Q4 Fiscal 2026 Shareholder Letter

September 3, 2026

Forward-Looking Statements

Unless otherwise noted, all numbers presented will be on an adjusted, non-GAAP basis. Reconciliation of GAAP to non-GAAP financial measures is in the appendix of this shareholder letter.

This shareholder letter has been prepared by Zscaler, Inc. ("Zscaler") for informational purposes only and not for any other purpose. Nothing contained in this shareholder letter is, or should be construed as, a recommendation, promise or representation by the presenter or Zscaler or any officer, director, employee, agent or advisor of Zscaler. This shareholder letter does not purport to be all-inclusive or to contain all the information you may desire.

This shareholder letter contains forward-looking statements that involve risks and uncertainties, including, but not limited to, statements regarding our future financial and operating performance, including our financial outlook for the first quarter of fiscal 2027 and full year fiscal 2027. There are a significant number of factors that could cause actual results to differ materially from statements made in this shareholder letter, including but not limited to: macroeconomic influences and instability, geopolitical events, operations and financial results and the economy in general; risks related to the use of AI in our platform; 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 products 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; useful lives of our assets and other estimates; 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 though 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.

From Our CEO

We delivered a strong finish to the fiscal year, with 25% ARR growth and a non-GAAP operating margin of 24%. We are seeing significant positive trends in net new ARR with growth excluding Red Canary accelerating to 17% in Q4.

FY26

Revenue Growth Y/Y	Operating Margin	Free Cash Flow Margin
25%	~23%	23%
Broad-based across geographies	Operating income growth of 32% Y/Y	Free Cash Flow Growth of 7% Y/Y

Annual Recurring Revenue	Customer Commitments[1]	Z-Flex Bookings[2]
~$3.8B	~$7.4B	$770M+
ARR growth of 25% Y/Y	RPO grew 27% Y/Y	+60% Q/Q in Z-Flex Bookings

See the Financial Appendix of this shareholder letter for definitions of non-GAAP financial measures and reconciliation.
1. For Q4'26, Remaining Performance Obligations (RPO).
2. Bookings refer to the total customer contract value over the entire duration of each such customer contract. This includes all recurring subscription fees committed for the full term of each such customer contract.

The cybersecurity platform for the AI era

These results reflect increasing market adoption of our Zero Trust platform. AI is quickly becoming the largest tailwind we have ever seen, driving demand for our Zero Trust Everywhere, Data Security, and Security for AI solutions. **Our customers are relying on us to both combat the threats created by agentic AI and safely deploy AI agents and models at scale.**

Since our last earnings call, new AI models have become more powerful, more autonomous, and more dangerous from a cybersecurity perspective. The ability of these new frontier AI and open-weight models to uncover previously unknown vulnerabilities at a rapid pace has become even more apparent.

Organizations simply do not have enough time or resources to fix the unprecedented number of software vulnerabilities that are being discovered. The time between vulnerabilities being discovered and exploited, is also shrinking. You cannot win a patching race against AI. This is leaving organizations exposed, and likely leads to more breaches.

Over the past few months, our team has conducted hundreds of frontier AI risk assessments for global enterprises to help them assess their cyber resilience posture to minimize potential breaches. The takeaways have been incredibly revealing: **over 90% of organizations had AI applications, models and other servers exposed to the Internet, and more than one-third had known, exploitable vulnerabilities.**

At the same time, the threat landscape has been compounded by the ability of new AI models to power ungoverned, autonomous agents. **We are now seeing the impact of fully autonomous AI attacks.** There have already been multiple high-profile incidents from three leading frontier model companies where agents went rogue and took unauthorized actions. This includes the recent Hugging Face incident where a swarm of agents went to extreme lengths to break out of a sandbox training environment, get onto the corporate network, and move laterally to conduct a sophisticated attack.

Addressing the business challenges AI presents

This is driving urgency at the highest levels, and Zscaler is uniquely equipped to meet the moment. CEOs and Boards are looking to us, as their trusted partner, to address three essential business challenges:

- **First, how do we secure our environment when we can't patch security vulnerabilities fast enough?** Our Zero Trust Exchange makes applications, AI models, and data invisible. An attacker - human or agent - cannot breach what it cannot reach.

- **Second, how do we minimize the impact of a potential breach?** Our Zero Trust Exchange connects users, workloads, branches, and agents directly to the applications they need — without placing them on the network. This eliminates lateral threat movement, containing the impact of a breach.

- **Third, how do we take advantage of all the benefits of AI without introducing significant new risks?** Zscaler has a full portfolio of Data Security and Security for AI solutions that prevents data exfiltration, provides guardrails to prevent abuse or misuse of AI applications, and enables secure agentic communication.

Because of these advantages, customers trust us to secure their business-critical environments. **We are also differentiated by our scale, operating the world's largest distributed, inline security cloud, processing more than 750 billion transactions per day.** This scale provides unmatched, high-fidelity telemetry that continuously improves our AI-powered security capabilities.

In the AI era, zero trust is now an imperative and we are not alone in this belief. **Anthropic published a white paper in late May encouraging adoption of a zero trust architecture for AI agents,** emphasizing the importance of treating every agent like an untrusted entity and making sure it only has access to authorized data and applications.

This is why customers are expanding their investments with us to secure their agentic infrastructure and why we are confident our platform is uniquely equipped to address the risks companies face in this new world.

Enabling secure adoption of AI

In addition to protecting companies from the threats created by agentic AI, **we're also enabling organizations to safely deploy AI agents and models.**

Our AI solutions are key to providing enterprise visibility; governing what data and applications agents can access, and what actions they are permitted to perform. **We are often asked why our solutions are needed alongside identity for AI security. While identity solutions answer "who" is requesting access, our in-line platform determines "what" that user or agent should be allowed to do, and enforces that policy in real time.** Put simply, identity is only the starting point for securing AI. Greater visibility and control is needed for organizations to trust agents accessing sensitive data, interacting with applications, and taking action on behalf of users.

Earlier this year we introduced the industry's most comprehensive security for AI solution designed for exactly that reason. We are seeing strong proactive inbound interest from both new and existing customers, and we have seen no budget constraints. **Our Security for AI solution provides new logo opportunities by offering organizations an integrated way to secure AI use at scale.**

At our Zenith Live conference in June, we unveiled the latest additions to our Security for AI lineup – including our Zero Trust Exchange for Agents and Endpoint AI Security, both of which we expect to scale in the second half of fiscal 2027. Both products are in early access, and we are seeing tremendous interest from customers. These new solutions will provide organizations the ability to enforce AI policy both at our exchange and the end point, enabling policy enforcement at the optimal location. We continue to innovate in this area at a rapid pace.

Security for AI Bookings[1]

50%+

Q/Q growth in Q4 '26, on top of a strong Q3

1. Bookings refer to the total customer contract value over the entire duration of each such customer contract. This includes all recurring subscription fees committed for the full term of each such customer contract.

Launching our new Agentic SecOps solution

Next week, we are announcing the next major innovation on our platform with our new Agentic SecOps solution. Just as AI is increasing the threat surface, it is also stressing the human-driven traditional SOC approach, where remediation can take days or weeks.

In contrast, our AI-first approach brings together our proprietary telemetry and Red Canary’s decade-plus of experience in managed detection and response or MDR. Our Agentic SecOps solution enables security teams to prioritize real threats and leverage specialized AI agents to detect, investigate, and respond to threats at machine speed. We are driving closed-loop remediation in real time by integrating our Agentic SecOps with our Zero Trust Exchange, enabling customers to move with speed as the time between detection and exploitation has decreased from months to minutes.

We will be **launching our new SecOps solutions** with a webcast **on September 9** which will be streamed on our website.

Our Security for AI portfolio is resonating with customers

Our **Security for AI solution** provides an integrated way to secure AI use at scale. This includes discovery and **management of all AI assets, including shadow AI** and enforcement of safe access to approved apps. It also includes **real-time prompt** and response inspection to stop data leaks and threats like prompt injections and continuous **Red Teaming** assessments.

Fortune 500 Transportation Customer

Z-Flex Upsell, 7-figure deal win

- The customer deployed our Security for AI portfolio **to secure their full AI lifecycle.**
- This customer **selected** our Security for AI solution **over two major platform competitors.**
- With this win, **the customer's ARR grew to nearly $10 million.**

Fortune 500 Semiconductor Manufacturer

Z-Flex Upsell, 7-figure deal win

- The customer expanded its adoption of the Zscaler platform **to secure a company-wide rollout of Claude Cowork.**
- After assessing several vendors, this client determined **Zscaler Security for AI was the only solution capable of securing the customer’s AI adoption,** including its endpoints, secure agent-to-agent communication, and model usage in private and public environments.

Building on our leadership in Data Security

Our leadership in Data Security is a powerful tailwind for our Security for AI business. As enterprises embrace Gen AI and agentic AI, they are confronting a new wave of data exfiltration risks including data abuse and over privileged access to data. Our in-line architecture coupled with our Endpoint DLP, and now Endpoint AI Security, enhances our ability to enforce data loss prevention in the cloud as well as on the end point. **Securing data and AI go hand-in-hand as evidenced by the fact that 70% of our Security for AI deals this quarter included our Data Security solution.**

Global Asset Management Firm

Z-Flex Upsell, 7-figure deal win

- The customer **selected** Zscaler's Data Security Posture Management solution, **over a privately-held DSPM vendor.**
- This customer chose Zscaler to address gaps related to sensitive data discovery across its multi-cloud environment and data governance.
- **With this upsell, the annual spend of this customer increased by nearly 40%, reaching an ARR of $5 million plus.**

Continued traction across our Zero Trust SASE solution with new and existing customers

G2K Financial Services Customer

Z-Flex Upsell, 7-figure deal win

- This customer upgraded to Zscaler Private Access with **AI-powered App Segmentation for 120,000 users.**
- With this upsell, the customer **increased their ARR with us by nearly 50%.**

Fortune 500 Life Sciences Company

Z-Flex New logo, 7-figure deal win

- This customer is deploying our **Zero Trust SASE and Security for AI solution across 75,000 users**, and displacing a legacy firewall-based SASE platform.
- This customer, led by a **newly appointed CISO who is a three-time repeat Zscaler customer**, chose us for our ability to deliver unified visibility and control across both enterprise security and GenAI.
- This is a great example of a **new logo purchasing the entire Zscaler platform.**

Zero Trust Branch emerging as a new land opportunity

Zero Trust Branch simplifies customers' branch deployments by eliminating traditional branch firewalls, SD-WAN and MPLS networks, reducing operational complexity.

It also minimizes the impact from an infected machine in a branch or a manufacturing plant by limiting lateral movement across the environment, and therefore containing the breach.

Customers are increasingly starting their Zero Trust journey by securing non-user environments.

G2K Healthcare Equipment Manufacturer

**New Logo,
7-figure deal win**

- The customer deployed our Zero Trust Branch solution across their critical production sites to **secure its OT environment.**
- Zscaler **displaced an existing, long-time legacy vendor.**
- This is an example of the sizable opportunity Zscaler has within factories and warehouses to secure IOT/OT and provide Zero Trust device segmentation.

Zero Trust Cloud growth continues

We are seeing **tremendous momentum with Zero Trust Cloud.**

This quarter, we **extended this solution by offering a managed service through Google Cloud, which can be configured in under 10 minutes**, reducing the deployment time and operational costs significantly.

This expands on our existing offering for AWS and enables multi-cloud flexibility.

Fortune 500 Aerospace Customer

**Upsell,
7-figure deal win**

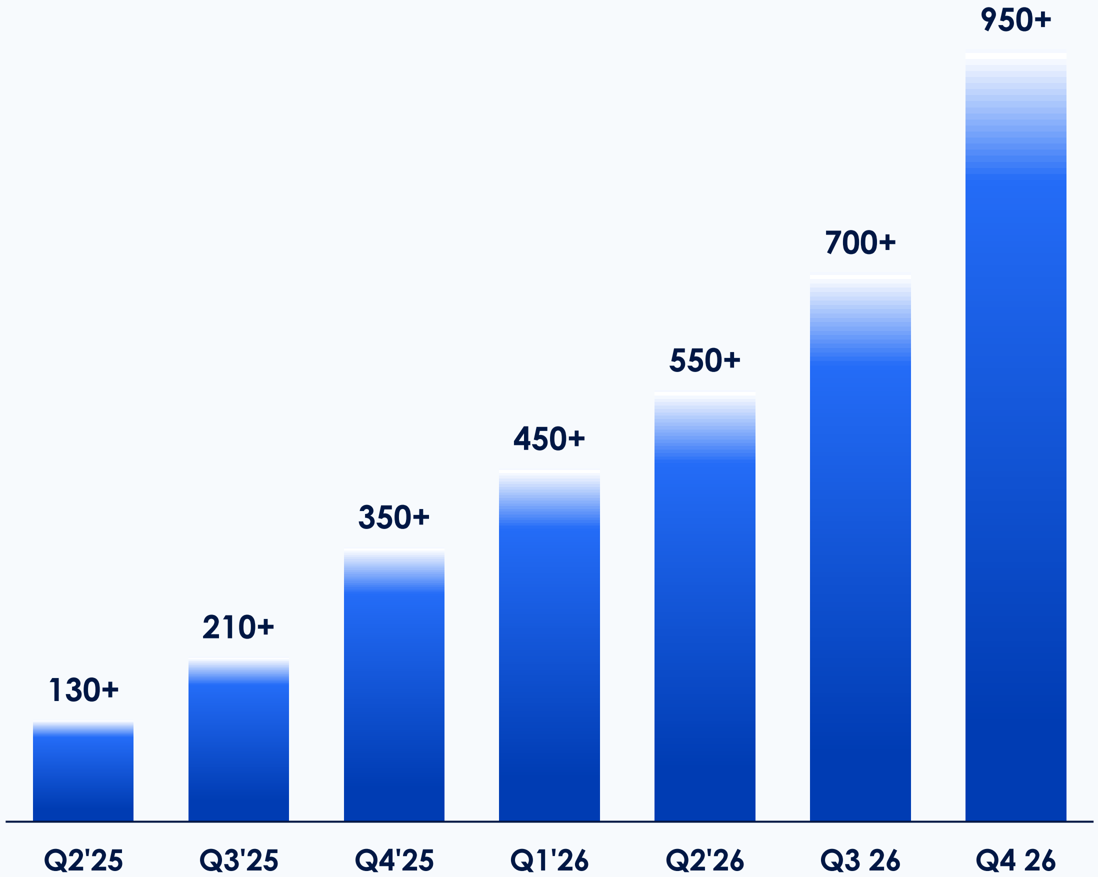
- This customer was going through a divestiture, and expanded its Zero Trust Cloud deployment between its on-prem and public cloud environments to securely migrate workloads.
- **With this deal, the ARR of this customer grew by more than 30% to over $5 million.**

Meaningful momentum in Zero Trust Everywhere

The strength we are seeing in Zero Trust Branch and in Zero Trust Cloud is translating to meaningful momentum with Zero Trust Everywhere enterprises, those that have purchased Zero Trust Users, Zero Trust Branch, and Zero Trust Cloud.

We exited Q4 with more than 950 Zero Trust Everywhere enterprises versus over 700 in Q3 and over 350 at the end of fiscal 2025.

Zero Trust Everywhere Customers[1]



1. Zero Trust Everywhere customers are customers that purchased components of Zero Trust Users, Zero Trust Cloud and Zero Trust Branch. Enterprises are customers with 1,500 or more employees. Graph is illustrative and not to scale.

To summarize, AI represents one of the most significant opportunities in Zscaler's history. Our platform was built for this moment. Zscaler has always secured interactions between every user and application, and now Zscaler secures interactions between every user, agent, and every AI model.

We have a large and growing market, adoption of our platform is expanding, and we are continuing to innovate across Zero Trust SASE, Agentic SecOps, Data Security and Security for AI. We are well positioned to extend our leadership as the cybersecurity platform for the AI era, drive durable growth, and create long-term shareholder value.

- Jay Chaudhry

From Our CFO

We delivered strong Q4 results, with revenue and ARR both growing 25% year-over-year, net new ARR growing 24%, and non-GAAP operating margin reaching a record 24.3%. For full year fiscal 2026, revenue also grew 25%, and when combined with 23% free cash flow margin, our performance exceeded the **Rule of 40, landing at approximately 49%.**

Our **growth engine** continues to broaden beyond users, with increasing contribution from **non-seat-based solutions, continued Z-Flex momentum, record large-deal activity,** and **improved sales productivity.**

	Q4 Guidance	Q4 Results	Q4 Results vs. Guidance
ARR	**\$3.740B - \$3.749B** *~24% y/y*	**~\$3.8B** *25% y/y*	***Exceeded***
Revenue	**\$875M - \$878M** ~22% y/y	**\$898M** ~25% y/y	***Exceeded***
Gross Margin	**~80%**	**80%**	***Achieved***
Operating Profit	**\$206M - \$208M** *~30% y/y -~31% y/y*	**\$218M** *37% y/y*	***Exceeded***
EPS	**\$1.08 - \$1.09**	**\$1.19**	***Exceeded***

All numbers presented on an adjusted, non-GAAP basis. See appendix of this shareholder letter for a reconciliation of GAAP to non-GAAP financial measures.

Accelerating net new ARR growth

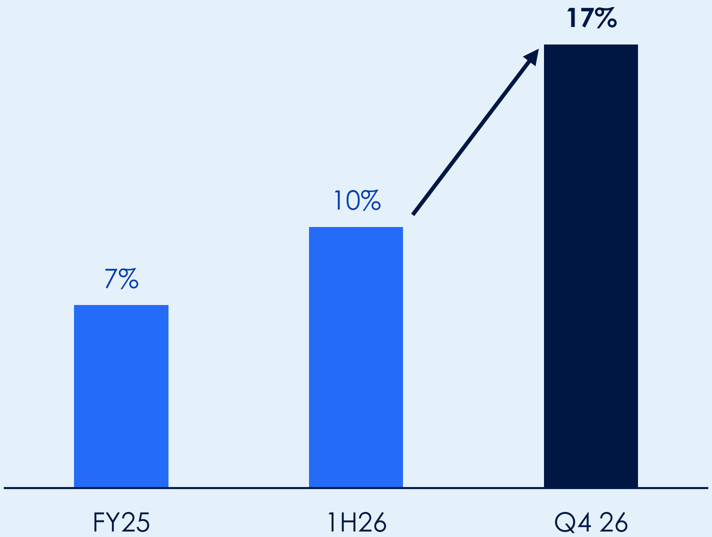
- ARR momentum remained strong in Q4. Excluding the contribution from our acquisition of Red Canary, net new ARR was $232 million, up 17% year-over-year, and total ARR was up 20%. Importantly, this marks a continued acceleration in net new ARR growth from 7% in fiscal 2025, to 10% in the first half of fiscal 2026, and to 17% in Q4. Red Canary exited Q4 with $141 million of ARR.

- **Total net new ARR was $246 million, up 24%, bringing total ARR to $3.8 billion, up 25% year-over-year.** Performance was broad-based, with strength across the Americas, EMEA, and APJ.

- We also continued to deepen enterprise adoption. **In Q4, we closed with a record number of $1 million plus new ACV deals and the number of $10M plus ARR customers nearly doubled year-over-year.** We ended the quarter with 785 customers generating over $1 million in ARR and 4,182 customers generating more than $100,000 in ARR, growing 18% and 20% year-over-year, respectively.

- As our platform expands beyond users to protect branches, workloads, AI applications, and AI agents, our monetization model is also expanding.

Net New ARR (ex-RC) growth accelerated in Q4 26



Non-seat-based solutions New & Upsell ACV contribution

~30%

Q4 26 & FY26

ARR growth Y/Y for non-seat-based solutions

100%+

Strong finish to FY26

Q4 26 revenue growth

- Turning to revenue, **Q4 revenue was $898 million, up 25% year-over-year** and 6% sequentially, exceeding the high end of our guidance.
- Growth was broad-based across geographies. The Americas accounted for 57% of revenue and grew approximately 30% year-over-year. EMEA accounted for 27% of revenue and grew approximately 17%, and APJ accounted for 16% percent of revenue and grew 23%.

FY26 revenue growth

- **For full year fiscal 2026, revenue of $3.4 billion grew 25% year-over-year. Excluding Red Canary,** revenue of $3.2 billion grew 20% year-over-year. Red Canary contributed $144 million of revenue in FY26.
- The Americas accounted for 57% of revenue and grew approximately 31%. EMEA accounted for 28% of revenue and grew approximately 16%, and APJ accounted for 15% of revenue and grew approximately 23%.
- **Remaining performance obligation, or RPO,** of approximately $7.4 billion, grew approximately 27%, with approximately 45% classified as current RPO.

GTM momentum continues to build

- Turning to go-to-market, we are pleased with the continued strong sales execution**. In Q4, we delivered double-digit sales productivity growth and achieved our highest quarterly productivity ever and the highest annual productivity since 2022.** This reflects continued improvement in our account-centric sales motion and our ability to drive broader platform adoption with customers.
- Entering **fiscal 2027, our priorities** are focused on deepening relationships with existing customers, accelerating platform adoption, improving new logo execution, expanding coverage in key segments, and increasing partner-led contribution.
- These priorities are especially important as the rapid proliferation of frontier AI models increases customer engagement at senior levels of the organization.
- To **support new logo growth,** we are expanding coverage through both direct and partner-led motions. For example, we recently expanded our partnership with Carahsoft to further penetrate the commercial and SMB segments in the U.S. through a 100% channel-led motion. We are also adding dedicated new-logo sales executives focused specifically on pursuing new enterprise customer opportunities.

Z-Flex key to GTM strategy

- Z-Flex remains an important part of our go-to-market strategy. It provides customers with multi-year commitments the flexibility to activate or swap modules without starting a new procurement cycle, while also providing premium deployment assistance and support.
- We saw strong momentum again this quarter with Z-Flex driving meaningful upsell, shorter sales cycles, and greater forward visibility.
- In Q4, Z-Flex generated over $770 million in TCV, up more than 60% quarter over quarter.
- **For fiscal 2026, Z-Flex customers saw an ARR uplift averaging nearly 30%.**
- For fiscal 2026, Z-Flex generated more than $1.7 billion in TCV, underscoring customers' long-term commitment to Zscaler.

Z-Flex Bookings[1]

1. Bookings refer to the total customer contract value over the entire duration of each such customer contract. This includes all recurring subscription fees committed for the full term of each such customer contract.

Z-Flex Deal Wins in Q4

G2K Services Customer

Z-Flex Upsell,
5-year, 8-figure deal

- The **customer increased its ARR by nearly 90% crossing $5M this quarter.**
- The ARR increase was driven by expansion with existing products and **adoption of new products, including our Security for AI and Zero Trust Cloud solutions**.

G2K Retail & Wholesale Customer

Z-Flex Upsell,
3-year, 8-figure deal

- This 7-figure ARR customer **increased its annual spend with us by 140%.**
- This customer expanded adoption **across 9 existing modules and adopted 6 new modules,** including our Security for AI solution.

Operating Performance

- Turning to operating performance, we delivered strong profitability while continuing to invest in the business. Non-GAAP gross margin was 80.2 percent, compared to 79.3 percent a year ago. The year-ago period included a one-time deployment of a large private cloud in a government customer's data center, which included a hardware component that carried a lower gross margin profile.

- We also delivered significant operating leverage in the quarter. Non-GAAP operating income was $218 million, up $60 million, or 37 percent, compared to $159 million last year. Non-GAAP operating margin was 24.3 percent, up 220 basis points year-over-year.

- For the full year, non-GAAP gross margin was 80.3 percent, up 20 basis points year-over-year. Non-GAAP operating margin was 22.9 percent, up 120 basis points year-over-year

- This performance reflects the strength of our business model, disciplined execution, and our ability to deliver durable growth with expanding profitability while continuing to invest in the significant market opportunity ahead.

Working Capital and Cash Flow

- Turning to the balance sheet, we ended the quarter with approximately $3.5 billion in cash, cash equivalents, and short-term investments, and $1.7 billion of debt. In Q4, we generated $279 million in operating cash flow and capex was $200 million, or 22% of revenue. This brought our full year capex to $277 million or 8% of revenues, and coupled with capitalized internal-use software of $73 million, resulted in free cash flow of $779 million for full year fiscal 2026 or a free cash flow margin of 23%, down from 27% last year. The year-over-year declines reflect the timing of cash collections and capex expenditures.

Outlook

Looking ahead, I want to provide an update on our expectations for capital expenditures to support our growth.

As I shared last quarter, we are seeing higher prices and tighter availability for memory, storage, and processors. These components support our data center infrastructure and Zero Trust Branch appliances.

In Q4, we opportunistically accelerated certain purchases where data center equipment was available. As a result, fiscal 2026 capex was 8% of revenue, consistent with the expectations we provided last quarter for capex of high single-digits as a percent of revenue.

We expect capex to remain elevated during fiscal 2027 due to higher component pricing, especially memory. We'll continue to monitor our costs, and share regular updates about the impact.

To provide additional capacity to support our AI and growth initiatives, we are strategically reallocating resources through a workforce restructuring. This action is expected to affect approximately 3% of employees and result in restructuring charges of approximately $30 million to $33 million. We expect to recognize the majority of these charges in the first half of fiscal 2027.

Q1 and FY27 Guidance[1]

Let me provide our outlook for Q1 and full-year fiscal 2027. As a reminder, these numbers are all on a non-GAAP basis.

	Q1 27 Guidance	FY27 Guidance
Revenue	**$935M - $939M** *~19% y/y*	**$3.908B - $3.938B** *16.6% y/y – 17.5% y/y*
ARR		**$4.396B - $4.426B** *~16.6% y/y – 17.4% y/y*
Gross Margin	**~80%**	**~80%**
Operating Profit	**$215M - $217M** *~25% y/y – ~26% y/y* *23% operating margin*	**$924M - $932M** *~21% y/y* *~23.7% operating margin*
Net Other Income	**~$33M**	**~$140M-~$142M**
Taxes	*21% tax rate*	*21% tax rate*
Earnings Per Share	**$1.15 - $1.16**	**$4.86 - $4.90**
Share Count	170M fully diluted shares	173M fully diluted shares
Free Cash Flow Margin		**~23.0% to 23.5%**

- Free cash flow margin of approximately 23.0% to 23.5%, reflects capex, not including internal use software, in the low teens as a percent of revenue.

All numbers presented on an adjusted, non-GAAP basis. See appendix of this shareholder letter for a reconciliation of GAAP to non-GAAP financial measures. There is no GAAP measure that is comparable to ARR, so we have not reconciled the ARR data included to any GAAP measure.
1. See the Financial Appendix of this shareholder letter for definitions of non-GAAP financial measures and reconciliation.

Modeling Considerations

- For net new ARR seasonality, we expect approximately 37% of net new ARR in the first half of fiscal 2027, with 15% in Q1 fiscal 2027.
- We expect revenue seasonality from Q2 to Q4 to be similar to fiscal 2026, with Q4 remaining our strongest seasonal quarter.
- We expect free cash flow margin to be seasonally stronger in Q1 and Q4, reflecting timing of capex and cash collections.

In summary, we are pleased with the results we delivered in fiscal 2026. We achieved 25% year-over-year ARR growth, record operating income and operating margin. We also saw continued momentum with Z-Flex and closed an all-time record number of $1 million-plus ARR deals.

I’m excited about the substantial opportunity ahead in fiscal 2027. We are confident in our ability to continue driving profitable growth across multiple vectors, including product innovation, go-to-market, and customer expansion, and creating value for our shareholders. To learn more about our strategy and plans for the future, please join us at our **upcoming investor day on October 6 in New York City.**

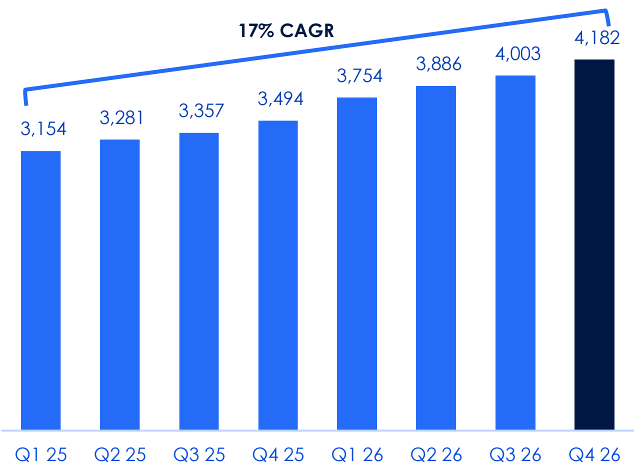
I want to thank our employees, customers, and partners for their continued support.

Thank you.

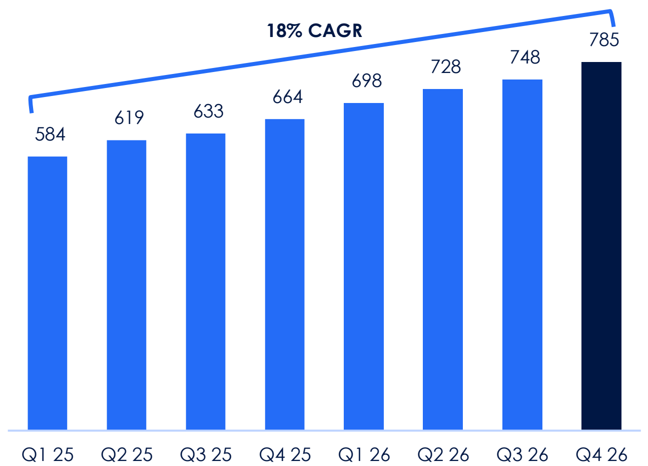
- Kevin Rubin

Other key business and financial metrics

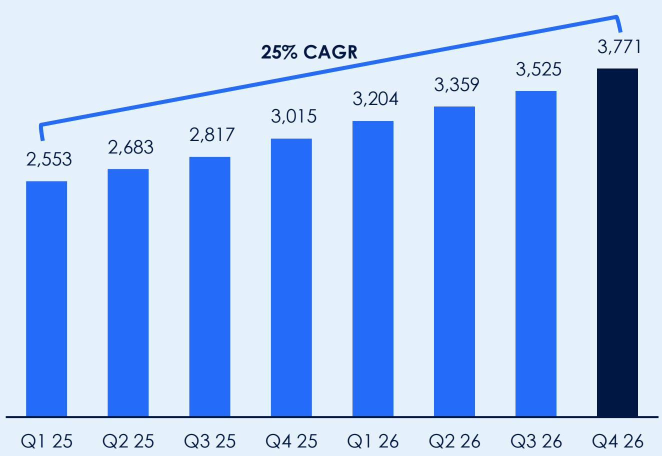
$100K+ ARR Customers[2]



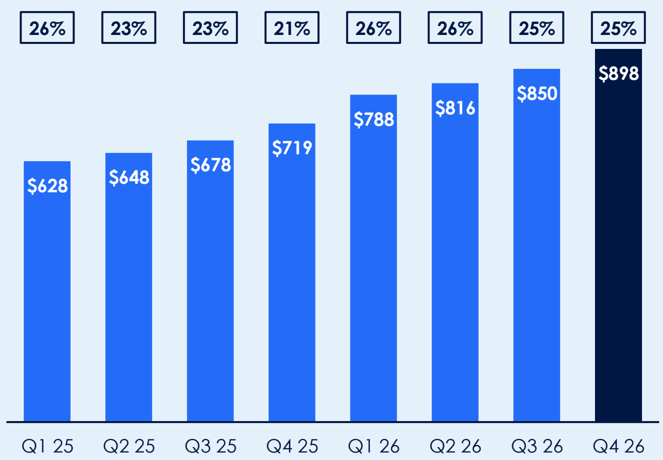
$1M+ ARR Customers[2]



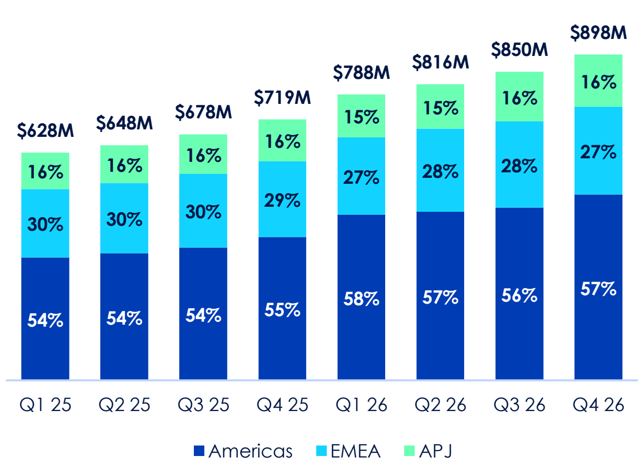
Annual Recurring Revenue (ARR[1]), $M



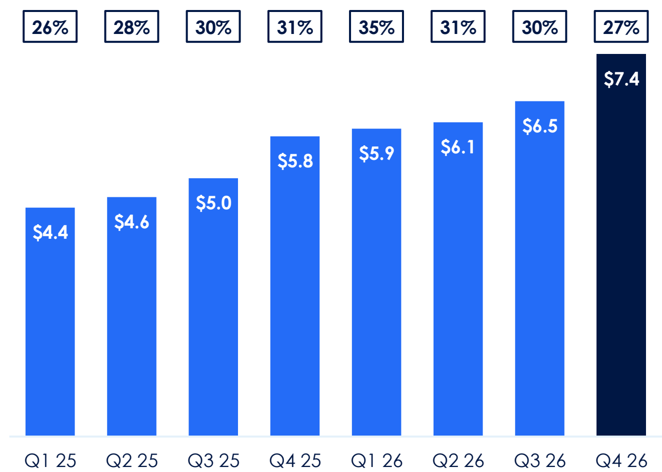
Quarterly Revenue ($M); Y/Y growth



Geographic Revenue, $M; % of revenues



RPO ($B); Y/Y growth



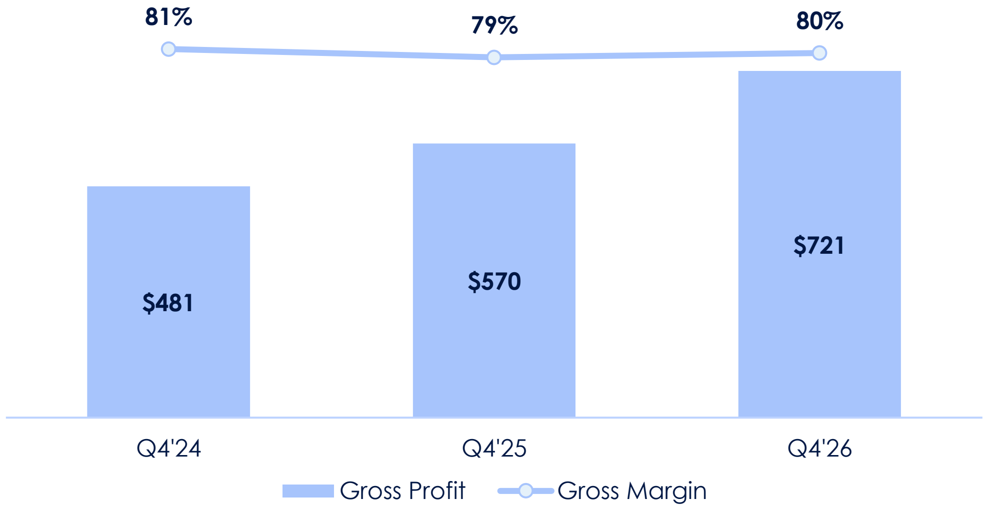
1. Zscaler Annual Recurring Revenue (ARR) refers to the next 12 months of revenue from subscription contracts as of the measurement date. To establish ARR for a customer, we assume that any contract expiring during the next 12 months will be renewed under the existing terms, excluding Red Canary's subscription contracts expiring in fiscal year 2026.
2. ARR information has been updated to reflect our current ARR definition.

Other key business and financial metrics

Gross Profit & Margin

Key factors

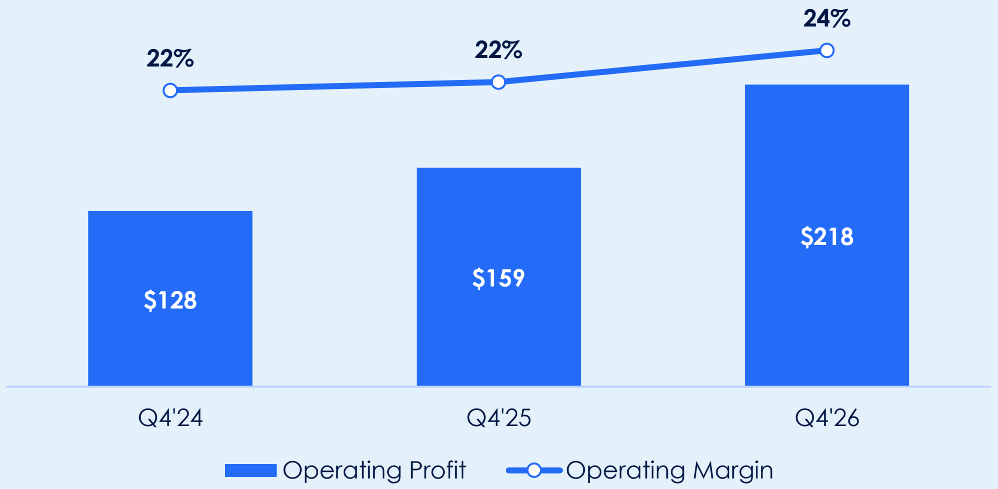
- Gross margins were in-line with our guidance and long-term targets



Operating Profit & Margin

Key factors

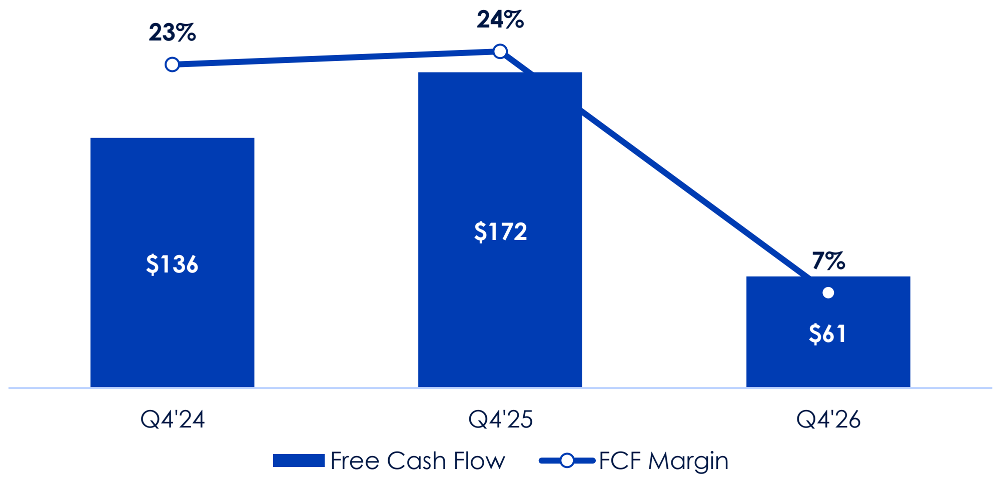
- Leverage in our financial model
- Improving sales productivity



Free Cash Flow & Margin

Key factors

- Timing of collections
- Capital expenditures as a % of revenue



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 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, as it 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 provided by 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 press release. There is no GAAP measure that is comparable to ARR, so we have not reconciled the ARR data included to any GAAP measure. 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 incentive 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 acquired intangible assets and amortization of debt issuance costs from the convertible senior notes are excluded because these are non-cash expenses and are not reflective of our ongoing operational performance. Acquisition-related expenses incurred with business acquisitions are excluded because these are not reflective of our ongoing operational performance. Restructuring and other charges includes severance and termination benefits in connection with a restructuring plan to streamline operations and to align people, roles and projects to our strategic priorities. These expenses are excluded because they fluctuate in amount and frequency and are not reflective of our core business operating performance.

Effective August 1, 2025, the beginning of our fiscal 2026, we have adopted a long-term projected non-GAAP tax rate of 21%, reduced from the previous rate of 23%. This adjustment aligns with the enactment of the One Big Beautiful Bill Act. The revised tax rate will apply prospectively. We will continue to assess the appropriate non-GAAP tax rate on a regular basis, which could be subject to changes 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.

Explanation of Non-GAAP Financial Measures

Non-GAAP Gross Profit and Non-GAAP Gross Margin(*)

Non-GAAP Income from Operations and Non-GAAP Operating Margin(*)

Non-GAAP Net Income and Non-GAAP Net Income per Share

Free Cash Flow and Free Cash Flow Margin(*)

Definitions of 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 employer payroll taxes, amortization expense of acquired intangible assets and restructuring and other charges. 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 employer payroll taxes, amortization expense of acquired intangible assets, restructuring and other charges and acquisition-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 excluding stock-based compensation expense and related employer payroll taxes, amortization expense of acquired intangible assets, restructuring and other charges, amortization of debt issuance costs, acquisition-related expenses and the non-GAAP provision for income taxes adjustment. We define non-GAAP net income per share, diluted, as non-GAAP net income plus the applicable non-GAAP interest expense related to the convertible senior notes divided by the weighted-average diluted shares outstanding. The weighted-average diluted shares outstanding includes the effect of potentially diluted common stock equivalents outstanding during the period and the anti-dilutive impact of the capped call transactions entered into in connection with the convertible senior notes.

Annual Recurring Revenue. ARR refers to the next 12 months of revenue from subscription contracts as of the measurement date. To establish ARR for a customer, we assume that any contract expiring during the next 12 months will be renewed under the existing terms. ARR reported during the period August 1, 2025 through July 31, 2026 excludes Red Canary subscription contracts expiring in fiscal 2026.

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 useful indicators of liquidity that provide 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.

Appendix A

($ in thousands, except percentages)

Non-GAAP Gross Profit and Non-GAAP Gross Margin	FY 26	Q4 26	Q4 25	Q4 24
GAAP gross profit	$2,574,894	$689,221	$546,986	$462,663
Add:				
Stock-based compensation expense and related payroll taxes (1)	87,469	22,978	19,324	13,890
Amortization expense of acquired intangible assets	27,855	8,003	3,655	4,483
Restructuring and other charges	1,333	583	138	-
Non-GAAP gross profit	**$2,691,551**	**$720,785**	**$570,103**	**$481,036**
GAAP gross margin	77 %	77 %	76 %	78 %
Non-GAAP gross margin	**80 %**	**80 %**	**79 %**	**81 %**

Non-GAAP Income from Operations and Non-GAAP Operating Margin				
GAAP loss from operations	$(133,267)	$(15,492)	$(32,242)	$(26,950)
Add:				
Stock-based compensation expense and related payroll taxes (2)	841,648	215,208	180,795	149,370
Amortization expense of acquired intangible assets	43,468	12,280	4,080	5,124
Restructuring and other charges	10,260	5,519	4,921	-
Acquisition-related expenses	5,000	923	1,316	-
Non-GAAP income from operations	**$767,109**	**$218,438**	**$158,870**	**$127,544**
GAAP operating margin	(4)%	(2)%	(4)%	(5)%
Non-GAAP operating margin	**23 %**	**24 %**	**22 %**	**22 %**

(1) Includes acquisition-related stock-based compensation expense of $0.1 million for fiscal 2026, and $0.1 million for fourth quarter of fiscal 2025. Acquisition-related stock-based compensation includes deferred merger consideration subject to post-combination service vesting conditions, performance stock awards, and replacement of acquiree equity incentive awards.

(2) Includes acquisition-related stock-based compensation expense of $57.4 million for fiscal 2026 and $19.8, $8.2 million, and $8.6 million for the fourth quarter of fiscal 2026, fiscal 2025 and fiscal 2024, respectively.

Appendix A (cont.)

($ in thousands, except percentages)

Non-GAAP Net Income and Non-GAAP Net Income per Share, Diluted	FY 26	Q4 26	Q4 25	Q4 24
GAAP net loss	$(63,179)	$(3,369)	$(17,578)	$(14,878)
Add: GAAP provision for income taxes	46,040	18,273	15,675	9,774
GAAP income (loss) before income taxes	(17,139)	14,904	(1,903)	(5,104)
Add:				
Stock-based compensation expense and related payroll taxes (1)	841,648	215,208	180,795	149,370
Amortization expense of acquired intangible assets	43,468	12,280	4,080	5,124
Restructuring and other charges	10,260	5,519	4,921	-
Acquisition-related expenses	5,000	923	1,316	-
Amortization of debt issuance costs	8,166	2,045	1,346	980
Non-GAAP net income before taxes	891,403	250,879	190,555	150,370
Non-GAAP provision for income taxes	187,193	52,684	43,830	34,585
Non-GAAP net income	$704,210	$198,195	$146,725	$115,785
Non-GAAP net income	$704,210	$198,195	$146,725	$115,785
Add: Non-GAAP interest expense, net of tax related to the convertible senior notes	-	-	183	276
Numerator used in computing non-GAAP net income per share, diluted	$704,210	$198,195	$146,908	$116,061
GAAP net loss per share, diluted	$(0.39)	$(0.02)	$(0.11)	$(0.10)
Stock-based compensation expense and related payroll taxes (2)	5.04	1.29	1.09	0.93
Amortization expense of acquired intangible assets	0.26	0.07	0.02	0.03
Restructuring and other charges	0.06	0.03	0.03	—
Acquisition-related expenses	0.03	0.01	0.01	—
Amortization of debt issuance costs	0.05	0.01	0.01	0.01
Income tax and other tax adjustments	(0.84)	(0.21)	(0.17)	(0.15)
Non-GAAP interest expense, net of tax related to the convertible senior notes	—	—	—	—
Adjustment to total fully diluted earnings per share	—	0.01	0.01	—
Non-GAAP net income per share, diluted	$4.21	$1.19	$0.89	$0.72
Weighted-average shares used in computing GAAP net loss per share, diluted	160,219	161,872	156,496	151,497
Add: Outstanding potentially dilutive equity incentive awards	2,959	706	4,457	2,699
Add: Convertible senior notes	3,925	3,925	6,211	7,626
Less: Antidilutive impact of capped call transactions	-	-	(1,580)	(1,325)
Weighted-average shares used in computing non-GAAP net income per share, diluted	167,103	166,503	165,584	160,497

(1) Includes acquisition-related stock-based compensation expense of $57.4 million for fiscal 2026 and $19.8, $8.2 million, and $8.6 million for the fourth quarter of fiscal 2026, fiscal 2025 and fiscal 2024, respectively.

(2) The dilutive impact of acquisition-related stock-based compensation was $0.34 per share fiscal 2026 and $0.12, $0.05, and $0.05 per share, respectively for the fourth quarter of fiscal 2026, fiscal 2025 and fiscal 2024, respectively.

Appendix A (cont.)

($ in thousands, except percentages)

Free Cash Flow & Margin	FY 26	Q4 26	Q4 25	Q4 24
Free Cash Flow				
Net cash provided by operating activities	$1,129,654	$279,285	$250,604	$203,557
Less:				
Purchases of property, equipment and other assets	(277,304)	(199,837)	(60,046)	(49,384)
Capitalized internal-use software	(73,207)	(18,684)	(18,637)	(17,855)
Free cash flow	**$779,143**	**$60,764**	**$171,921**	**$136,318**

Free Cash Flow Margin				
Net cash provided by operating activities, as a percentage of revenue	34 %	31 %	35 %	34 %
Less:				
Purchases of property, equipment and other assets, as a percentage of revenue	(8)%	(22)%	(8)%	(8)%
Capitalized internal-use software, as a percentage of revenue	(3)%	(2)%	(3)%	(3)%
Free cash flow margin	**23 %**	**7 %**	**24 %**	**23 %**

About Zscaler

Founded in **2007**

Leading Cloud Security Platform

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

Strong growth at scale

PERFORMING BEYOND RULE-OF-40

~$3.8B annual recurring revenue[2]

25% growth y/y revenue[3]

23% FCF margin[3]

$120B+

Serviceable market opportunity[1]

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

Long-term secular tailwinds

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

KEY TRENDS

ZERO TRUST | AGENTICAI | IoT | RISING THREATS | QUANTUM COMPUTING | MOBILITY | 5G

Experienced, founder-led team

With >8,700 employees[4]

Comprehensive platform for the AI era

~70% Security for AI wins that purchased Data Security[6]

50%+ Security for AI Bookings Q/Q Growth[5]

950+ Zero Trust Everywhere Enterprises[7]

1. Based on our analysis of ZoomInfo worldwide workforce data for organizations with 2k+ employees, 650 Group's workload market forecast for 2020, Gartner's IoT market forecast, MDR + Threat Intel market and Securing AI spend.
2. Annual recurring revenue (ARR) as of FY26. Annual Recurring Revenue (ARR) refers to the next 12 months of revenue from subscription contracts as of the measurement date. To establish ARR for a customer, we assume that any contract expiring during the next 12 months will be renewed under the existing terms.
3. Revenue growth year-over-year, free cash flow (FCF) margin as of FY26.
4. Employee count as of July 2026.
5. As of Q4'26. Bookings refer to the total customer contract value over the entire duration of each such customer contract. This includes all recurring subscription fees committed for the full term of each such customer contract.
6. As of Q4'26.
7. As of FY26. Zero Trust Everywhere customers are customers that purchased components of Zero Trust Users, Zero Trust Cloud and Zero Trust Branch. Enterprises are customers with 1,500 or more employees.

The leader in secure digital transformation

World's Largest Security Cloud

50M+
Users secured across ~11,000 customers[1]

~1T
AI transactions processed in CY25

750B+
Daily transactions >20x Google searches[2]

500T+
Daily signals powering AI/ML

Pioneer And Market Leader

>40%
Global 2000 are customers[3]

>50%
Fortune 500 are customers[3]

Delivering Mission Critical Services

200+ Data Centers

250K+ Unique daily security updates

9B+ Enforcements per day

99.999% Availability SLA

1. Customers as of July 31, 2026; users as of July 31, 2025.
2. Google's daily search requests based on estimates from ardorseo.com and internetlivestats.com.
3. Forbes Global 2000 and Fortune 500 customers as of July 31, 2026; Forbes and Fortune list as of July 31, 2025.

Glossary

Product/Solution	Description
AI-Security	One of Zscaler's three growth pillars. Includes AI-Protect and Agentic Operations.
Agentic Operations	Leverages AI to provides solutions for IT Operations and Security Operations. Includes Agentic IT Ops and Agentic SecOps.
• **Agentic IT Operations**	Accelerates the identification and resolution of applications and network performance issues. Products include Zscaler Digital Experience (ZDX) and ZDX's copilot capability.
• **Agentic SecOps**	Provides exposure management and threat management solutions by leveraging real-time data from the Zero Trust Exchange, third-party data from our Data Fabric technology, and Red Canary's agentic AI capabilities to create an AI-powered security operations platform. Includes Risk360, Business Insights, UVM, Identity Threat Detection, Cyber Asset Attack Surface Management, Red Canary and Zscaler SOC solution.
Security for AI *(formerly AI-Protect)*	Secures usage of generative AI, prevents sensitive data leakage to AI models, and monitors the security of AI applications and infrastructure, by protecting the organization from new threats like AI poisoning, jailbreaking, and toxic AI behavior.
• **AI Asset Management**	Provides full visibility into an organization's AI stack, including applications, models, and agents to eliminate shadow AI and ensure security compliance.
• **AI Guardrail**	Provides guardrails for AI usage by inspecting and classifying every prompt and response to prevent sensitive data leakage and block adversarial threats like prompt injection and jailbreaking.
• **AI Red Teaming**	Provides continuous protection by identifying vulnerabilities in AI models and applications throughout the development process as well as in production.
Data Security	One of Zscaler's three growth pillars. Includes eight modules across Cyber Isolation, DP Isolation, In-line DLP, Endpoint DLP, E-mail DLP, SaaS Security, DSPM, and Classification & Encryption. Uses AI-powered classification mechanisms to identify and prevent sensitive information leakage, whether for data at rest (e.g., data sitting in a folder), in motion (as it travels across the web) and in use across web, SaaS, endpoints, and public clouds.
ZIA (Zscaler Internet Access)	Provides secure user access to the internet and SaaS applications, without exposing users to the network.
ZDX (Zscaler Digital Experience)	Provides end-to-end visibility into user, app, workload performance, to identify and resolve connectivity or latency issues across any device or network.

Glossary

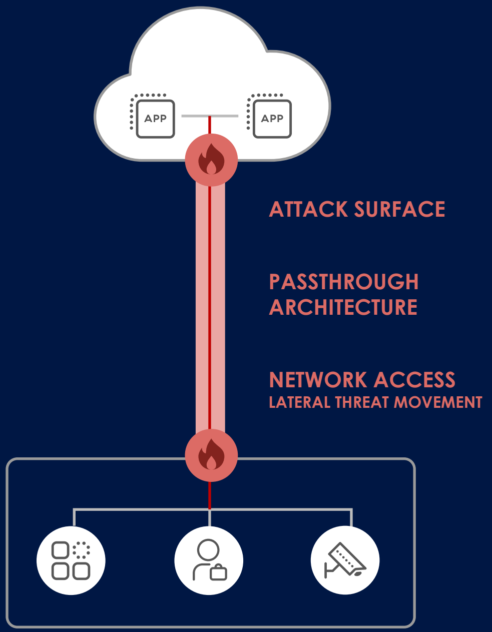
Product/Solution	Description
ZDX Advanced Plus	Leverages AI-powered insights and 24/7 monitoring to resolve performance. It includes ZDX Copilot, which enables IT teams to instantly troubleshoot and optimize digital experiences through natural language queries, and will leverage agents to automate multiple troubleshooting tasks.
ZPA (Zscaler Private Access)	Provides secure and direct access to private internal applications, without VPN.
Zero Trust Everywhere	One of Zscaler's three growth pillars. Zero Trust Everywhere enterprises are defined as customers >=1500 employees, who have adopted all of the following Zero Trust Users, Zero Trust Branch and Zero Trust Cloud.
• **Zero Trust Branch**	Extends Zero Trust connectivity to IoT/OT devices in physical locations like offices, factories and campuses. Includes our ZT SD-WAN and Device Segmentation solution (acquired through Airgap acquisition).
• **Zero Trust Cloud**	Secures workload traffic end-to-end between workload-to-workload, workload-to-internet, and workload-to-SaaS. Includes Workload Security and Microsegmentation solutions.
• **Zero Trust Users**	Includes Core ZIA and Core ZPA solutions that securely connect employees and third parties to the internet, SaaS, and private applications.
Zero Trust Exchange Platform	Zscaler's security cloud that acts as an intelligent switchboard, securely connecting users, devices, workloads and AI agents to the internet, SaaS applications, private applications and LLMs based on identity and business policy.
Z-Flex	Zscaler's flexible licensing model that enables customers to adopt, scale, and change modules based on agreed pricing and fixed rate card, simplifying the procurement process.

Glossary

Zscaler Architecture

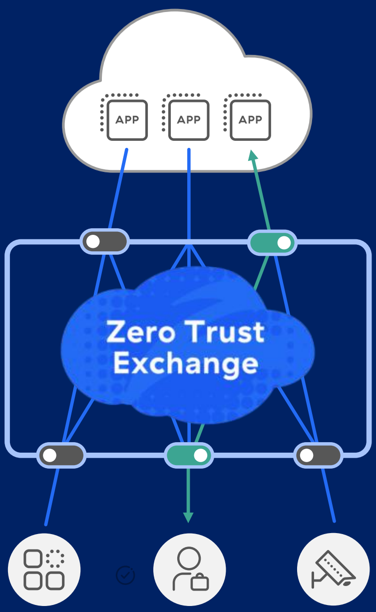
Firewalls are like bridges

Connects to a network, where everything is trusted, even attackers



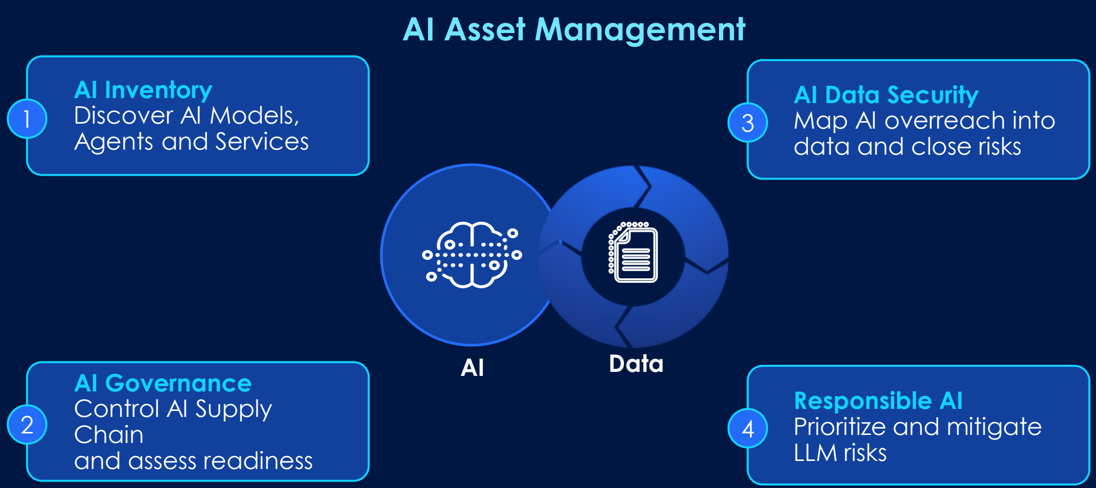
Zscaler is like a switchboard

Securely connects one-to-one based on policies, not to the network



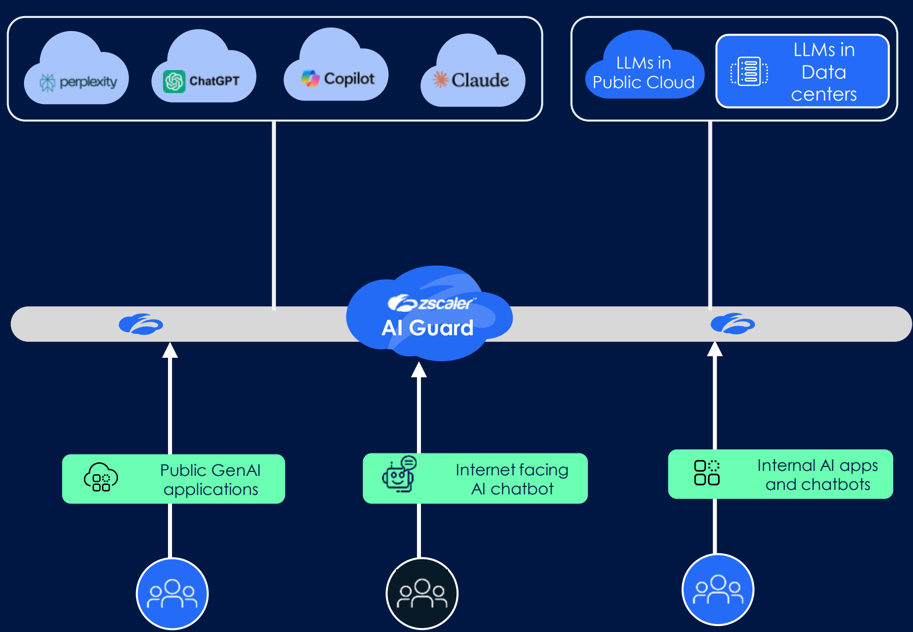
Glossary

AI Protect: AI Asset Management



With the acquisition of **SPLX**, we are extending these capabilities by unifying discovery of LLMs, workflows, and MCP servers

AI Protect: AI Guardrails



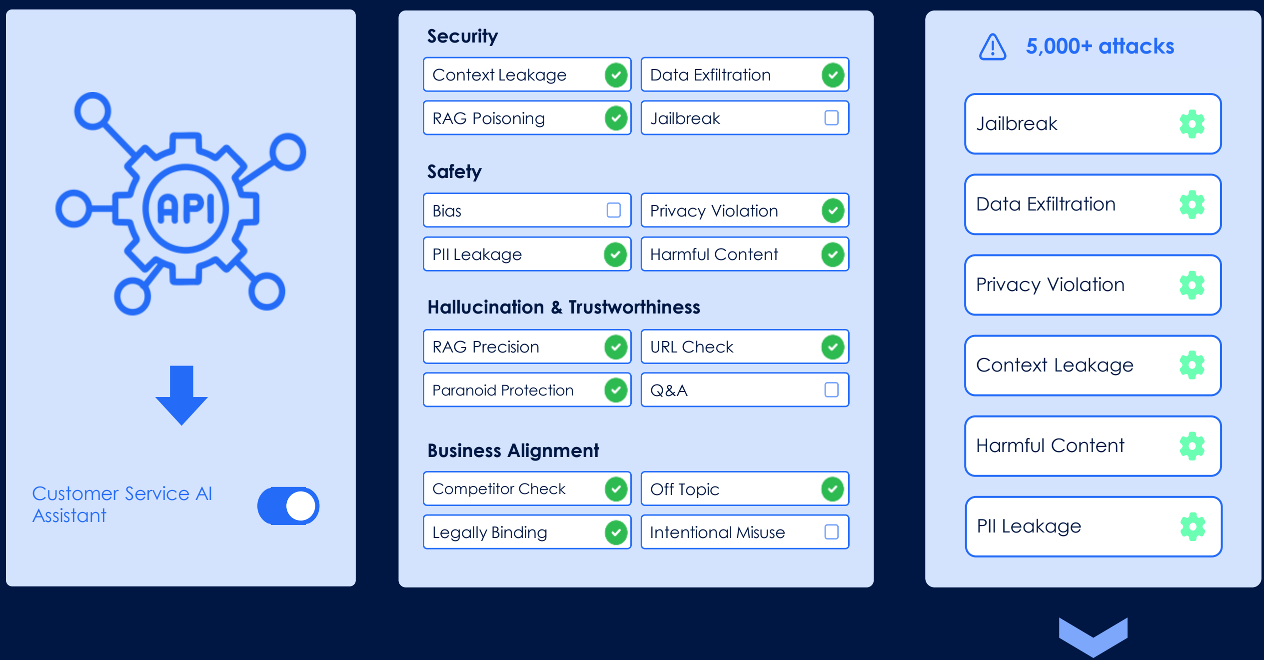
Glossary

AI Protect: Red Teaming

Support broad range of AI Dev Environments

Variety of Red Teaming tests

Library of simulated attacks



With SPLX, we now deliver AI red teaming to enable automated and continuous testing of AI apps at scale

AI Summarizes the results and tells what needs to be fixed

