

## Zscaler – Red Canary Modeling Considerations for FY26

Included below are modeling considerations for FY26 as it relates to the inorganic contribution from the acquisition of Red Canary.

- At the time of acquisition on August 1, 2025, we recorded \$83M of Red Canary ARR<sup>1</sup>.
- On our Q4 FY25 earnings call, we provided Red Canary ARR guidance of \$95M for FY26. This equates to an average of ~\$3M per quarter net new ARR contribution from Red Canary.
- For Q1, Red Canary ARR was \$98M. This represents \$15M of net new ARR, or \$12M of net new ARR outperformance above the \$3M in net new ARR in Q1 implied by our initial Red Canary ARR guidance of \$95M for FY26.<sup>2</sup>
- For Q2, Red Canary ARR was \$114M. This represents \$16M net new ARR, or \$13M of net new ARR outperformance above the \$3M in net new ARR in Q1 implied by our initial FY26 Red Canary ARR guidance of \$95M.<sup>2</sup>
- On our Q2 FY26 earnings call, we increased Red Canary ARR guidance to \$130M for FY26, up from our prior guidance of \$95M, with expected Red Canary net new ARR of approximately \$6 million in Q3 and \$10 million in Q4.

Red Canary Illustration (\$M)						
	ARR on Aug. 1	Q1 FY26 Net New ARR	Q2 FY26 Net New ARR	Q3 FY26 Net New ARR	Q4 FY26 Net New ARR	FY26 ARR
Illustration of Path to \$95M (\$95M guided at Q4 FY25 earnings call)	\$83	\$3	\$3	\$3	\$3	\$95
Illustration of Path to \$130M (\$130M guided at Q2 FY26 earnings call)	\$83	\$15	\$16	\$6	\$10	\$130
Outperformance		\$12	\$13	\$3 <sup>3</sup>	\$7 <sup>3</sup>	\$35 <sup>3</sup>

1. 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. FY26 guidance provided on September 2, 2025.
3. FY26 guidance provided on February 26, 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.

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This document 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 third quarter of fiscal 2026 and full year fiscal 2026, and the expected impact of the acquisitions of Red Canary, SPLX and SquareX. 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 subscriptions 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 through our website at <http://ir.zscaler.com> or on the SEC website at [www.sec.gov](http://www.sec.gov).

In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "continue," "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.