Q1FY24 Results

PERIOD ENDING December 31, 2023

Published January 29, 2024

Forward-looking statements

This presentation contains forward-looking statements including, among other things, statements regarding F5's future financial performance including revenue, revenue growth, earnings growth, future customer demand and spending, markets, and the performance and benefits of the Company's products. These, and other statements that are not historical facts, are forward-looking statements. These forward-looking statements are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those projected in the forward-looking statements as a result of certain risk factors. Such forward-looking statements involve risks and uncertainties, as well as assumptions and other factors that, if they do not fully materialize or prove correct, could cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to: customer acceptance of offerings; continued disruptions to the global supply chain resulting in inability to source required parts for F5's products or the ability to only do so at greatly increased prices thereby impacting our revenues and/or margins; global economic conditions and uncertainties in the geopolitical environment; overall information technology spending; F5's ability to successfully integrate acquired businesses' products with F5 technologies; the ability of F5's sales professionals and distribution partners to sell new solutions and service offerings; the timely development, introduction and acceptance of additional new products and features by F5 or its competitors; competitive factors, including but not limited to pricing pressures, industry consolidation, entry of new competitors into F5's markets, and new product and marketing initiatives by our competitors; increased sales discounts; the business impact of the acquisitions and potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement of completion of acquisitions; uncertain global economic conditions which may result in reduced customer demand for our products and services and changes in customer payment patterns; litigation involving patents, intellectual property, shareholder and other matters, and governmental investigations; potential security flaws in the Company's networks, products or services; cybersecurity attacks on its networks, products or services; natural catastrophic events; a pandemic or epidemic; F5's ability to sustain, develop and effectively utilize distribution relationships; F5's ability to attract, train and retain qualified product development, marketing, sales, professional services and customer support personnel; F5's ability to expand in international markets; the unpredictability of F5's sales cycle; the ability of F5 to execute on its share repurchase program including the timing of any repurchases; future prices of F5's common stock; and other risks and uncertainties described more fully in our documents filed with or furnished to the Securities and Exchange Commission, including our most recent reports on Form 10-K and Form 10-Q and current reports on Form 8-K and other documents that we may file or furnish from time to time, which could cause actual results to vary from expectations. The financial information contained in this release should be read in conjunction with the consolidated financial statements and notes thereto included in F5's most recent reports on Forms 10-Q and 10-K as each may be amended from time to time. All forward-looking statements in this press release are based on information available as of the date hereof and qualified in their entirety by this cautionary statement. F5 assumes no obligation to revise or update these forward-looking statements.

GAAP to non-GAAP presentation

In addition to financial information prepared in accordance with U.S. GAAP, this presentation also contains adjusted financial measures that we believe provide investors and management with supplemental information relating to operating performance and trends that facilitate comparisons between periods and with respect to projected information. These adjusted financial measures are non-GAAP and should be considered in addition to, but not as a substitute for, the information prepared in accordance with U.S. GAAP. We typically exclude certain GAAP items that management does not believe affect our basic operations and that do not meet the GAAP definition of unusual or non-recurring items. Other companies may define these measures in different ways. Further information relevant to the interpretation of adjusted financial measures, and reconciliations of these adjusted financial measures for historical data to the most comparable GAAP measures, may be found on F5's website at www.f5.com in the "Investor Relations" section. A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis due to the high variability and low visibility with respect to the charges which are excluded from these non-GAAP measures. For additional information, please see the appendix of this presentation.

Business Overview

François Locoh-Donou, President & CEO

GAAP & Non-GAAP results

GAAP results

	Q1FY24	Q1FY23
Revenue	**$693M**	**$700M**
Gross profit	$556M	$545M
Gross margin	80.3%	77.9%
Operating profit	$165M	$91M
Operating margin	23.8%	13.0%
Net income	$138M	$72M
EPS	**$2.32**	**$1.20**

Non-GAAP results

	Q1FY24	Q1FY23
Gross profit	$575M	$563M
Gross margin	83.1%	80.4%
Operating profit	$246M	$185M
Operating margin	35.5%	26.5%
Net income	$205M	$149M
EPS	**$3.43**	**$2.47**

Q1FY24 performance highlights

$693M

Total Q1FY24 revenue
v. guide of $675 to $695 million

39%

Non-GAAP EPS
growth Y/Y

+900bps

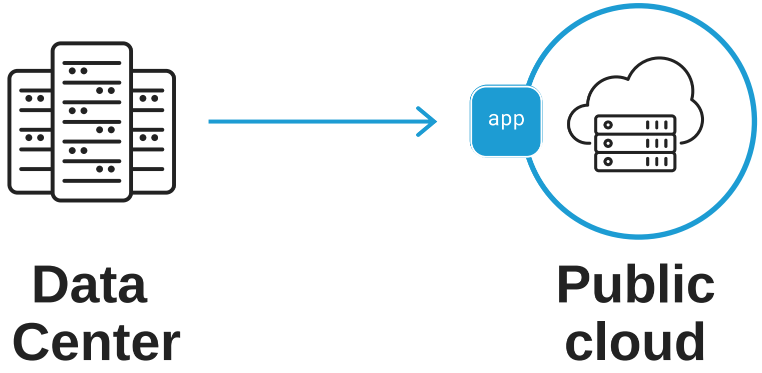
Non-GAAP operating margin
improvement Y/Y

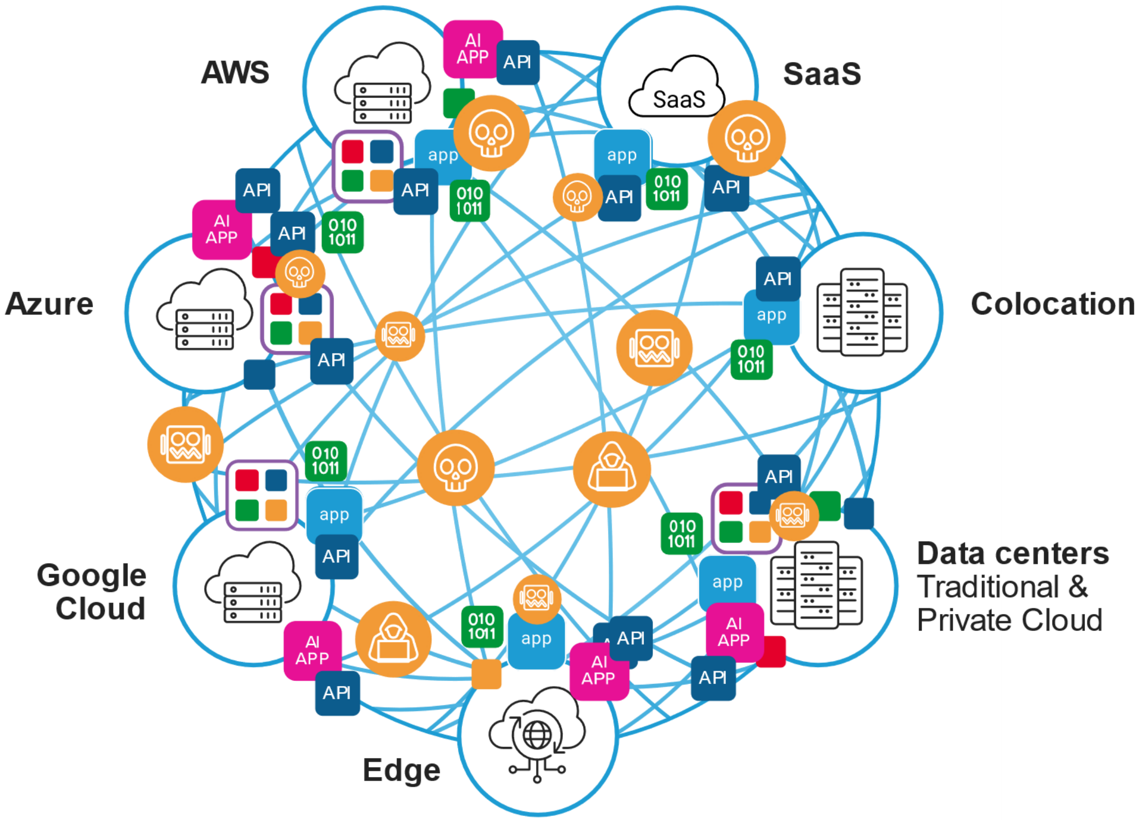
$3.43

Non-GAAP EPS
v. guide of $2.97 to $3.09

See appendix for GAAP to non-GAAP reconciliation

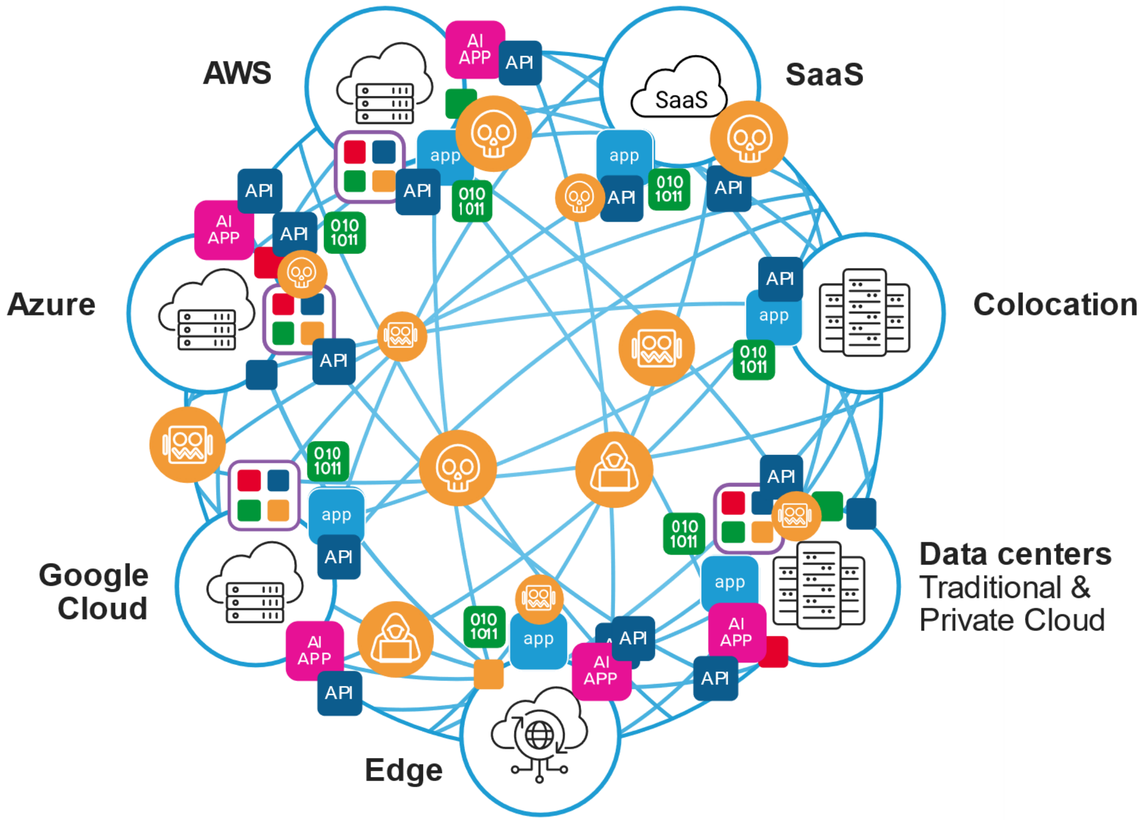
This is where customers thought they would be...





and this is where 9 in 10 customers have ended up

The only company that secures, delivers, and optimizes any app, any API, anywhere.



Q124 use case examples

F5 BIG-IP

Serves traditional apps on-premises, co-located or in cloud environments

- BIG-IP’s data plane performance, automation capabilities and seamless public cloud integration differentiate the platform.
- Commitment to innovation and to providing customer flexibility enabling us to continue to gain share in traditional ADC space.

Service Provider

- Customer deploying F5 cloud-native software at scale in its 5G architecture.
- BIG-IP powering growth from consumer 5G handset demand and securing fixed wireless access offering – the fastest growing 5G service in America.

F5 NGINX

Serves modern, container-native and microservices-based apps and APIs

- Large enterprises adopting NGINX for cloud and Kubernetes workloads.
- NGINX enables app-layer security for containers.

Automobile Manufacturer

- NGINX Plus with App Protect powering and protecting next-generation connected car and data service offering.
- NGINX selected because of its unique ability to implement WAF for containers in AWS and its ability to support specific needs cloud-native offerings could not.

Q124 use case examples (cont'd)

F5 Distributed Cloud Services - WAAP

Protect apps and APIs deployed across clouds and edge sites

- Industry-leading SaaS-based WAF and bot protection, advanced API security, and layer 3 – layer 7 DDoS defense.
- "Click to enable, run anywhere" security policies for consistent and repeatable protection.

Financial Institution

- Customer challenged with application security in hybrid cloud.
- Leveraged F5's flexible consumption program, adding API discovery and protection to manage fintech aggregator applications that access their financial data through APIs.

F5 Distributed Cloud Services – API Security

Auto discover endpoints mapped to apps, monitor for anomalous behavior

- Easily identify all API endpoints mapped to applications and monitor anomalous activities or shadow APIs including blocking suspicious requests and endpoints.
- Reduce time spent configuring and deploying API security policies.

Service Provider

- Customer suffered multiple service-impacting outages with prior API security vendor.
- Distributed Cloud selected to strengthen the customer's API security posture, enabling them to automate security policies while also improving overall reliability and supporting up to 1 billion successful API calls each month.

Q124 use case examples (cont'd)

F5 Distributed Cloud – Multi-Cloud Networking

Securely connect apps between on-premises, multi-cloud, and edge

- F5's ability to package networking, security, and distribution of apps and APIs is unique and changes the game.
- Customers have been forced to manage and secure these layers in isolation, leading to operational complexity, network latency and weak security.

Traditional/Digital Learning Resource Provider

- Customer needed to simplify its infrastructure and improve security.
- F5 connected infrastructure cloud and on-premises data center, enabling aggressive cloud migration schedule with consistent application-level security, multi-cloud scalability, and networking.

F5's Converged Portfolio Advantage

Secure apps & APIs consistently across multiple environments with F5

- Only F5 can serve every app and API across all environments.
- F5 enables a consistent security posture for all apps and APIs across distributed environments, enhancing security, streamlining operations, and reducing costs with unprecedented levels of app/API visibility, manageability, and automation.

Service Provider – AI-as-a-Service

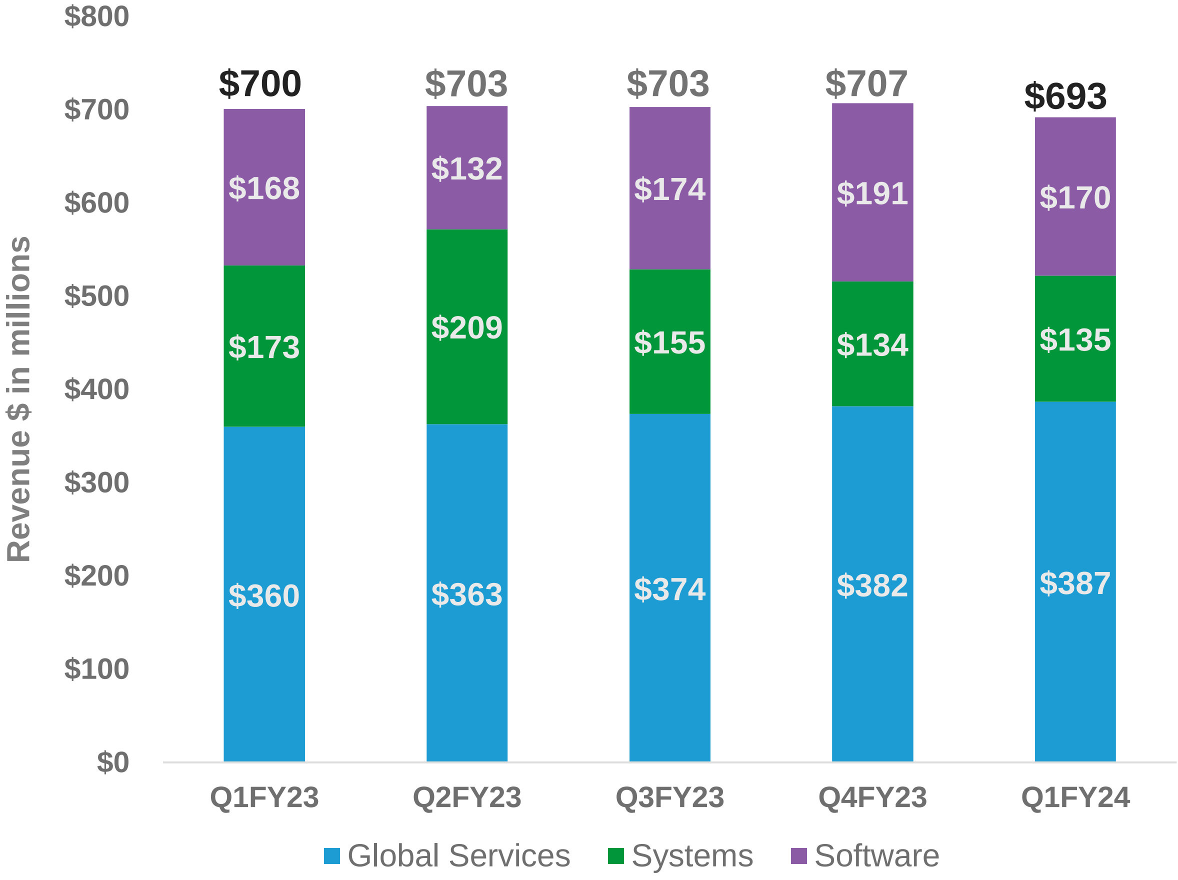
- Customer launching first-of-its-kind AI-as-a-service offering for B2B customers.
- Only F5 Distributed Cloud Services plus BIG-IP could meet the security and scalability requirements.

Q1FY24 Results

Frank Pelzer, CFO & EVP

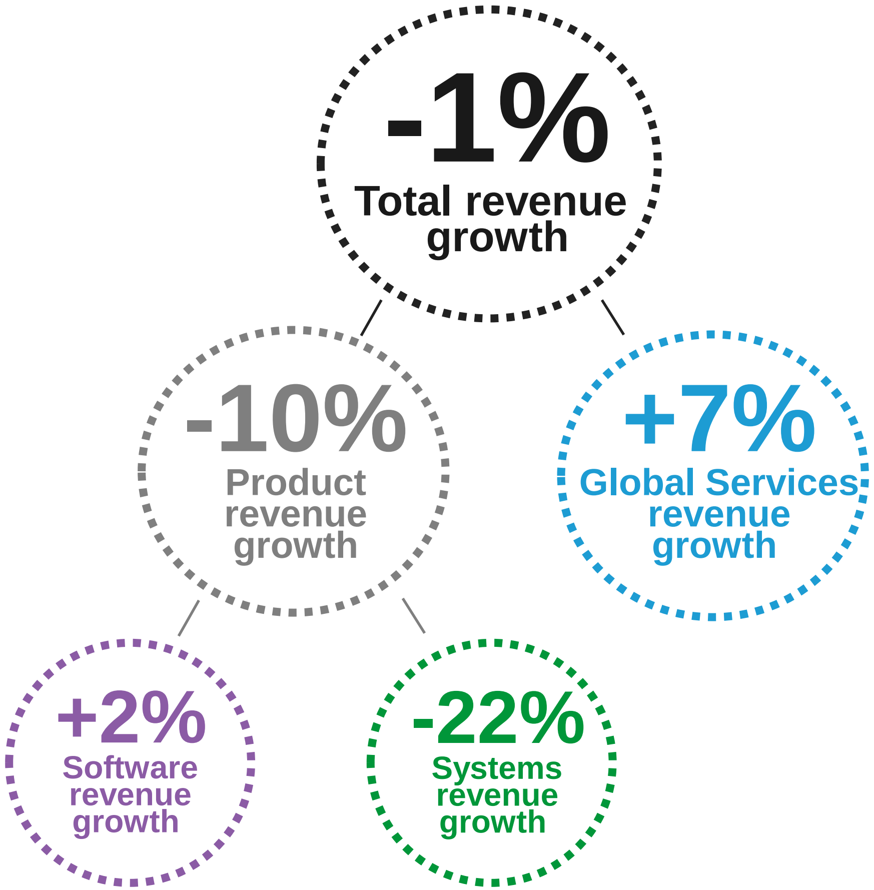
Revenue mix and year-over-year change

Revenue mix

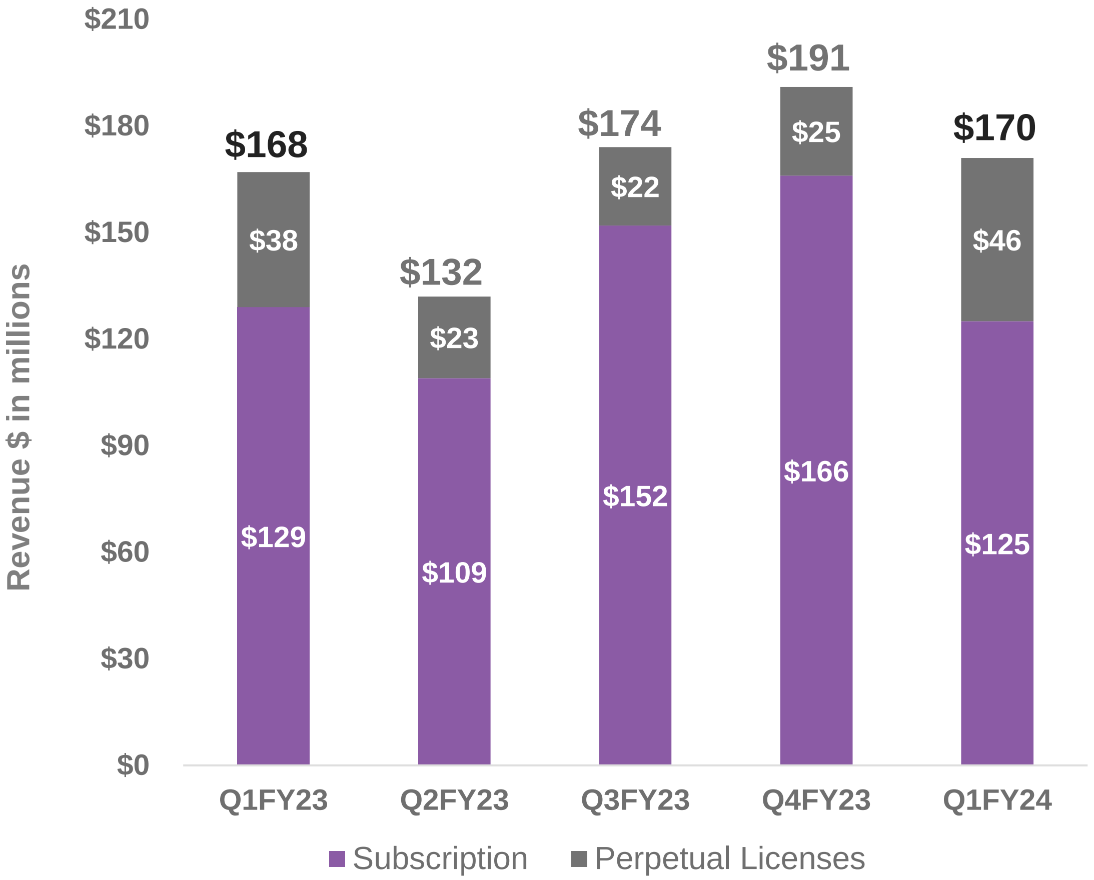


Totals may not add to due to rounding.

Year/Year change



Software revenue mix



Software revenue mix commentary

- F5 provides consumption model flexibility, a strategic advantage over competitors who restrict customer choice.
- Certain customers, including many service providers, prefer to purchase perpetual license software because it uses capex v. opex budget.
- Q1FY24's software mix is not indicative of changing customer preferences.
- Both new subscriptions and renewals performed largely to plan in the quarter.

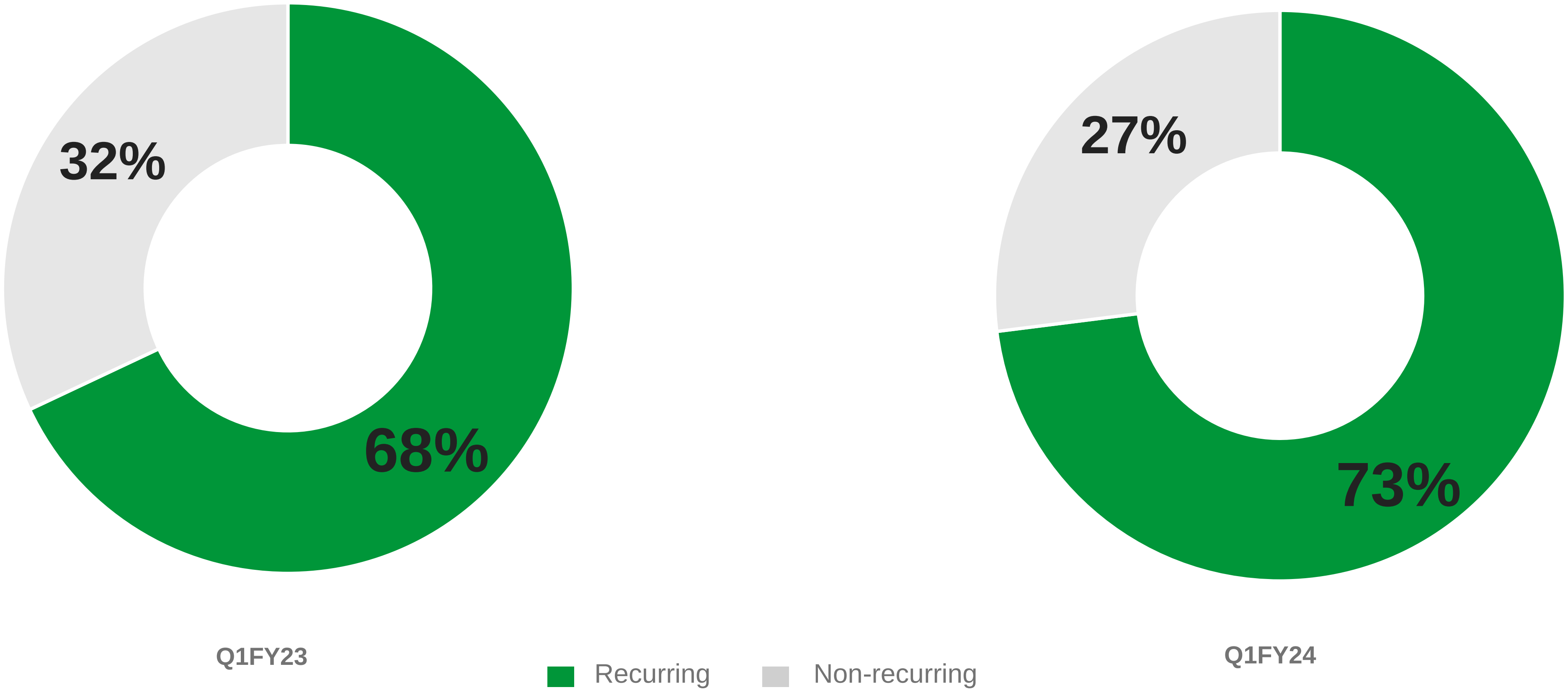
73%
of Q1FY24 total software revenue from subscriptions

-3%
Subscription software revenue growth Y/Y

+19%
Perpetual license software revenue growth Y/Y

Totals may not add to due to rounding. Subscription software revenue includes term subscriptions, both multi-year and annual, as well as SaaS & managed services and utility-based revenue..

73% of our Q1FY24 revenue is recurring



Recurring revenue includes term subscriptions, SaaS & managed services, utility-based revenue and the maintenance portion of our global services revenue.

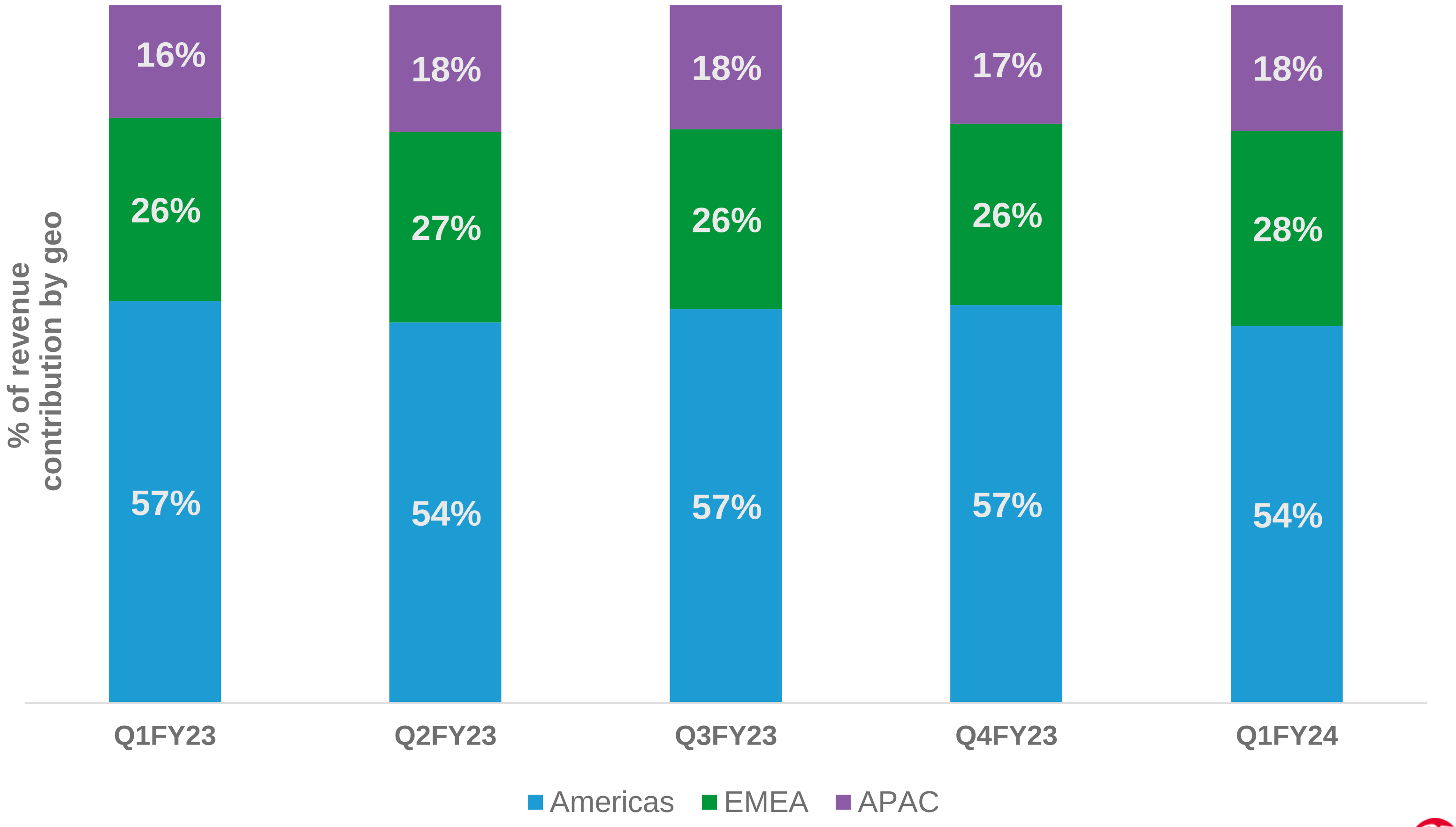
Revenue contribution by geography

Y/Y regional revenue growth Q1FY24

+8% growth APAC

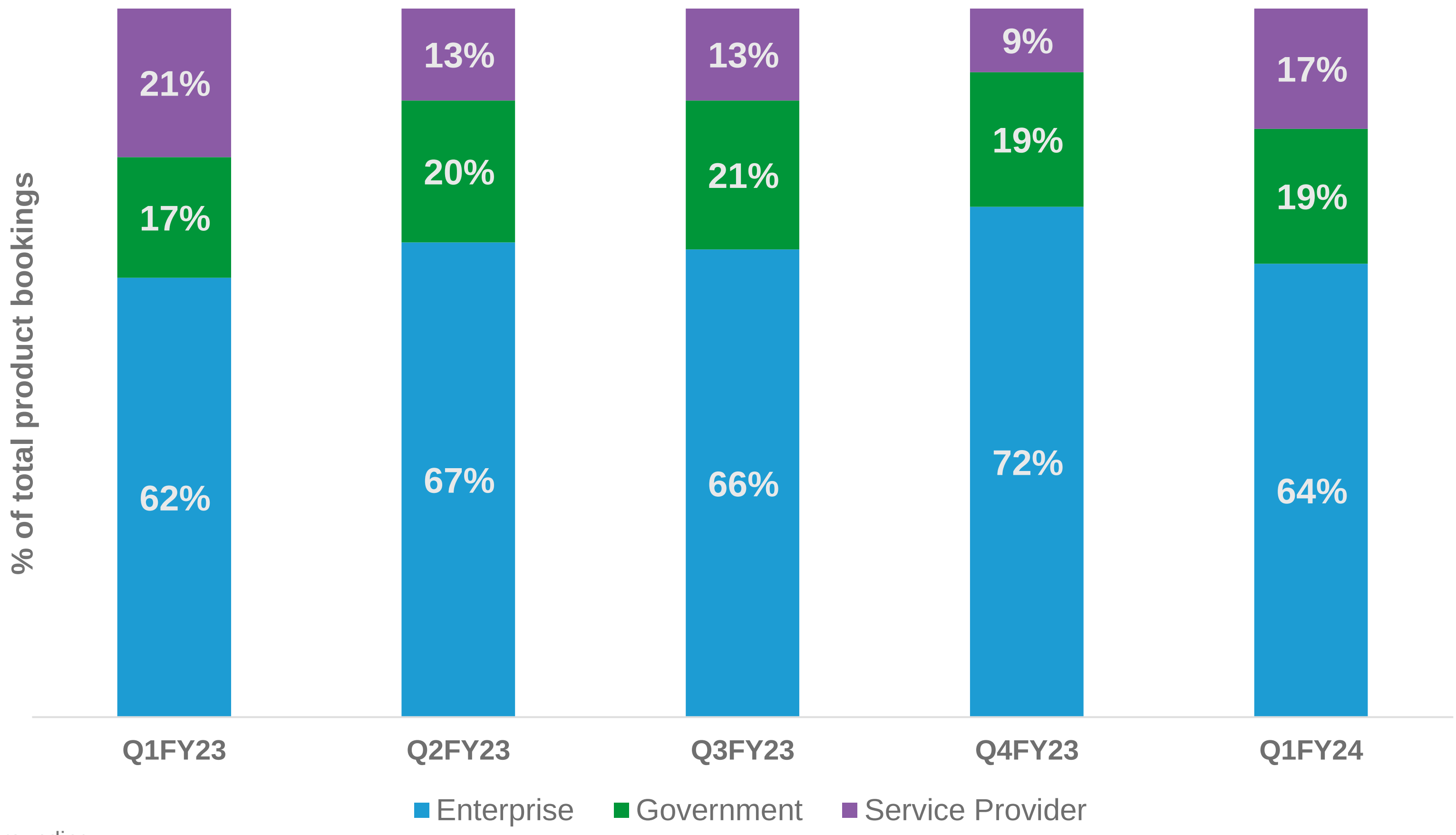
+5% growth EMEA

-6% growth AMER



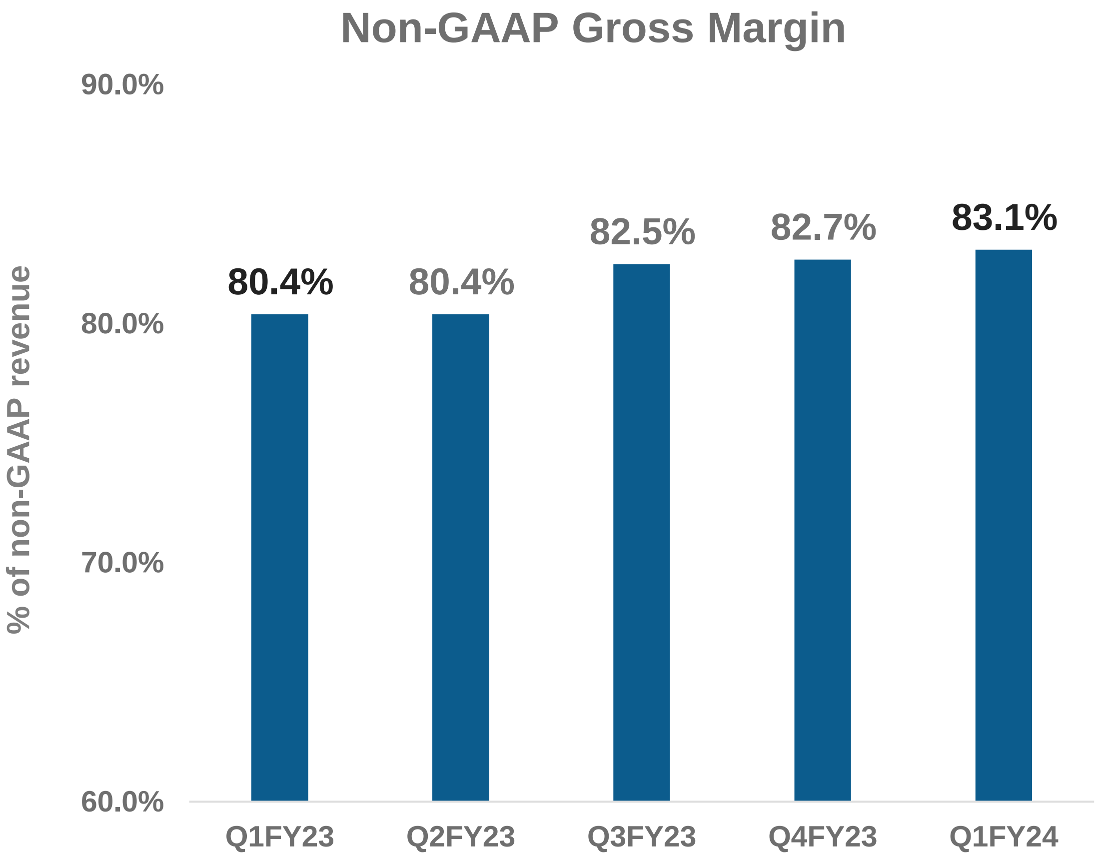
Totals may not add to 100% due to rounding.

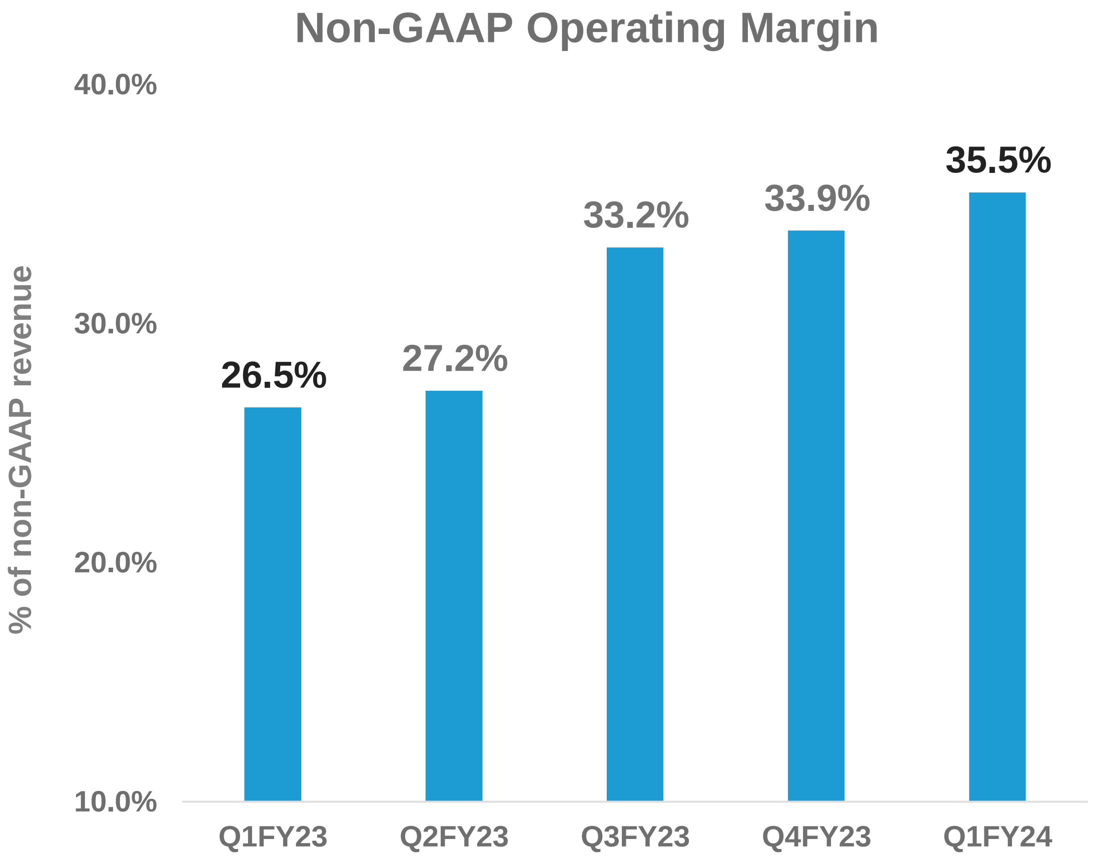
Customer verticals as a % of product bookings



Totals may not add to 100% due to rounding.

Non-GAAP gross and operating margins

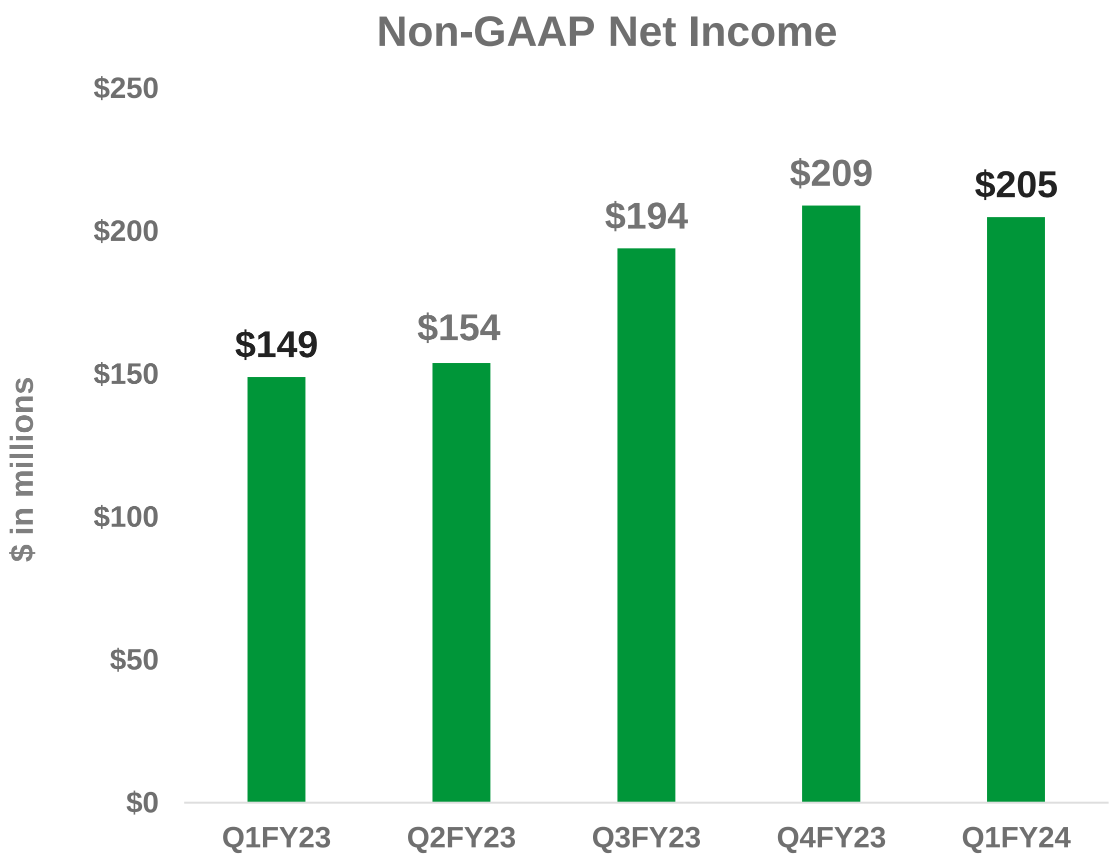


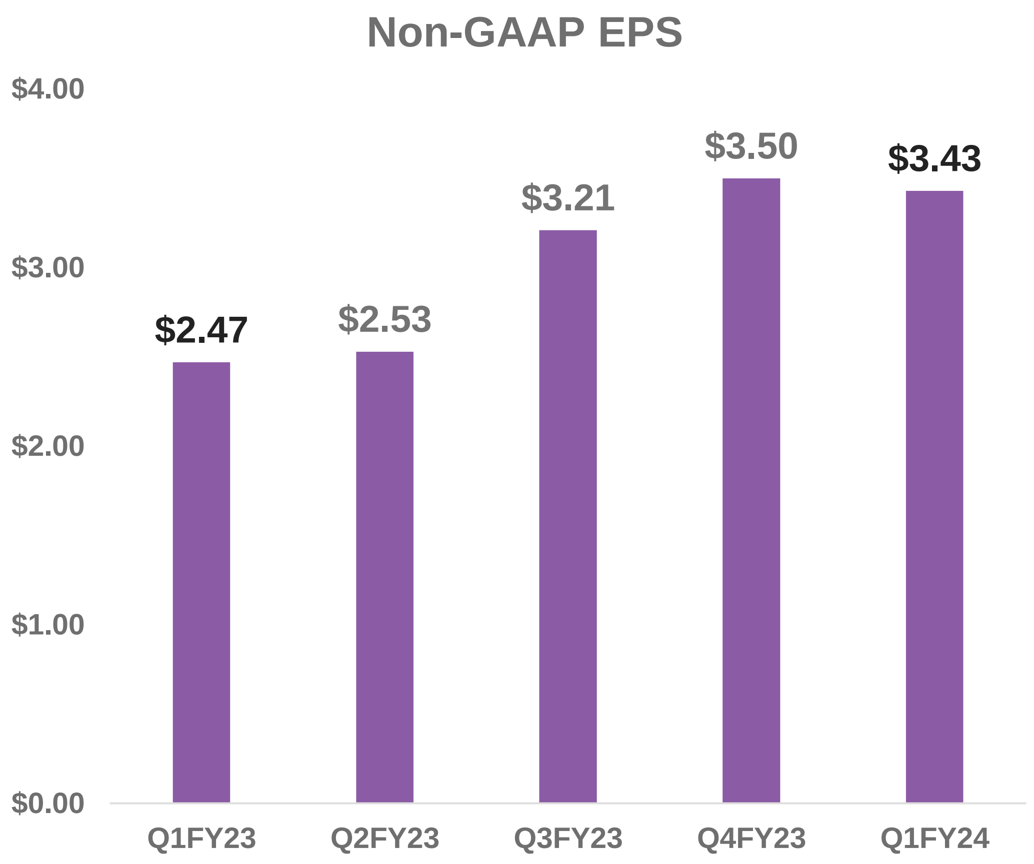


See appendix for GAAP to non-GAAP reconciliation

Non-GAAP net income and EPS

Reflects 19.9% Q1FY24 and 21.4% Q1FY23 non-GAAP effective tax rate





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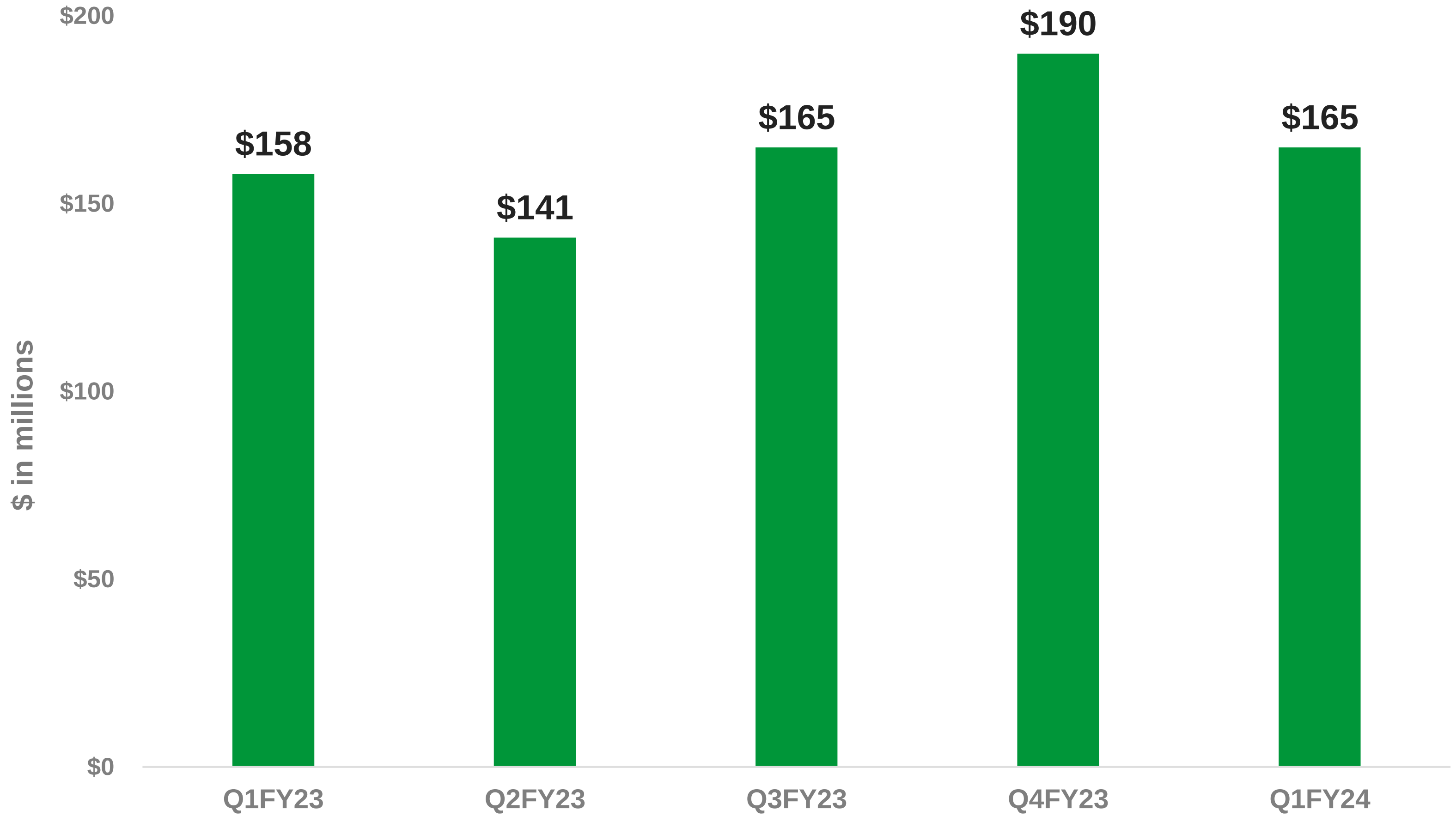
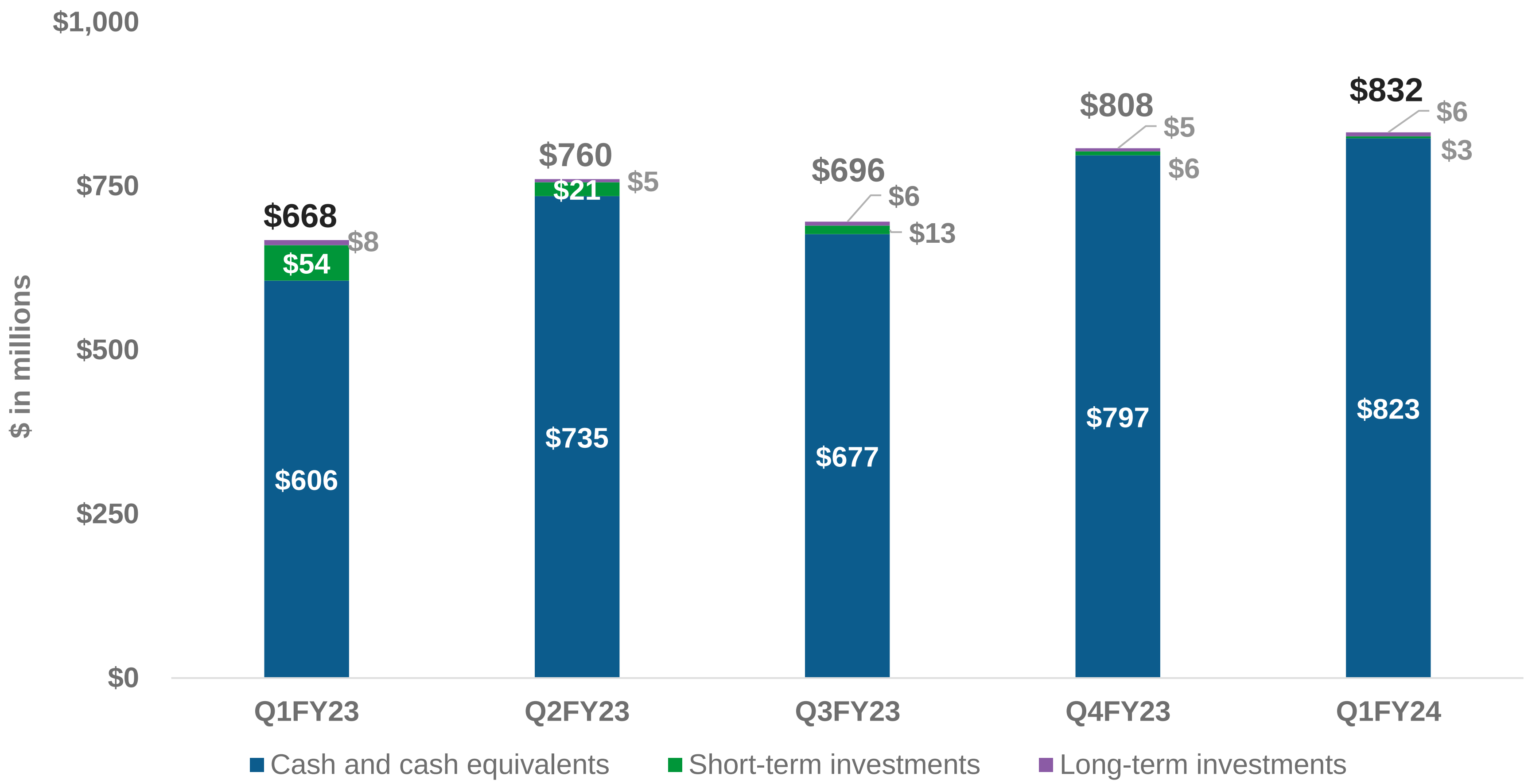
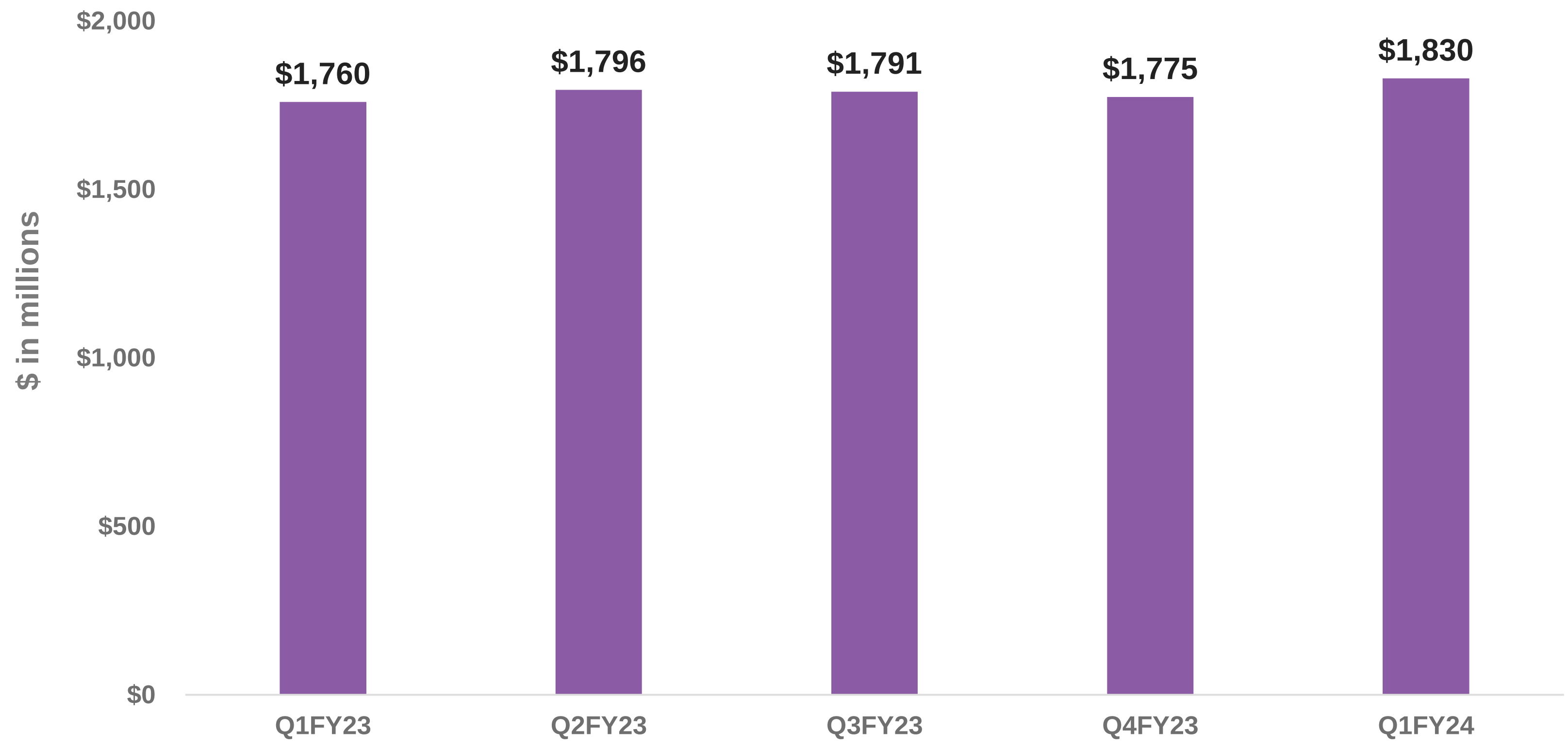
Cash flow from operations



Cash and investments



Deferred revenue

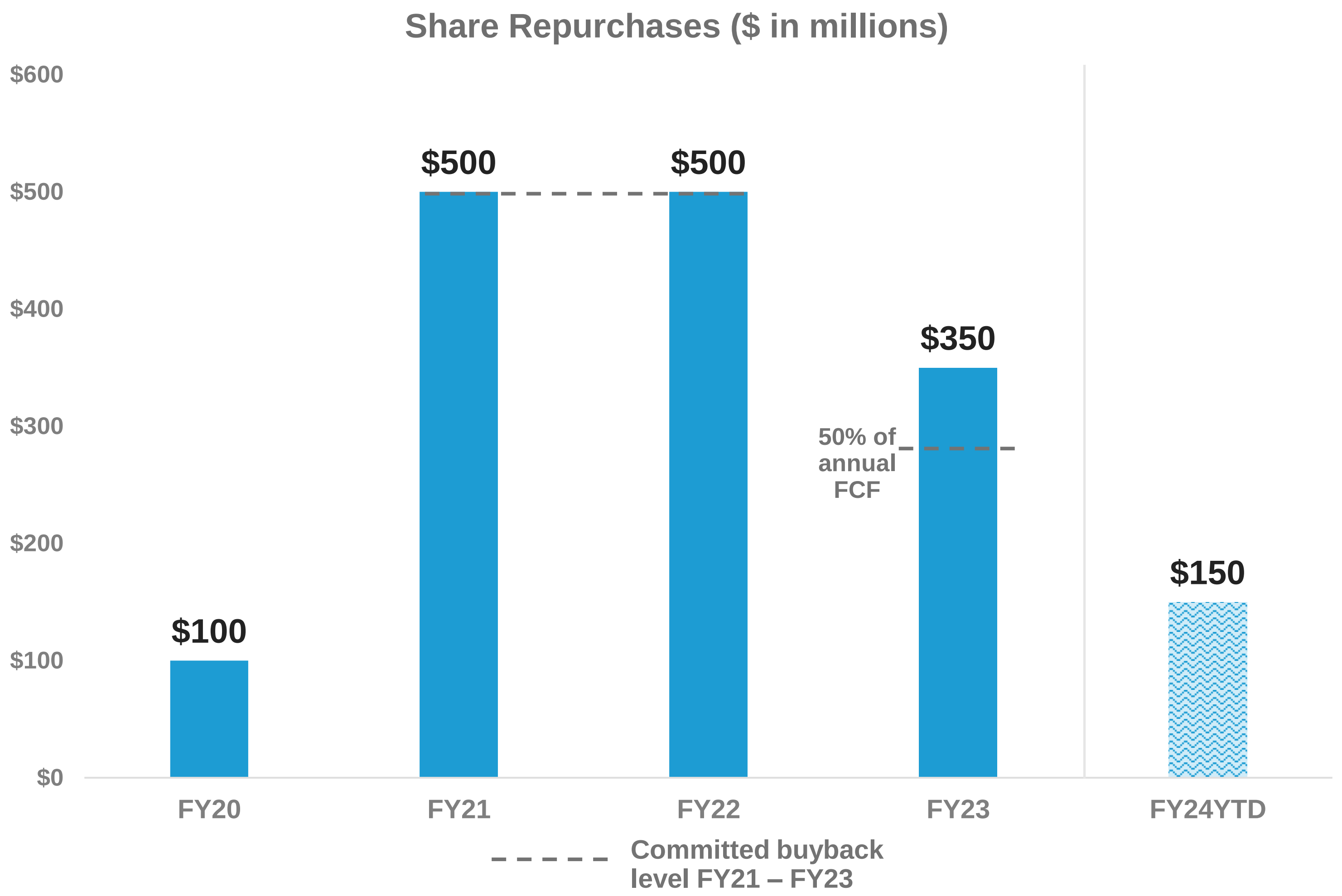


+4%

Q1FY24 Y/Y Growth

Since committing to return cash to shareholders in FY21, we have consistently delivered on our repurchase commitments

- We repurchased $150 million in FFIV shares during Q1FY24.
- We are committed to using **at least 50% of annual free cash flow for share repurchases.**
- During FY23 we used 58% of our ~$600M free cash flow for share repurchases.
- As of January 29, 2024, there was $772 million remaining under our authorized stock repurchase program.



*Free cash flow defined as cash flow from operations less capital expenditures

Business Outlook

Our Q2FY24 outlook

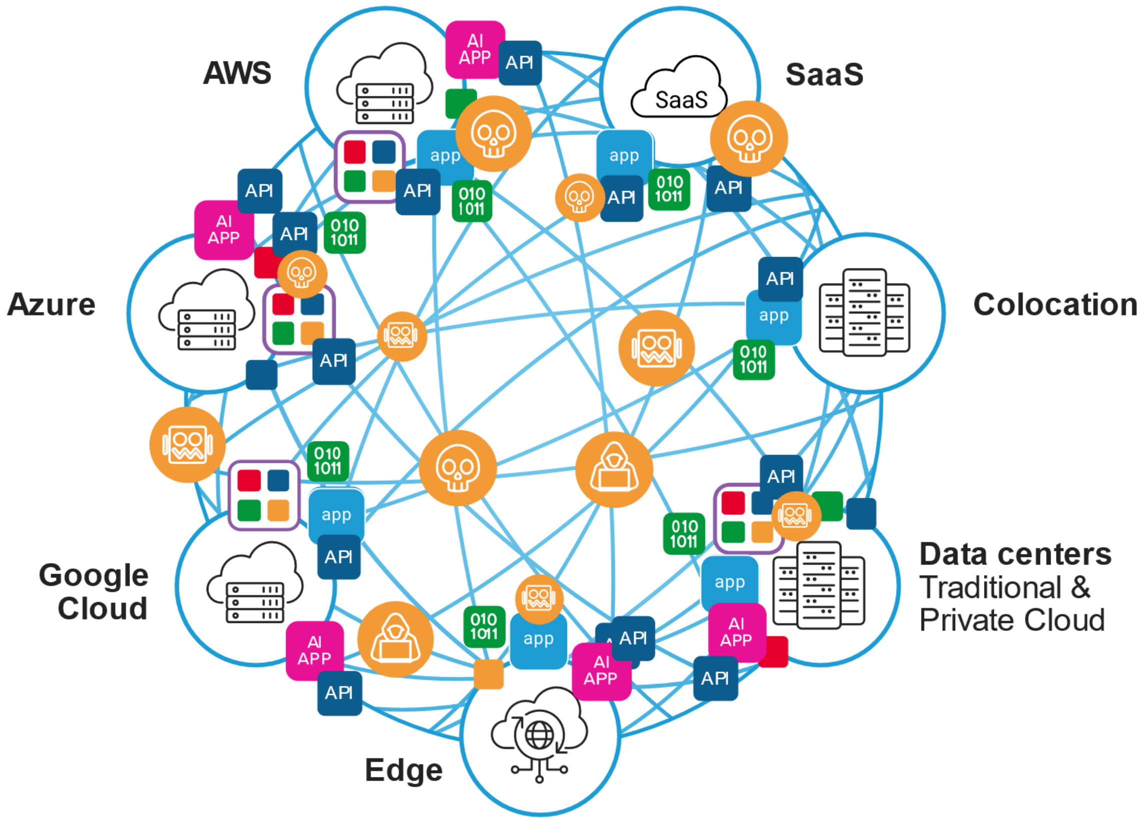
	Q2FY24 Outlook
Total revenue	**$675 to $695M**
Non-GAAP gross margin	82% to 83%
Non-GAAP operating expenses	$347 to $359M
Share-based compensation	$56 to $58M
FY24 effective non-GAAP tax rate	21% to 22%
Non-GAAP EPS	**$2.79 to $2.91**

We are raising our FY24 non-GAAP EPS growth expectations given our updated annual tax rate outlook

	FY23A	FY24 Outlook
Total revenue	4% growth	**Flat to low-single-digit decline**
Non-GAAP gross margin	81.5%	82% to 83%
Non-GAAP operating margin	30.2%	33% to 34%
Effective non-GAAP tax rate	18.3%	21% to 22%
Non-GAAP EPS	**$11.70 14.8% growth y/y**	**6% to 8% growth (≥10% growth on a tax neutral basis to FY23)**
Capital return as % of annual FCF	58%	At least 50% of annual FCF

*FCF or free cash flow defined as cash flow from operations less capital expenditures

The only company that secures, delivers, and optimizes any app, any API, anywhere.



Appendix

GAAP to non-GAAP reconciliation

Gross Profit Reconciliation					
($ in thousands)					
	Q1FY23	**Q2FY23**	**Q3FY23**	**Q4FY23**	**Q1FY24**
GAAP gross profit	$545,371	$547,521	$560,959	$566,010	$556,208
Stock-based compensation	$7,636	$7,583	$7,297	$7,142	$7,684
Amortization and impairment of purchased intangible assets	$9,959	$9,959	$10,984	$11,234	$11,233
Facility-exit costs	$201	$150	$150	$152	$156
Acquisition-related charges	$93	$74	$45	$32	$20
Impairment charges	$0	$0	$0	$0	$0
Total adjustments to gross profit	$17,889	$17,766	$18,476	$18,560	$19,093
Non-GAAP gross profit	**$563,260**	**$565,287**	**$579,435**	**$584,570**	**$575,301**
Non-GAAP gross margin	**80.4%**	**80.4%**	**82.5%**	**82.7%**	**83.1%**

Operating Expense Reconciliation					
($ in thousands)					
	Q1FY23	**Q2FY23**	**Q3FY23**	**Q4FY23**	**Q1FY24**
GAAP operating expense	$454,159	$441,475	$457,390	$394,269	$391,692
Stock-based compensation-sales and marketing	$25,721	$26,889	$22,561	$21,307	$21,596
Stock-based compensation-research and development	$18,542	$18,689	$16,297	$15,888	$16,018
Stock-based compensation-general and administrative	$10,975	$10,878	$10,317	$8,928	$10,704
Amortization and impairment of purchased intangible assets-sales and marketing	$2,389	$2,390	$2,672	$2,788	$2,788
Amortization and impairment of purchased intangible assets-R&D	$0	$0	$0	$63	$94
Amortization and impairment of purchased intangible assets-general and administrative	$337	$220	$220	$219	$200
Facility-exit costs-sales and marketing	$663	$486	$481	$505	$483
Facility-exit costs-research and development	$641	$537	$542	$545	$542
Facility-exit costs-general and administrative	$501	$360	$354	$358	$357
Acquisition-related charges-sales and marketing	$1,315	$849	$349	$155	$65
Acquisition-related charges-research and development	$3,768	$1,233	$330	($1,296)	$153
Acquisition-related charges-general and administrative	$2,561	$4,889	$603	$36	$563
Restructuring charges	$8,740	$0	$56,648	$0	$8,472
Total adjustments to operating expenses	$76,153	$67,420	$111,374	$49,496	$62,035
Non-GAAP operating expense	**$378,006**	**$374,055**	**$346,016**	**$344,773**	**$329,657**

GAAP to non-GAAP reconciliation

Income from Operations Reconciliation					
($ in thousands)					
	Q1FY23	**Q2FY23**	**Q3FY23**	**Q4FY23**	**Q1FY24**
GAAP operating income	$91,212	$106,046	$103,569	$171,741	$164,516
Total adjustments related to gross profit	$17,889	$17,766	$18,476	$18,560	$19,093
Total adjustments related to operating expense	$76,153	$67,420	$111,374	$49,496	$62,035
Total adjustments related to income from operations	$94,042	$85,186	$129,850	$68,056	$81,128
Non-GAAP income from operations	**$185,254**	**$191,232**	**$233,419**	**$239,797**	**$245,644**
Non-GAAP operating margin	**26.5%**	**27.2%**	**33.2%**	**33.9%**	**35.5%**
Net Income Reconciliation					
($ in thousands except per share data)					
	Q1FY23	**Q2FY23**	**Q3FY23**	**Q4FY23**	**Q1FY24**
GAAP net income	$72,402	$81,436	$88,976	$152,134	$138,382
Total adjustments to gross profit	$17,889	$17,766	$18,476	$18,560	$19,093
Total adjustments to operating expenses	$76,153	$67,420	$111,374	$49,496	$62,035
Exclude tax effect on above items	($17,170)	($12,994)	($25,173)	($11,421)	($14,783)
Total adjustments to net income	$76,872	$72,192	$104,677	$56,635	$66,345
Non-GAAP net income	**$149,274**	**$153,628**	**$193,653**	**$208,769**	**$204,727**
Weighted average basic common shares outstanding	60,096	60,330	59,977	59,245	59,122
Weighted average dilutive potential common shares outstanding	60,387	60,691	60,314	59,699	59,653
	Q1FY23	**Q2FY23**	**Q3FY23**	**Q4FY23**	**Q1FY24**
GAAP operating income	$91,212	$106,046	$103,569	$171,741	$164,516
GAAP other income	$4,702	$2,737	$2,896	$3,085	$9,882
GAAP pre-tax income	$95,914	$108,783	$106,465	$174,826	$174,398
GAAP provision for income taxes	$23,512	$27,347	$17,489	$22,692	$36,016
GAAP effective tax rate	24.5%	25.1%	16.4%	13.0%	20.7%
Non-GAAP income from operations	$185,254	$191,232	$233,419	$239,797	$245,644
Non-GAAP other income	$4,702	$2,737	$2,896	$3,085	$9,882
Non-GAAP pre-tax income	$189,956	$193,969	$236,315	$242,882	$255,526
Non-GAAP provision for income taxes	$40,682	$40,341	$42,662	$34,113	$50,799
Non-GAAP effective tax rate	21.4%	20.8%	18.1%	14.0%	19.9%
Net Income per Common Share					
GAAP diluted net income per common share	$ 1.20	$ 1.34	$ 1.48	$ 2.55	$ 2.32
Non-GAAP diluted net income per common share	**$ 2.47**	**$ 2.53**	**$ 3.21**	**$ 3.50**	**$ 3.43**

GAAP to non-GAAP reconciliation (continued)

The non-GAAP adjustments, and F5's basis for excluding them from non-GAAP financial measures, are outlined below:

Stock-based compensation. Stock-based compensation consists of expense for stock options, restricted stock, and employee stock purchases through the Company's Employee Stock Purchase Plan. Although stock-based compensation is an important aspect of the compensation of F5's employees and executives, management believes it is useful to exclude stock-based compensation expenses to better understand the long-term performance of the Company's core business and to facilitate comparison of the Company's results to those of peer companies.

Amortization and impairment of purchased intangible assets. Purchased intangible assets are amortized over their estimated useful lives, and generally cannot be changed or influenced by management after the acquisition. On a non-recurring basis, when certain events or circumstances are present, management may also be required to write down the carrying value of its purchased intangible assets and recognize impairment charges. Management does not believe these charges accurately reflect the performance of the Company's ongoing operations, therefore, they are not considered by management in making operating decisions. However, investors should note that the use of intangible assets contributed to F5's revenues earned during the periods presented and will contribute to F5's future period revenues as well.

Facility-exit costs. F5 has incurred charges in connection with the exit of facilities as well as other non-recurring lease activity. These charges are not representative of ongoing costs to the business and are not expected to recur. As a result, these charges are being excluded to provide investors with a more comparable measure of costs associated with ongoing operations.

Acquisition-related charges, net. F5 does not acquire businesses on a predictable cycle and the terms and scope of each transaction can vary significantly and are unique to each transaction. F5 excludes acquisition-related charges from its non-GAAP financial measures to provide a useful comparison of the Company's operating results to prior periods and to its peer companies. Acquisition-related charges consist of planning, execution and integration costs incurred directly as a result of an acquisition.

Restructuring charges. F5 has incurred restructuring charges that are included in its GAAP financial statements, primarily related to workforce reductions and costs associated with exiting facility-lease commitments. F5 excludes these items from its non-GAAP financial measures when evaluating its continuing business performance as such items vary significantly based on the magnitude of the restructuring action and do not reflect expected future operating expenses. In addition, these charges do not necessarily provide meaningful insight into the fundamentals of current or past operations of its business.

Management believes that non-GAAP net income per share provides useful supplemental information to management and investors regarding the performance of the Company's core business operations and facilitates comparisons to the Company's historical operating results. Although F5's management finds this non-GAAP measure to be useful in evaluating the performance of the core business, management's reliance on this measure is limited because items excluded from such measures could have a material effect on F5's earnings and earnings per share calculated in accordance with GAAP. Therefore, F5's management will use its non-GAAP earnings and earnings per share measures, in conjunction with GAAP earnings and earnings per share measures, to address these limitations when evaluating the performance of the Company's core business. Investors should consider these non-GAAP measures in addition to, and not as a substitute for, financial performance measures in accordance with GAAP.

F5 believes that presenting its non-GAAP measures of earnings and earnings per share provides investors with an additional tool for evaluating the performance of the Company's core business and is used by management in its own evaluation of the Company's performance. Investors are encouraged to look at GAAP results as the best measure of financial performance. However, while the GAAP results are more complete, the Company provides investors these supplemental measures since, with reconciliation to GAAP, it may provide additional insight into the Company's operational performance and financial results.

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