## Contents

<table>
<thead>
<tr>
<th>Introduction</th>
<th>Pioneering the Adaptive Applications Era</th>
<th>Simplify Traditional App Delivery for Multi-Cloud Environments</th>
<th>Enable Modern App Delivery at Scale</th>
<th>Secure Every App Anywhere</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Francois Locoh-Donou</td>
<td>Kara Sprague</td>
<td>Gus Robertson</td>
<td>Sumit Agarwal</td>
</tr>
<tr>
<td></td>
<td>Chief Executive Officer</td>
<td>EVP and GM, BIG-IP Product Group</td>
<td>SVP and GM, NGINX Product Group</td>
<td>VP, Analytics Product Group</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Co-Founder, Shape Security</td>
<td></td>
</tr>
<tr>
<td>Unlock the Value of App Insights Through Data and AI</td>
<td>Reach New Buyers and Grow Customer Value</td>
<td>Deliver Robust and Profitable Services</td>
<td>Deliver Strong and Sustainable Financial Success</td>
<td>Appendix</td>
</tr>
<tr>
<td>Shuman Ghosemajumder</td>
<td>Chad Whalen</td>
<td>Tom Fountain</td>
<td>Frank Pelzer</td>
<td></td>
</tr>
<tr>
<td>Global Head of Artificial Intelligence</td>
<td>EVP, Worldwide Sales</td>
<td>EVP, Global Services and Chief Strategy Officer</td>
<td>EVP and CFO</td>
<td></td>
</tr>
<tr>
<td>Mika Yamamoto</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EVP, Chief Marketing and Customer Experience Officer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Forward-looking statements

This presentation contains forward-looking statements including, among other things, statements regarding the continuing strength and momentum of F5’s business, future financial performance, projected and target revenue, revenue mix, revenue growth rates and earnings ranges, income, earnings per share, share amounts and share price assumptions, share repurchases, demand for application delivery networking, application delivery services, security, and software products, expectations regarding future services and products, expectations regarding future customers, markets and the benefits of products, and other statements that are not historical facts and which 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: the impact of the COVID-19 global pandemic including but not limited to the advantages of incumbency in an uncertain environment, caution in spending patterns in the most severely impacted verticals, delays in orders in some impacted regions due to COVID-19 impacts; prolonged face-to-face sales engagement delaying some new strategic projects; customer acceptance of our new security, application delivery, optimization, and software and SaaS offerings; the timely development, introduction and acceptance of additional new products and features by F5 or its competitors; F5 may not realize the financial and strategic goals that are contemplated through its acquisitions, including Shape and NGINX, and F5 may not successfully operate and integrate newly-acquired businesses appropriately or as expected; 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; uncertain global economic conditions, including those related to COVID-19, which may result in reduced customer demand for our products and services and changes in customer payment patterns; global economic conditions and uncertainties in the geopolitical environment; overall information technology spending; litigation involving patents, intellectual property, shareholder and other matters, and governmental investigations; natural catastrophic events; 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; F5’s share repurchase program; 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, performance or achievements to vary from expectations. The financial information contained in this presentation 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 presentation 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.
Use of non-GAAP

Unless otherwise indicated in the presentation, all financial measures are presented on a non-GAAP basis. Available GAAP measures are being provided in the following reconciliation tables for comparison. All forward-looking non-GAAP measures included in the outlook exclude estimates for amortization of intangible assets, share-based compensation expenses, significant effects of tax legislation and judicial or administrative interpretation of tax regulations, including the impact of income tax reform, non-recurring income tax adjustments, valuation allowance on deferred tax assets, and the income tax effect of non-GAAP exclusions, and do not include the impact of any future acquisitions or divestitures, acquisition-related charges and write-downs, restructuring charges, facility exit costs, or other non-recurring charges that may occur in the period. F5 is unable to provide a reconciliation of non-GAAP earnings guidance measures to corresponding U.S. generally accepted accounting principles or GAAP measures on a forward-looking basis without unreasonable effort due to the overall high variability and low visibility of most of the foregoing items that have been excluded. Material changes to any one of these items could have a significant effect on our guidance and future GAAP results. Certain exclusions, such as amortization of intangible assets and share-based compensation expenses, are generally incurred each quarter, but the amounts have historically varied and may continue to vary significantly from quarter to quarter.

F5’s management evaluates and makes operating decisions using various operating measures. These measures are generally based on the revenues of its products, services operations, and certain costs of those operations, such as cost of revenues, research and development, sales and marketing and general and administrative expenses. One such measure is GAAP net income excluding, as applicable, stock-based compensation, amortization of purchased intangible assets, acquisition-related charges, net of taxes, restructuring charges, facility-exit costs, significant litigation and other contingencies and certain non-recurring tax expenses and benefits, which is a non-GAAP financial measure under Section 101 of Regulation G under the Securities Exchange Act of 1934, as amended. This measure of non-GAAP net income is adjusted by the amount of additional taxes or tax benefit that the company would accrue if it used non-GAAP results instead of GAAP results to calculate the company’s tax liability.

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.
GAAP to non-GAAP reconciliation

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

Acquisition-related write-downs of assumed deferred revenue. Included in its GAAP financial statements, F5 records acquisition-related write-downs of assumed deferred revenue to fair value, which results in lower recognized revenue over the term of the contract. F5 includes revenue associated with acquisition-related write-downs of assumed deferred revenue in its non-GAAP financial measures as management believes it provides a more accurate depiction of revenue arising from our strategic acquisitions.

Stock-based compensation. Stock-based compensation consists of expense for stock options, restricted stock, and employee stock purchases through the company’s ESPP. 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.

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.

Amortization 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. 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. In fiscal year 2019, F5 relocated its headquarters in Seattle, Washington, and recorded charges in connection with this facility exit 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.

For reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures, please see the Appendix of this presentation.
Pioneering the Adaptive Applications Era

François Locoh-Donou
Chief Executive Officer
How have we done since our 2018 Analyst and Investor Meeting

STRATEGY PROOF-POINTS – BUSINESS IS AT AN INFLECTION POINT

1. **Software transformation** ahead of schedule
2. Security business is a **scale leader in Application Security**
3. Recurring revenue to support growth and earnings power
4. On track to deliver sustainable **double-digit** non-GAAP EPS growth in original 2018 AIM timeframe
All businesses will need to deliver apps that engage and amaze. We call these adaptive applications.

We will lead in this new era through our unique position in application security, delivery and analytics.

We are transforming our business at an unprecedented pace, driving top-line growth acceleration.

We are positioned for, and committed to, sustainable double-digit EPS growth.
All businesses will need to deliver apps that engage and amaze. We call these adaptive applications.

We will lead in this new era through our unique position in application security, delivery and analytics.

We are transforming our business at an unprecedented pace, driving top-line growth acceleration.

We are positioned for, and committed to, sustainable double-digit EPS growth.
Consumers expect a rich application experience
Today’s **digital experiences** are often stitched together from multiple application data paths spanning on-prem to edge.
Most digital experiences are comprised of a blend of **traditional** and **modern** applications.

<table>
<thead>
<tr>
<th>Public Cloud</th>
<th>On-Premises, Data Center or Co-location</th>
<th>Edge</th>
<th>Device or Browser</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modern &amp; Traditional Apps</td>
<td>Traditional &amp; Modern Apps</td>
<td>Modern Apps</td>
<td>Digital Experience</td>
</tr>
<tr>
<td>END-USER</td>
<td>APPLICATION DATA PATHS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Along each data path, there are a set of application technologies required for **securing** and **delivering** the app.

**APPLICATION SECURITY**
- Web app firewall
- Secure access
- Denial of service
- Anti-fraud & anti-bot

**APPLICATION DELIVERY**
- Load balancer
- Ingress controller
- API gateway
- App/web server

Application security and delivery needs for modern and traditional apps are different.
Inconsistency of technologies across environments is creating unsustainable technical and operational debt.
Manual stitching together is not fast or scalable, and it leaves organizations vulnerable.
The **attack surface** and the sophistication of attacks has increased.
Rich telemetry is trapped in silos, limiting insights into app performance and the end-user’s digital experience.
The digital experience enabled through today’s rich applications is now table stakes.

But what lies beneath is complex, vulnerable, and fragile.

Current state is untenable.
An adaptive application automates redundant processes for greater efficiencies.

It protects itself, securing all points of vulnerability.

It expands and contracts based on performance needs.

And, by mining all these data points, it gets smarter, insightful, becomes self-healing, and evolves even more quickly.

We see a world where our customers’ app portfolios adapt to environmental changes.
There are **four key requirements** to enable adaptive apps

1. Simplify traditional app delivery for multi-cloud
2. Enable modern app delivery at scale
3. Secure every app anywhere
4. Unlock the value of app insights

**Multi-cloud application security and delivery technologies**
All businesses will need to deliver apps that engage and amaze. We call these adaptive applications.

We will lead in this new era through our unique position in application security, delivery and analytics.

We are transforming our business at an unprecedented pace, driving top-line growth acceleration.

We are positioned for, and committed to, sustainable double-digit EPS growth.
As we evolve, we remain focused on our original purpose: solving our customers’ most important application challenges

1996 – 2004
Load Balancer
Scale websites

2005 – 2015
Application Delivery Controller
Scale and secure mission-critical applications

The Next Evolution
Multi-cloud Application Security & Delivery
Scale, secure, and AI-optimize traditional and modern applications
In March 2018, we said we would extend our reach and expand our role.

We make apps go faster, smarter, safer.

Reach: Every App, Anywhere

Role: We Make Apps Go Faster, Smarter, Safer
We have built the broadest available app services portfolio to dramatically expand our addressable market.

<table>
<thead>
<tr>
<th>Feature</th>
<th>2020 TAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simplify traditional app delivery for multi-cloud environments</td>
<td>$1.8B</td>
</tr>
<tr>
<td>Enable modern app delivery at scale</td>
<td>$3.5B</td>
</tr>
<tr>
<td>Secure every app anywhere</td>
<td>$8.3B</td>
</tr>
<tr>
<td>Unlock the value of app insights</td>
<td></td>
</tr>
</tbody>
</table>

Source: FY2020 TAM, IDC and F5 Strategy judged

~$14B Total TAM 2020
We have assembled the only portfolio that can deliver on the opportunity of adaptive applications

- Simplify traditional app delivery for multi-cloud environments: $1.8B TAM in 2020, $2.0B TAM in 2023 with 4% CAGR
- Enable modern app delivery at scale: $3.5B TAM in 2020, $7.6B TAM in 2023 with 30% CAGR
- Secure every app anywhere: $8.3B TAM in 2020, $14.8B TAM in 2023 with 21% CAGR
- Unlock the value of app insights: $3.1B TAM in 2020, $1.358% CAGR

~$14B Total TAM 2020
~$28B Total TAM by 2023

Source: FY2020 TAM, IDC and F5 Strategy judged
We have recast our go-to-market approach to capitalize on the adaptive applications opportunity.
We are driving momentum

<table>
<thead>
<tr>
<th></th>
<th>16-mos post acquisition, FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Growth, FY19 to FY20</td>
<td>~109%¹</td>
</tr>
<tr>
<td>Growth in Average Deal Size</td>
<td>+57%</td>
</tr>
<tr>
<td>Growth in Number of Paid</td>
<td>+23%</td>
</tr>
<tr>
<td>Subscription Customers</td>
<td></td>
</tr>
<tr>
<td>Innovation Velocity</td>
<td>3 major new solutions launched</td>
</tr>
<tr>
<td>Portfolio Integration</td>
<td>Security on NGINX, app visibility and management</td>
</tr>
<tr>
<td>Go-to-market Velocity</td>
<td>Fully mapped to F5 sales on a district level</td>
</tr>
</tbody>
</table>

¹Based on GAAP revenues for NGINX in F5’s fiscal FY19 and FY20. Pre-acquisition revenue is unaudited. Includes revenues recognized pre- and post-acquisition.
We are **driving momentum**

Part of F5

<table>
<thead>
<tr>
<th><strong>Non-GAAP Revenue &amp; ARR Growth, FY19 to FY20 (ratable subscription business)</strong></th>
<th><strong>35%</strong>&lt;sup&gt;1&lt;/sup&gt; &amp; <strong>44%</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth in Average Deal Size</strong></td>
<td><strong>+47%</strong></td>
</tr>
<tr>
<td><strong>Addition of New Customers</strong></td>
<td><strong>+15%</strong></td>
</tr>
<tr>
<td><strong>Innovation Velocity</strong></td>
<td><strong>2 new products launched</strong></td>
</tr>
<tr>
<td><strong>Portfolio Integration</strong></td>
<td><strong>Integrated with BIG-IP &amp; Silverline</strong></td>
</tr>
<tr>
<td><strong>Go-to-market Velocity</strong></td>
<td><strong>Global F5 sales force is Shape-enabled</strong></td>
</tr>
</tbody>
</table>

<sup>1</sup>See appendix for GAAP to non-GAAP reconciliation.
All businesses will need to deliver apps that engage and amaze. We call these **adaptive applications**.

We will lead in this new era through our unique position in **application security, delivery and analytics**.

We are transforming our business at an **unprecedented pace**, **driving** top-line growth acceleration.
There are **three key indicators** for our long-term success

- **Software Transformation**
  Software contributes the majority of product revenue

- **Software Subscription**
  Software subscription is 80%+ of software revenue

- **Operating Discipline**
  Operating model is balanced by our guiding principle of the “Rule of 40”
  (revenue growth + non-GAAP operating margin = 40)
Our software transformation is outpacing our expectations

Software mix trends (% of Non-GAAP product revenue)

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>13%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1Software includes all standalone software offerings, including perpetual licenses, subscriptions, utility, and as-a-Service offerings. See appendix for GAAP to non-GAAP reconciliation.
Our revenue quality is improving with **software subscription growth**

Software Subscription\(^1\) Mix  
(\% of Non-GAAP Software Revenue)

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mix</td>
<td>20%</td>
<td>71%</td>
</tr>
</tbody>
</table>

\(^1\)Comprises standalone software, including term-license subscriptions, utility, and as-a-Service offerings. See appendix for GAAP to non-GAAP reconciliation.
Public cloud is a growing part of our bookings

Public Cloud Bookings
($ Millions)

< $20
FY17

>$100
FY20

>65%
FY17-20 BOOKINGS CAGR
In fact…we are one of the top two application security players today

>$750M<

Total Non-GAAP Security Revenue FY2020

- Standalone Security Product Revenue: ~$275M
- Attached Security Revenue: ~$125M
- Security Services Revenue: >$350M

(28-30% of ~$1.3B)

1Includes standalone products, Shape Security, Silverline, attached security, and security services. See appendix for GAAP to non-GAAP reconciliation.
We have made deliberate investments to drive our transformation while maintaining a focus on operating discipline.

### Last Three Years: Deliberate Investments

<table>
<thead>
<tr>
<th></th>
<th>Annualized $ in USD millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic and inorganic investments above run-rate</td>
<td>($230)</td>
</tr>
<tr>
<td>Cost reduction initiatives</td>
<td>$100</td>
</tr>
<tr>
<td>Net impact to Non-GAAP Operating Income</td>
<td>($130)</td>
</tr>
</tbody>
</table>

### Next Five Years: Realize Operating Margin Leverage

<table>
<thead>
<tr>
<th></th>
<th>Annualized $ in USD millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incremental investments above run-rate</td>
<td>$140 – $160</td>
</tr>
<tr>
<td>Incremental impact of cost reduction initiatives</td>
<td>$120</td>
</tr>
</tbody>
</table>

### Accelerated Organic Software Transformation

- New offerings: per-app vADC, automation, orchestration, cloud integrations
- Domain expertise for consumption models: SaaS, subscriptions, utility
- Expanded Security and Service Provider product portfolio

### Integration and Acceleration of Inorganic Investments

- NGINX platform maturity acceleration (NGINX Controller and security)
- Shape and NGINX go-to-market

### Evolution of Non-GAAP Operating Margins

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY20</th>
<th>Long Term</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>36.1%</td>
<td>30.4%</td>
<td>Mid 30’s%</td>
</tr>
</tbody>
</table>

Analysis does not incorporate contribution to operating margin expansion from product margin improvement related to increased mix of software revenue.
We are poised to achieve significant annualized cost reductions over the next five years

<table>
<thead>
<tr>
<th>Functional area</th>
<th>Cost reduction initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate / Company Wide</td>
<td>• Enacted two significant staff reductions (~10%) in past 3 years</td>
</tr>
<tr>
<td></td>
<td>• Leverage low-cost locations and automation</td>
</tr>
<tr>
<td></td>
<td>• Execute acquisition synergies</td>
</tr>
<tr>
<td>COGS / Gross Margin</td>
<td>• Shift manufacturing to Mexico to reduce freight/logistics costs</td>
</tr>
<tr>
<td></td>
<td>• Knowledge management to increase call deflection rates</td>
</tr>
<tr>
<td></td>
<td>• Renegotiate spend with largest suppliers</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>• Rebalancing R&amp;D resources across high-cost/low-cost locations</td>
</tr>
<tr>
<td></td>
<td>• Streamlining organizational seniority pyramid</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>• Grow low-cost/Inside sales model</td>
</tr>
<tr>
<td></td>
<td>• Adjust sales incentives and partner programs</td>
</tr>
<tr>
<td>Incremental Efficiency (FY21 &amp; beyond)</td>
<td>• Leverage AI/automation to improve sales productivity</td>
</tr>
<tr>
<td></td>
<td>• Leverage customer success to reduce subscription renewal cost</td>
</tr>
<tr>
<td></td>
<td>• Embrace work-from-home to reduce facilities costs and travel</td>
</tr>
</tbody>
</table>

~$100 million
Annualized savings to date

+ ~$150 million
Additional annualized savings expected
Our position, strategy and execution is poised to deliver double-digit EPS growth

<table>
<thead>
<tr>
<th></th>
<th>FY20A</th>
<th>Horizon 2 (FY21-22)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Software growth</strong></td>
<td>52%</td>
<td>35% to 40% CAGR</td>
</tr>
<tr>
<td><strong>Software % of product revenue</strong></td>
<td>35%</td>
<td>&gt;50%</td>
</tr>
<tr>
<td><strong>Systems growth</strong></td>
<td>-10%</td>
<td>High-to-mid single-digit decline</td>
</tr>
<tr>
<td><strong>Services growth</strong></td>
<td>5%</td>
<td>Low single-digit growth</td>
</tr>
<tr>
<td><strong>Total revenue growth</strong></td>
<td>5%*</td>
<td>6% to 7% CAGR</td>
</tr>
<tr>
<td><strong>Non-GAAP gross margin</strong></td>
<td>85%</td>
<td>~85%</td>
</tr>
<tr>
<td><strong>Non-GAAP operating margin</strong></td>
<td>30%</td>
<td>FY21: 31% to 32%</td>
</tr>
<tr>
<td><strong>Non-GAAP EPS / growth</strong></td>
<td>$9.37</td>
<td>FY22: 32% to 34%</td>
</tr>
</tbody>
</table>

*Rule of 40* (revenue growth + non-GAAP operating margin) Achieve in Horizon 2

* FY20 revenue growth on a non-GAAP basis to adjust for purchase accounting effect on Shape revenue.
There are **three key indicators** for our long-term success

**Software Transformation**
Software contributes the majority of product revenue

**Software Subscription**
Software subscription is 80%+ of software revenue

**Operating Model**
Operating model is balanced by our guiding principle of the “Rule of 40”
(revenue growth + non-GAAP operating margin = 40)

**Driving double-digit non-GAAP EPS growth**
All businesses will need to deliver apps that engage and amaze. We call these adaptive applications.

We will lead in this new era through our unique position in application security, delivery and analytics.

We are transforming our business at an unprecedented pace, driving top-line growth acceleration.

We are positioned for, and committed to, sustainable double-digit EPS growth.
Our culture is a core strength

First and foremost, we do the right thing – for each other, our customers, our shareholders, our community, and the world.

We are owners.
We make F5 more agile.
We help each other thrive.
We obsess over customer needs.
We create a more diverse and inclusive F5.

Demonstrating Business Continuity Through COVID

- Moved to 100% virtual workforce in early March 2020 and enabling employees to work from home long term.
- Created agile, cross-functional workstreams to continually evolve our COVID-19 response.
- Demonstrated business resiliency and delivered a strong second-half FY2020 with minimal face-to-face customer interactions.

Living our Values with a Human-First Approach

- Prioritized the health and safety of our employees and their families including instituting pandemic employee leave and health and wellness benefits.
- Supported local community response to COVID-19 through employee-led relief grants across more than 40 countries.
- Publicly committed to no layoffs in FY20.
- Offered free solutions and resources to front-line healthcare, education, and non-profit organizations.

Our Culture in Action

- Culture of ownership, agility and inclusion enabled F5 Appreciates Blackness (FAB) employee inclusion group to lead company-wide accountability for a more diverse and inclusive F5 with 100% of our exec team signing the pledge for racial equality, diversity and inclusion.
Combined, our **portfolio** and **go-to-market strategies** will continue driving revenue and earnings growth.

Kara Sprague  
**GM – BIG-IP**  
1:45 – 2:00  
*Simplify traditional app delivery for multi-cloud environments*

Gus Robertson  
**GM – NGINX**  
2:00 – 2:15  
*Enable modern app delivery at scale*

Sumit Agarwal  
**Co-founder Shape**  
2:15 – 2:25  
*Secure every app anywhere*

Shuman Ghosemajumder  
**Global Head of AI**  
2:25 – 2:40  
*Unlock the value of app insights*

Chad Whalen  
**EVP Sales**  
2:45 – 3:05  
*Reach new buyers & grow customer value*

Tom Fountain  
**EVP Services, CSO**  
3:05 – 3:15  
*Deliver robust & profitable services*

Frank Pelzer  
**Chief Financial Officer**  
3:15 – 3:30  
**DELIVER STRONG, SUSTAINABLE SHAREHOLDER RETURNS**
Why invest in F5?

1. **Massive Market Opportunity**
   - Uniquely positioned to win in high-growth ~$28B addressable market
   - Only true multi-cloud player serving both traditional and modern apps & security with analytics

2. **Software Transformation at Inflection Point**
   - Software transformation fast-approaching 50%+ of product revenue
   - $250M+ subscription software business driving significant growth with 120% three-year CAGR

3. **Operating Leverage Expansion**
   - Positioned to grow revenue faster than non-GAAP operating expenses and achieve “Rule of 40”
   - Robust capital return program affirmed by business resiliency and success of transformation

4. **Preeminent Team to Drive Transformation**
   - Passionate and determined team, uniquely qualified with app fluency and software expertise
   - Significant breadth of experiences and qualifications enabling pioneering technology innovations

**Sustainable Double-Digit Non-GAAP EPS Growth**
Combined, our **portfolio** and **go-to-market strategies** will continue driving revenue and earnings growth.
Simplify traditional app delivery for multi-cloud environments

Kara Sprague
EVP and GM, BIG-IP Product Group
Traditional apps remain the dominant application architecture for most organizations

Transition from systems to software for traditional apps is accretive to F5

BIG-IP’s world-class application security makes it a leading solution across on-premises and public cloud

Key Takeaways
We will continue to drive aggregate revenue growth in traditional apps
Traditional apps remain the dominant application architecture for most organizations.

Transition from systems to software for traditional apps is accretive to F5.

BIG-IP’s world-class application security makes it a leading solution across on-premises and public cloud.

Key Takeaways

We will continue to drive aggregate revenue growth in traditional apps.
Today’s application landscape – a tale of two apps

Traditional Apps
Monolithic, Client-Server, Three-Tier
- Bank mortgage loan processing
- Payments processing engine
- Hospital electronic health records
- Gen 1 SaaS Platforms
- Retail inventory management
- Service Provider 3G, 4G core

Modern Apps
Container- or Cloud-Native
- IaaS and Gen 2 SaaS Platforms
- Content and media distribution platforms
- Customer engagement front-ends
- Service Provider 5G core
Today’s application landscape – a tale of two apps

**Traditional Apps**
Monolithic, Client-Server, Three-Tier

**Modern Apps**
Container- or Cloud-Native

### Number of app instances

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>70</td>
</tr>
<tr>
<td>2023</td>
<td>90</td>
</tr>
</tbody>
</table>

- **Traditional Apps**: 10% yoy growth from 2020 to 2023
- **Modern Apps**: 36% yoy growth from 2020 to 2023

* Source: IDC, 2019

* Enterprise and Service Provider app instances only; excludes internal hyperscaler instances
Nearly every organization manages traditional apps in addition to a growing mix of modern apps.

- 97% of organizations manage traditional apps.
- 76% of organizations manage a mix of traditional and modern apps.

Source: F5 State of Application Services research, 2020
Traditional apps remain a critical part of an organization’s application portfolio

Generally running the most mission-critical capabilities

AND

Difficult and expensive to change or refactor

Priority is operational efficiency

Many are migrating to cloud via “lift and shift” or “modernization”
Traditional apps remain the dominant application architecture for most organizations.

Transition from systems to software for traditional apps is accretive to F5.

BIG-IP’s world-class application security makes it a leading solution across on-premises and public cloud.

Key Takeaways
We will continue to drive aggregate revenue growth in traditional apps.
App delivery for traditional apps is transitioning from systems to software and cloud.

On-Prem Systems

Physical ADC

On-Prem Software
On-Prem Software ADC

Cloud-Hosted Software
Public Cloud-Hosted Software ADC

Software-as-a-Service
Public Cloud Native ADCaaS

Vast majority of transitions; does not require refactoring of the app

Small fraction of transitions; requires refactoring
Transition from systems to on-prem or cloud-hosted software for traditional apps is **accretive to F5**

### On-Prem Systems
- **Physical ADC**
- **Price**: Base unit price
- **Quantity**: Single unit deployed to support multiple apps

### On-Prem Software and/or Cloud-Hosted Software

<table>
<thead>
<tr>
<th>Price</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderately lower unit price, similar gross profit</td>
<td>Virtual units deployed at the same time as physical to support apps transitioning at different times</td>
</tr>
<tr>
<td>Higher unit price as attach rate for security services is higher in cloud deployments</td>
<td>More units deployed across different clouds</td>
</tr>
</tbody>
</table>

**Better**

**Same**
These dynamics are reflected in analysts’ outlook for the application delivery market

Low single-digit growth forecasted in ADC software and systems

Source: IDC & F5, 2020
Traditional apps remain the dominant application architecture for most organizations.

Transition from systems to software for traditional apps is accretive to F5.

**Key Takeaways**

We will continue to drive aggregate revenue growth in traditional apps.

BIG-IP’s world-class application security makes it a leading solution across on-premises and public cloud.
F5 BIG-IP wins in traditional apps across on-premises and public cloud

- Low total cost of ownership
  (No app refactoring, skill reuse)

- World-class app security

- Highly programmable and configurable

- Multi-cloud deployment
  (across physical, virtual, and cloud)
CUSTOMER CASE STUDY

Customer migrating marketing applications to public cloud to support massive seasonal campaigns

Media Company relies on F5 BIG-IP to scale applications across on-prem and cloud

**BIG-IP chosen in public cloud for consistency with on-prem and programmability**

- Consistency of technologies across on-premises and cloud
- Programmability using iRules in public cloud environment giving greater power and flexibility beyond native solutions

**Multi-cloud software deal consumed as a term subscription**

- Multi-cloud deal including software in public cloud and refresh of on-prem hardware
- Term subscription-based relationship that future-proofs customer investments in on-prem systems with ability to transition entitlements to public cloud
Expanding role for F5 BIG-IP in service provider 5G networks

F5 BIG-IP deployed today for service provider 4G core networks and internal applications

- Top 50 use F5 BIG-IP in their 4G core network
- Top 100 use F5 BIG-IP in their data center and internal IT

Expanding role for F5 BIG-IP in 5G

- Seamless migration from physical to virtual to containers and cloud
- Only service proxy in the market that spans 4G and 5G Core with support for critical service provider protocols
- “Best of suite” for cloud-native 5G functions, including security
Rakuten is building their new 4G and 5G core network using F5 BIG-IP

**BIG-IP chosen for “best of suite” functions, lower TCO, and deployment flexibility**

- “Best of suite” for all Gi-LAN functions with ~60% TCO saving compared to alternatives
- Flexible software for virtual and container-native deployment models for both 4G and 5G along with compelling subscription-based commercial models

**Reference win with significant expansion potential**

- Strategic win with a leading global innovator, opening the door for similar opportunities
- Expanding to additional use-cases – already multiple $1M+ term subscription deals reflecting strategic footprint and long-term investment in F5 BIG-IP

* Rakuten Vision as expressed by CTO Tareq Amin
Traditional apps remain the dominant application architecture for most organizations.

Transition from systems to software for traditional apps is accretive to F5.

BIG-IP’s world-class application security makes it a leading solution across on-premises and public cloud.

Key Takeaways
We will continue to drive aggregate revenue growth in traditional apps.
Combined, our portfolio and go-to-market strategies will continue driving revenue and earnings growth.

- Simplify traditional app delivery for multi-cloud environments
- Enable modern app delivery at scale
- Secure every app anywhere
- Unlock the value of app insights
- Reach new buyers and grow customer value
- Deliver robust and profitable services

Delivering strong, sustainable shareholder returns
Enable modern app delivery at scale

Gus Robertson
SVP and GM, NGINX Product Group
Modern app delivery **expands F5’s addressable market** to large, fast growing areas

Modern app delivery is **complementary** to traditional app delivery and BIG IP

NGINX is strategically **positioned to win** given our open source footprint and promise of simplicity

**Key Takeaways**

F5’s is uniquely positioned to monetize the high growth modern applications market
Modern app delivery **expands F5’s addressable market** to large, fast growing areas.

Modern app delivery is **complementary** to traditional app delivery and BIG IP.

NGINX is strategically **positioned to win** given our open source footprint and promise of simplicity.

**Key Takeaways**

F5’s is uniquely positioned to monetize the high growth modern applications market.
Consumer App Experiences Set the Bar for Enterprises

Digital Pioneers

- Netflix
- Instagram
- Facebook
- Airbnb

Digital Mainstream

- Comcast
- Capital One
- Salesforce
- American Express
Explosive Future Growth in Modern Apps

**Traditional Apps**
Monolithic, Client-Server, Three-Tier

**Number of app instances**
Millions

- 2020: 70
- 2023: 90

10% yoy

**Modern Apps**
Container- or Cloud-Native

**Number of app instances**
Millions

- 2020: 670
- 2023: 1,690

36% yoy

Source: IDC, 2019
Modern App Delivery significantly expands F5’s addressable market

Source: IDC, 2020

Worldwide Modern Apps Software ADC Market
US$, Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>YOY</th>
<th>2023 Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>185</td>
<td>33%</td>
<td>430</td>
</tr>
</tbody>
</table>

Worldwide ADC aaS Market
US$, Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>YOY</th>
<th>2023 Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1,645</td>
<td>20%</td>
<td>2,860</td>
</tr>
</tbody>
</table>

Worldwide Service Mesh Market
US$, Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>YOY</th>
<th>2023 Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>25</td>
<td>71%</td>
<td>120</td>
</tr>
</tbody>
</table>

Worldwide API Management Market
US$, Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>YOY</th>
<th>2023 Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1,630</td>
<td>37%</td>
<td>4,160</td>
</tr>
</tbody>
</table>

~$3.5B
Market opportunity today*

*Based on current market trends and projections.
Modern App Delivery **significantly** expands F5’s addressable market

**Worldwide Modern Apps Software ADC Market**
US$, Millions

- 2020: 185 (33% yoy)
- 2023: 430

**Worldwide ADC aaS Market**
US$, Millions

- 2020: 1,645 (20% yoy)
- 2023: 2,860

**Worldwide Service Mesh Market**
US$, Millions

- 2020: 25 (71% yoy)
- 2023: 120

Source: IDC, 2020

~$7.6B

Market opportunity in 2023*
Modern app delivery expands F5’s addressable market to large, fast growing areas.

Modern app delivery is complementary to traditional app delivery and BIG IP.

NGINX is strategically positioned to win given our open source footprint and promise of simplicity.

Key Takeaways

F5’s is uniquely positioned to monetize the high growth modern applications market.
So what changed?

- Changes frequently
- Built on containers, clouds
- Designed for automation

Modern Applications
Before with Traditional Apps

- **10’s of apps**
- **10’s of dev teams**
- **1’s deployments per year**
- **Top-down governance**
- **1000’s of users**
- **Static experiences**
- **WAN / LAN**
- **Employee-focused**
- **Web brochure sites**

**Traditional Monolith**

- Passenger Management
- Trip Management
- Driver Management
- Billing
- Notification
- Payments

**BIG-IP**

**Employee**
Today with Modern Apps

1,000’s of apps
1,000’s changes per year
Bottom-up innovation

100’s of dev teams

1,000,000’s of users
Digital experiences

Modern Microservices

Public Internet

BIG-IP
Hardware + Software

Customer-focused
Mobile and APIs
App Delivery is shifting “left” into the application stack

Service Mesh
Ingress Controller
API Gateway

Per-App L4-7 LB
Per-App WAF

SSL Orchestration
Identity & Access
DNS & GSLB

Multi-App L4-7 LB
Multi-App WAF

BIG-IP
Hardware + Software

Modern Microservices
App Delivery is shifting “left” into the application stack

Modern Apps

Service Mesh
Ingress Controller
API Gateway

Per-App L4-7 LB
Per-App WAF

SSL Orchestration
Identity & Access
DNS & GSLB

Multi-App L4-7 LB
Multi-App WAF

Traditional apps aren’t going away

BIG-IP
Hardware + Software

Modern Apps
App Delivery is shifting “left” into the application stack
Modern app delivery expands F5’s addressable market to large, fast growing areas.

Modern app delivery is complementary to traditional app delivery, and therefore BIG IP.

NGINX is strategically positioned to win given our open source footprint and promise of simplicity.

Key Takeaways

F5’s is uniquely positioned to monetize the high growth modern applications market.
The benefits of Modern Apps are clear...

Business Agility | Customer Experience

but so are the challenges

Complexity | Lack of Visibility
Just look at the
1,400+
Modern App
tools available
NGINX Controller simplifies the complex, modern app toolchain

Discrete, best-of-breed app services that developers need for agility and flexibility...

...but managed by Controller to simplify DevOps and IT Ops management and governance at scale:

- Integrated into modern CI/CD pipelines
- Self service portal for developer agility

Delivers time-to-market without introducing complexity
NGINX powers the Internet . . . and most enterprises!

OPEN SOURCE FOOTPRINT

- 400M+ websites and apps

PROVEN

- >70% of 10,000 busiest websites

= 1 Million
We are monetizing NGINX via enterprise-class features, manageability and security

NGINX Plus
Enterprise-Class Data Plane

NGINX Controller
Modern App Platform

NGINX App Protect
F5 Security in Modern Apps
We are driving momentum

Growth in Average Deal Size
+57%

Growth in Number of Paid Subscription Customers
+23%

Innovation Velocity
3 major new solutions launched

16-mos post acquisition
Modern app delivery **expands F5’s addressable market** to large, fast growing areas

Modern app delivery is **complementary** to traditional app delivery and BIG IP

NGINX is strategically **positioned to win** given our open source footprint and promise of simplicity

**Key Takeaways**

F5’s is uniquely positioned to monetize the high growth modern applications market
Modern Experiences Require a New Approach

From Traditional Experiences...

- Three-tier Monoliths
- Service Oriented Architecture
- Bare Metal and VMs
- Big-Bang Releases (Waterfall)
- Silo’ed Teams (Dev, Ops)

...to Modern Experiences

- Distributed Microservices
- API-Connected Service Mesh
- Cloud and Containers
- Continuous Delivery (Agile)
- Collaborative Culture (DevOps)
Combined, our **portfolio** and **go-to-market strategies** will continue driving revenue and earnings growth.

- **Simplify** traditional app delivery for multi-cloud environments
- **Enable** modern app delivery at scale
- **Secure** every app anywhere
- **Unlock** the value of app insights
- **Reach** new buyers & grow customer value
- **Deliver** robust & profitable services

**DELIVER STRONG, SUSTAINABLE SHAREHOLDER RETURNS**
Secure every app anywhere

Sumit Agarwal
Vice-President Analytics Product Group, F5
Co-Founder, Shape Security
F5's strength is Application Security, which is the hottest security segment for the next decade.

Our Shape acquisition delivers the industry's most powerful app sec capabilities to our immense install base.

F5 is a top 10 global App Sec company based on FY2020 revenue.
Every decade has a “hot” security segment that delivers outsized returns
In the 2000s, **network security** was “hot” and grew to **$7B**

Source: IDC, Gartner, Globaldata
Products, services, or company names referenced herein may be trademarks of their respective owners with no endorsement or affiliation, express or implied
In the 2010s, endpoint security was “hot” and grew to $10B

Source: iDC, Gartner, Globaldata
Products, services, or company names referenced herein may be trademarks of their respective owners with no endorsement or affiliation, express or implied
**App Sec** is the “hot” segment of the next 10 years

<table>
<thead>
<tr>
<th>Decade</th>
<th>Network Security</th>
<th>Endpoint Security</th>
<th>Application Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000's</td>
<td>$3 Billion</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>$7 Billion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010's</td>
<td>$3 Billion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>3x</td>
<td>$10 Billion</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>$12 Billion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2030</td>
<td>2.5x</td>
<td>$32 Billion</td>
<td></td>
</tr>
</tbody>
</table>

Source: iDC, Gartner, Globaldata

Products, services, or company names referenced herein may be trademarks of their respective owners with no endorsement or affiliation, express or implied.
Why the giant TAM?

The app is where the value is
Our portfolio addresses:

$8B today

$15B by 2023
Why is App Sec exploding?

“Incidents” and “Breaches”
Industry research on causes of: Incidents and Breaches

**Incidents:**
Something dangerous happened, but you avoided disaster… *this time.*

**Breaches:**
This time, you did **NOT** avoid disaster.
Top Causes of Incidents

Source: 2020 Verizon Data Breach Investigations Report

~23,000 security incidents in 2019 - ranked by cause

Source: 2020 Verizon Data Breach Investigations Report
<table>
<thead>
<tr>
<th>Attack Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>DoS</td>
<td>&gt;90%</td>
</tr>
<tr>
<td>Phishing (Social)</td>
<td></td>
</tr>
<tr>
<td>Loss (Error)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>DoS (Malware)</td>
<td></td>
</tr>
<tr>
<td>Ransomware (Malware)</td>
<td></td>
</tr>
<tr>
<td>C2 (Malware)</td>
<td></td>
</tr>
<tr>
<td>Use of stolen creds (Hacking)</td>
<td></td>
</tr>
<tr>
<td>Pretexting (Social)</td>
<td></td>
</tr>
</tbody>
</table>

The top three attack types (>90% of total) all relate to **application security**.

F5 has best-in-class solutions for these attacks.

Source: 2020 Verizon Data Breach Investigations Report
# Top Causes of Breaches

![Image of car accident]

<table>
<thead>
<tr>
<th>Cause</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phishing (Social)</td>
<td>20%</td>
</tr>
<tr>
<td>Use of stolen creds (Hacking)</td>
<td>10%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
</tr>
<tr>
<td>Misdelivery (Error)</td>
<td>5%</td>
</tr>
<tr>
<td>Misconfiguration (Error)</td>
<td>2%</td>
</tr>
<tr>
<td>Privilege abuse (Misuse)</td>
<td>2%</td>
</tr>
<tr>
<td>Password dumper (Malware)</td>
<td>2%</td>
</tr>
<tr>
<td>Capture app data (Malware)</td>
<td>2%</td>
</tr>
<tr>
<td>Exploit vuln (Hacking)</td>
<td>2%</td>
</tr>
</tbody>
</table>

Approximately 3,000 actual breaches in 2019 - categorized by “cause”

Source: 2020 Verizon Data Breach Investigations Report
### Top Causes of Breaches

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phishing (Social)</td>
<td>20%</td>
</tr>
<tr>
<td>Use of stolen creds (Hacking)</td>
<td>20%</td>
</tr>
<tr>
<td>Other</td>
<td>20%</td>
</tr>
<tr>
<td>Misdelivery (Error)</td>
<td>10%</td>
</tr>
<tr>
<td>Misconfiguration (Error)</td>
<td>10%</td>
</tr>
<tr>
<td>Privilege abuse (Misuse)</td>
<td>10%</td>
</tr>
<tr>
<td>Password dumper (Malware)</td>
<td>10%</td>
</tr>
<tr>
<td>Capture app data (Malware)</td>
<td>10%</td>
</tr>
<tr>
<td>Exploit vuln (Hacking)</td>
<td>10%</td>
</tr>
</tbody>
</table>

Over **50%** of the time, breaches caused by App Sec issues are the result of application security issues.

Top two attack types (covering >50% total) both relate to application security.

F5 has best-in-class solutions for these attacks too.

Source: 2020 Verizon Data Breach Investigations Report
App Sec is exploding because it is the biggest source \textit{(by far)} of the most frequent incidents and the most damaging breaches.

Source: 2020 Verizon Data Breach Investigations Report
F5 has the best portfolio for the **most frequent** and **most damaging** attacks.

**Top Causes of Incidents**
- DoS
- Phishing (Social)
- Loss (Error)
- Other
- DoS (Malware)
- Ransomware (Malware)
- C2 (Malware)
- Use of stolen creds (Hacking)
- Pretexting (Social)

**Top Causes of Breaches**
- Phishing (Social)
- Use of stolen creds (Hacking)
- Other
- Misdelivery (Error)
- Misconfiguration (Error)
- Privilege abuse (Misuse)
- Password dumper (Malware)
- Capture app data (Malware)
- Exploit vuln (Hacking)

Source: 2020 Verizon Data Breach Investigations Report
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Category</th>
<th>F5 Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stay Online</td>
<td>Distributed Denial of Service</td>
<td>F5 Silverline &amp; F5 Advanced Firewall Manager</td>
</tr>
<tr>
<td>Stay Secure</td>
<td>Web Application Firewall (WAF)</td>
<td>F5 Advanced WAF, F5 Access Policy Manager</td>
</tr>
<tr>
<td>Protect Data &amp; Logic</td>
<td>Fraud and Abuse</td>
<td>Shape Enterprise Defense &amp; Shape AI Fraud Engine</td>
</tr>
</tbody>
</table>

F5 has **leading products** across major areas of **app sec**
F5 has the strongest overall App Sec portfolio of any vendor

<table>
<thead>
<tr>
<th>Most-desired App Sec capabilities</th>
<th>Peers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CDN/ Edge Players</td>
</tr>
<tr>
<td>Absorb very large attacks</td>
<td>⬤</td>
</tr>
<tr>
<td>Category-leading WAF</td>
<td>⬤</td>
</tr>
<tr>
<td>AI/ML in production</td>
<td>⬤</td>
</tr>
<tr>
<td>Big data &amp; analytics back-end</td>
<td>⬤</td>
</tr>
<tr>
<td>Multi-cloud</td>
<td>⬤</td>
</tr>
<tr>
<td>Multi-CDN</td>
<td>⬤</td>
</tr>
<tr>
<td>Hybrid infrastructure</td>
<td>⬤</td>
</tr>
<tr>
<td>Defeat sophisticated fraud &amp; abuse</td>
<td>⬤</td>
</tr>
</tbody>
</table>

Source: Internal company assessment
Our Shape acquisition brings the industry's most powerful app sec capabilities to our immense install base
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Category</th>
<th>F5 Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stay Online</td>
<td>Distributed Denial of Service</td>
<td>F5 Silverline &amp; F5 Advanced Firewall Manager</td>
</tr>
<tr>
<td>Stay Secure</td>
<td>Web Application Firewall (WAF)</td>
<td>F5 Advanced WAF, F5 Access Policy Manager</td>
</tr>
<tr>
<td>Protect Data &amp; Logic</td>
<td>Fraud and Abuse</td>
<td>Shape Enterprise Defense &amp; Shape AI Fraud Engine</td>
</tr>
</tbody>
</table>

F5 already strong in 1 & 2 — Shape acquisition covers 3
“Stay online” and “stay secure” were largely on-premises

F5 equipment deployed in enterprise datacenter. In this model, no access to application data.
With Shape, we’ve added cloud security

Now application data routes through F5 in **real-time**, providing **full visibility** to application data.
Shape also brings a full data analytics platform

F5 can now **see**, **analyze**, and **act on** customer data in real-time to deliver enormous value.
### Cloud-enablement & Real-time Data Analytics

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Category</th>
<th>F5 Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stay Online</td>
<td>Distributed Denial of Service</td>
<td>F5 Silverline &amp; F5 Advanced Firewall Manager</td>
</tr>
<tr>
<td>Stay Secure</td>
<td>Web Application Firewall (WAF)</td>
<td>F5 Advanced WAF, F5 Access Policy Manager</td>
</tr>
<tr>
<td>Protect Data &amp; Logic</td>
<td>Fraud and Abuse</td>
<td>Shape Enterprise Defense &amp; Shape AI Fraud Engine</td>
</tr>
</tbody>
</table>

**Shape capabilities** will **turbocharge** all other offerings (cloud-connected, data-driven) - leading to an **enhanced portfolio**
EXISTING BASE OF SECURITY CUSTOMERS:

>10,000 active customers have purchased at least one security offering from F5

10,000+ security customers
PRE-SHAPE F5 HAD MORE THAN

>8k additional customers under contract who had not yet bought any of our security offerings

Enhanced portfolio allows us to expand security sales within our install base

8,000+ non-security customers

10,000+ security customers
Among security customers, we have ~20% share of application security wallet

Enhanced portfolio allows us to capture significantly more application security budget within our install base.

Note: Internal estimate of available budget in areas for which F5 has leading products.
Multiple State Employment Websites defrauded as COVID drove massive unemployment claims

Top 3 global social media site selected F5 to deal with election interference

Largest banking platform provider in US selected F5 to safeguard thousands of banks

Power of this system evident in recent customer wins
With >$750M\textsuperscript{1} in FY20 application security revenue, F5 is already a category leader.

\textsuperscript{1}Includes standalone products, Shape Security, Silverline, attached security, and security services. See appendix for GAAP to non-GAAP reconciliation.
~$275M

Stand-alone Security Product Revenue

Includes standalone products, Shape Security, Silverline, attached security, and security services. See appendix for GAAP to non-GAAP reconciliation.
Stand-alone Security Product Revenue

Advanced ADC and Attached Security Revenue

~$275M

~$125M

1Includes standalone products, Shape Security, Silverline, attached security, and security services. See appendix for GAAP to non-GAAP reconciliation.
Total Non-GAAP Security Revenue FY2020

$750M

Includes standalone products, Shape Security, Silverline, attached security, and security services. See appendix for GAAP to non-GAAP reconciliation.
Security is already more than a quarter of our overall product revenue.
Security as a % of total product revenue has more than doubled since FY2017

Standalone Security\(^1\) Revenue
(% of Non-GAAP Product Revenue)

FY17 | FY20
---|---
13% | 27%

\(^1\)Includes standalone products, Shape Security, Silverline, attached security, and security services. See appendix for GAAP to non-GAAP reconciliation.
F5 is a leader in application security

Application Security Companies

Akamai, Cloudflare, CyberArk, fastly, imperva, okta, Ping An, Qualys, radware, Rapid7, zscaler, SailPoint, tenable, Varonis

Source: Company filings represents LTM revenue (non-GAAP for F5). See appendix for GAAP to non-GAAP reconciliation.
F5's strength is Application Security, which is the hottest security segment for the next decade.

Our Shape acquisition delivers the industry's most powerful app sec capabilities to our immense install base.

F5 is a top 10 global App Sec company based on FY2020 revenue.

Key Takeaways
Combined, our **portfolio** and **go-to-market strategies** will continue driving revenue and earnings growth.

---

- **Simplify** traditional app delivery for multi-cloud environments
- **Enable modern app delivery at scale**
- **Secure every app anywhere**
- **Unlock the value of app insights**
- **Reach new buyers & grow customer value**
- **Deliver robust & profitable services**

---

**DELIVER STRONG, SUSTAINABLE SHAREHOLDER RETURNS**
Unlock the value of app insights, through data and AI

Shuman Ghosemajumder
Global Head of Artificial Intelligence
We expect significant TAM growth

<table>
<thead>
<tr>
<th>Category</th>
<th>2020 TAM</th>
<th>2023 TAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simplify traditional app delivery for multi-cloud environments</td>
<td>$1.8B</td>
<td>$2.0B</td>
</tr>
<tr>
<td>Enable modern app delivery at scale</td>
<td>$3.5B</td>
<td>$7.6B</td>
</tr>
<tr>
<td>Secure every app anywhere</td>
<td>$8.3B</td>
<td>$14.8B</td>
</tr>
<tr>
<td>Unlock the value of app insights</td>
<td>$3.1B</td>
<td>$3.1B</td>
</tr>
</tbody>
</table>

Source: FY2020 TAM, IDC and F5 Strategy judged

Total TAM by 2023: ~$28B

Reach

Modern apps

Aspen Mesh

F5 Security

BIG-IP

App Delivery

App Security

App Insights

Source: FY2020 TAM, IDC and F5 Strategy judged

Reach

Modern apps

Aspen Mesh

F5 Security

BIG-IP

App Delivery

App Security

App Insights

Role

~$14B

Total TAM 2020

~$28B

Total TAM by 2023

Simplify traditional app delivery for multi-cloud environments

Enable modern app delivery at scale

Secure every app anywhere

Unlock the value of app insights

Traditional apps

Source: FY2020 TAM, IDC and F5 Strategy judged

Reach

Modern apps

Aspen Mesh

F5 Security

BIG-IP

App Delivery

App Security

App Insights

Role

~$14B

Total TAM 2020

~$28B

Total TAM by 2023

We expect significant TAM growth

Reach

Modern apps

Aspen Mesh

F5 Security

BIG-IP

App Delivery

App Security

App Insights

Role

~$14B

Total TAM 2020

~$28B

Total TAM by 2023

Simplify traditional app delivery for multi-cloud environments

Enable modern app delivery at scale

Secure every app anywhere

Unlock the value of app insights

Traditional apps

Source: FY2020 TAM, IDC and F5 Strategy judged

Reach

Modern apps

Aspen Mesh

F5 Security

BIG-IP

App Delivery

App Security

App Insights

Role

~$14B

Total TAM 2020

~$28B

Total TAM by 2023

We expect significant TAM growth

Reach

Modern apps

Aspen Mesh

F5 Security

BIG-IP

App Delivery

App Security

App Insights

Role

~$14B

Total TAM 2020

~$28B

Total TAM by 2023

Simplify traditional app delivery for multi-cloud environments

Enable modern app delivery at scale

Secure every app anywhere

Unlock the value of app insights

Traditional apps

Source: FY2020 TAM, IDC and F5 Strategy judged

Reach

Modern apps

Aspen Mesh

F5 Security

BIG-IP

App Delivery

App Security

App Insights

Role

~$14B

Total TAM 2020

~$28B

Total TAM by 2023

We expect significant TAM growth

Reach

Modern apps

Aspen Mesh

F5 Security

BIG-IP

App Delivery

App Security

App Insights

Role

~$14B

Total TAM 2020

~$28B

Total TAM by 2023

Simplify traditional app delivery for multi-cloud environments

Enable modern app delivery at scale

Secure every app anywhere

Unlock the value of app insights

Traditional apps

Source: FY2020 TAM, IDC and F5 Strategy judged

Reach

Modern apps

Aspen Mesh

F5 Security

BIG-IP

App Delivery

App Security

App Insights

Role

~$14B

Total TAM 2020

~$28B

Total TAM by 2023

We expect significant TAM growth

Reach

Modern apps

Aspen Mesh

F5 Security

BIG-IP

App Delivery

App Security

App Insights

Role

~$14B

Total TAM 2020

~$28B

Total TAM by 2023

Simplify traditional app delivery for multi-cloud environments

Enable modern app delivery at scale

Secure every app anywhere

Unlock the value of app insights

Traditional apps

Source: FY2020 TAM, IDC and F5 Strategy judged

Reach

Modern apps

Aspen Mesh

F5 Security

BIG-IP

App Delivery

App Security

App Insights

Role

~$14B

Total TAM 2020

~$28B

Total TAM by 2023

We expect significant TAM growth

Reach

Modern apps

Aspen Mesh

F5 Security

BIG-IP

App Delivery

App Security

App Insights

Role

~$14B

Total TAM 2020

~$28B

Total TAM by 2023

Simplify traditional app delivery for multi-cloud environments

Enable modern app delivery at scale

Secure every app anywhere

Unlock the value of app insights

Traditional apps
F5 application services have an **unparalleled** vantage point to **leverage data**

We are building a **next generation data platform** on top of Shape’s data and AI systems

We already have AI and automation-based services in market and will be **launching more**

**Key Takeaways**

We are well on our way to opening new AI-driven markets and expect to see initial revenue in Horizon 2
F5 application services have an **unparalleled** vantage point to **leverage data**

We are building a **next generation data platform** on top of Shape’s data and AI systems

We already have AI and automation-based services in market and will be **launching more**

---

**Key Takeaways**

We are well on our way to opening new AI-driven markets and expect to see initial revenue in Horizon 2
3 Elements

OF CREATING A GREAT DIGITAL EXPERIENCE

1. Building your app
2. Delivering & securing it
3. Optimizing it via data & AI
Every day, over **7,000 PB of data** goes through the Internet

- **410 Million** Tweets sent today
- **3.9 Billion** YouTube videos viewed today
- **3.7 Million** Blog posts written today
- **45 Million** Instagram photos uploaded today
- **3.9 Billion** Google searches today
- **137 Billion** Emails sent today
- **2.6 Billion** Facebook active users
- **1.8 Billion** Total number of websites
- **366 Million** Twitter active users
- **4.7 Billion** Internet users in the world

1 PB (Petabyte) = 1,000,000,000,000,000,000 bytes

Source: [https://www.internetlivestats.com](https://www.internetlivestats.com)
Every day ~563 PB of data flows through F5 products

F5 potential data reach:

48 of Fortune 50

>450 million websites
nearly every Internet user


Compare with:

YouTube ~1235 PB daily

NETFLIX ~885 PB daily

Facebook ~285 PB daily

Instagram ~211 PB daily
Our view of data is unique due to our unique position

- Infrastructure topology, configuration, performance, health
- Application attacks, fraud & abuse, cybercriminal TTPs, threat data
- Application usage, session, client, device, core application data
- Account and user behavior, user journeys, business metrics
- Data and telemetry spanning all environments: multi-cloud, hybrid, and datacenters

Deep and broad view of application + user behavior across the Internet

Data reach includes 48 of the Fortune 50, 67% of the Top 10,000 websites
We unlock the power of data through AI

1. Leverage data
2. Train machine learning models
3. Make predictions
4. Automate actions
How we unlock the power of data through AI

~$16B Total addressable market by 2025

AI-Enabled Security & Fraud Protection
Digital Experience Management

App Performance Management & AIOps
Analytics-Enabled Business Services

AI & ANALYTICS PLATFORM

MANAGEMENT, DATA, TELEMETRY

MULTI-CLOUD APPLICATION SERVICES

Application
Business Logic

End User

©2020 F5
In 2020, privacy is paramount

F5 allows organizations to unlock the power of data while protecting data privacy from the ground up.

Multi-layered privacy controls, including data minimization, aggregation, anonymization, and encryption, built-in.
F5 application services have an unparalleled vantage point to leverage data.

We are building a next generation data platform on top of Shape's data and AI systems.

We already have AI and automation-based services in market and will be launching more.

Key Takeaways

We are well on our way to opening new AI-driven markets and expect to see initial revenue in Horizon 2.
“Bots” are not a traditional infosec issue: they’re a form of fraud and abuse

In order to detect “bots”, need to create general analytics to detect anomalies and patterns in user behavior

Highest form of such systems uses AI to produce deep insights and act on them automatically

WHAT WE ACTUALLY GOT WITH SHAPE:

An AI and data platform for advanced user analytics
Higher levels of adaptive applications optimize digital experiences

Levels of Driving Automation

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>No Automation</td>
</tr>
<tr>
<td>1</td>
<td>Driver Assistance</td>
</tr>
<tr>
<td>2</td>
<td>Partial Automation</td>
</tr>
<tr>
<td>3</td>
<td>Conditional Automation</td>
</tr>
<tr>
<td>4</td>
<td>High Automation</td>
</tr>
<tr>
<td>5</td>
<td>Full Automation</td>
</tr>
</tbody>
</table>

Levels of Adaptive Apps

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Fully manual management: traditional datacenters + CDNs</td>
</tr>
<tr>
<td>1</td>
<td>Public cloud infrastructure abstracts hardware management</td>
</tr>
<tr>
<td>2</td>
<td>Elastic scaling of infrastructure in public clouds</td>
</tr>
<tr>
<td>3</td>
<td>Predictive provisioning and scaling across public cloud and hybrid environments</td>
</tr>
<tr>
<td>4</td>
<td>App infrastructure fully self-configures and heals</td>
</tr>
<tr>
<td>5</td>
<td>Digital experience fully optimizes across apps</td>
</tr>
</tbody>
</table>
### Levels of Cybersecurity Automation

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Manual Detection &amp; Manual Response</td>
</tr>
<tr>
<td>2</td>
<td>Manual Detection &amp; Semi-Automated Response</td>
</tr>
<tr>
<td>3</td>
<td>Semi-Automated Detection &amp; Semi-Automated Response</td>
</tr>
<tr>
<td>4</td>
<td>Automated Detection &amp; Semi-Automated Response</td>
</tr>
<tr>
<td>5</td>
<td>Fully Automated Detection &amp; Fully Automated Response</td>
</tr>
</tbody>
</table>

Shape already *enhances* cybersecurity to a *high level of automation*
F5 application services have an **unparalleled** vantage point to **leverage data**

We are building a **next generation data platform** on top of Shape’s data and AI systems

We already have AI and automation-based services in market and will be **launching more**

**Key Takeaways**

We are well on our way to opening new AI-driven markets and expect to see initial revenue in Horizon 2
AI and automation product initiatives already underway

**Shape Enterprise Defense** is the model for future services: leader in AI-based fraud & abuse defense, taking apps from >90% login fraud to ~0%

**SAFE** (Shape AI Fraud Engine) builds on this to stop fraud anywhere in app

**NGINX Controller** and **Beacon** will enable infrastructure changes and issue resolution to go from hours to minutes

Customer app revenue maximizing services in pipeline: product pilots based on optimizing behavior from app interaction data have **demonstrated 2% lift in top-line revenue**
IT infrastructure & operations are using, and plan on using, AI extensively throughout their organizations

### IT I&O Usage of AI or ML

<table>
<thead>
<tr>
<th>Percentage of respondents</th>
<th>Already using AI/ML</th>
<th>Plan to use AI/ML by Y19</th>
<th>No plans to use within the next 2 years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>To analyze big data</strong></td>
<td>18%</td>
<td>42%</td>
<td>41%</td>
</tr>
<tr>
<td><strong>To use chatbots for IT service management</strong></td>
<td>15%</td>
<td>30%</td>
<td>55%</td>
</tr>
<tr>
<td><strong>To identify future failures and causes using predictive analytics</strong></td>
<td>8%</td>
<td>34%</td>
<td>57%</td>
</tr>
<tr>
<td><strong>To enhance application performance management (APM)</strong></td>
<td>6%</td>
<td>23%</td>
<td>71%</td>
</tr>
<tr>
<td><strong>To improve business productivity</strong></td>
<td>6%</td>
<td>45%</td>
<td>49%</td>
</tr>
<tr>
<td><strong>To optimize workload placement in the public cloud</strong></td>
<td>5%</td>
<td>19%</td>
<td>76%</td>
</tr>
<tr>
<td><strong>To enhance network performance monitoring and diagnostics (NPMD)</strong></td>
<td>5%</td>
<td>31%</td>
<td>64%</td>
</tr>
<tr>
<td><strong>To improve event-based root cause analysis</strong></td>
<td>4%</td>
<td>40%</td>
<td>56%</td>
</tr>
<tr>
<td><strong>To transform the business</strong></td>
<td>4%</td>
<td>42%</td>
<td>54%</td>
</tr>
<tr>
<td><strong>To “intelligently” drive automation</strong></td>
<td>3%</td>
<td>32%</td>
<td>65%</td>
</tr>
<tr>
<td><strong>To optimize IT I&amp;O</strong></td>
<td>2%</td>
<td>33%</td>
<td>65%</td>
</tr>
</tbody>
</table>

Source: Gartner, Inc 2019, ID:380851

©2020 F5
THE 2024 VISION:

Alleviating “undifferentiated heavy lifting”* for digital experiences

* Coined by Werner Vogels, CTO of Amazon
Internet app downtime, performance degradation, and suboptimal digital experiences currently result in

Billions in lost revenue

Internet apps typically have ~99.9% availability, or 7+ hours downtime per year*

Electrical grids in efficient, modern cities have 15 minutes downtime per year

App downtime costs $1.25 to $2.5 billion annually across the Fortune 1000 alone*

Adaptive Applications are worth millions of dollars per year to every typical large enterprise

“Downtime Statistics of Current Cloud Solutions”, IWGCR Paper
F5 application services have an **unparalleled** vantage point to **leverage data**

We are building a **next generation data platform** on top of Shape’s data and AI systems

We already have AI and automation-based services in market and will be **launching more**

**Key Takeaways**

We are well on our way to opening new AI-driven markets and expect to see initial revenue in Horizon 2
Combined, our **portfolio** and **go-to-market strategies** will continue driving revenue and earnings growth.

- **Simplify** traditional app delivery for multi-cloud environments
- **Enable modern app delivery at scale**
- **Secure every app anywhere**
- **Unlock the value of app insights**
- **Reach new buyers & grow customer value**
- **Deliver robust & profitable services**

**DELIVER STRONG, SUSTAINABLE SHAREHOLDER RETURNS**
Reach new buyers & grow customer value

Chad Whalen
EVP, Worldwide Sales

Mika Yamamoto
EVP and Chief Marketing & Customer Experience Officer
Our go-to-market execution and offers have, and will, deliver **accelerated software growth**

Our **public cloud partnerships** are a strong route-to-market driving differentiated offers and application expansion

Our digital revenue engine generates incremental revenue by **efficiently reaching new buyers**

**Key Takeaways**

We will accelerate growth among new buyers with greater speed and resource efficiency
Our go-to-market execution and offers have, and will, deliver **accelerated software growth**

Our public cloud partnerships are a strong route-to-market driving differentiated offers and application expansion

Our digital revenue engine generates incremental revenue by **efficiently reaching new buyers**

**Key Takeaways**

We will accelerate growth among new buyers with greater speed and resource efficiency
Other companies’ software transformations have returned mixed results

Software as % Product Revenue

<table>
<thead>
<tr>
<th>Company</th>
<th>Pre-Transformation Software Mix</th>
<th>Post-Transformation / Current Software Mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>CISCO</td>
<td>N/A 14%</td>
<td>37%</td>
</tr>
<tr>
<td>DELL</td>
<td>14%</td>
<td>21%</td>
</tr>
<tr>
<td>HP</td>
<td>1% 5%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: Company filings

Transformation Time Horizon

- **13 Years** (FY07 – FY20E)
- **8 Years** (FY05 – FY13)
- **11 Years** (FY03 – FY14)
We have recast our go-to-market approach to **capitalize** on new markets and maximize growth.
Customer commitment to F5’s security offerings is firmly established and growing

Customers trust F5 security solutions for application protection

- **1,000+** New security logo acquisitions per year
- **>50%** More than half of FY20 customers purchased security
- **29%** Annual growth in top-3 verticals (financial services, government, technology)
Customers are committing to F5 software and subscriptions for their digital transformation initiatives.

Customer software licensing adoption driven by flexibility and value.

- 44%: Software revenue growth driven by new use cases\(^1\)
- 120%: Subscription revenue growth via flexible licensing options\(^1\)
- >50%: More than half of FY20 customers purchased software offerings

\(^1\)2017-2020 CAGR
Our go-to-market execution and offers have, and will, deliver **accelerated software growth**

**Our public cloud partnerships** are a strong route-to-market driving differentiated offers and application expansion

**Key Takeaways**

We will accelerate growth among new buyers with greater speed and resource efficiency

**Our digital revenue engine** generates incremental revenue by **efficiently reaching new buyers**
Public cloud providers are actively collaborating with F5 to improve customer experience and enable new use cases.

**Improving Customer Experience**
- Solutions engineered for Public Cloud
- Programmatic customer workload migration

**Unique Strategic Programs**
- Cloud Native custom-built solutions
- Joint go-to-market programs
Strong growth in public cloud proves F5’s offerings are core to customers’ application requirements

Public cloud offerings leading to new use cases and expanding F5 footprint

- $100M Bookings milestone reached in under 4 years
- 59% Growth in customer acquisition across all geographies
- 78% Bookings growth due to use case expansion

12017-2020 CAGR
Customers are expanding footprint leveraging F5 for security and workload migration to public cloud

**Large Government**
Large government agency increasing spend with adoption of F5 security solutions over past two years.

- Security product mix
- ADC systems product mix

```
<table>
<thead>
<tr>
<th>Year</th>
<th>Total Spend CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18</td>
<td>44%</td>
</tr>
<tr>
<td>FY20</td>
<td></td>
</tr>
</tbody>
</table>
```

**Leading SaaS Technology Company**
Large SaaS leader increasing spend over past two years with meaningful shift to public cloud.

- Software product mix
- Systems product mix

```
<table>
<thead>
<tr>
<th>Year</th>
<th>Total Spend CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18</td>
<td>26%</td>
</tr>
<tr>
<td>FY20</td>
<td></td>
</tr>
</tbody>
</table>
```
In only three years, F5’s software transformation is substantially outpacing other companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Pre-Transformation Software Mix</th>
<th>Post-Transformation / Current Software Mix</th>
<th>Time Horizon</th>
</tr>
</thead>
<tbody>
<tr>
<td>F5</td>
<td>13%</td>
<td>35%</td>
<td>3 Years</td>
</tr>
<tr>
<td>Cisco</td>
<td>N/A</td>
<td>37%</td>
<td>13 Years</td>
</tr>
<tr>
<td>Dell</td>
<td>14%</td>
<td>21%</td>
<td>8 Years</td>
</tr>
<tr>
<td>HP</td>
<td>5%</td>
<td>1%</td>
<td>11 Years</td>
</tr>
</tbody>
</table>

Source: Company filings
Our go-to-market execution and offers have, and will, deliver **accelerated software growth**

Our **public cloud partnerships** are a strong route-to-market driving differentiated offers and application expansion

Our digital revenue engine generates incremental revenue by **efficiently reaching new buyers**

**Key Takeaways**

We will accelerate growth among new buyers with greater speed and resource efficiency
We have recast our go-to-market approach to capitalize on new markets and maximize growth
Our expanded portfolio enables us to **engage new buyer types** and deliver meaningful value to them.

- Simplify traditional app delivery for multi-cloud environments
- Enable modern app delivery at scale
- Secure every app anywhere
- Unlock the value of app insights
Digitally integrated engagement enables an effective and efficient means to reach new buyers

1. Identify types of customers most likely to buy with predictive models

2. Capture specific new buyers within target accounts based on their needs

3. Engage individuals/personas with personalized digital content & experiences

Likely to “move to the cloud”

Likely to “modernize application infrastructure”

Likely to “do nothing”
We focused on cloud expansion at a leading investment firm and materially expanded our footprint.

Targeted digital ads from FY20 and FY21 will expand relationships for growth.
We engaged the C-level with our full portfolio at a top US Bank and displaced competition.
Our software transition will continue to **gain momentum** to realize an unprecedented transformation.

**Software as % Product Revenue**

- **F5**
  - Pre-Transformation (FY14 Mix): 5%
  - Post-Transformation (FY22E Mix): >50%
  - Time Horizon: 5 Years (FY17 – FY22E)

- **Cisco**
  - Pre-Transformation (FY13 Mix): 21%
  - Post-Transformation (FY20 Mix): 37%
  - Time Horizon: 8 Years (FY05 – FY13)

- **Dell**
  - Pre-Transformation (FY14 Mix): 5%
  - Post-Transformation (FY20 Mix): 37%
  - Time Horizon: 11 Years (FY03 – FY14)

- **HP**
  - Pre-Transformation (FY14 Mix): 5%
  - Post-Transformation (FY20 Mix): 37%
  - Time Horizon: 13 Years (FY07 – FY20E)

Source: Company filings
Our go-to-market execution and offers have, and will, deliver **accelerated software growth**

Our **public cloud partnerships** are a strong route-to-market driving differentiated offers and application expansion

Our digital revenue engine generates incremental revenue by **efficiently reaching new buyers**

**Key Takeaways**

We will accelerate growth among new buyers with greater speed and resource efficiency
Combined, our **portfolio** and **go-to-market strategies** will continue driving revenue and earnings growth.

- Simplify traditional app delivery for multi-cloud environments
- Enable modern app delivery at scale
- Secure every app anywhere
- Unlock the value of app insights
- Reach new buyers & grow customer value

**Deliver robust & profitable services**

**DELIVER STRONG, SUSTAINABLE SHAREHOLDER RETURNS**
Deliver robust & profitable services

Tom Fountain
EVP, Global Services & Chief Strategy Officer
We are extending our services capabilities to address the requirements for Adaptive Applications.

Our services differentiate F5 and allow customers to realize value from our hardware and software.

Our services offerings provide a durable source of revenue and margin.

Key Takeaways

Services is a robust and profitable source of revenue and margin, and will remain so for the foreseeable future.
We are **extending our services capabilities** to address the requirements for Adaptive Applications.

Our services differentiate F5 and allow customers to **realize value** from our hardware and software.

Our services offerings provide a **durable source** of revenue and margin.

**Key Takeaways**

Services is a robust and profitable source of revenue and margin, and will remain so for the foreseeable future.
We offer a compelling range of value-add services

Support Services

- >280,000 Obligations under contract
- 1,300+ Service professionals

Customer Success

- >130,000 Customer cases a year
- 9.5 Customer satisfaction

Professional Services

- >1,700 Consulting engagements a year
- >19,000 Student-days of training a year

As of September 30, 2020
We are evolving the purpose of professional services to further accelerate product sales.
We are extending our services capabilities to address the requirements for Adaptive Applications.

Our services differentiate F5 and allow customers to realize value from our hardware and software.

Our services offerings provide a durable source of revenue and margin.

Key Takeaways

Services is a robust and profitable source of revenue and margin, and will remain so for the foreseeable future.
We grow **support services** as customers deploy software

Examples of long-term subscription customer buying patterns, FY18 to FY20

<table>
<thead>
<tr>
<th>Product bookings</th>
<th>Recurring¹ Services bookings</th>
<th>Overall result for F5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leading European Financial Services Firm</strong></td>
<td></td>
<td>Increase in recurring services revenue</td>
</tr>
<tr>
<td>Hardware: Consistent spend of $500k / year</td>
<td><strong>Grew By</strong></td>
<td><strong>+$2.8m</strong></td>
</tr>
<tr>
<td>Software: Increased by +$2m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grew by +$2m</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Leading North America Retailer</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hardware: Reduced by ($2m)</td>
<td><strong>Grew by</strong></td>
<td><strong>+$0.8m</strong></td>
</tr>
<tr>
<td>Software: Increased by +$2m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approximately flat bookings</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cloud-based Global Software Company</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hardware: Reduced by ($1m)</td>
<td><strong>Grew² by</strong></td>
<td><strong>+$2.3m</strong></td>
</tr>
<tr>
<td>Software: Increased by +$2m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grew by +$1m</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Recurring revenue driven by both layering new software support contracts and expansion of service offerings

¹ Includes service revenue streams that are recurring in nature such as maintenance services, enhanced services, and others. But excludes one-time services such as professional services, training, and similar.
² Growth from FY19 to FY20; large periodic 3-year service renewal in FY18
We created **customer success** for subscription software

**New Customer Success Capability**

- Accelerate new customer onboarding
- Encourage adoption and expansion
- Promote cross-sell to other solutions
- Manage at-risk renewals
- Provide a central point of coordination
- Ensure customers realize value

**Resulting in strong software subscription growth**

**Average Time to Utilize 100% of Initial Licenses**

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Months</td>
<td>22</td>
<td>7</td>
</tr>
</tbody>
</table>

Cohort analysis of customers who purchased long-term subscriptions in FY17 and FY20, examining the average number of months to reach 100% utilization of initial licenses purchased.
We are extending our services capabilities to address the requirements for Adaptive Applications.

Our services differentiate F5 and allow customers to realize value from our hardware and software.

Our services offerings provide a durable source of revenue and margin.

Key Takeaways

Services is a robust and profitable source of revenue and margin, and will remain so for the foreseeable future.
Services delivers strong revenue & margin performance

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Services Revenue</strong> $ in USD millions</td>
<td>1,201</td>
<td>1,257</td>
<td>1,325</td>
</tr>
<tr>
<td><strong>+5% CAGR</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Services Gross Profit</strong> $ in USD millions / % of revenue</td>
<td>1,040</td>
<td>1,096</td>
<td>1,155</td>
</tr>
<tr>
<td><strong>+5% CAGR</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Recurring revenue represents >90% of services revenue
Consistent attach rate >96% on initial product sales
Our **operational results** have remained durable with software.

**Services Attach**
- **Consistent Attach Rates**
  - Trailing 5-Year % attach\(^1\)
  - Hardware (perpetual): 76%
  - Software (perpetual): 75%

**New Obligations**
- **Growing Contract Base**
  - Number of obligations
  - FY18: 260,000
  - FY20: 280,000
  - +4% CAGR

**Contract Lifespan**
- **Consistent Contract Lifespan**
  - Average years under obligation
  - FY18: 5.5
  - FY20: 5.5

---

\(^1\) Number of active obligations divided by aggregate potential obligations over the prior 5 years; software includes perpetual only, excludes term-based subscriptions, marketplace consumption and managed services.
We are digitally transforming our services delivery

Customer Support

Professional Services

Customer Success

Digital Transformation
We are extending our services capabilities to address the requirements for Adaptive Applications.

Our services differentiate F5 and allow customers to realize value from our hardware and software.

Our services offerings provide a durable source of revenue and margin.

Key Takeaways

Services is a robust and profitable source of revenue and margin, and will remain so for the foreseeable future.
Combined, our portfolio and go-to-market strategies will continue driving revenue and earnings growth.

- Simplify traditional app delivery for multi-cloud environments
- Enable modern app delivery at scale
- Secure every app anywhere
- Unlock the value of app insights
- Reach new buyers & grow customer value
- Deliver robust & profitable services

DELIVER STRONG, SUSTAINABLE SHAREHOLDER RETURNS
Deliver strong and sustainable financial success

Frank Pelzer
EVP & CFO
We are transforming our business at an unprecedented pace, driving top-line growth acceleration.

We are at a pivot point where our past investments are yielding operating leverage.

We are taking a balanced approach to capital deployment.

Key Takeaways

We are positioned for, and committed to, sustainable double-digit EPS growth.
We are transforming our business at an unprecedented pace, driving top-line growth acceleration.

We are at a pivot point where our past investments are yielding operating leverage.

We are taking a balanced approach to capital deployment.

Key Takeaways

We are driving double-digit earnings growth.
Revenue growth is **accelerating**

**Total Revenue Growth**
(% year over year growth)

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>5%</td>
</tr>
<tr>
<td>FY18</td>
<td>3%</td>
</tr>
<tr>
<td>FY19</td>
<td>4%</td>
</tr>
<tr>
<td>FY20*</td>
<td>5%</td>
</tr>
<tr>
<td>Horizon 2</td>
<td>6%-7% CAGR</td>
</tr>
</tbody>
</table>

**Product Revenue Growth**
(% year over year growth)

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>2%</td>
</tr>
<tr>
<td>FY18</td>
<td>0%</td>
</tr>
<tr>
<td>FY19</td>
<td>3%</td>
</tr>
<tr>
<td>FY20*</td>
<td>5%</td>
</tr>
<tr>
<td>Horizon 2</td>
<td></td>
</tr>
</tbody>
</table>

*Illustrative based on Horizon 2 guidance of 6%-7% CAGR

* FY20 non-GAAP revenue due to Shape acquisition. See appendix for GAAP to non-GAAP reconciliation
Our software transformation is outpacing our expectations.

Software\(^1\) Mix Trends  
(% of Non-GAAP Product Revenue)

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software Mix</td>
<td>13%</td>
<td>35%</td>
</tr>
</tbody>
</table>

\(^1\)Software includes all standalone software offerings, including perpetual licenses, subscriptions, utility, and as-a-Service offerings. See appendix for GAAP to non-GAAP reconciliation.
Subscription adoption is driving sustained growth in our software business

Software Revenue Trends by Consumption Model
(non-GAAP $ in millions)

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription</td>
<td>$122</td>
<td>$150</td>
<td>$240</td>
<td>$257</td>
<td>$365</td>
</tr>
<tr>
<td>Perpetual</td>
<td>$98</td>
<td>$110</td>
<td>$132</td>
<td>$108</td>
<td>$108</td>
</tr>
</tbody>
</table>

>35% growth

FY21 software (illustrative)

120%

FY17-20 SOFTWARE SUBSCRIPTION REVENUE CAGR

1 Comprises standalone software, including term-license subscriptions, utility, and as-a-Service offerings. See appendix for GAAP to non-GAAP reconciliation
Two-thirds of our revenue is recurring with a double-digit CAGR

Recurring Revenue\(^1\) Mix
(% of Non-GAAP Total Revenue)

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1.09B</td>
<td>$1.53B</td>
</tr>
<tr>
<td>Mix</td>
<td>52%</td>
<td>65%</td>
</tr>
</tbody>
</table>

\(^1\)Reflects reported revenue from recurring sources including software subscriptions, term agreements, utility and service maintenance revenue. See appendix for GAAP to non-GAAP reconciliation.

12%
FY17-20 REVENUE CAGR
We are a sizable and growing application security player

Standalone Security\(^1\) Mix
(% of Non-GAAP Product Revenue)

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>13%</td>
<td>27%</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Comprises standalone security offerings including systems, standalone software licenses and security subscription services. See appendix for GAAP to non-GAAP reconciliation.
We are transforming our business at an unprecedented pace, driving top-line growth acceleration.

We are at a pivot point where our past investments are yielding operating leverage.

We are taking a balanced approach to capital deployment.

Key Takeaways

We are driving double-digit earnings growth.
# Our position, strategy and execution is poised to deliver double-digit EPS growth

<table>
<thead>
<tr>
<th></th>
<th>FY20A</th>
<th>Horizon 2 (FY21-22)</th>
<th>Long-Term Targets (circa 2025)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Software growth</strong></td>
<td>52%</td>
<td>35% to 40% CAGR</td>
<td>&gt;20%</td>
</tr>
<tr>
<td><strong>Software % of product revenue</strong></td>
<td>35%</td>
<td>&gt;50%</td>
<td>&gt;75%</td>
</tr>
<tr>
<td><strong>Systems growth</strong></td>
<td>-10%</td>
<td>High-to-mid single-digit decline</td>
<td>High-to-mid single-digit decline</td>
</tr>
<tr>
<td><strong>Services growth</strong></td>
<td>5%</td>
<td>Low single-digit growth</td>
<td>Low single-digit growth to flat</td>
</tr>
<tr>
<td><strong>Total revenue growth</strong></td>
<td>5%*</td>
<td>6% to 7% CAGR</td>
<td>8% to 9%</td>
</tr>
<tr>
<td><strong>Non-GAAP gross margin</strong></td>
<td>85%</td>
<td>~85%</td>
<td>Mid-to-upper 80s%</td>
</tr>
<tr>
<td><strong>Non-GAAP operating margin</strong></td>
<td>30%</td>
<td>FY21: 31% to 32%</td>
<td>FY22: 32% to 34%</td>
</tr>
<tr>
<td><strong>Non-GAAP EPS / growth</strong></td>
<td>$9.37</td>
<td>Double-digit growth</td>
<td>Double-digit growth</td>
</tr>
</tbody>
</table>

"Rule of 40" (revenue growth + non-GAAP operating margin)

|                             | Achieve in Horizon 2 | At a minimum, maintain "Rule of 40" |

* FY20 revenue growth on a non-GAAP basis to adjust for purchase accounting effect on Shape revenue.
We are transforming our business at an unprecedented pace, driving top-line growth acceleration.

We are at a pivot point where our past investments are yielding operating leverage.

We are taking a balanced approach to capital deployment.

Key Takeaways
We are driving double-digit earnings growth.
We will take a balanced approach to capital deployment

**We are committed to returning capital to shareholders**

- During FY21, we are committed to accelerated share repurchases of $500 million
- During FY22, we are committed to $500 million in share repurchases
- Beginning in FY23, we intend to return 50% of free cash flow to shareholders via share repurchases

**We expect M&A to support our Adaptive Applications strategy**

- We expect to pursue targeted M&A which accelerates our Adaptive Applications vision and topline momentum
- We expect to create operating leverage through F5 scale and infrastructure
- Our Horizon 2 non-GAAP operating margin and EPS guidance will not be negatively impacted by any potential M&A
We are transforming our business at an **unprecedented pace**, driving top-line growth acceleration.

We are at a pivot point where our past investments are yielding operating leverage.

We are taking a balanced approach to capital deployment.

**Key Takeaways**

We are positioned for, and committed to, sustainable double-digit EPS growth.
We are increasingly benchmarking two high-growth portions of our business against our **subscription and security peers**

<table>
<thead>
<tr>
<th>Subscription Peers</th>
<th>Security Peers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total enterprise value / NTM revenue(^1)</td>
<td>13.5x 36.3x 37.9x 23.5x <strong>3.6x</strong> 13.1x 10.0x 11.8x 31.4x</td>
</tr>
<tr>
<td>LTM revenue(^2) $ in USD millions</td>
<td>120% 3-YEAR CAGR(^2,3)</td>
</tr>
<tr>
<td>$566</td>
<td>$704</td>
</tr>
<tr>
<td>$540</td>
<td>$654</td>
</tr>
<tr>
<td>$389</td>
<td>$450</td>
</tr>
<tr>
<td>$267</td>
<td>$431</td>
</tr>
<tr>
<td>$257</td>
<td>$419</td>
</tr>
<tr>
<td>$253</td>
<td>$390</td>
</tr>
<tr>
<td>$189</td>
<td>$351</td>
</tr>
<tr>
<td>$155</td>
<td>$249</td>
</tr>
<tr>
<td>$109</td>
<td></td>
</tr>
</tbody>
</table>

F5 is the Fastest Grower

\(^1\) Multiples as of November 13, 2020  \(^2\) Non-GAAP subscription revenue and CAGR for F5  \(^3\) Comparison to peers include shorter periods where financials are unavailable

Products, services or company names referenced herein may be trademarks of their respective owners with no endorsement or affiliation, express or implied.
## Why invest in F5?

### 1. Massive Market Opportunity
- Uniquely positioned to win in high-growth ~$28B addressable market
- Only true multi-cloud player serving both traditional and modern apps & security with analytics

### 2. Software Transformation at Inflection Point
- Software transformation fast-approaching 50%+ of product revenue
- $250M+ subscription software business driving significant growth with 120% three-year CAGR

### 3. Operating Leverage Expansion
- Positioned to grow revenue faster than non-GAAP operating expenses and achieve “Rule of 40”
- Robust capital return program affirmed by business resiliency and success of transformation

### 4. Preeminent Team to Drive Transformation
- Passionate and determined team, uniquely qualified with app fluency and software expertise
- Significant breadth of experiences and qualifications enabling pioneering technology innovations

### Sustainable Double-Digit Non-GAAP EPS Growth
# GAAP to non-GAAP Reconciliation

**AMOUNTS IN THOUSANDS**

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GAAP revenue</strong></td>
<td>$2,090,041</td>
<td>$2,161,407</td>
<td>$2,242,447</td>
<td>$2,350,822</td>
</tr>
<tr>
<td>Acquisition-related write-downs of assumed deferred revenue</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$6,824</td>
</tr>
<tr>
<td><strong>Non-GAAP revenue</strong></td>
<td>$2,090,041</td>
<td>$2,161,407</td>
<td>$2,242,447</td>
<td>$2,357,646</td>
</tr>
<tr>
<td>GAAP gross profit</td>
<td>$1,736,556</td>
<td>$1,799,926</td>
<td>$1,885,870</td>
<td>$1,942,935</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>$21,435</td>
<td>$21,122</td>
<td>$20,385</td>
<td>$25,470</td>
</tr>
<tr>
<td>Amortization of purchased intangible assets</td>
<td>$9,372</td>
<td>$7,973</td>
<td>$7,653</td>
<td>$23,814</td>
</tr>
<tr>
<td>Facility-exit costs</td>
<td>$0</td>
<td>$352</td>
<td>$3,520</td>
<td>$2,300</td>
</tr>
<tr>
<td>Acquisition-related charges</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$127</td>
</tr>
<tr>
<td>Total adjustments to gross profit</td>
<td>$30,807</td>
<td>$29,447</td>
<td>$31,558</td>
<td>$51,711</td>
</tr>
<tr>
<td><strong>Non-GAAP gross profit</strong></td>
<td>$1,767,363</td>
<td>$1,829,373</td>
<td>$1,917,428</td>
<td>$2,001,470</td>
</tr>
<tr>
<td><strong>Non-GAAP gross margin</strong></td>
<td>84.6%</td>
<td>84.6%</td>
<td>85.5%</td>
<td>84.9%</td>
</tr>
</tbody>
</table>
## GAAP to non-GAAP Reconciliation

*(AMOUNTS IN THOUSANDS)*

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GAAP operating expense</strong></td>
<td>$1,172,600</td>
<td>$1,209,027</td>
<td>$1,367,407</td>
<td>$1,550,668</td>
</tr>
<tr>
<td>Stock-based compensation — sales and marketing</td>
<td>$69,655</td>
<td>$61,533</td>
<td>$69,477</td>
<td>$88,446</td>
</tr>
<tr>
<td>Stock-based compensation — research and development</td>
<td>$53,399</td>
<td>$47,327</td>
<td>$40,886</td>
<td>$50,271</td>
</tr>
<tr>
<td>Stock-based compensation — general and administrative</td>
<td>$30,837</td>
<td>$27,873</td>
<td>$32,166</td>
<td>$37,762</td>
</tr>
<tr>
<td>Amortization of purchased intangible assets — sales and marketing</td>
<td>$1,006</td>
<td>$1,007</td>
<td>$2,083</td>
<td>$8,612</td>
</tr>
<tr>
<td>Amortization of purchased intangible assets — general and administrative</td>
<td>$1,893</td>
<td>$2,100</td>
<td>$2,110</td>
<td>$2,178</td>
</tr>
<tr>
<td>Facility-exit costs — sales and marketing</td>
<td>$0</td>
<td>$630</td>
<td>$7,470</td>
<td>$5,100</td>
</tr>
<tr>
<td>Facility-exit costs — research and development</td>
<td>$0</td>
<td>$1,247</td>
<td>$9,994</td>
<td>$5,257</td>
</tr>
<tr>
<td>Facility-exit costs — general and administrative</td>
<td>$0</td>
<td>$285</td>
<td>$7,816</td>
<td>$3,944</td>
</tr>
<tr>
<td>Acquisition-related charges — sales and marketing</td>
<td>$0</td>
<td>$0</td>
<td>$6,551</td>
<td>$13,703</td>
</tr>
<tr>
<td>Acquisition-related charges — research and development</td>
<td>$0</td>
<td>$0</td>
<td>$16,321</td>
<td>$2,838</td>
</tr>
<tr>
<td>Acquisition-related charges — general and administrative</td>
<td>$0</td>
<td>$0</td>
<td>$18,870</td>
<td>$39,815</td>
</tr>
<tr>
<td>Impairment charges — general and administrative</td>
<td>$0</td>
<td>$0</td>
<td>$6,273</td>
<td>$0</td>
</tr>
<tr>
<td>Restructuring charges</td>
<td>$12,718</td>
<td>$18,426</td>
<td>$0</td>
<td>$7,800</td>
</tr>
<tr>
<td>Litigation expense</td>
<td>$391</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total adjustments to operating expenses</strong></td>
<td>$169,899</td>
<td>$160,428</td>
<td>$220,017</td>
<td>$265,726</td>
</tr>
<tr>
<td><strong>Non-GAAP Operating Expense</strong></td>
<td>$1,002,701</td>
<td>$1,048,599</td>
<td>$1,147,390</td>
<td>$1,284,942</td>
</tr>
</tbody>
</table>
# GAAP to non-GAAP Reconciliation

(AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GAAP operating income</strong></td>
<td>$563,956</td>
<td>$590,899</td>
<td>$518,463</td>
<td>$392,267</td>
</tr>
<tr>
<td>Total adjustments related to revenue</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$6,824</td>
</tr>
<tr>
<td>Total adjustments related to gross profit</td>
<td>$30,807</td>
<td>$29,447</td>
<td>$31,558</td>
<td>$51,711</td>
</tr>
<tr>
<td>Total adjustments related to operating expense</td>
<td>$169,899</td>
<td>$160,428</td>
<td>$220,017</td>
<td>$265,726</td>
</tr>
<tr>
<td>Total adjustments related to income from operations</td>
<td>$200,706</td>
<td>$189,875</td>
<td>$251,575</td>
<td>$324,261</td>
</tr>
<tr>
<td><strong>Non-GAAP income from operations</strong></td>
<td>$764,662</td>
<td>$780,774</td>
<td>$770,038</td>
<td>$716,528</td>
</tr>
<tr>
<td><strong>GAAP net income</strong></td>
<td>$420,761</td>
<td>$453,689</td>
<td>$427,734</td>
<td>$307,441</td>
</tr>
<tr>
<td>Total adjustments to revenue</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$6,824</td>
</tr>
<tr>
<td>Total adjustments to gross profit</td>
<td>$30,807</td>
<td>$29,447</td>
<td>$31,558</td>
<td>$51,711</td>
</tr>
<tr>
<td>Total adjustments operating expenses</td>
<td>$169,899</td>
<td>$160,428</td>
<td>$220,017</td>
<td>$265,726</td>
</tr>
<tr>
<td>Gain on sale of patent</td>
<td>$0</td>
<td>($534)</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Exclude tax effect on above items</td>
<td>($57,532)</td>
<td>($49,557)</td>
<td>($53,048)</td>
<td>($56,726)</td>
</tr>
<tr>
<td>Tax on deemed repatriation of undistributed foreign earnings</td>
<td>$0</td>
<td>$7,000</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Remeasurement of net deferred tax assets due to change in US tax rate</td>
<td>$0</td>
<td>$11,584</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Non-recurring foreign tax credit benefit</td>
<td>($21,000)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Non-GAAP adjustments</strong></td>
<td>$122,174</td>
<td>$158,368</td>
<td>$198,527</td>
<td>$267,535</td>
</tr>
<tr>
<td><strong>Non-GAAP net income</strong></td>
<td>$542,935</td>
<td>$612,057</td>
<td>$626,261</td>
<td>$574,976</td>
</tr>
</tbody>
</table>

Weighted average basic common shares outstanding:
- FY17: 64,173
- FY18: 61,262
- FY19: 60,044
- FY20: 60,911

Weighted average dilutive potential common shares outstanding:
- FY17: 64,775
- FY18: 62,013
- FY19: 60,456
- FY20: 61,378

GAAP diluted net income per common share:
- FY17: $6.50
- FY18: $7.32
- FY19: $7.08
- FY20: $5.01

Non-GAAP diluted net income per common share:
- FY17: $8.38
- FY18: $9.87
- FY19: $10.36
- FY20: $9.37