of revenue		46 %		52 %		48 %		47 %		45 %		45 %		49 %		46 %
GAAP research and development expense	\$	17,213	\$	20,271	\$	20,706	\$	24,117	\$	32,785	\$	35,770	\$	41,751	\$	40,952
Stock-based compensation expense and related payroll taxes		4,008		5,054		6,280		7,145		13,458		14,900		17,747		15,033
Amortization expense of acquired intangible assets		291		566		429		285		_		_		—		_
Non-GAAP research and development expense	\$	12,914	\$	14,651	\$	13,997	\$	16,687	\$	19,327	\$	20,870	\$	24,004	\$	25,919
Non-GAAP research and development expense as a percentage of revenue		15 %		16 %		14 %		15 %		15 %		15 %	_	15 %		15 %
GAAP general and administrative expense	\$	10,170	\$	12,625	\$	28,983	\$	14,615	\$	17,409	\$	20,859	\$	24,653	\$	24,595
Stock-based compensation expense and related payroll taxes		(522)		2,167		4,392		4,470		7,351		9,509		12,194		11,681
Litigation-related expenses		2,973		2,007		16,334		12		3				_		—
Asset impairment related to facility exit (1)		—		—		316		430		_		416		_		—
Non-GAAP general and administrative expense	\$	7,719	\$	8,451	\$	7,941	\$	9,703	\$	10,055	\$	10,934	\$	12,459	\$	12,914
Non-GAAP general and administrative expense as a percentage of revenue		9 %	_	9 %		8 %		9 %	_	8 %		8 %		8 %		7 %
GAAP total operating expenses	\$	76,700	\$	92,307	\$	111,310	\$	106,459	\$	139,416	\$	153,518	\$	176,807	\$	181,277
Stock-based compensation expense and related payroll taxes		13,359		17,807		23,705		27,410		52,863		57,063		63,805		61,512
Litigation-related expenses		2,973		2,007		16,334		12		3						
Amortization expense of acquired intangible assets		298		574		437		293		50		73		73		73
Asset impairment related to facility exit <sup>(1)</sup>		_		_		316		430				416				
Non-GAAP total operating expenses	\$	60,070	\$	71,919	\$	70,518	\$	78,314	\$	86,500	\$	95,966	\$	112,929	\$	119,692
Non-GAAP total operating expenses as a percentage of revenue		70 %		77 %	_	70 %	_	71 %		69 %		67 %	_	72 %		68 %

Fiscal Quarter	(	Q4 FY19		Q1 FY20	(	Q2 FY20	(	Q3 FY20	(	Q4 FY20	(	Q1 FY21		Q2 FY21	r	Q3 FY21
End of Fiscal Quarter	7	/31/2019	1	0/31/2019	1	/31/2020	4	4/30/2020	7	/31/2020	1	0/31/2020	]	1/31/2021	2	4/30/2021
Beginning of Fiscal Quarter	4	5/1/2019		8/1/2019	1	1/1/2019		2/1/2020	4	5/1/2020		8/1/2020	]	1/1/2020		2/1/2021
GAAP loss from operations	\$	(7,931)	\$	(18,275)	\$	(30,280)	\$	(20,514)	\$	(44,887)	\$	(42,667)	\$	(53,898)	\$	(43,850)
Stock-based compensation expense and related payroll taxes		14,641		19,221		25,353		29,082		55,980		60,329		67,113		65,177
Litigation-related expenses		2,973		2,007		16,334		12		3		_		_		_
Amortization expense of acquired intangible assets		503		779		642		641		1,322		1,577		1,576		1,576
Asset impairment related to facility exit <sup>(1)</sup>		_		_		316		430		_		416		_		_
Non-GAAP income from operations	\$	10,186	\$	3,732	\$	12,365	\$	9,651	\$	12,418	\$	19,655	\$	14,791	\$	22,903
Non-GAAP operating margin	-	12 %	-	4 %	5	12 %	_	9 %	_	10 %		14 %	-	9 %		13 %
GAAP interest expense	\$	_	\$	_	\$	—	\$	—	\$	(5,025)	\$	(13,049)	\$	(13,245)	\$	(13,436)
Amortization of debt discount and issuance costs										4,885		12,690		12,882		13,077
Non-GAAP interest expense	\$		\$		\$	_	\$	_	\$	(140)	\$	(359)	\$	(363)	\$	(359)
Non-GAAP interest expense as a percentage of revenue		_%		%	,	_%		<u> </u>		<u> </u>		— %		— %		<u> </u>
GAAP net loss	\$	(5,276)	\$	(17,076)	\$	(29,154)	\$	(19,337)	\$	(49,549)	\$	(55,006)	\$	(67,541)	\$	(58,459)
Stock-based compensation expense and related payroll taxes		14,641		19,221		25,353		29,082		55,980		60,329		67,113		65,177
Litigation-related expenses		2,973		2,007		16,334		12		3		_		_		_
Amortization expense of acquired intangible assets		503		779		642		641		1,322		1,577		1,576		1,576
Asset impairment related to facility exit <sup>(1)</sup>		_		_		316		430		_		416		_		_
Amortization of debt discount and issuance costs		_		_		—		—		4,885		12,690		12,882		13,077
Provision (benefit) for income taxes <sup>(2)</sup>		(1,422)		_		_		(490)		(620)		_		_		_
Non-GAAP net income	\$	11,419	\$	4,931	\$	13,491	\$	10,338	\$	12,021	\$	20,006	\$	14,030	\$	21,371
Non-GAAP net income as a percentage of revenue		13 %	-	5 %	5	13 %	_	9 %	-	10 %		14 %	-	9 %		12 %
GAAP net loss per share, basic and diluted	\$	(0.04)	\$	(0.13)	\$	(0.23)	\$	(0.15)	\$	(0.38)	\$	(0.41)	\$	(0.50)	\$	(0.43)
Stock-based compensation expense and related payroll taxes		0.11		0.14		0.19		0.21		0.40		0.42		0.46		0.45
Litigation-related expenses		0.02		0.01		0.12		_		_		_		_		_
Amortization expense of acquired intangible assets		—		0.01		—		—		0.01		0.01		0.01		0.01
Asset impairment related to facility exit <sup>(1)</sup>						_		_		_		_		_		_
Amortization of debt discount and issuance costs		—				—		—		0.03		0.09		0.09		0.09
Provision (benefit) for income taxes <sup>(2)</sup>		(0.01)				_		_		_		_		_		_
Adjustment to total fully diluted earnings per share (3)		_		0.01		0.02		0.01		0.02		0.03		0.04		0.03
Non-GAAP net income per share, diluted	\$	0.08	\$	0.04	\$	0.10	\$	0.07	\$	0.08	\$	0.14	\$	0.10	\$	0.15
Weighted-average shares used in computing GAAP net loss per share, basic and diluted		126,302		127,548		128,408		129,682		131,660		133,452		135,024		136,385
Potentially diluted shares		11,243		9,312		8,255		8,191		9,805		9,920		10,719		10,220
Antidilutive impact of capped call transactions <sup>(4)</sup>				9,512		0,235		0,191		9,005						· ·
Weighted-average shares used in computing non-GAAP net income per														(1,120)		(1,692)
share, diluted		137,545	_	136,860		136,663		137,873	_	141,465		143,372		144,623		144,913

<sup>(1)</sup> Consists of asset impairment charges related to the relocation of our corporate headquarters.

<sup>(2)</sup> We use our GAAP provision for income taxes for purposes of determining our non-GAAP income tax expense. The difference between our GAAP and non-GAAP income tax expense represents the effects of stock-based compensation expense recognized in foreign jurisdictions and any income tax benefits associated with business combinations. The income tax benefit related to stock-based compensation expense included in the GAAP provision for income taxes was not material for all periods presented. In the fiscal quarter ended July 31, 2019, April 30,2020 and July 31,2020, we recorded a tax benefit of \$1.4 million, \$0.5 million and \$0.6 million, respectively, associated with intangible asset recognized as a result of our acquisitions of Appsulate, Inc., Cloudneeti Corporation and Edgewise Networks Inc., respectively.

<sup>(3)</sup> The sum of the fully diluted earnings per share impact of individual reconciling items may not total to fully diluted Non-GAAP net income per share due to the weighted-average shares used in computing the GAAP net loss per share differs from the weighted-average shares used in computing the Non-GAAP net income per share, and due to rounding of the individual reconciling items. The GAAP net loss per share calculation uses a lower share count as it excludes potentially dilutive shares, which are included in calculating the non-GAAP income per share.

<sup>(4)</sup> We exclude the in-the-money portion of our convertible senior notes for non-GAAP weighted-average diluted shares as they are covered by our capped call transactions. Our outstanding capped call transactions are antidilutive under GAAP but are expected to mitigate the dilutive effect of our convertible notes and therefore are included in the calculations of non-GAAP diluted shares outstanding.

# Free Cash Flow and Free Cash Flow Margin

(in thousands) (unaudited)

		0.4 53 /40		04 51 100					0.4 53 10.0						
Fiscal Quarter	(	Q4 FY19		Q1 FY20		Q2 FY20	(	Q3 FY20	Q4 FY20	(	Q1 FY21		Q2 FY21		Q3 FY21
End of Fiscal Quarter	7	//31/2019	1	0/31/2019	1	/31/2020	2	4/30/2020	7/31/2020	10	)/31/2020		1/31/2021	4	4/30/2021
Beginning of Fiscal Quarter		5/1/2019		8/1/2019	1	1/1/2019		2/1/2020	 5/1/2020	8	3/1/2020		11/1/2020		2/1/2021
Revenue	\$	86,108	\$	93,590	\$	101,268	\$	110,524	\$ 125,887	\$	142,578	\$	157,044	\$	176,404
Free cash flows															
Net cash provided by operating activities	\$	17,823	\$	21,429	\$	5,431	\$	20,822	\$ 31,635	\$	53,532	\$	30,404	\$	73,368
Less: Purchases of property, equipment and other assets		(8,822)		(10,210)		(4,889)		(9,694)	(18,279)		(8,904)		(10,499)		(14,812)
Less: Capitalized internal-use software costs		(1,449)		(1,802)		(2,471)		(2,023)	 (2,441)		(2,401)		(1,871)		(2,775)
Free cash flow	\$	7,552	\$	9,417	\$	(1,929)	\$	9,105	\$ 10,915	\$	42,227	\$	18,034	\$	55,781
Free cash flow margin															
Net cash provided by operating activities, as a percentage of revenue		21 %		23 %	ó	5 %		19 %	25 %		38 %		19 %	i	42 %
Less: Purchases of property, equipment and other assets, as a percentage of revenue		(10)%		(11)%	6	(5)%		(9)%	(14)%		(6)%		(7)%		(8)%
Less: Capitalized internal-use software costs, as a percentage of revenue		(2)%		(2)%	<u>.</u>	(2)%		(2)%	 (2)%		(2)%		(1)%		(2)%
Free cash flow margin		9 %		10 %	5	(2)%		8 %	 9 %		30 %		11 %		32 %
					_							_			

# **Calculated Billings**

(in thousands) (unaudited)

Fiscal Quarter	Q4 FY19	Q1 FY20	Q2 FY20 (*)	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21
End of Fiscal Quarter	7/31/2019	10/31/2019	1/31/2020	4/30/2020	7/31/2020	10/31/2020	1/31/2021	4/30/2021
Beginning of Fiscal Quarter	5/1/2019	8/1/2019	11/1/2019	2/1/2020	5/1/2020	8/1/2020	11/1/2020	2/1/2021
Revenue	\$ 86,108	\$ 93,590	\$ 101,268	\$ 110,524	\$ 125,887	\$ 142,578	\$ 157,044	\$ 176,404
Add: Total deferred revenue, end of period	251,202	245,869	280,022	300,791	369,767	371,900	446,817	495,434
Less: Total deferred revenue, beginning of period	(211,542)	(251,202)	(245,869)	(280,022)	(300,791)	(369,767)	(371,900)	(446,817)
Calculated billings	\$ 125,768	\$ 88,257	\$ 135,421	\$ 131,293	\$ 194,863	\$ 144,711	\$ 231,961	\$ 225,021
Year-over-year growth	32 %	37 %	18 %	55 %	55 %	64 %	71 %	71 %

\* Comparative fiscal quarter (Q2 FY19) includes one large customer choosing to pay up-front for a multi-year, private cloud subscription of \$11.0 million.