



Analyst and Investor Meeting²⁰

November 18, 2020

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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.

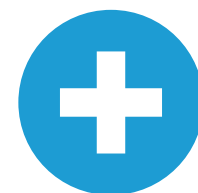


Pioneering the Adaptive Applications Era

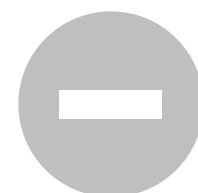
François Locoh-Donou

Chief Executive Officer

How have we done since our 2018 Analyst and Investor Meeting



Total Revenue
Software Growth Rate
Software Mix
Subscription Mix



Systems Growth Rate
Operating Margin & EPS Growth

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**

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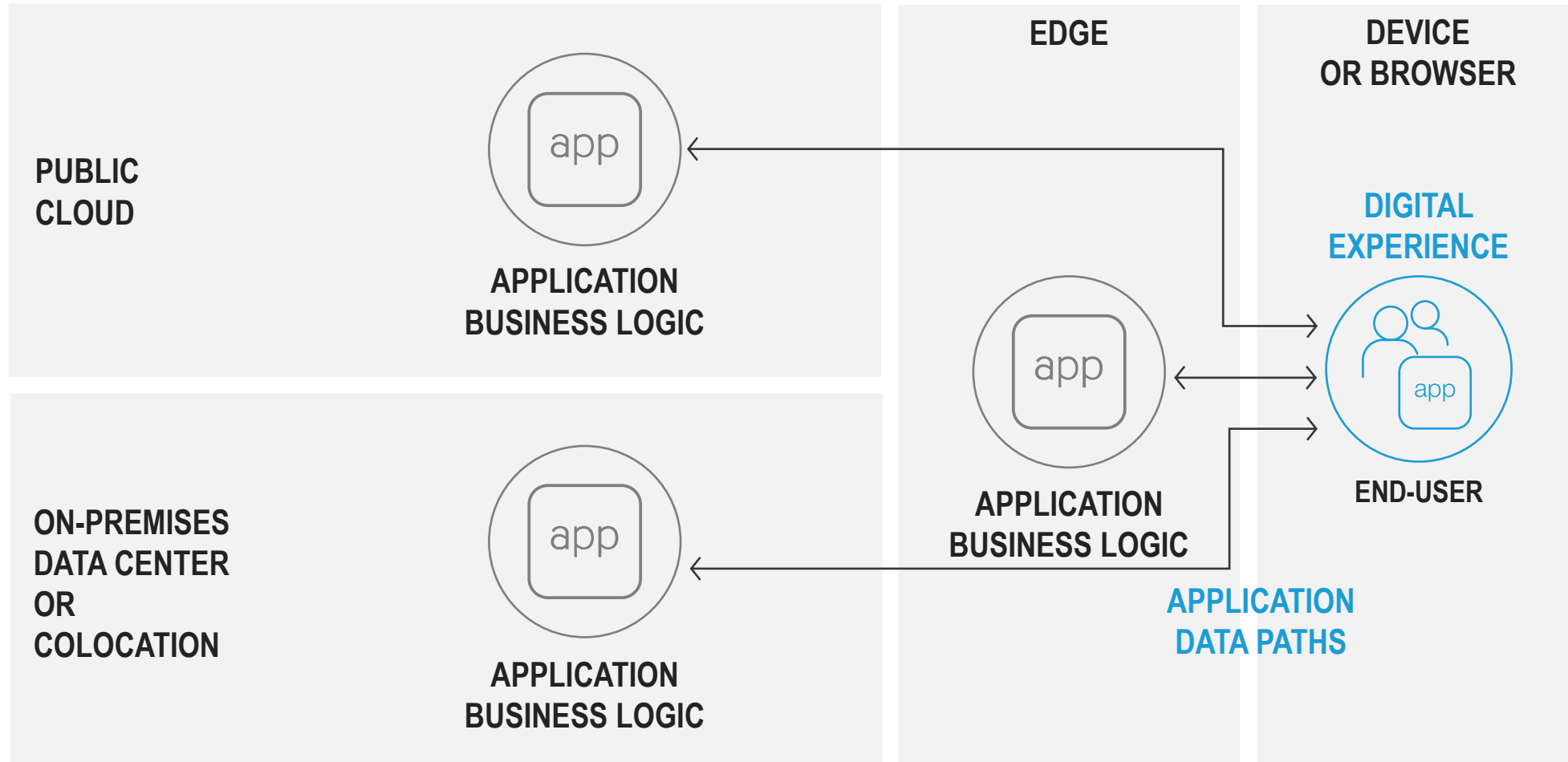
**We are positioned for,
and committed to,
sustainable double-
digit EPS growth**



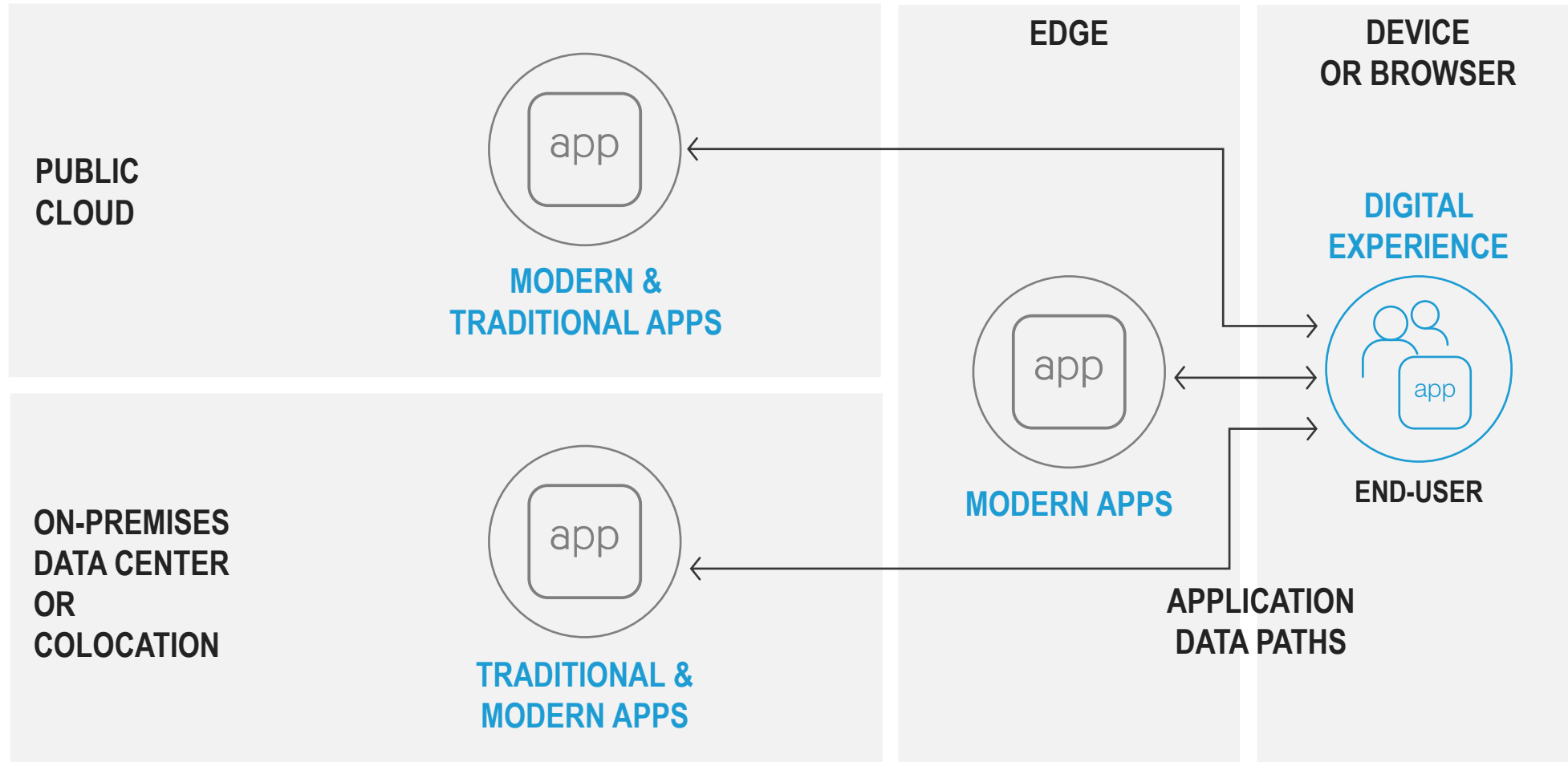
Consumers expect a rich application experience

Products, services or company names referenced herein may be trademarks of their respective owners with no endorsement or affiliation, express or implied

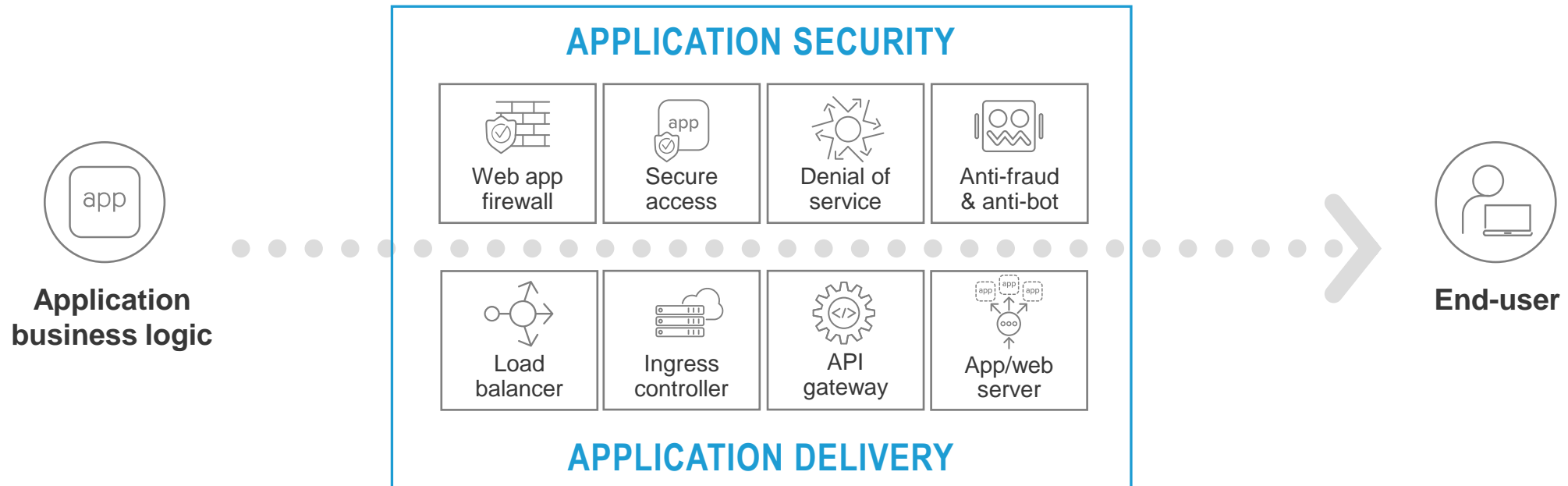
Today's **digital experiences** are often stitched together from multiple application data paths spanning on-prem to edge



Most digital experiences are comprised of a blend of **traditional** and **modern** applications

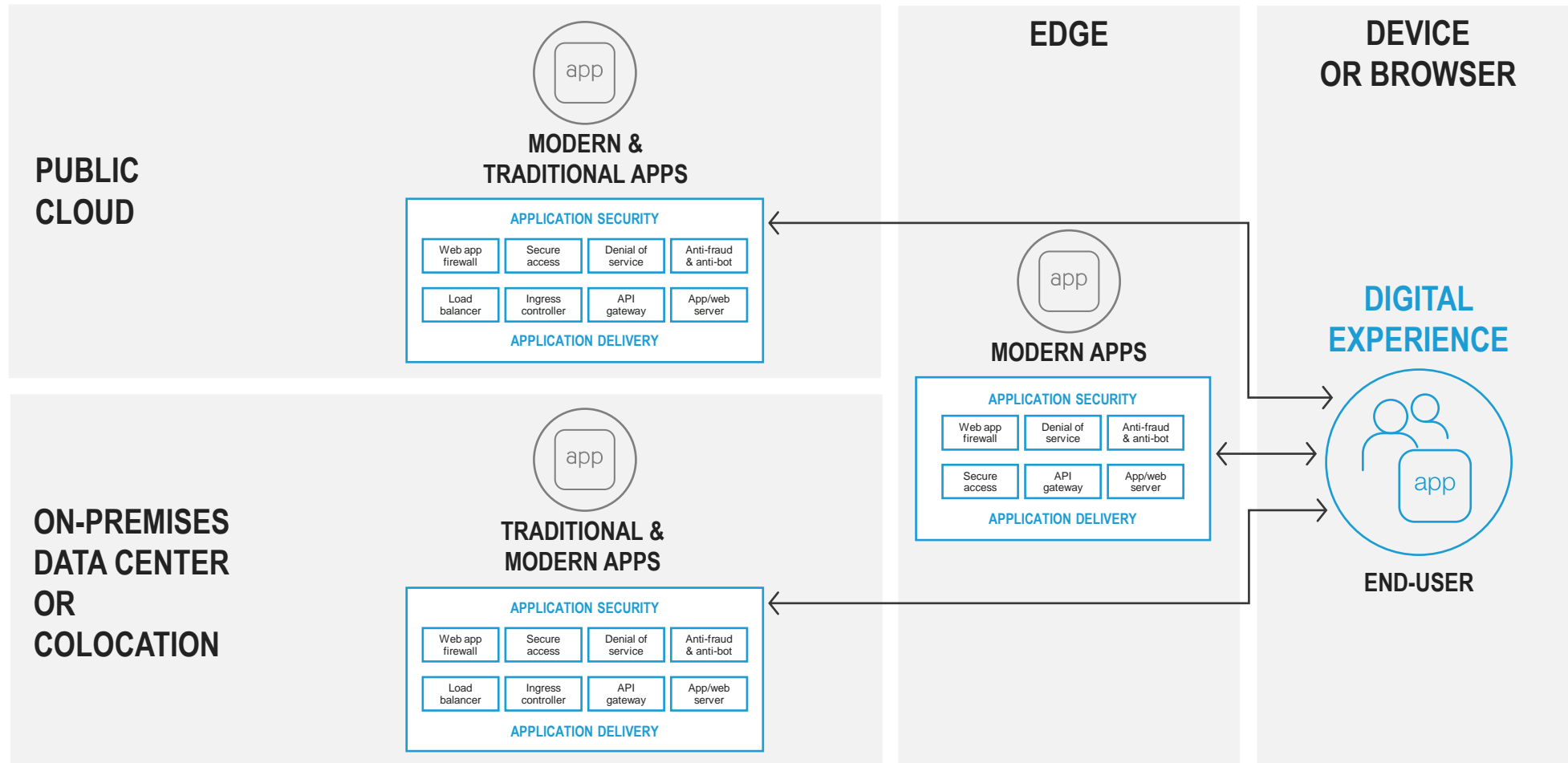


Along each data path, there are a set of application technologies required for **securing** and **delivering** the app

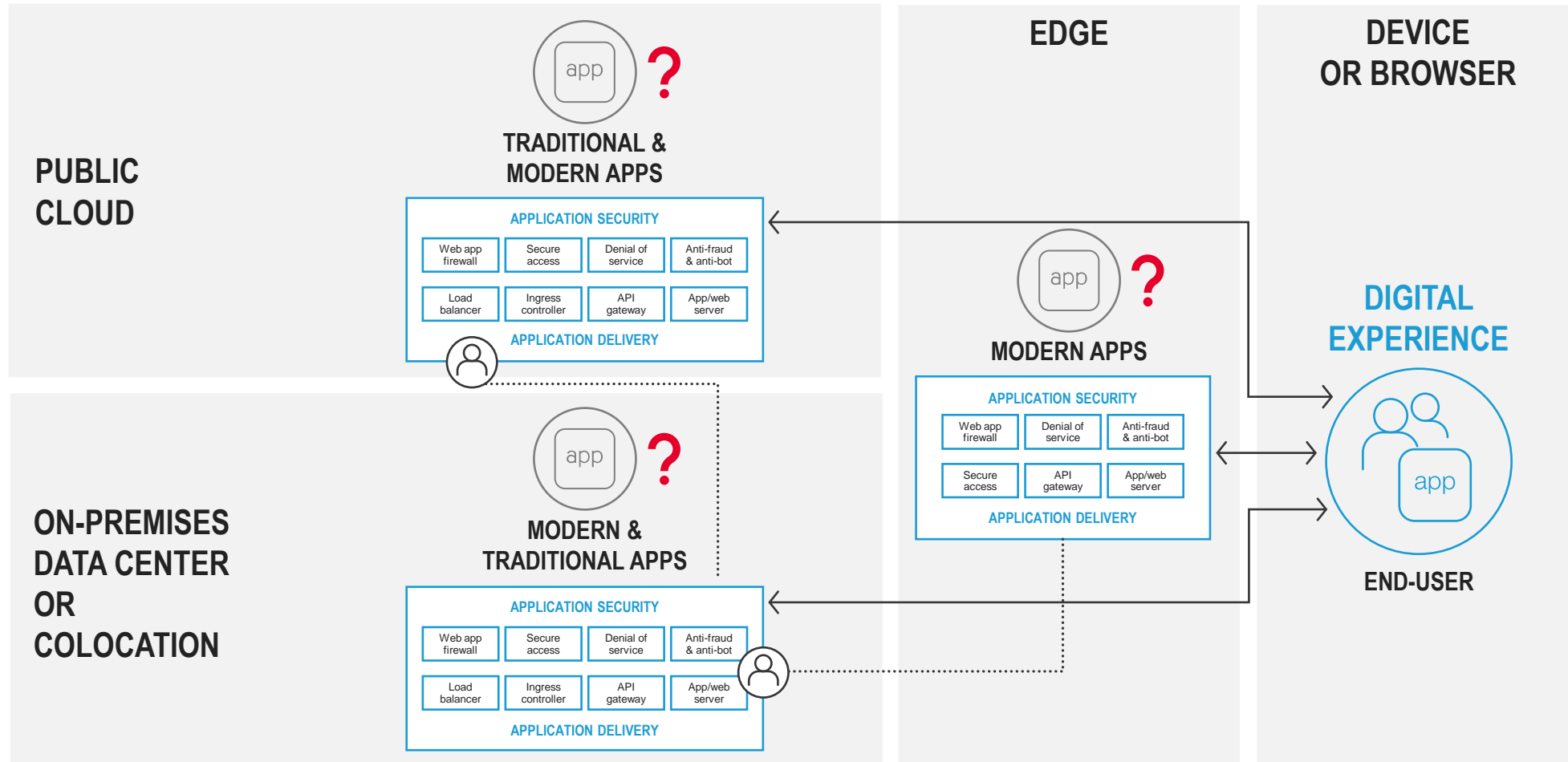


Application security and delivery needs for modern and traditional apps are different

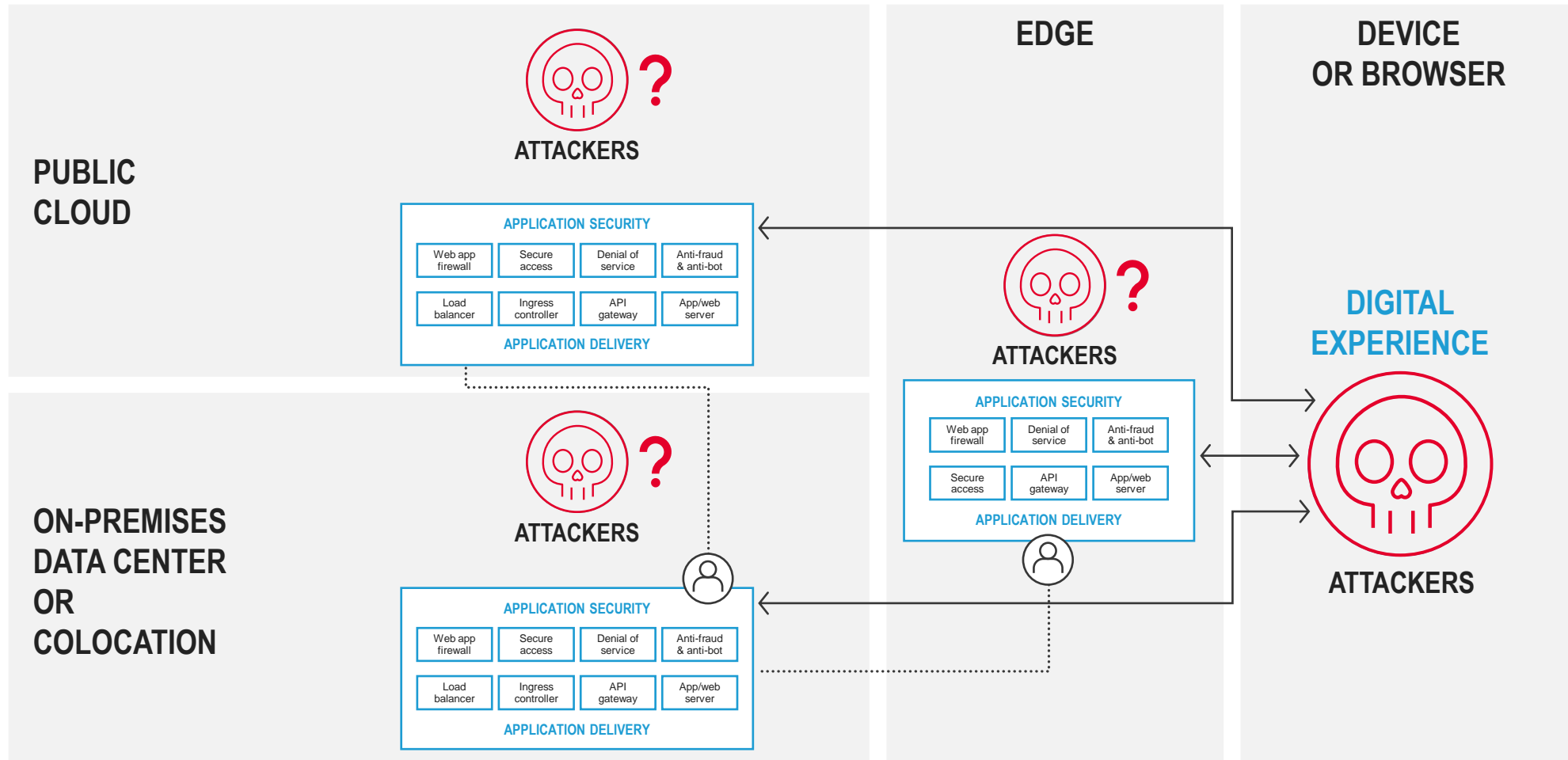
Inconsistency of technologies across environments is creating unsustainable technical and operational debt



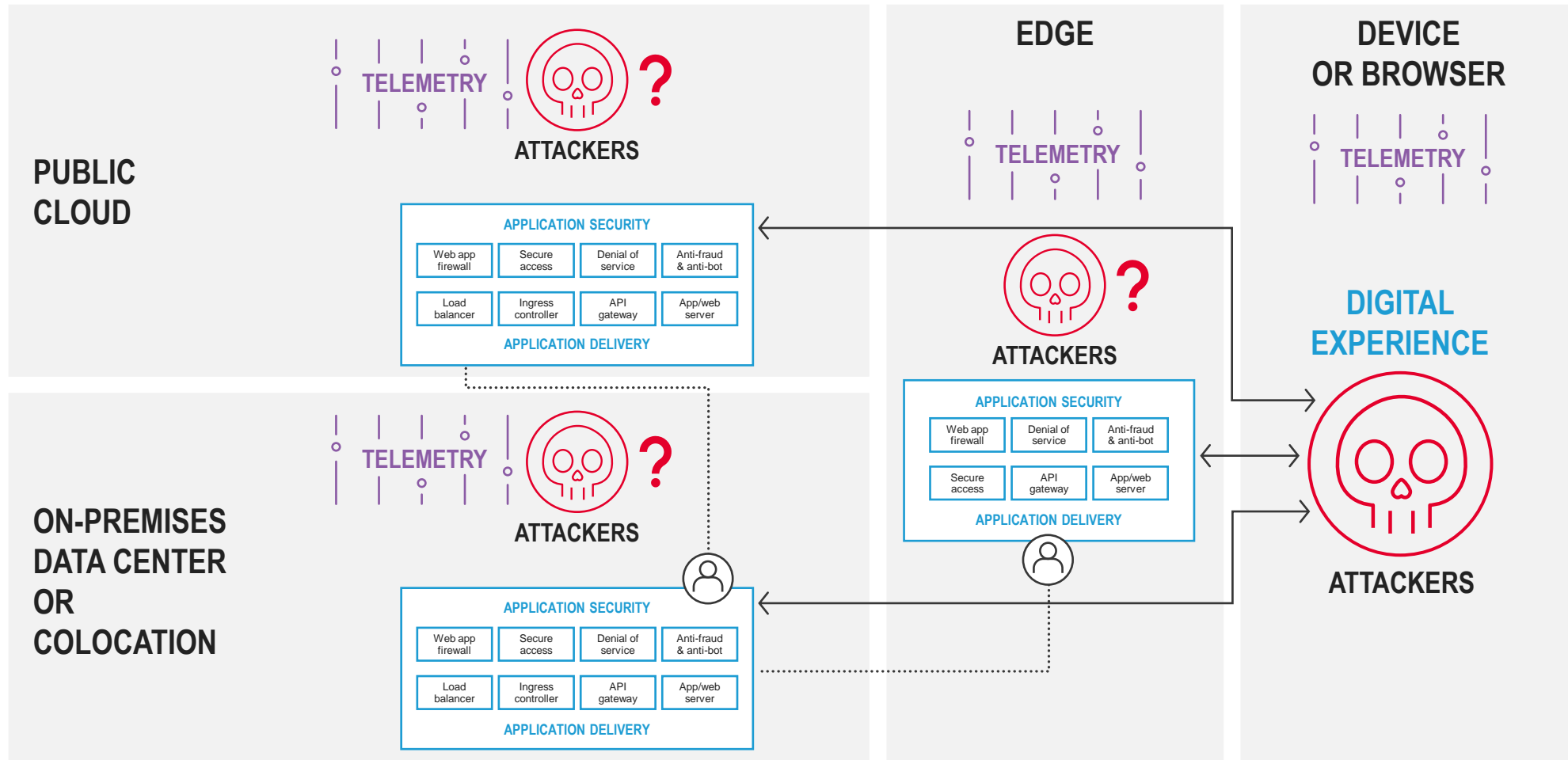
Manual stitching together is not fast or scalable, and it leaves organizations vulnerable



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.

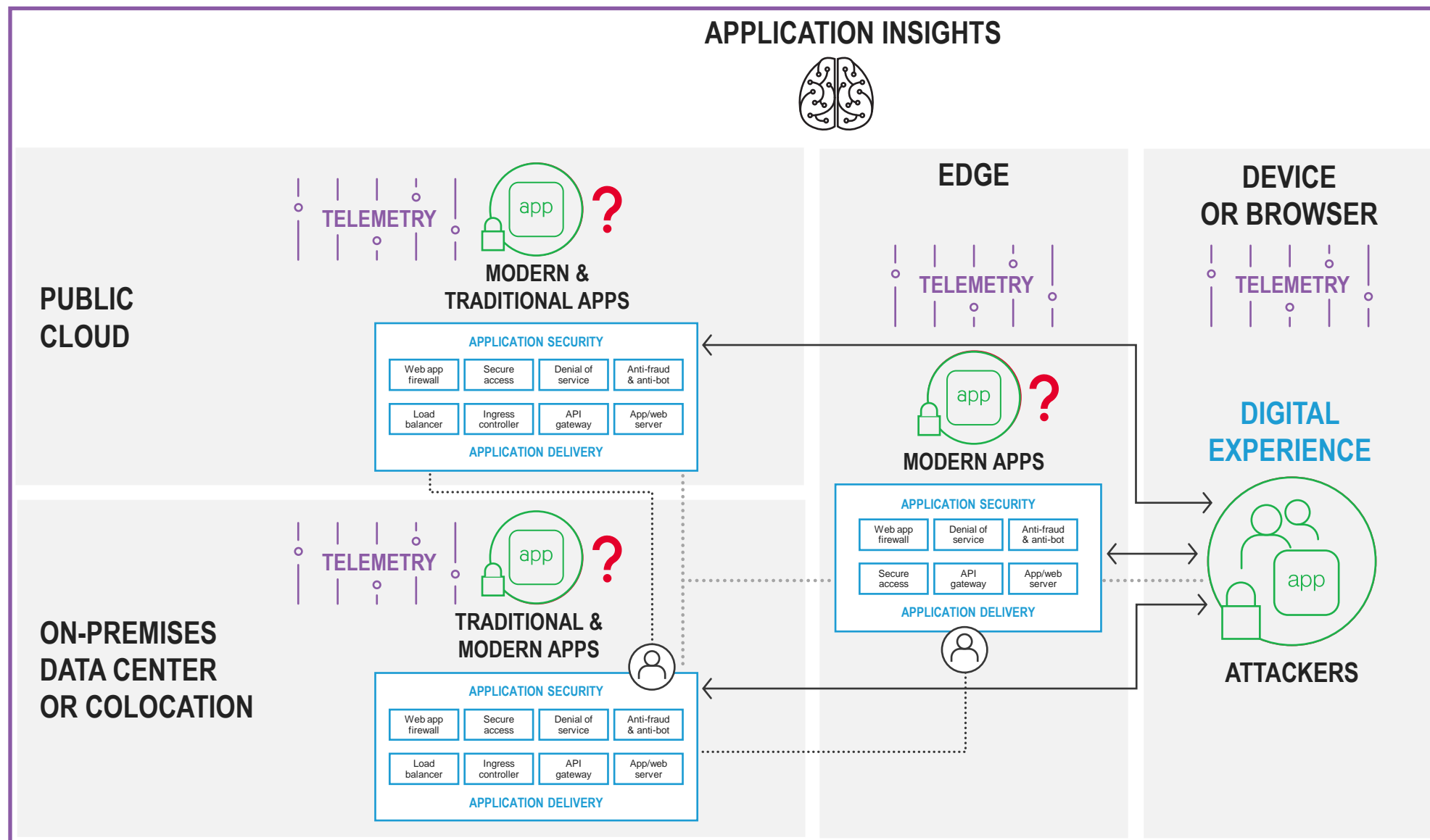
We see a world where our customers' app portfolios adapt to environmental changes

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



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

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As we evolve, we remain focused on our original purpose: solving our customers' most important application challenges

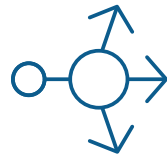


1996 – 2004



Load Balancer

Scale websites



2005 – 2015



Application Delivery Controller

Scale and secure
mission-critical applications



The Next Evolution

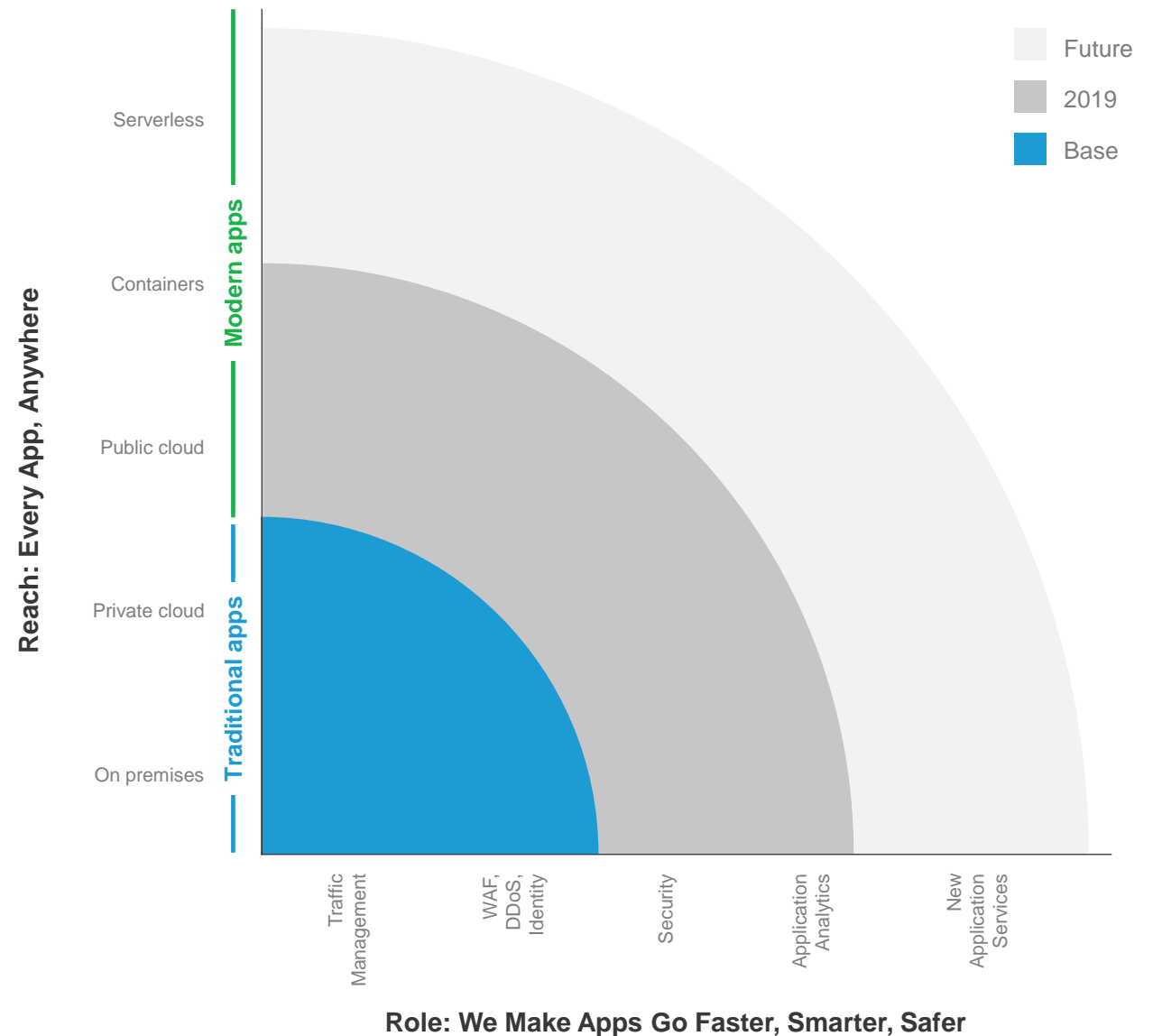


Multi-cloud Application Security & Delivery

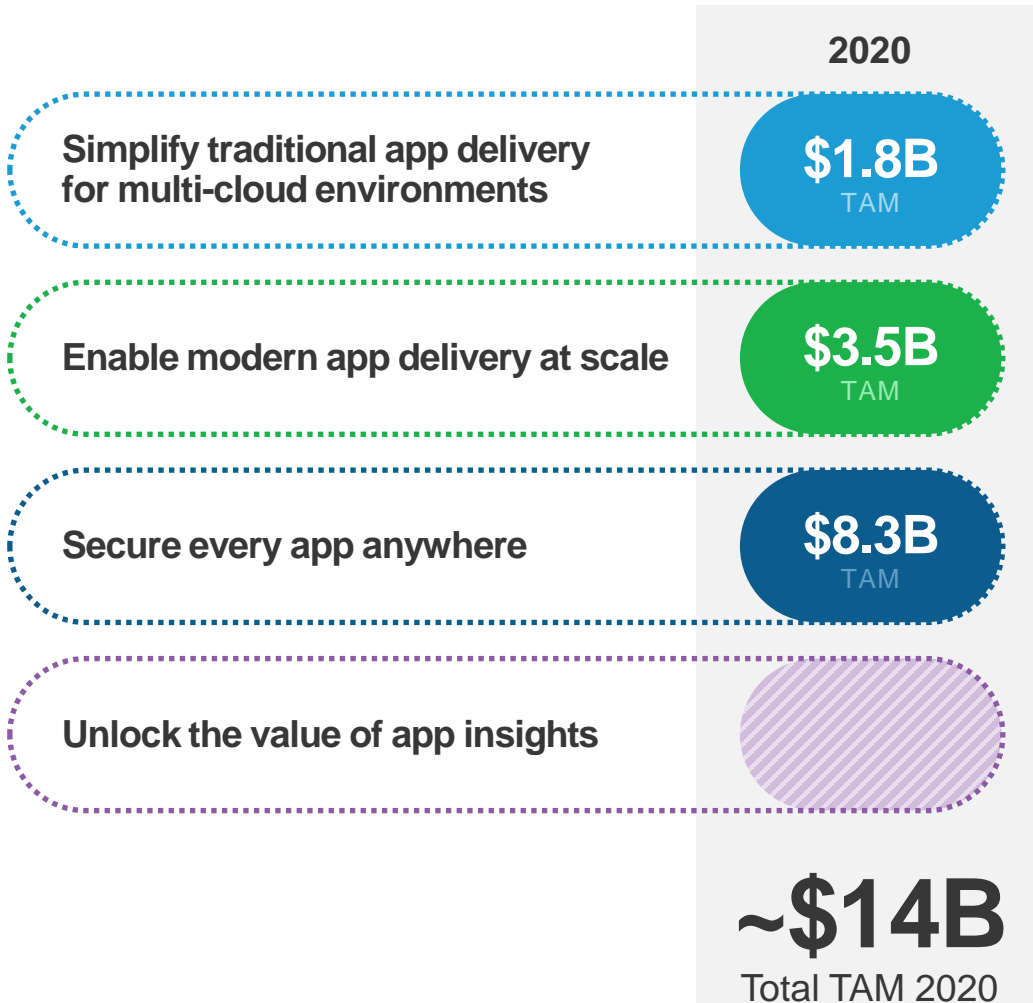
Scale, secure, and
AI-optimize traditional and
modern applications

IN MARCH 2018,

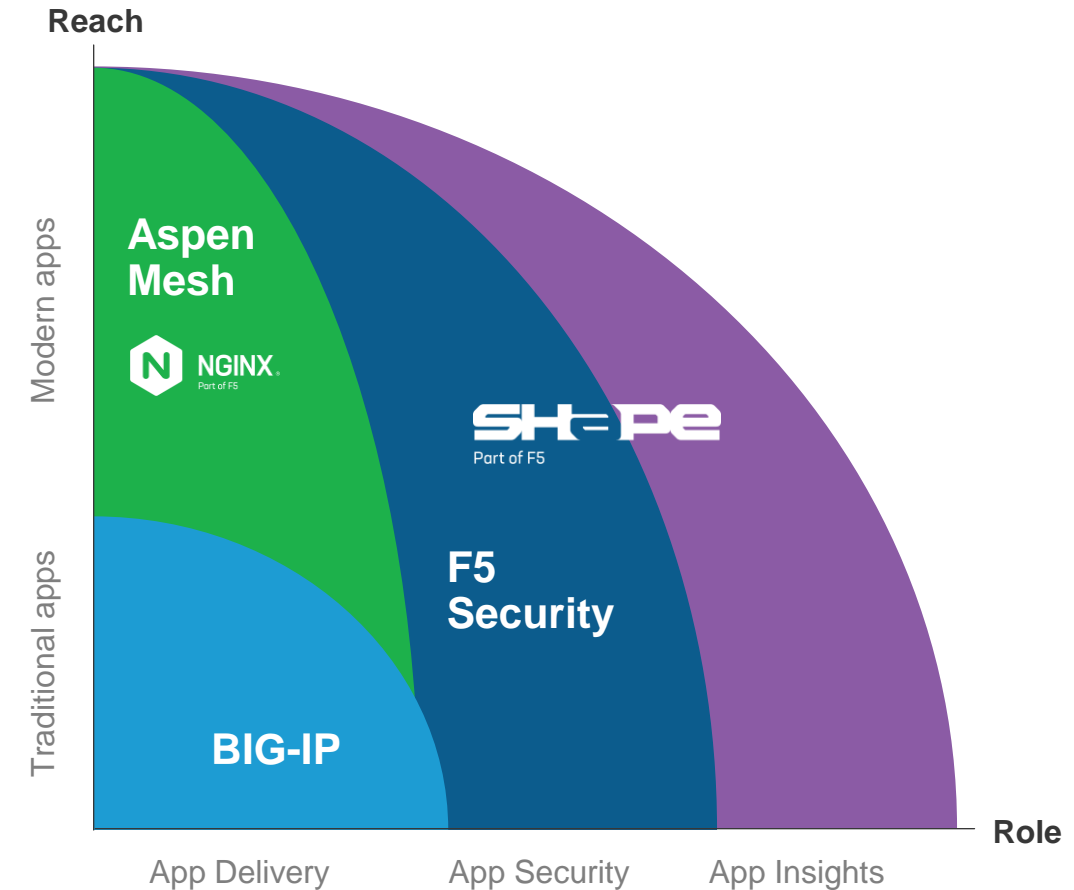
We said we would
extend our reach
and **expand** our role



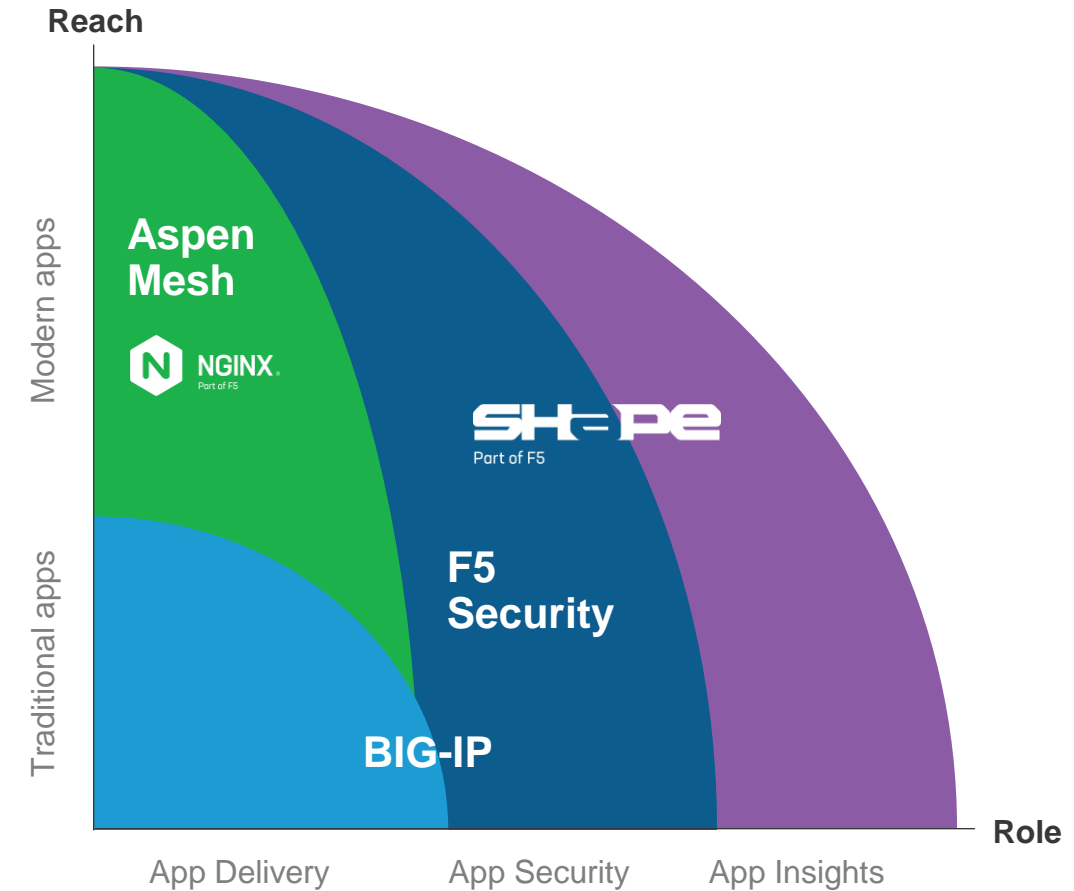
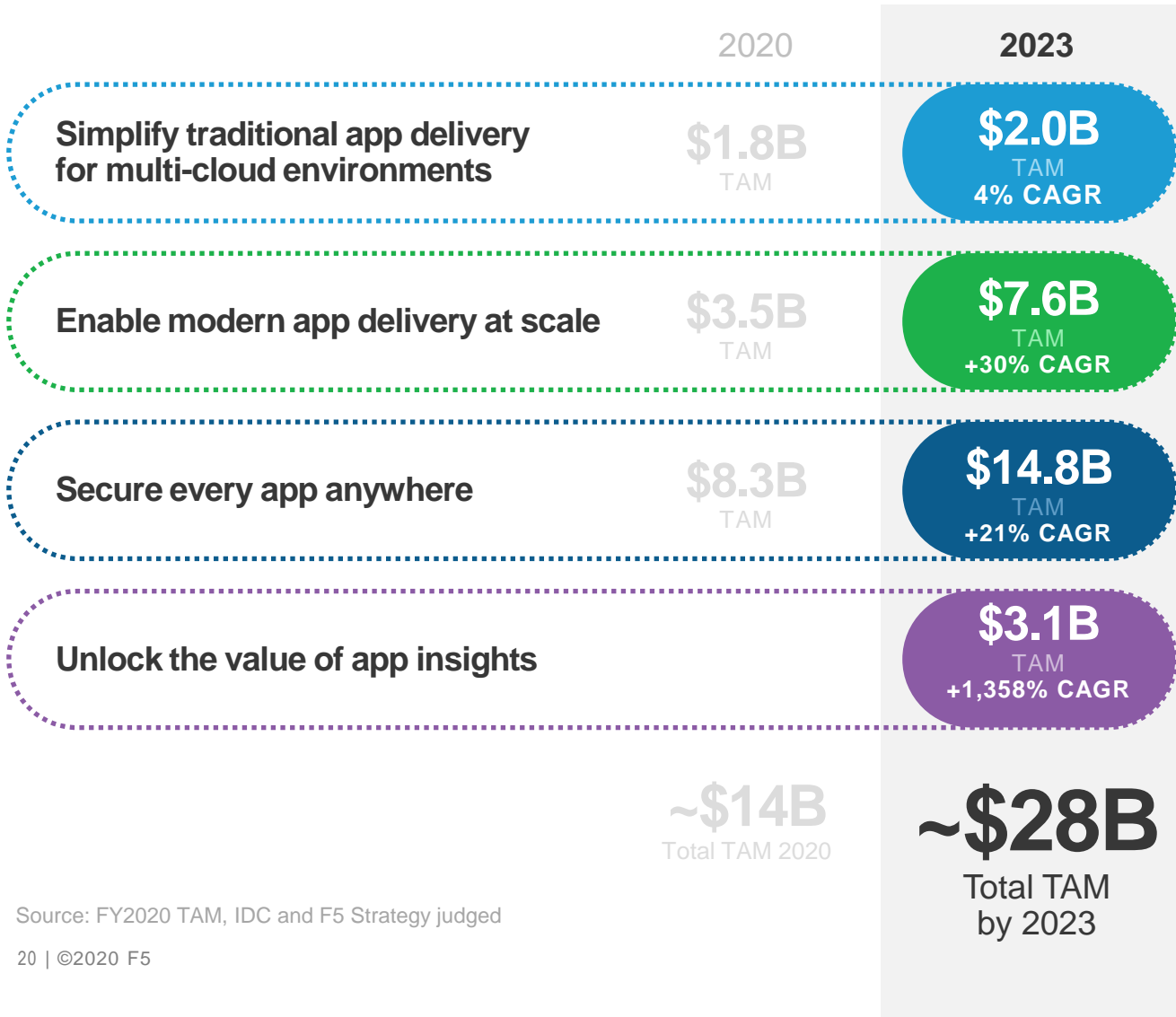
We have built the broadest available app services portfolio to dramatically expand our addressable market



Source: FY2020 TAM, IDC and F5 Strategy judged

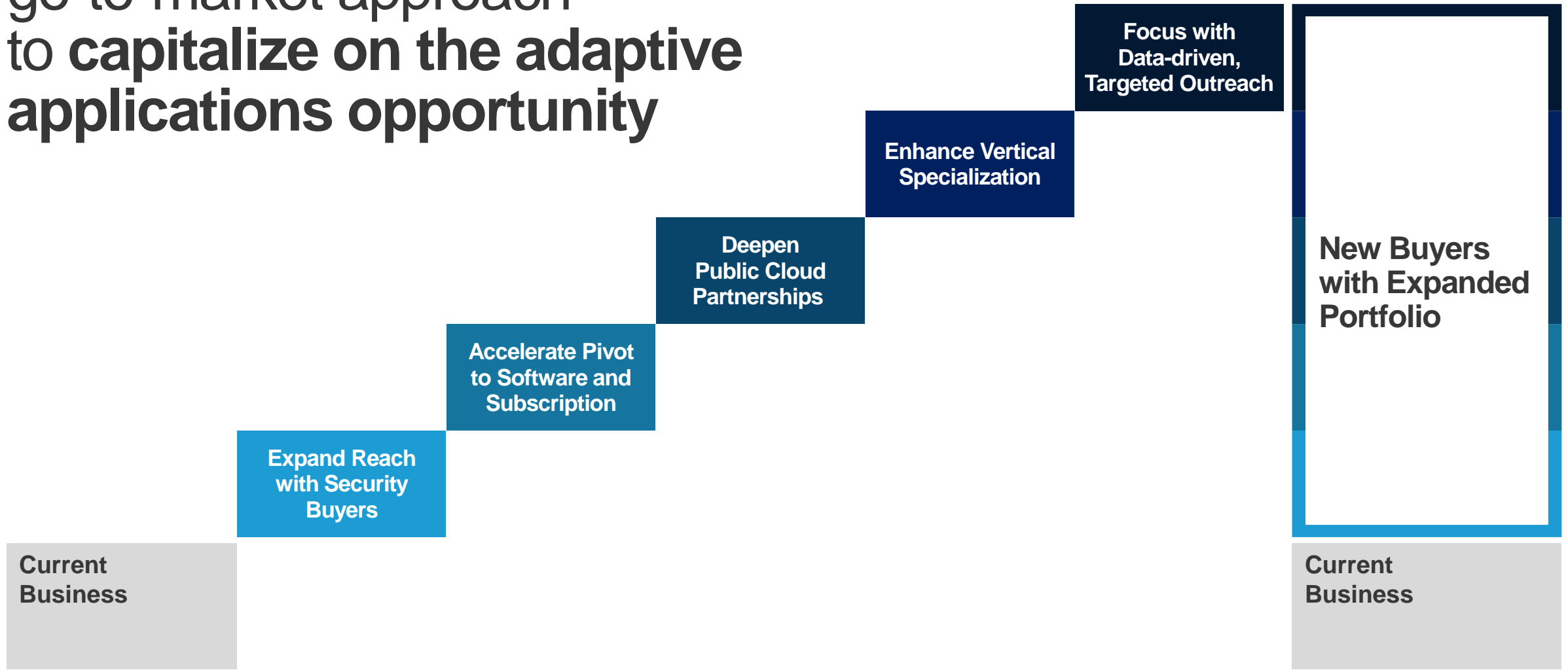


We have assembled the only portfolio that can deliver on the opportunity of adaptive applications



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



NGINX®

Part of F5

16-mos post acquisition, FY20

Revenue Growth, FY19 to FY20

~109%¹

Growth in Average Deal Size

+57%

Growth in Number of Paid
Subscription Customers

+23%

Innovation Velocity

3 major new solutions launched

Portfolio Integration

**Security on NGINX, app visibility
and management**

Go-to-market Velocity

**Fully mapped to F5 sales on
a district level**

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

Non-GAAP Revenue & ARR Growth,
FY19 to FY20 (ratable subscription business)

Growth in Average Deal Size

Addition of New Customers

Innovation Velocity

Portfolio Integration

Go-to-market Velocity

8-mos post acquisition, FY20

35%¹ & 44%

+47%

+15%

2 new products launched

Integrated with BIG-IP & Silverline

**Global F5 sales force is
Shape-enabled**

¹See appendix for GAAP to non-GAAP reconciliation.

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**We are positioned for,
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digit EPS growth**

There are **three key indicators** for our long-term success



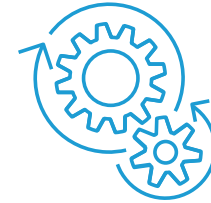
Software Transformation

Software contributes the majority of product revenue



Software Subscription

Software subscription is 80%+ of software revenue



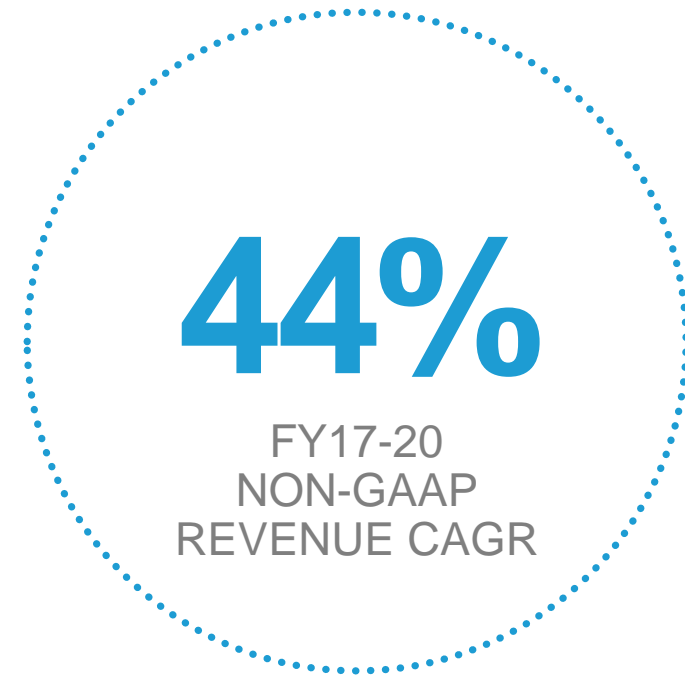
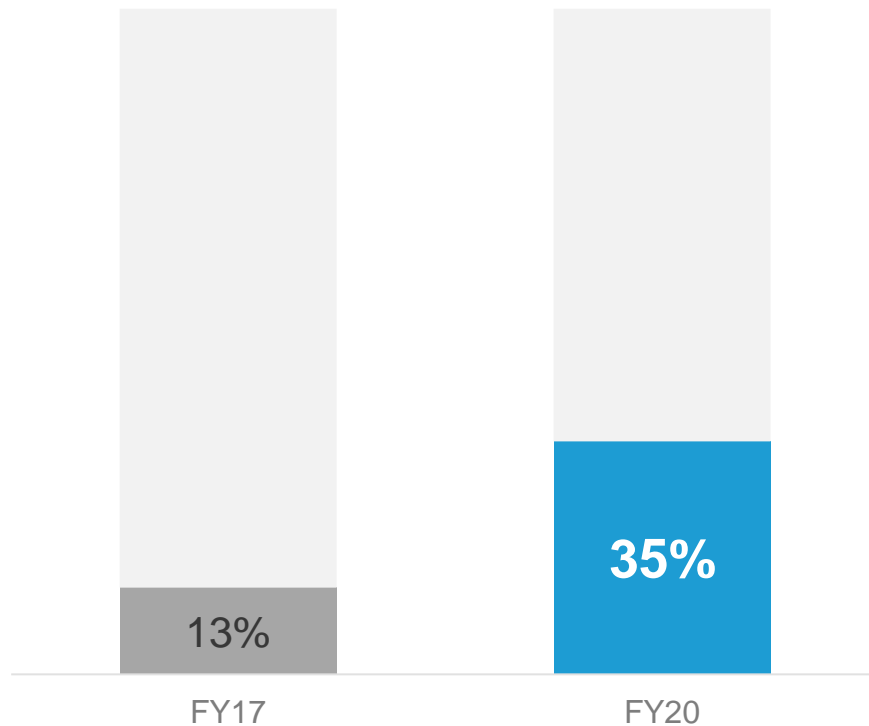
Operating Discipline

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

Software¹ Mix Trends

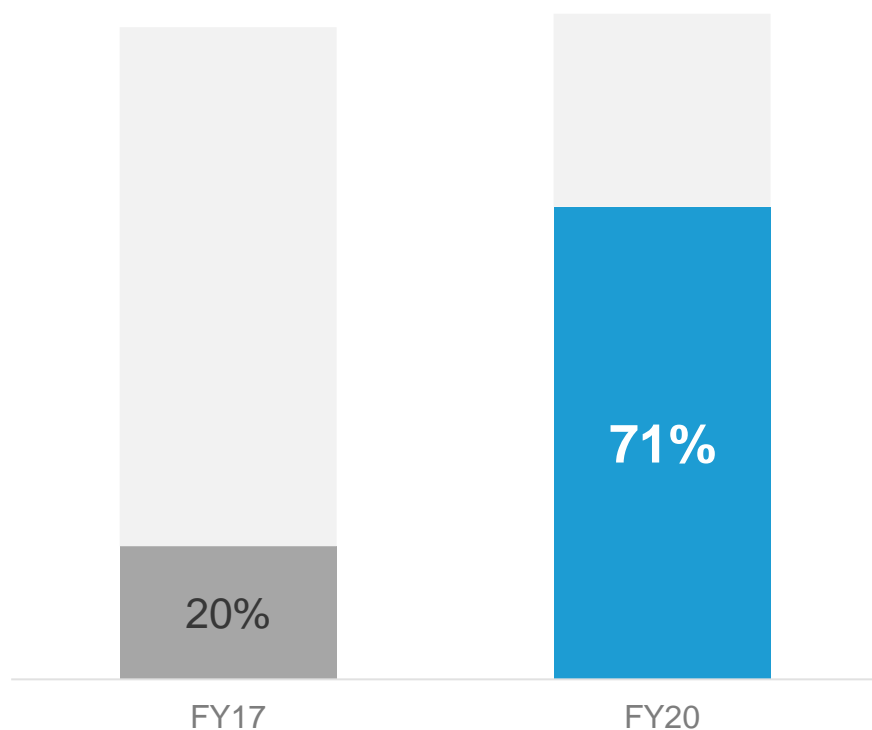
(% of Non-GAAP Product Revenue)



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**

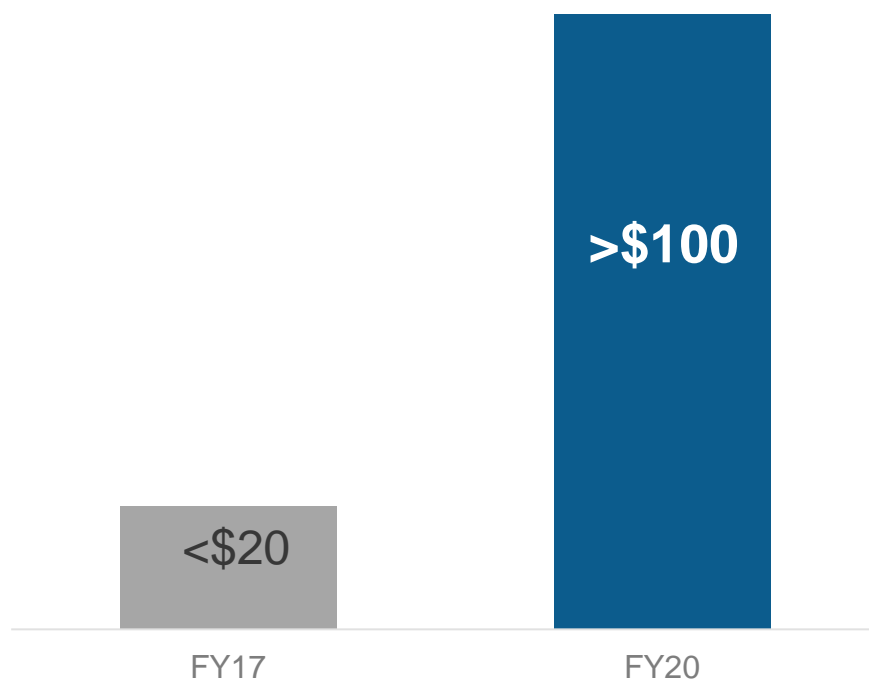
Software Subscription¹ Mix
(% of Non-GAAP Software Revenue)



¹Comprises 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

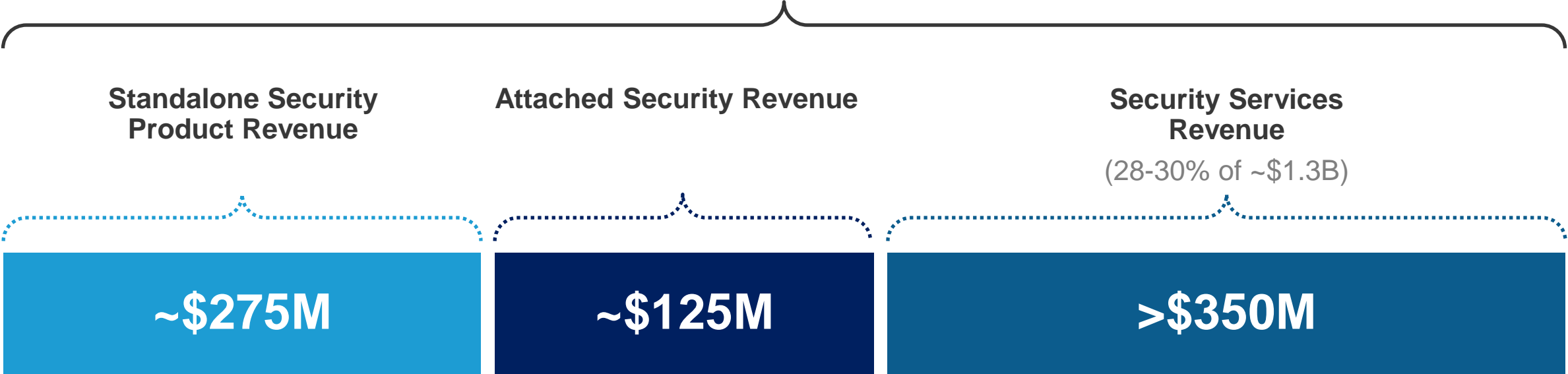
Public Cloud Bookings
(\$ Millions)



In fact...we are one of the top two **application security** players today

>\$750M¹

Total Non-GAAP Security Revenue FY2020



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

Annualized \$ in USD millions



Next Five Years: Realize Operating Margin Leverage

Annualized \$ in USD millions



~\$250 million

Cumulative
FY18 – FY25
annualized
cost reductions

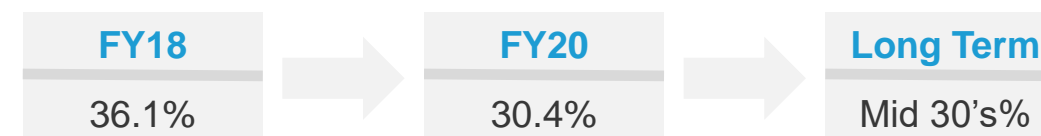
Accelerated Organic Software Transformation

- 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



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

Functional area Cost reduction initiatives

| | |
|---|---|
| Corporate / Company Wide | <ul style="list-style-type: none">• Enacted two significant staff reductions (~10%) in past 3 years• Leverage low-cost locations and automation• Execute acquisition synergies |
| COGS / Gross Margin | <ul style="list-style-type: none">• Shift manufacturing to Mexico to reduce freight/logistics costs• Knowledge management to increase call deflection rates• Renegotiate spend with largest suppliers |
| Research & Development | <ul style="list-style-type: none">• Rebalancing R&D resources across high-cost/low-cost locations• Streamlining organizational seniority pyramid |
| Sales & Marketing | <ul style="list-style-type: none">• Grow low-cost/Inside sales model• Adjust sales incentives and partner programs |
| Incremental Efficiency (FY21 & beyond) | <ul style="list-style-type: none">• Leverage AI/automation to improve sales productivity• Leverage customer success to reduce subscription renewal cost• Embrace work-from-home to reduce facilities costs and travel |

**~\$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

| | FY20A | Horizon 2 (FY21-22) |
|--|---------------|--------------------------------------|
| Software growth | 52% | 35% to 40% CAGR |
| Software % of product revenue | 35% | >50% |
| Systems growth | -10% | High-to-mid single-digit decline |
| Services growth | 5% | Low single-digit growth |
| Total revenue growth | 5%* | 6% to 7% CAGR |
| Non-GAAP gross margin | 85% | ~85% |
| Non-GAAP operating margin | 30% | FY21: 31% to 32% FY22: 32% to 34% |
| Non-GAAP EPS / growth | \$9.37 | Double-digit growth |
| “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



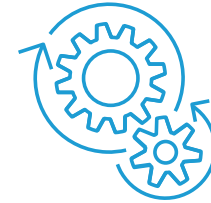
Software Transformation

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**.

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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.



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.

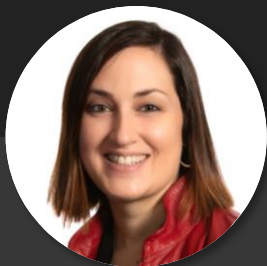
Living our Values with a Human-First Approach

- 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

Mika Yamamoto

CMC XO

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

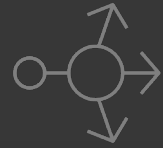


Analyst and Investor Meeting²⁰

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



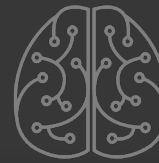
Simplify traditional app delivery for multi-cloud environments



Enable modern app delivery at scale



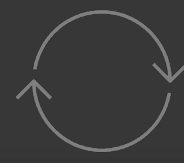
Secure every app anywhere



Unlock the value of app insights



Reach new buyers & grow customer value



Deliver robust & profitable services

DELIVER STRONG, SUSTAINABLE SHAREHOLDER RETURNS



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

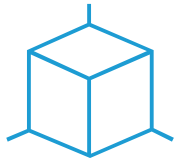
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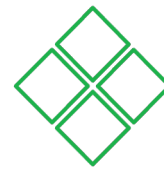
Today's application landscape – a tale of two apps



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

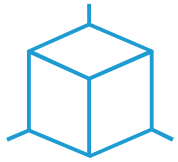


Modern Apps

Container- or Cloud-Native

- IaaS and Gen 2 SaaS Platforms
- Content and media distribution platforms
- Customer engagement front-ends
- Service Provider 5G core

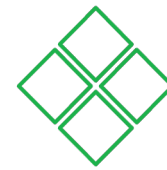
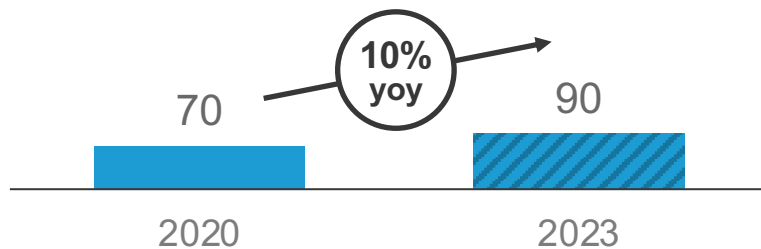
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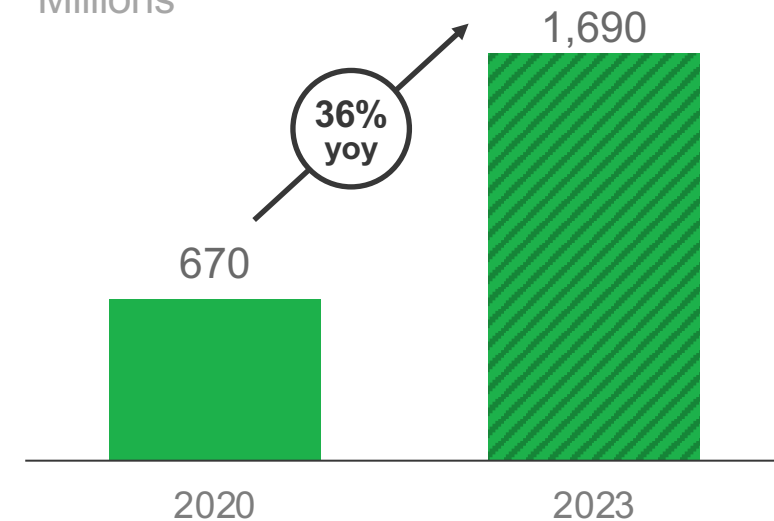
Number of app instances
Millions



Modern Apps

Container- or Cloud-Native

Number of app instances*
Millions



Source: IDC, 2019

7 | ©2020 F5

* 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



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

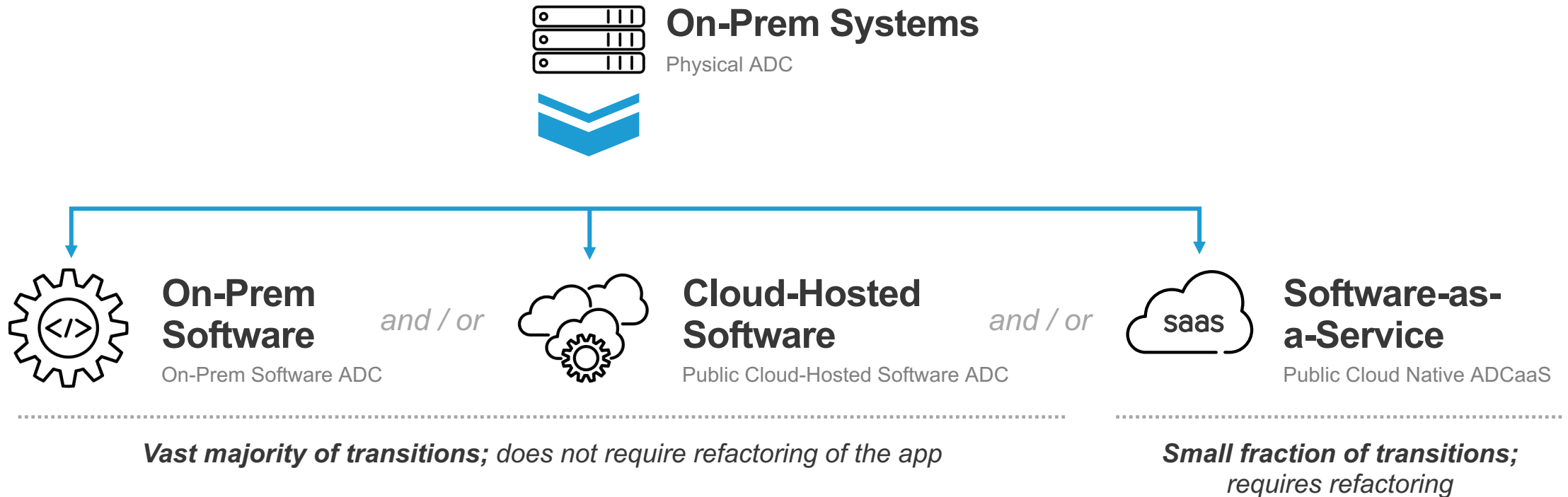
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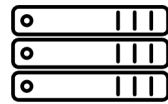
Key Takeaways

We will continue to drive aggregate revenue growth in traditional apps

App delivery for traditional apps is **transitioning** from systems to software and cloud



Transition from systems to on-prem or cloud-hosted software for traditional apps is **accretive to F5**



On-Prem Systems

Physical ADC

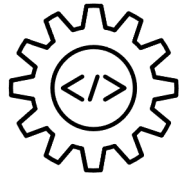


Price

Base unit price

Quantity

Single unit deployed to support multiple apps



On-Prem Software

On-Prem Software ADC

and / or



Cloud-Hosted Software

Public Cloud-Hosted Software ADC

▬ Same

Price

Moderately lower unit price, similar gross profit

▲ Better

Quantity

Virtual units deployed at the same time as physical to support apps transitioning at different times

▲ Better

Price

Higher unit price as attach rate for security services is higher in cloud deployments

▲ Better

Quantity

More units deployed across different clouds

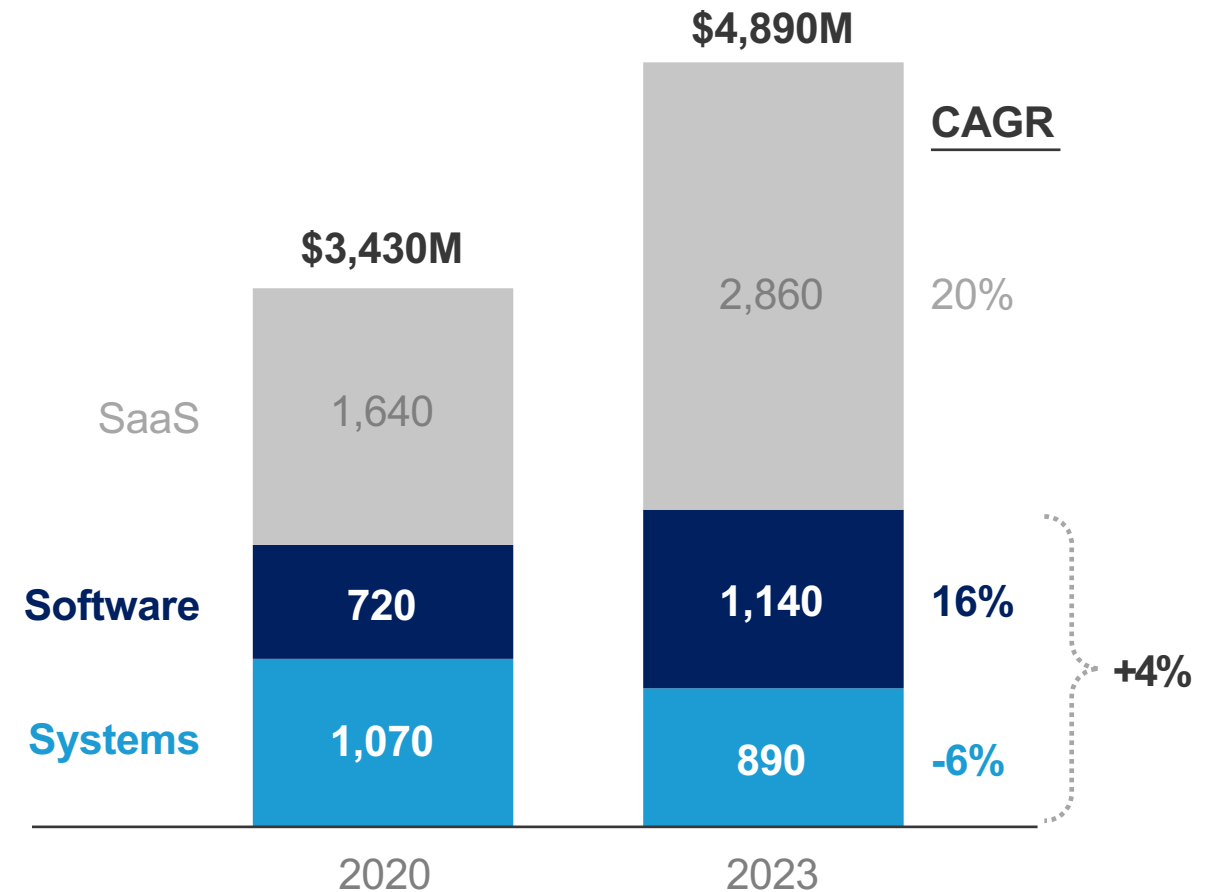
These dynamics are reflected
in analysts' outlook for the
application delivery market

Low single-digit growth forecasted in ADC software and systems

Source: IDC & F5, 2020

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Worldwide ADC Market
US\$, Millions



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

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 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

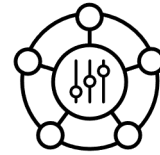
- Multi-cloud deal including software in public cloud and refresh of on-prem hardware
- Term subscription-based relationship that future-proofs customer investments in on-prem systems with ability to transition entitlements to public cloud

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

Customer building
a new 4G and 5G
core network that will
“innovate at the speed
of software and scale
at the speed of cloud”*

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

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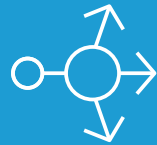


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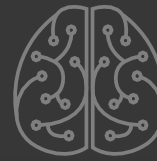
Simplify traditional app delivery for multi-cloud environments



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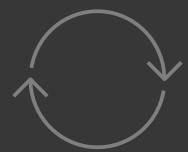
Secure every app anywhere



Unlock the value of app insights



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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

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Consumer App Experiences Set the Bar for Enterprises

Digital Pioneers

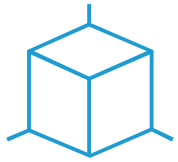
NETFLIX



Digital Mainstream



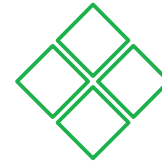
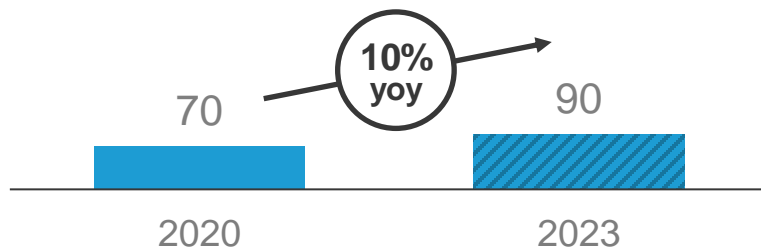
Explosive Future Growth in Modern Apps



Traditional Apps

Monolithic, Client-Server, Three-Tier

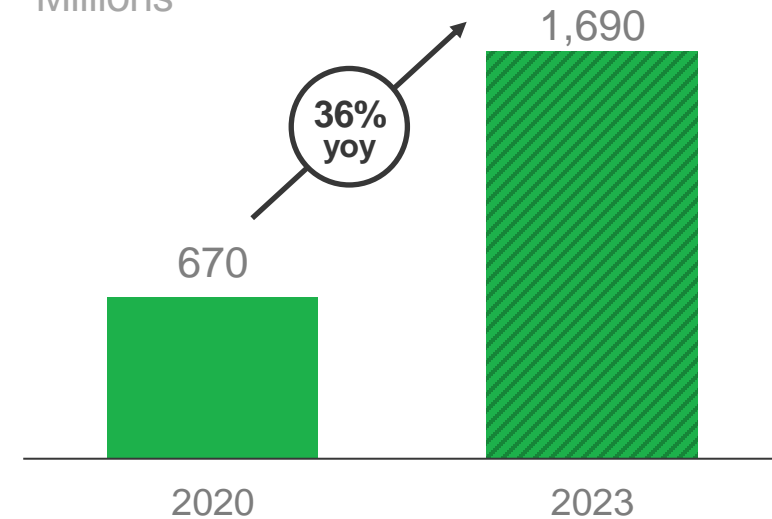
Number of app instances
Millions



Modern Apps

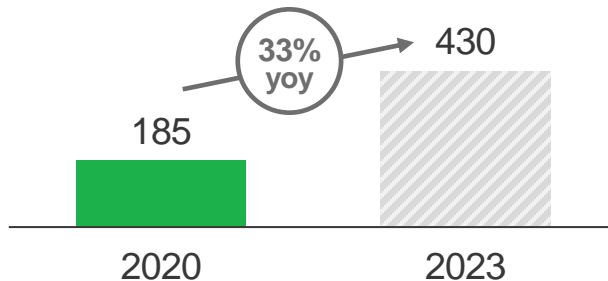
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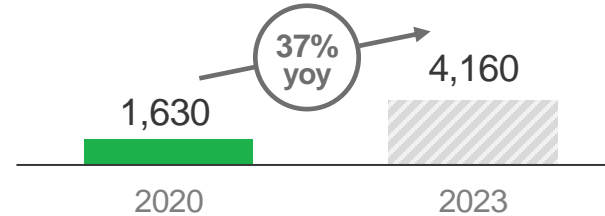


Modern App Delivery **significantly** **expands F5's** **addressable market**

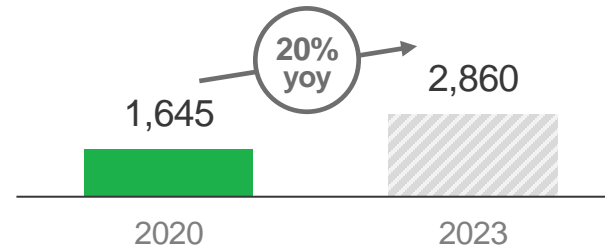
Worldwide Modern Apps
Software ADC Market
US\$, Millions



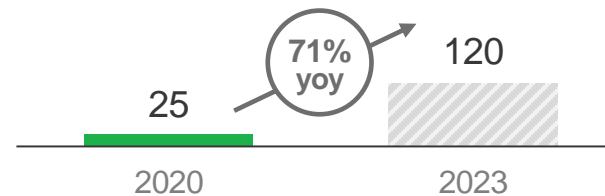
Worldwide API Management Market
US\$, Millions



Worldwide ADC aaS Market
US\$, Millions



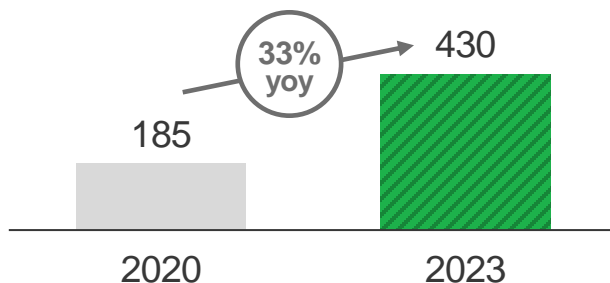
Worldwide Service Mesh Market
US\$, Millions



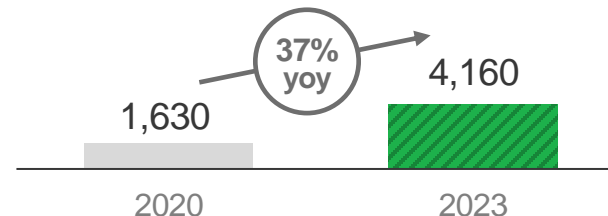
~\$3.5B
Market opportunity
today*

Modern App Delivery **significantly** **expands F5's** **addressable market**

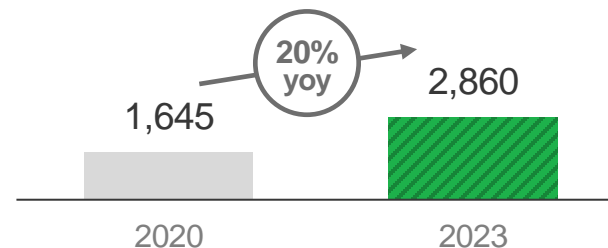
**Worldwide Modern Apps
Software ADC Market**
US\$, Millions



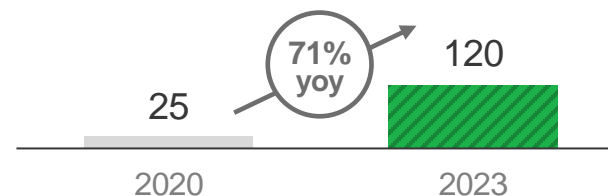
Worldwide API Management Market
US\$, Millions



Worldwide ADC aaS Market
US\$, Millions



Worldwide Service Mesh Market
US\$, Millions



~\$7.6B
Market opportunity
in 2023*

Modern app delivery **expands F5's addressable market** to large, fast growing areas

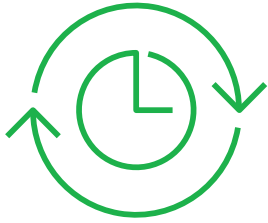
Modern app delivery is **complementary** to traditional app delivery and BIG IP

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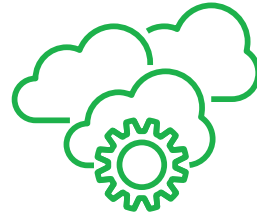
Key Takeaways

F5's is uniquely positioned to monetize the high growth modern applications market

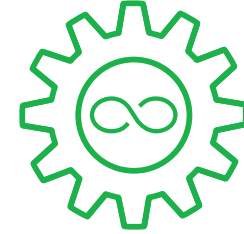
So what changed?



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



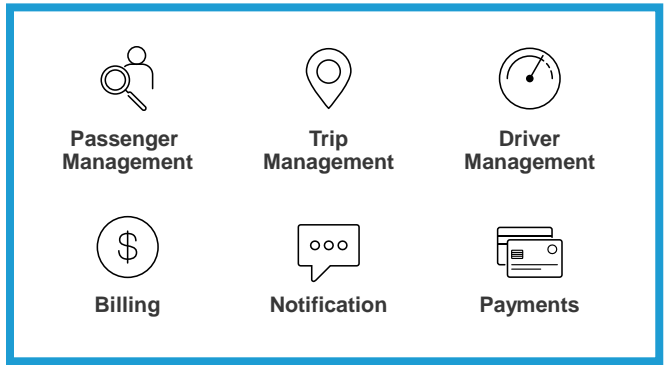
WAN / LAN

1000's
of users

Static
experiences

Employee-
focused

Web
brochure sites



Traditional Monolith



Employee

Today with Modern Apps

1,000's

of apps

100's

of dev teams

1,000's changes
per year

Bottom-up
innovation



Public Internet

1,000,000's

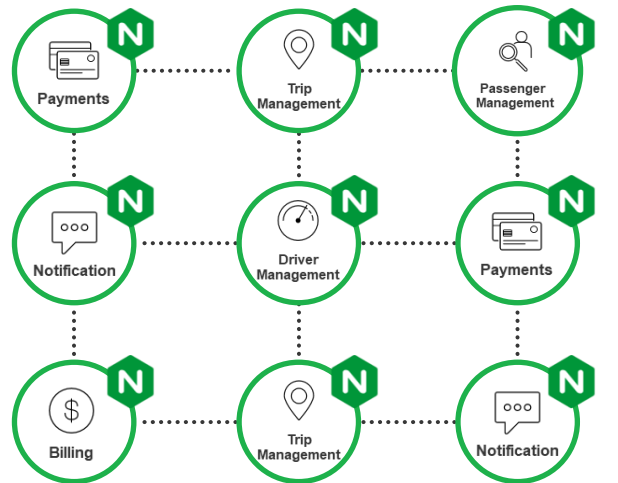
of users

Digital

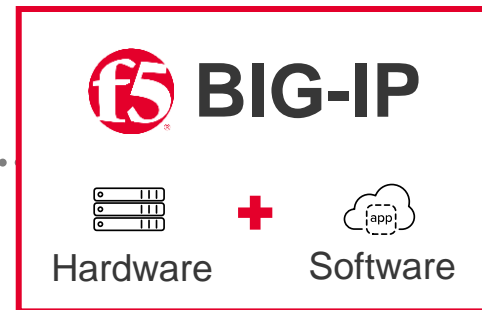
experiences

Customer-
focused

Mobile
and APIs

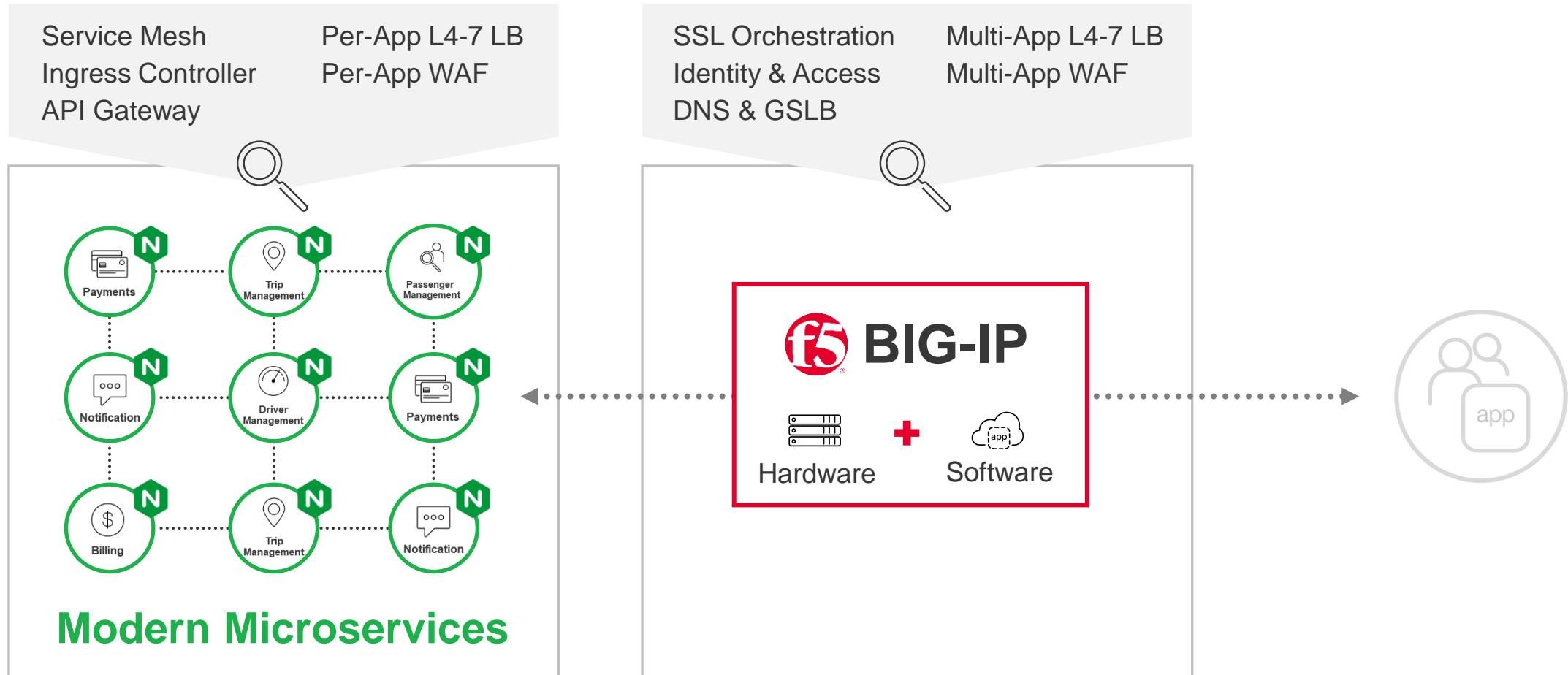


Modern Microservices

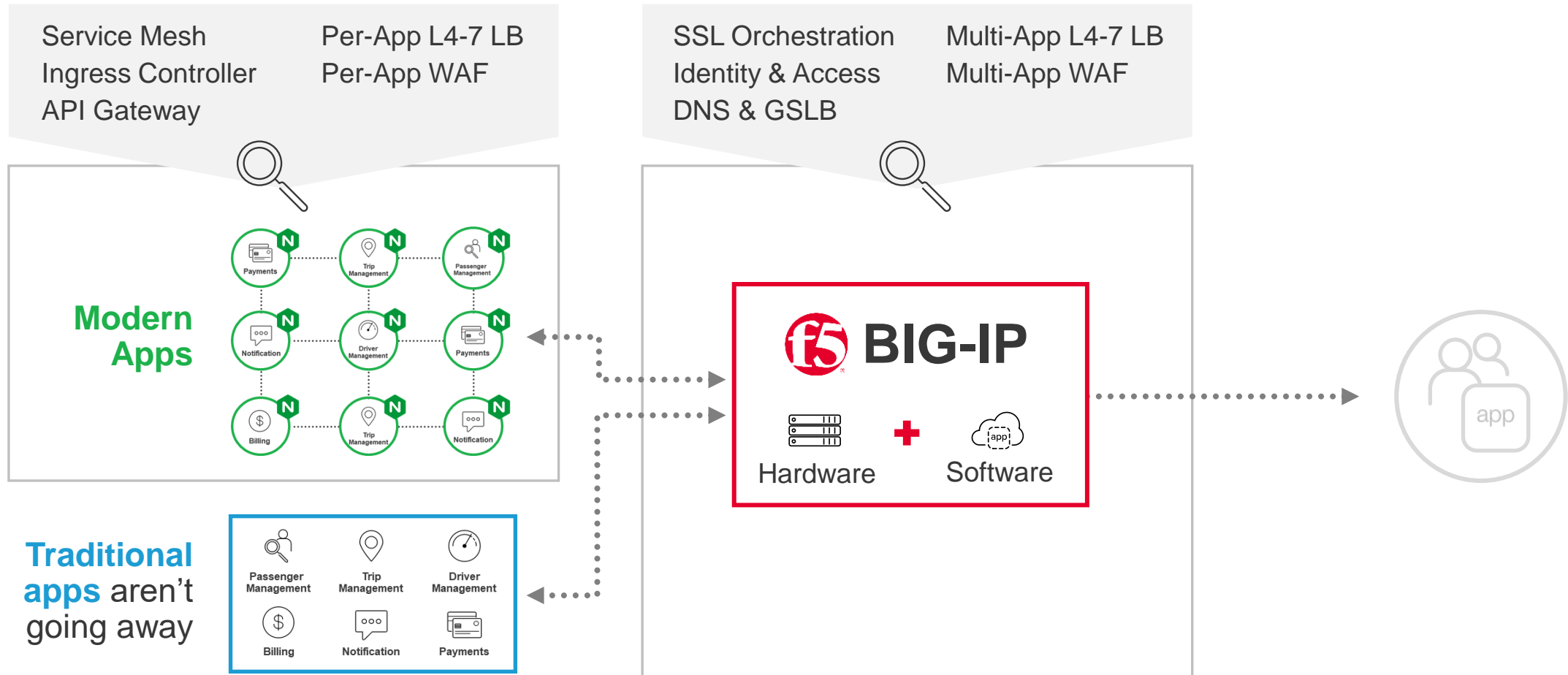


Customer

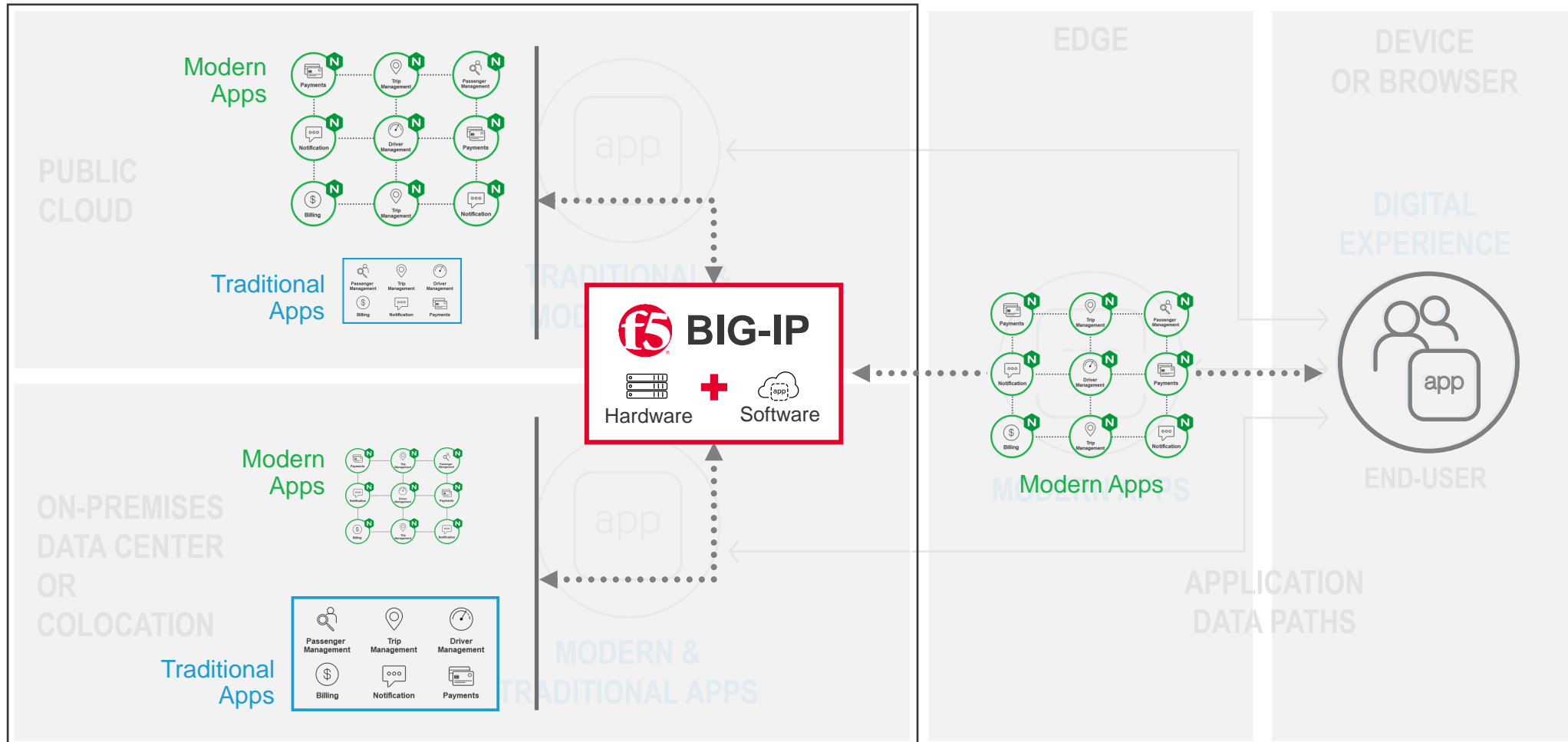
App Delivery is shifting “left” into the application stack



App Delivery is shifting “left” into the application stack



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

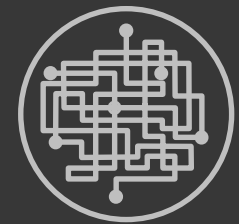


The benefits of Modern Apps are clear...

Business Agility | Customer Experience

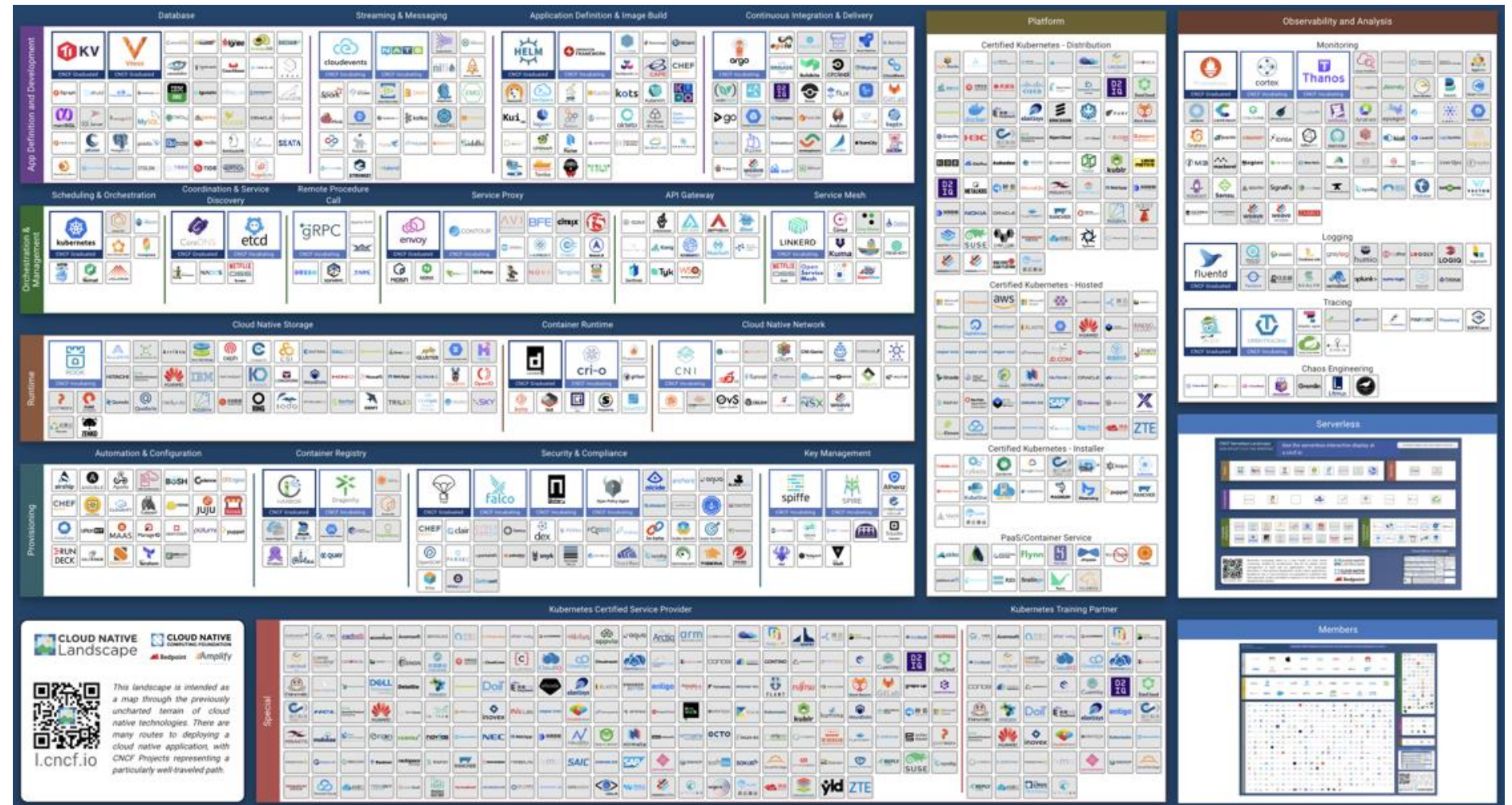
but so are the challenges

Complexity | Lack of Visibility



Cloud Native Compute Landscape

Just look at the
1,400+
Modern App
tools available





NGINX Controller



Service Mesh



Ingress Controller



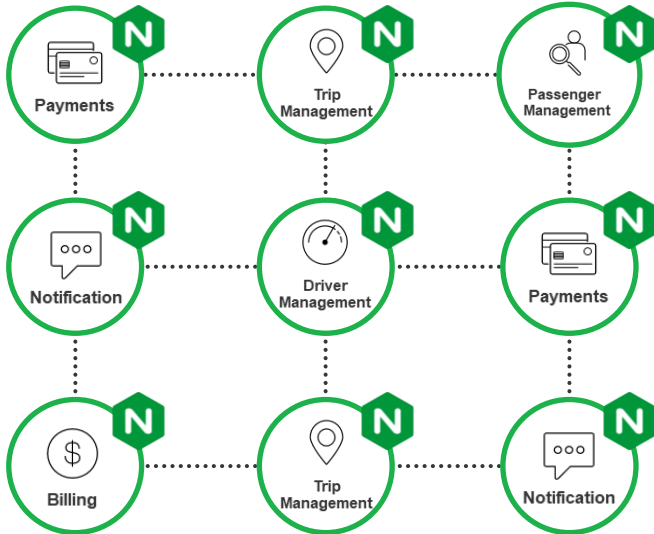
API Gateway



Per-App L7 LB



Per-App WAF



NGINX Controller **simplifies** the complex, modern app toolchain

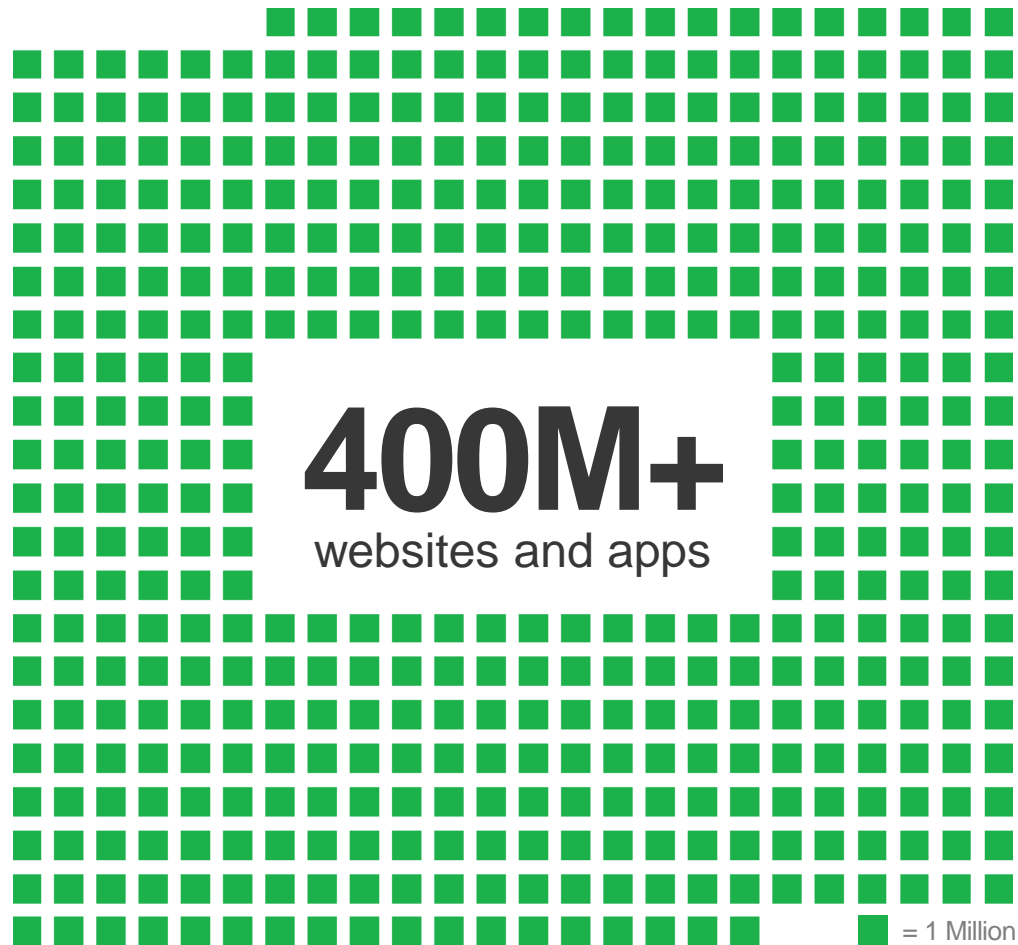
Discrete, best-of-breed app services that developers need for **agility and flexibility**...

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

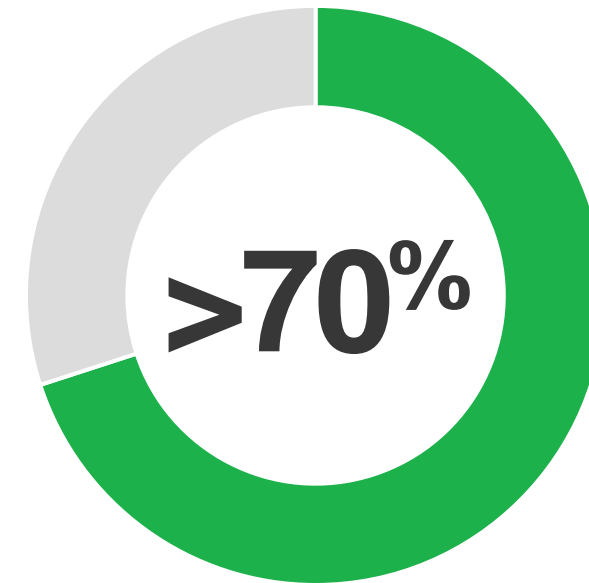
- Integrated into modern CI/CD pipelines
- Self service portal for developer agility

Delivers time-to-market **without introducing complexity**

NGINX powers the Internet . . . and most enterprises!



OPEN SOURCE FOOTPRINT



10,000 busiest
websites

PROVEN

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



NGINX[®]

Part of F5

Growth in Average Deal Size

Growth in Number of Paid
Subscription Customers

Innovation Velocity

16-mos post acquisition

+57%

+23%

3 major new solutions launched

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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)

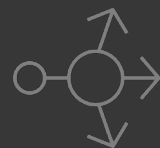


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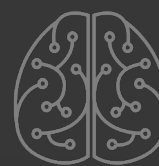
Simplify traditional app delivery for multi-cloud environments



Enable modern app delivery at scale



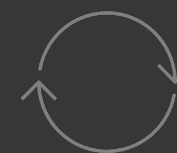
Secure every app anywhere



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**

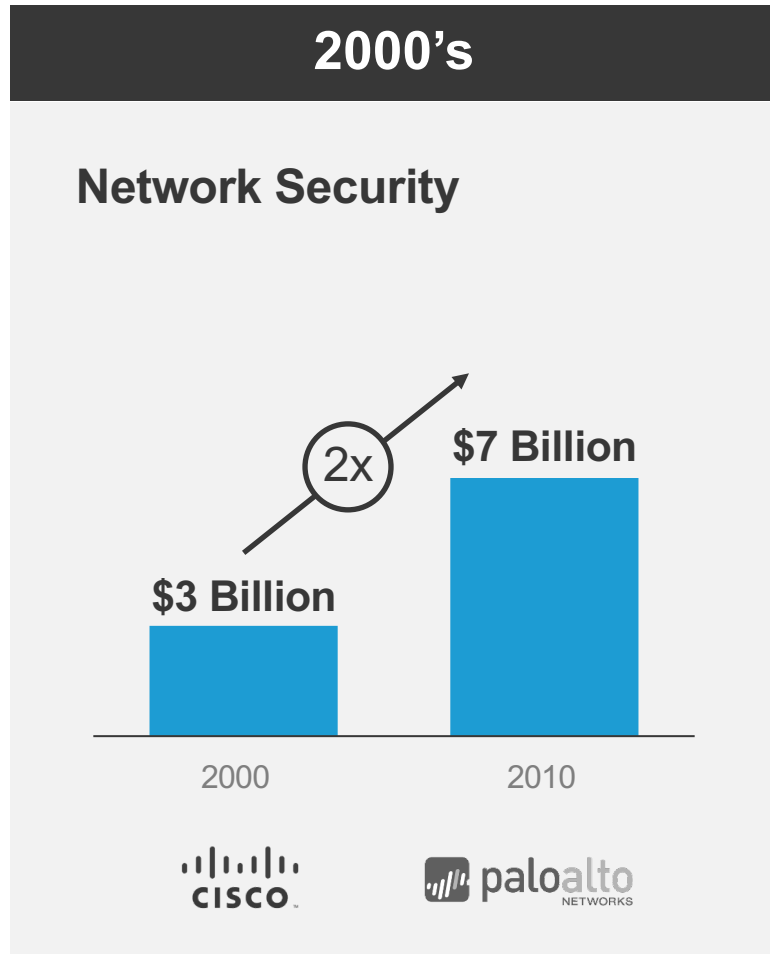
Our Shape acquisition delivers the industry's most powerful app sec capabilities to our immense install base

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

Key Takeaways

Every decade has a
“hot” security segment that
delivers outsized returns

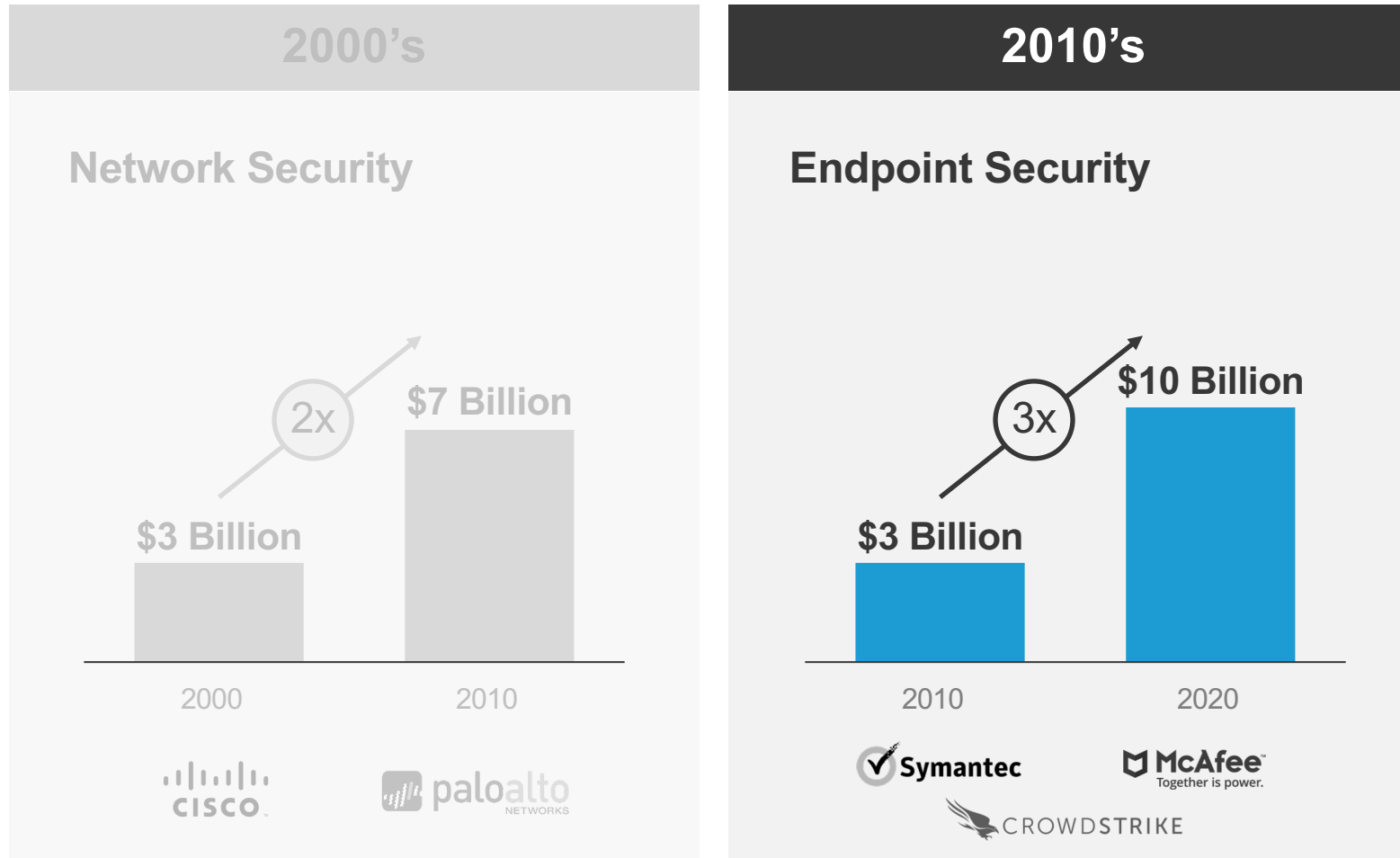
In the 2000s, network security was “hot” and grew to \$7B test



Source: IDC, Gartner, Globaldata

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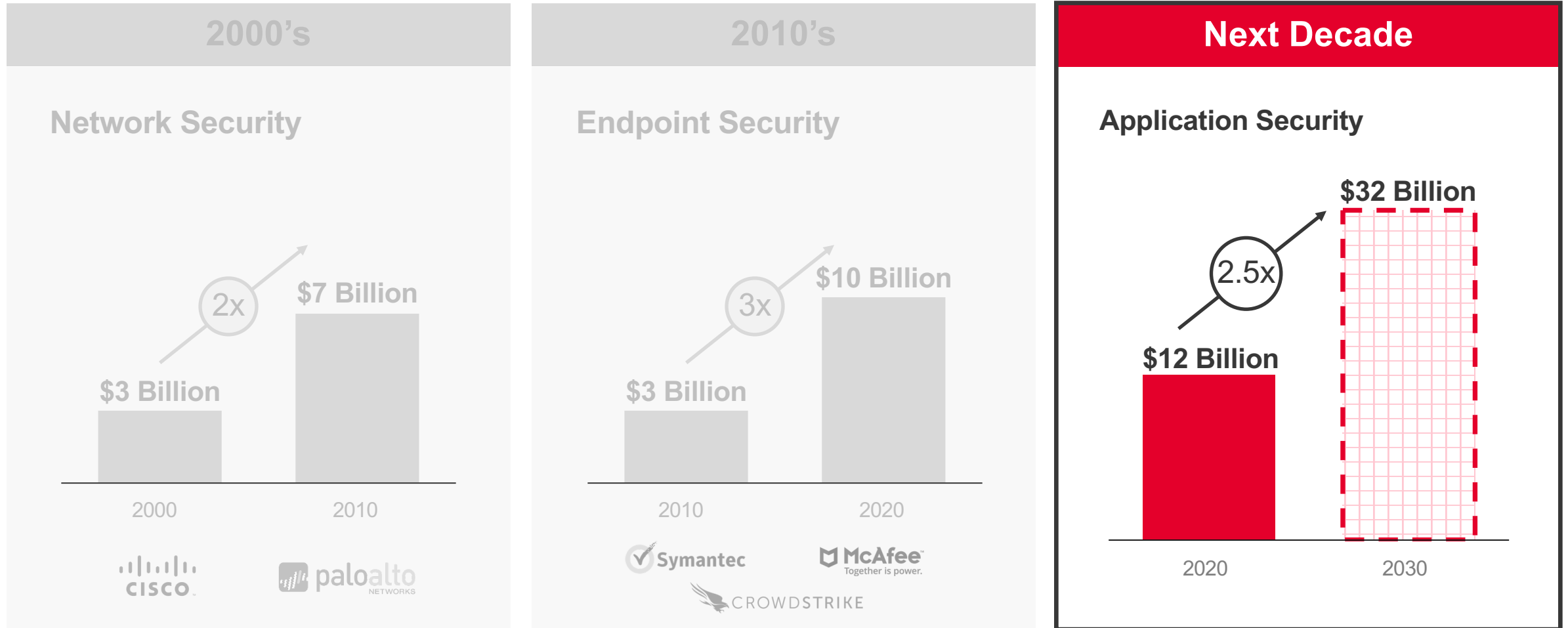
In the 2010s, endpoint security was “hot” and grew to \$10B



Source: IDC, Gartner, Globaldata

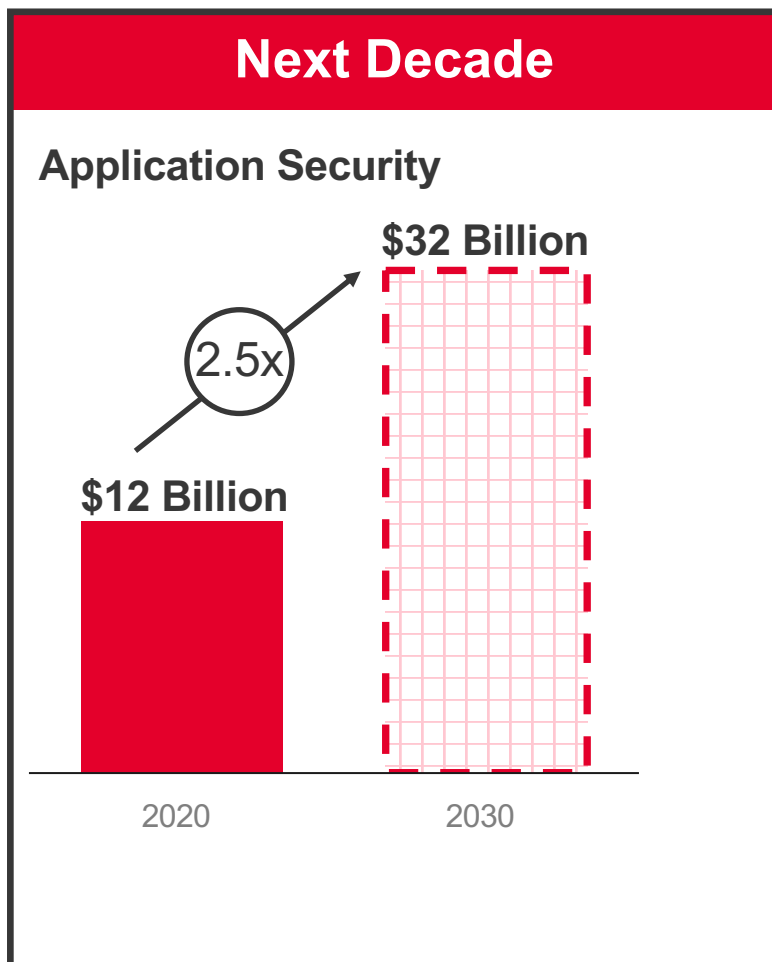
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App Sec is the “hot” segment of the next 10 years



Source: IDC, Gartner, Globaldata

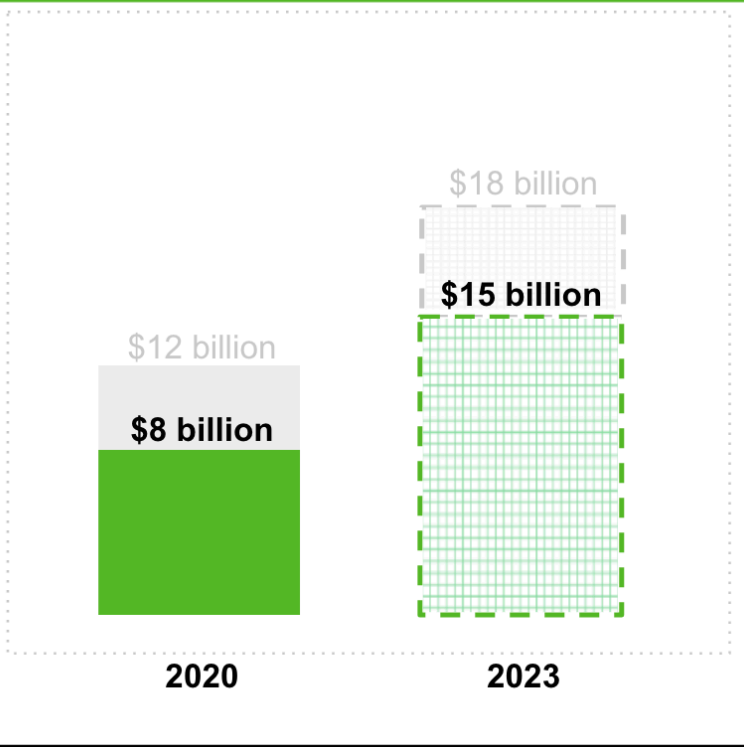
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Why the giant TAM?

**The app is where
the *value* is**

F5 portfolio addresses huge portion of overall TAM



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*.

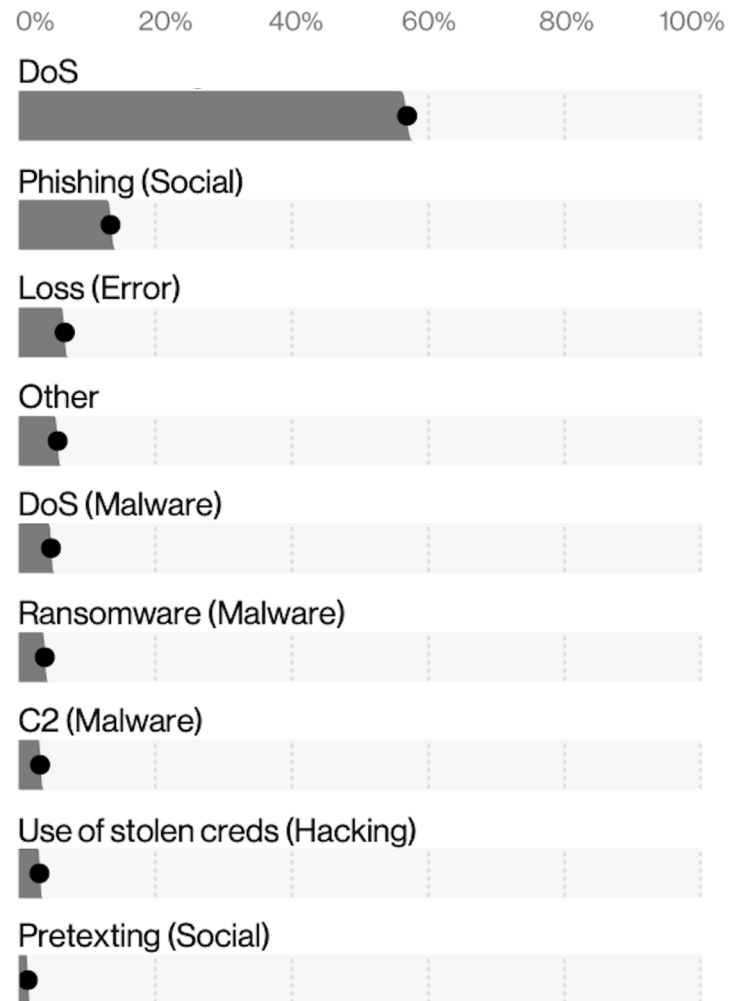


Breaches:

This time, you did **NOT** avoid disaster.



Top Causes of Incidents

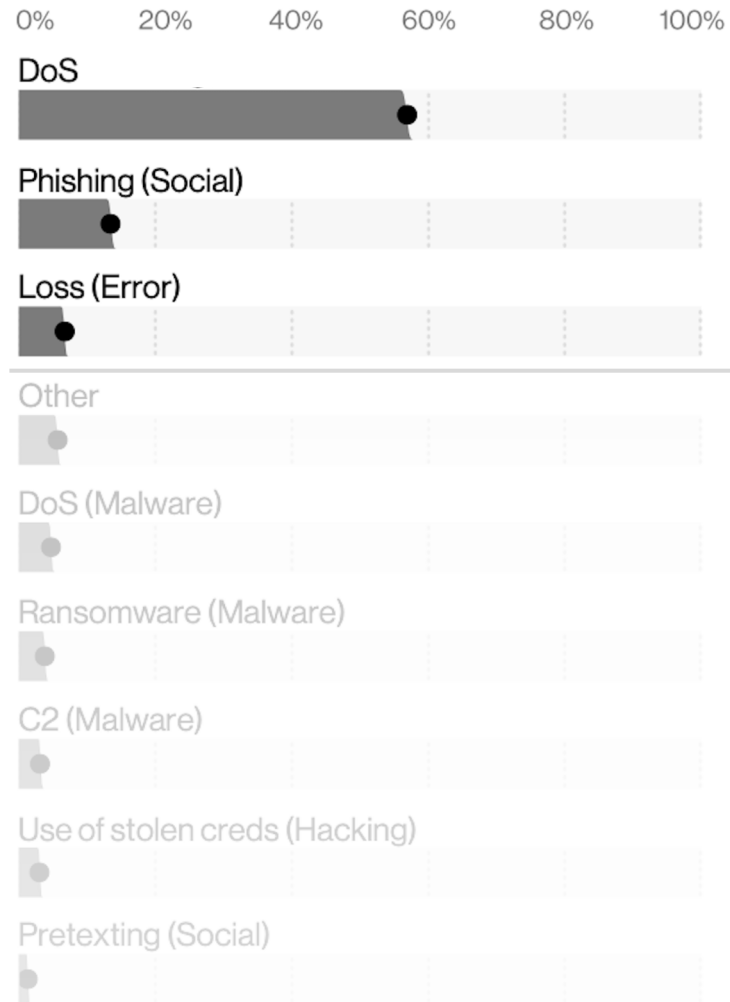


~23,000
Security incidents
in 2019 - ranked by cause

Source: 2020 Verizon Data Breach
Investigations Report



Top Causes of Incidents



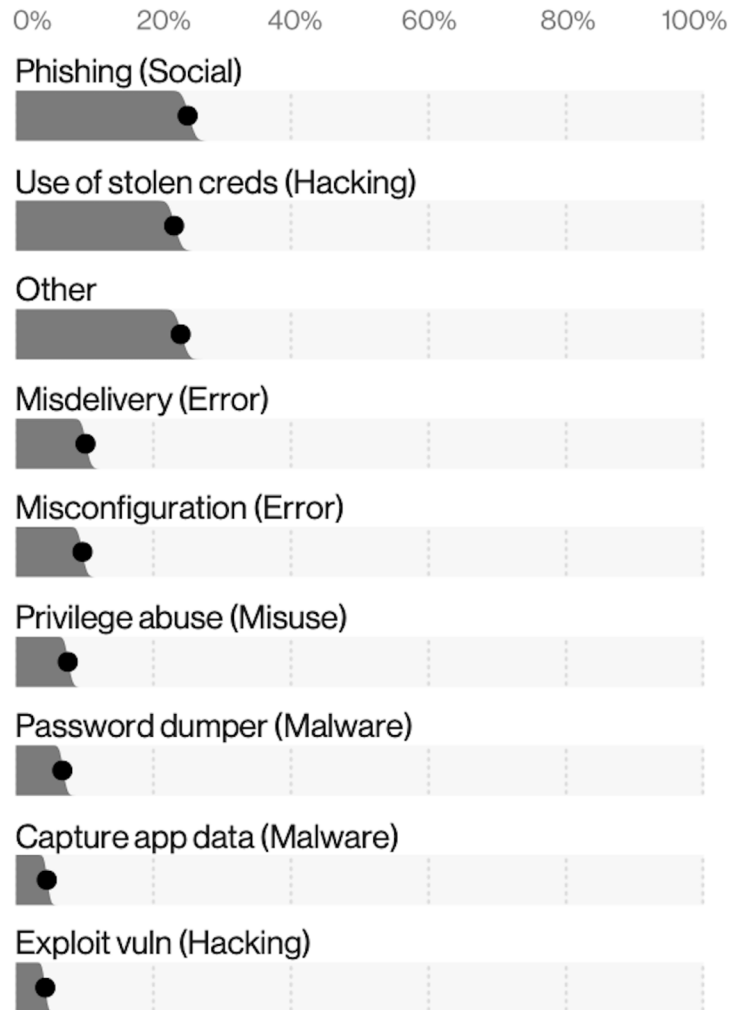
Over 90%
of the time, cause was
related to **App Sec** issues

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



~3,000

actual **breaches** in 2019 -
categorized by “cause”

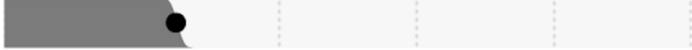
Source: 2020 Verizon Data Breach
Investigations Report



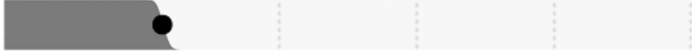
Top Causes of Breaches

0% 20% 40% 60% 80% 100%

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)



Over 50%

of the time, breaches caused by **App Sec** issues

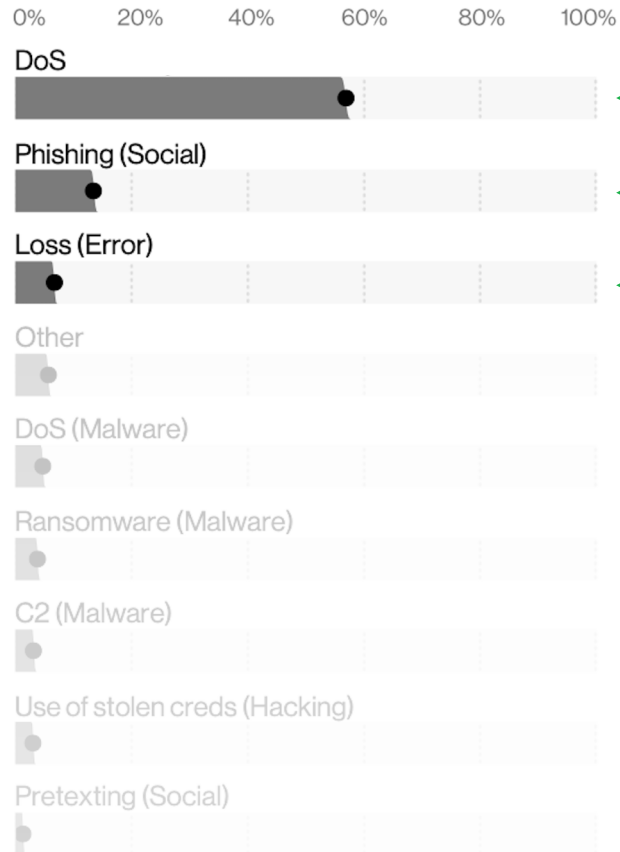
Top two attack types (covering >50% total) **both relate to application security.**

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

Source: 2020 Verizon Data Breach Investigations Report



Top Causes of Incidents

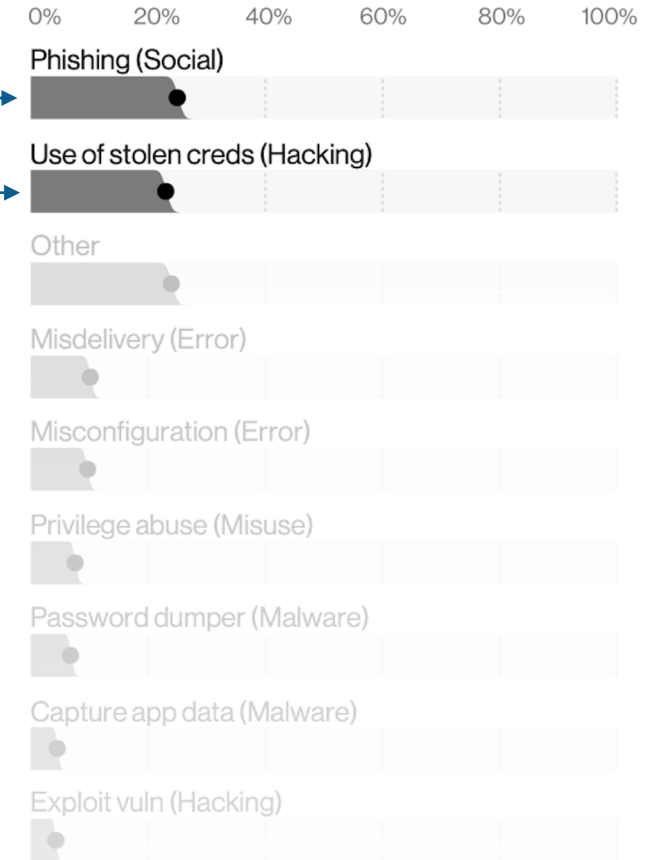


App Sec is exploding because it is the biggest source (*by far*) of the

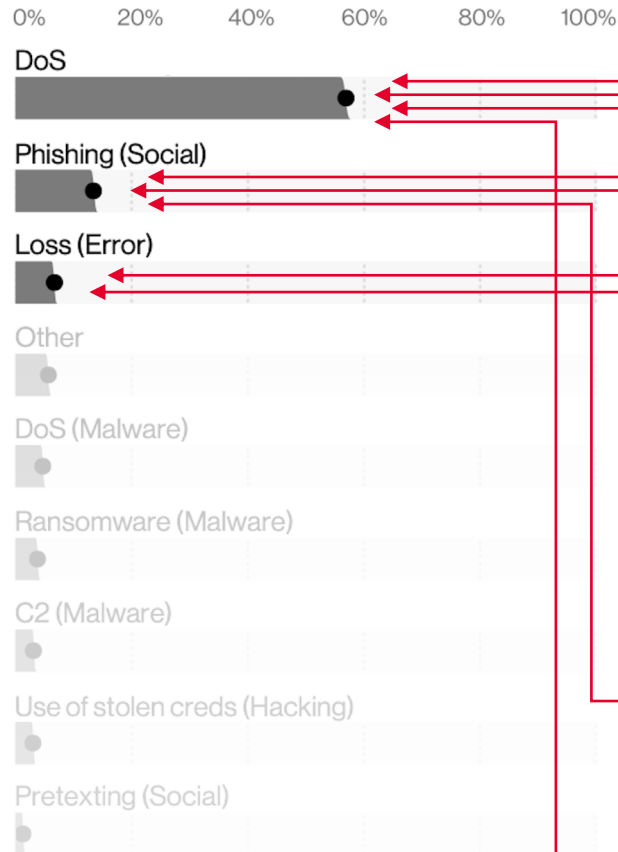
most frequent incidents

and the **most damaging breaches**

Top Causes of Breaches



Top Causes of Incidents



F5 has the best portfolio
for the **most frequent** and
most damaging attacks

F5 Advanced WAF

F5 Shape Enterprise Defense

F5 Silverline

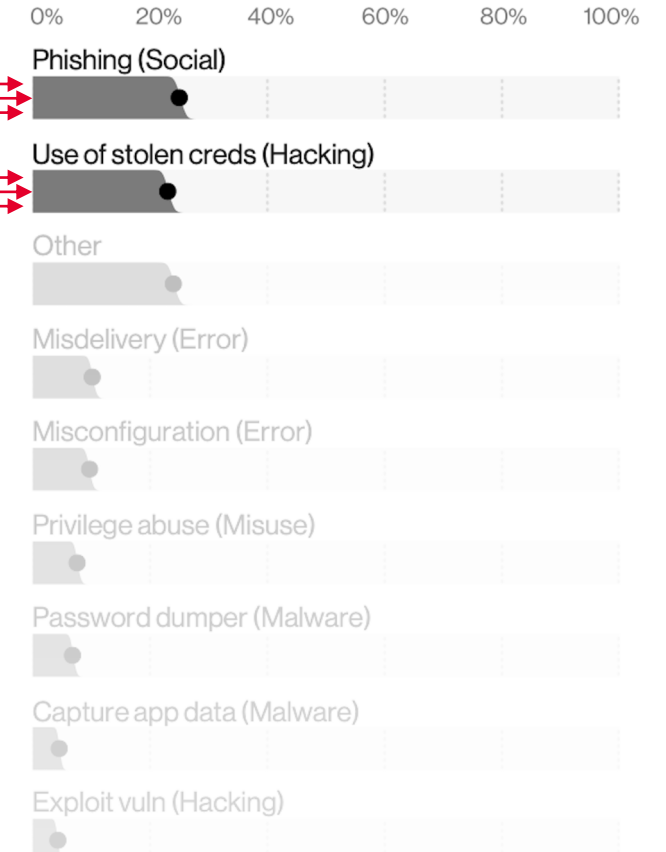
F5 Application Policy Manager

F5 Shape AI Fraud Engine

F5 Advanced Firewall



Top Causes of Breaches




































Source: 2020 Verizon Data Breach
Investigations Report

| Requirement | Category | F5 Product |
|----------------------|--------------------------------|---|
| Stay Online | Distributed Denial of Service | F5 Silverline & F5 Advanced Firewall Manager |
| Stay Secure | Web Application Firewall (WAF) | F5 Advanced WAF, F5 Access Policy Manager |
| Protect Data & Logic | Fraud and Abuse | Shape Enterprise Defense & Shape AI Fraud Engine |

F5 has **leading products** across major areas of **app sec**

F5 has the strongest overall App Sec portfolio of any vendor

| Most-desired App Sec capabilities |  | Peers | | |
|------------------------------------|---|---|---|---|
| | | CDN/ Edge Players | Public Cloud | Security ISV |
| Absorb very large attacks |  |  |  |  |
| Category-leading WAF |  |  |  |  |
| AI/ML in production |  |  |  |  |
| Big data & analytics back-end |  |  |  |  |
| Multi-cloud |  |  |  |  |
| Multi-CDN |  |  |  |  |
| Hybrid infrastructure |  |  |  |  |
| Defeat sophisticated fraud & abuse |  |  |  |  |

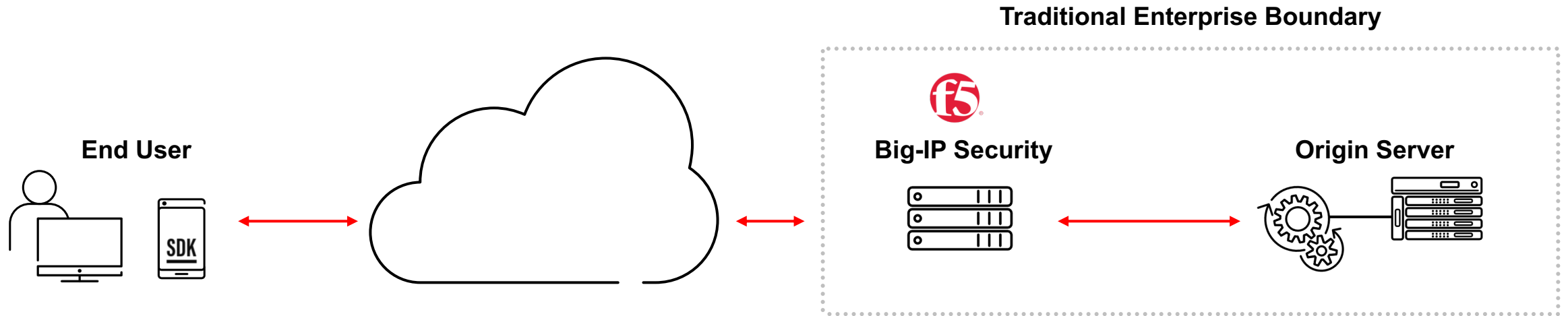
Source: Internal company assessment

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

| | Requirement | Category | F5 Product |
|---|----------------------|--------------------------------|--|
| 1 | Stay Online | Distributed Denial of Service | F5 Silverline & F5 Advanced Firewall Manager |
| 2 | Stay Secure | Web Application Firewall (WAF) | F5 Advanced WAF, F5 Access Policy Manager |
| 3 | Protect Data & Logic | Fraud and Abuse | Shape Enterprise Defense & Shape AI Fraud Engine |

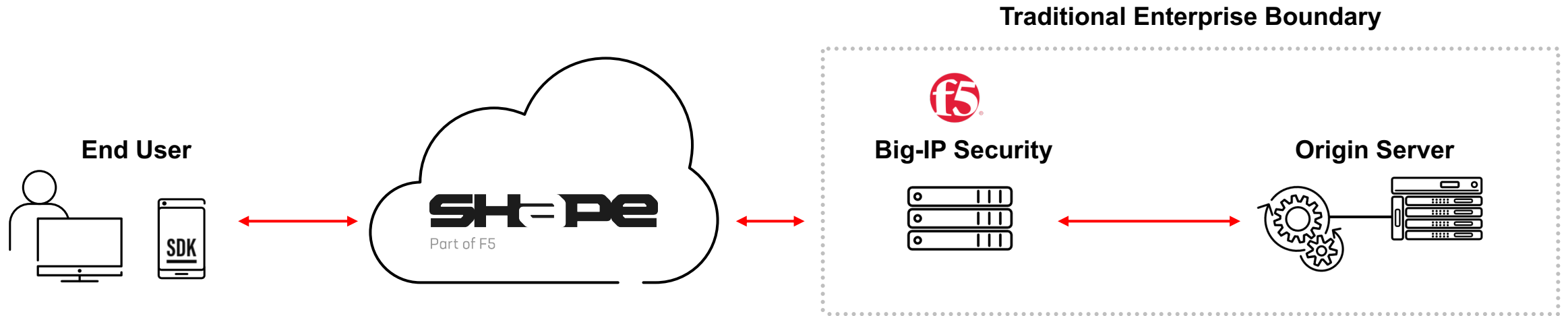
F5 already strong in 1 & 2 —
Shape acquisition covers 3

“Stay online” and “stay secure” were largely on-premises



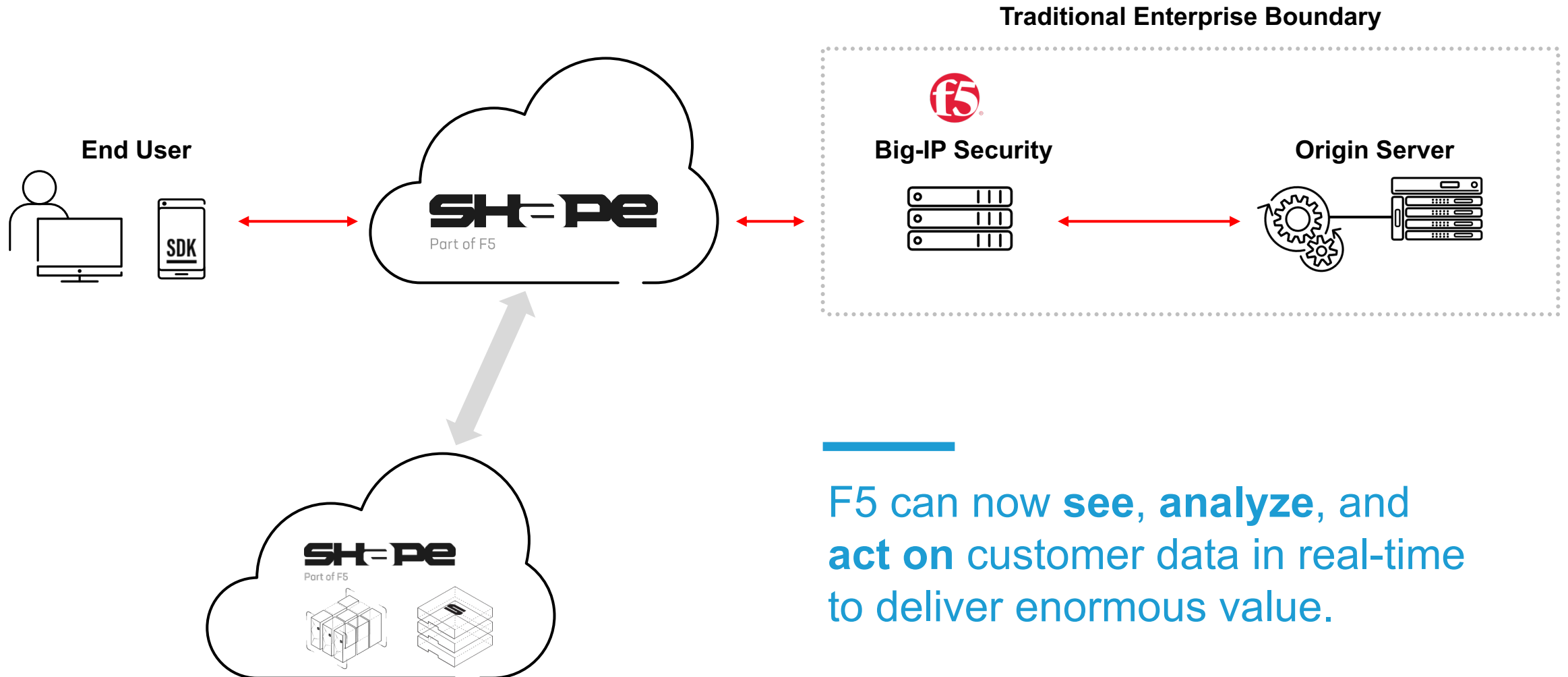
F5 equipment deployed in enterprise datacenter. In this model, **no access to application data.**

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

| Requirement | Category | F5 Product |
|----------------------|--------------------------------|--|
| Stay Online | Distributed Denial of Service | F5 Silverline & F5 Advanced Firewall Manager |
| Stay Secure | Web Application Firewall (WAF) | F5 Advanced WAF, F5 Access Policy Manager |
| Protect Data & Logic | Fraud and Abuse | Shape Enterprise Defense & Shape AI Fraud Engine |

Shape capabilities will turbocharge all other offerings (cloud-connected, data-driven) - leading to an *enhanced portfolio*

EXISTING BASE OF SECURITY CUSTOMERS:

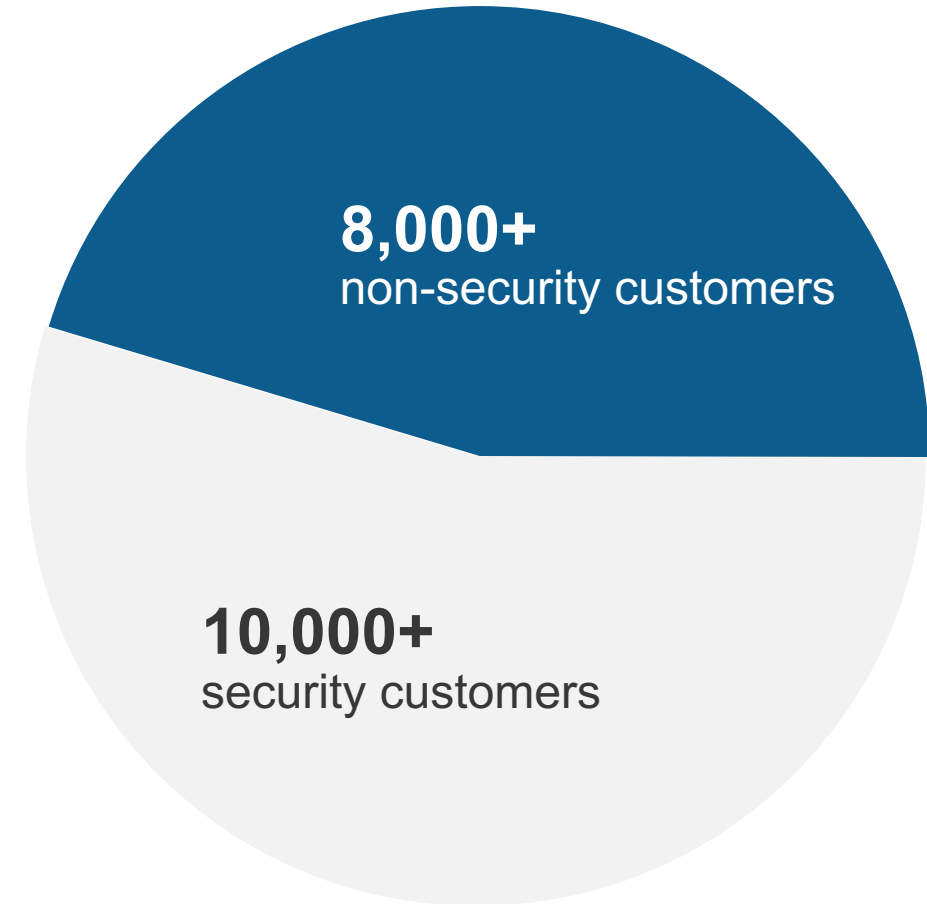
>10,000 active customers
have **purchased at
least one security
offering** from F5



PRE-SHAPE F5 HAD MORE THAN

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

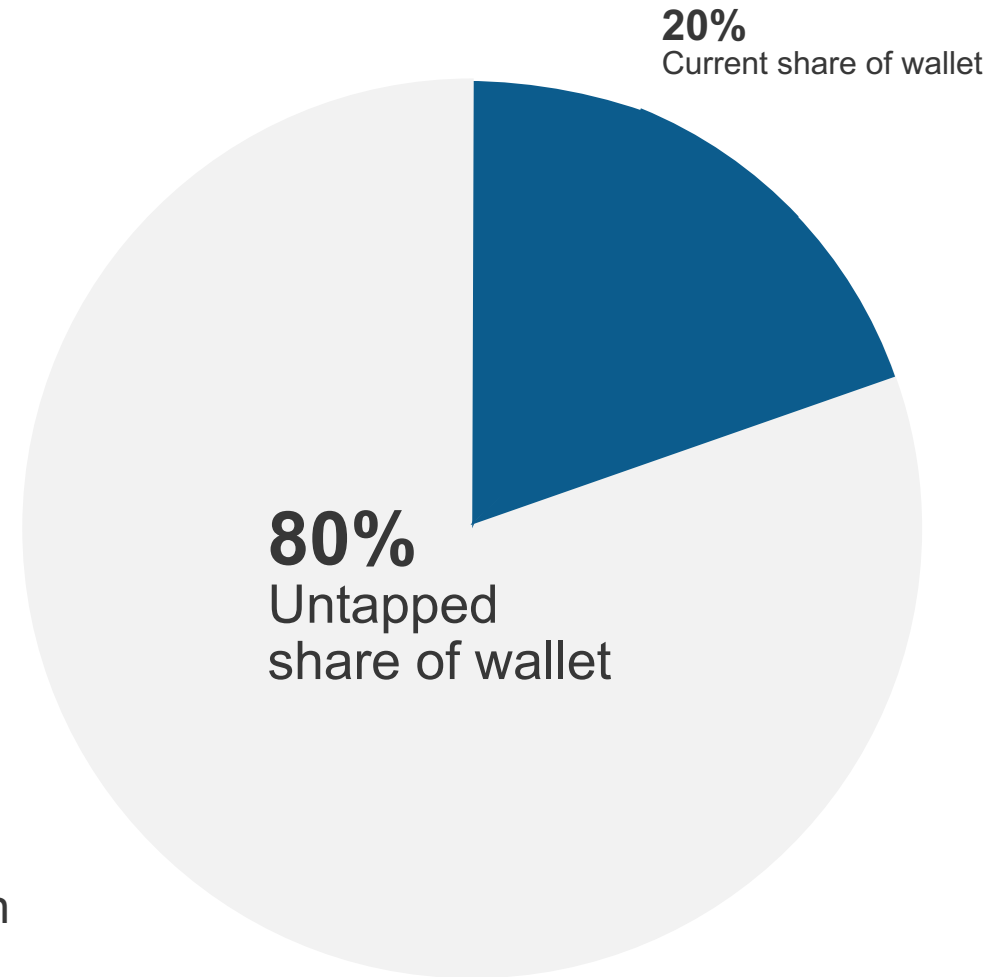
Enhanced portfolio allows us to expand security sales within our install base



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 >\$750M¹ in FY20 application security revenue, **F5 is already a category leader**

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

Stand-alone Security Product Revenue



~\$275M

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

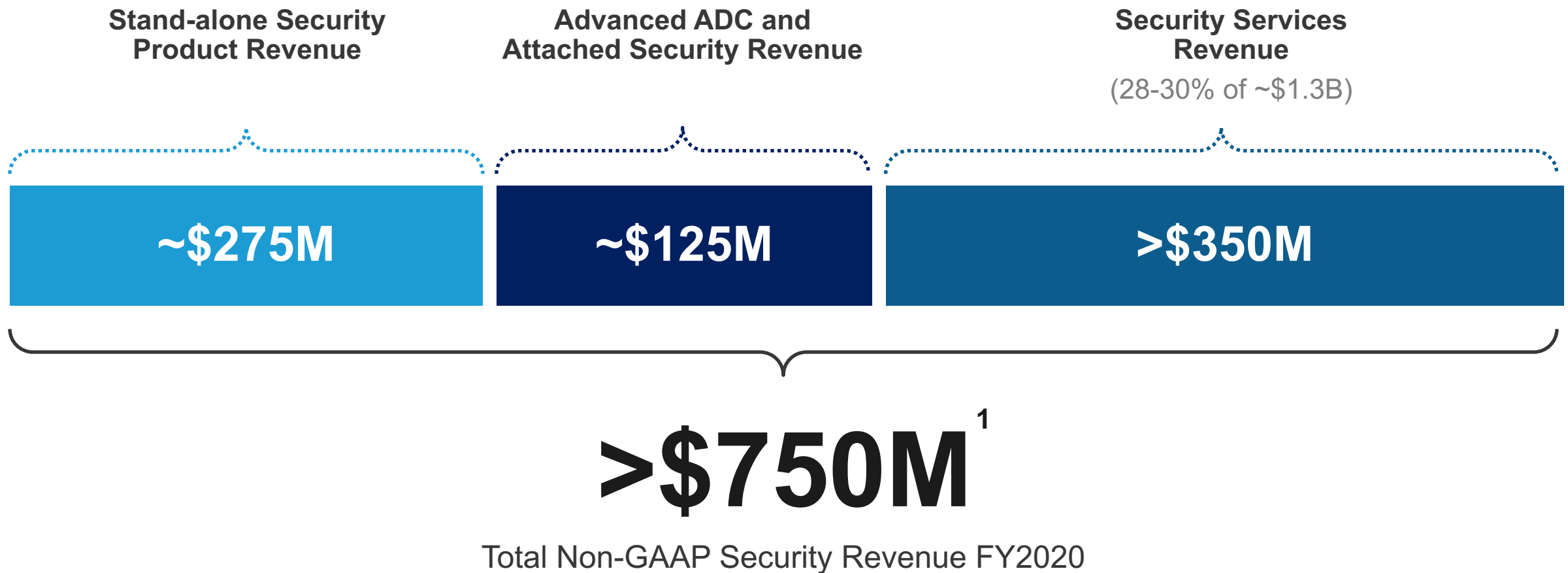
**Stand-alone Security
Product Revenue**

**Advanced ADC and
Attached Security Revenue**

~\$275M

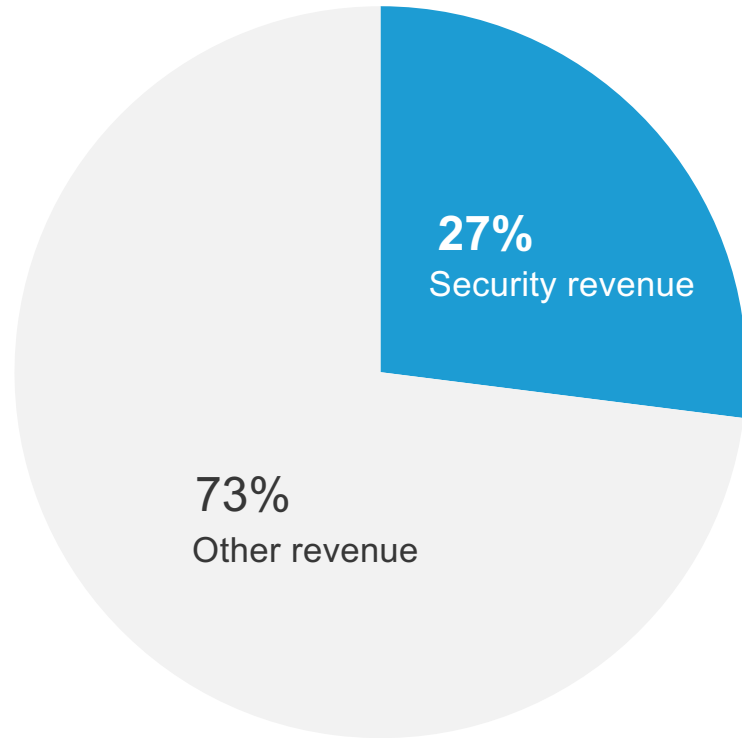
~\$125M

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



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

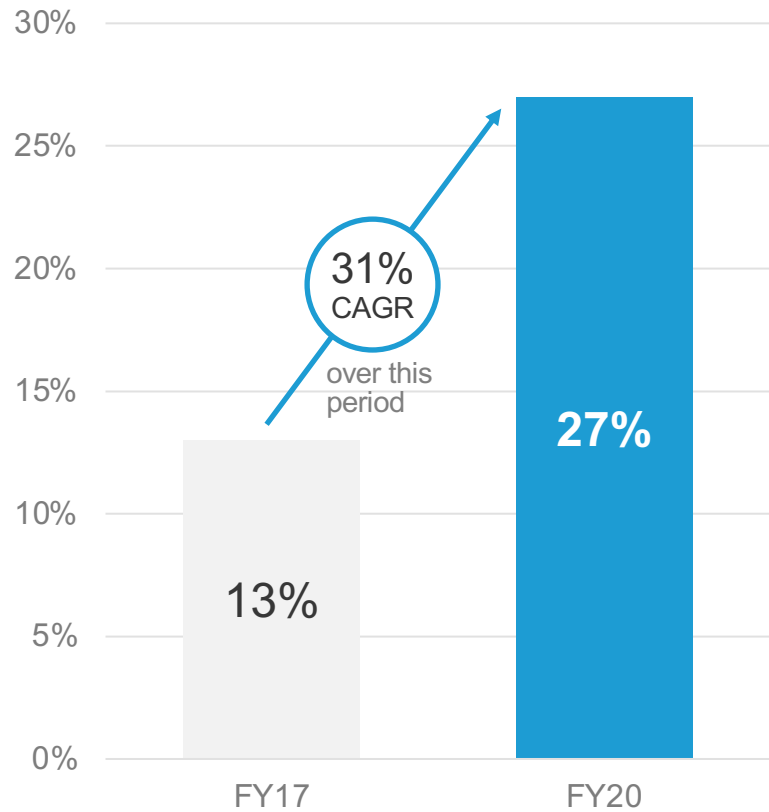
Standalone Security¹ Revenue (% of Non-GAAP Product Revenue)



Security is already **more than a quarter** of our overall product revenue

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

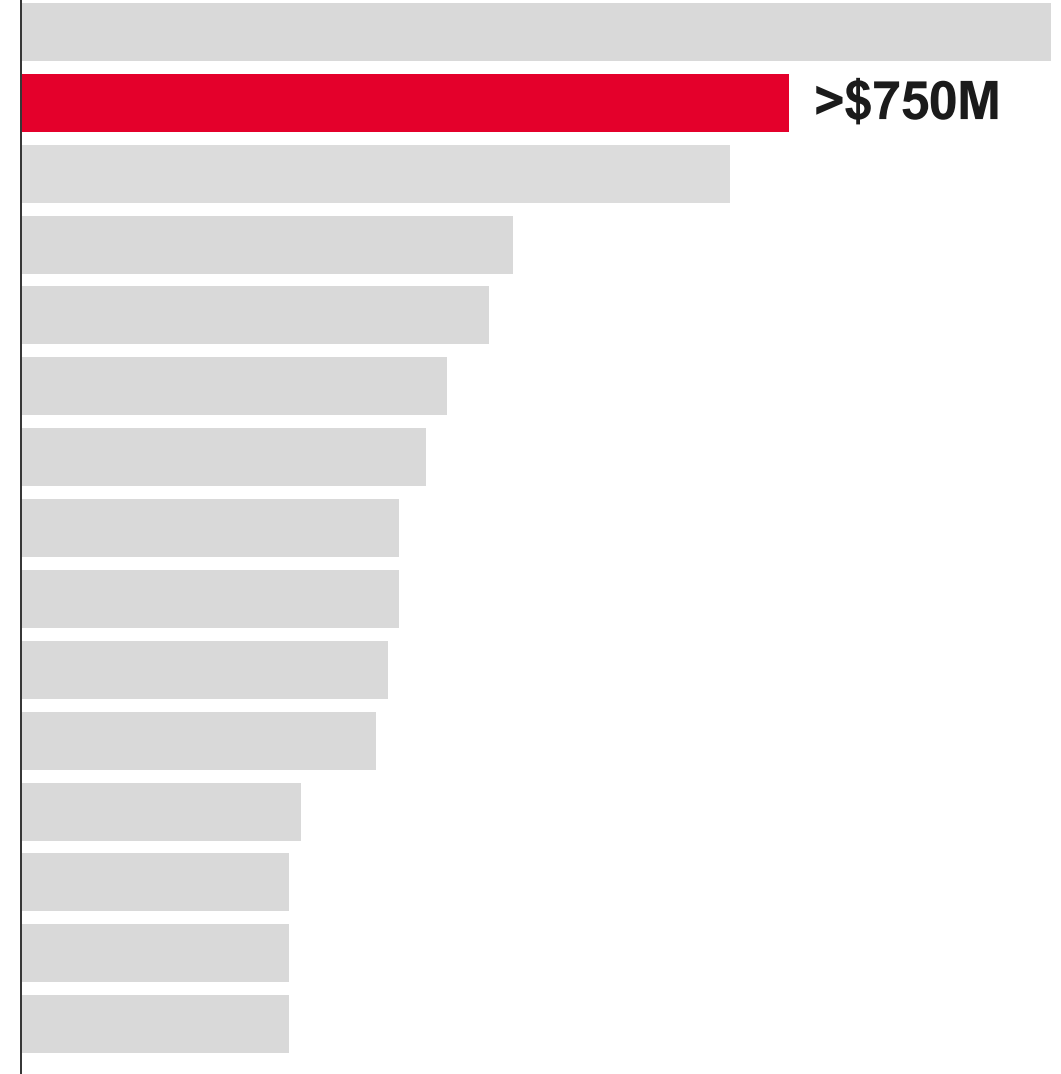
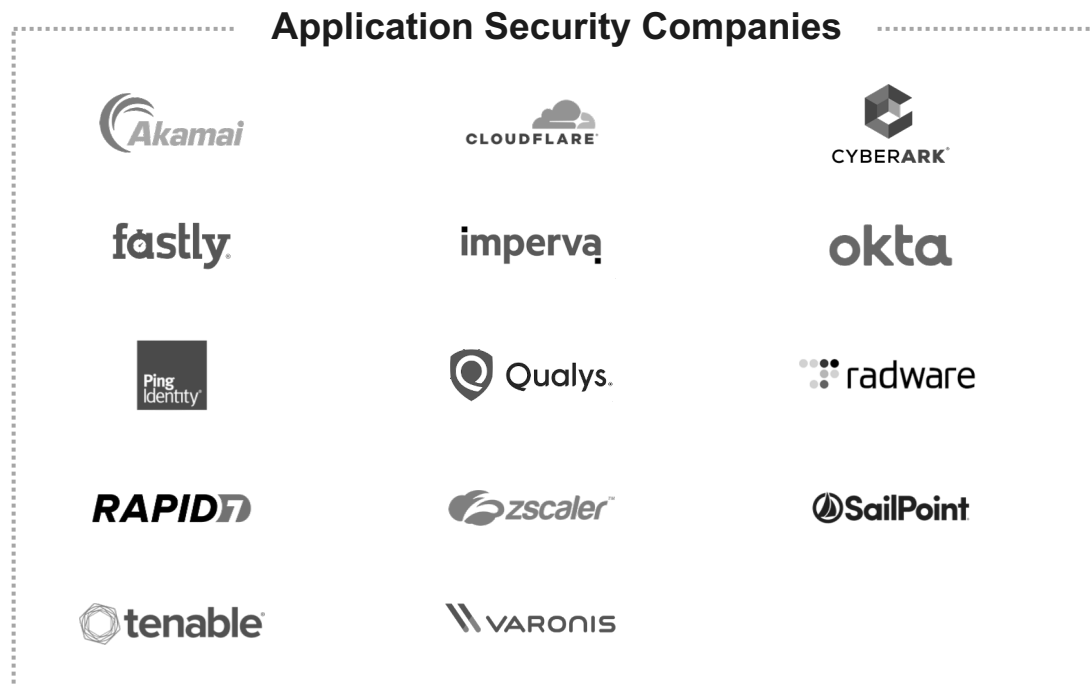
Standalone Security¹ Revenue (% of Non-GAAP Product Revenue)



Security as a % of total product revenue has **more than doubled** since FY2017

¹Includes 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



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

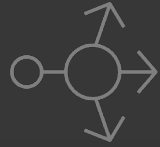


Analyst and Investor Meeting²⁰

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



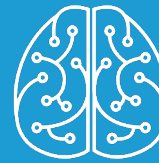
Simplify traditional app delivery for multi-cloud environments



Enable modern app delivery at scale



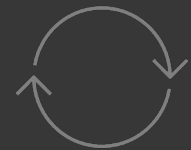
Secure every app anywhere



Unlock the value of app insights



Reach new buyers & grow customer value



Deliver robust & profitable services

DELIVER STRONG, SUSTAINABLE SHAREHOLDER RETURNS

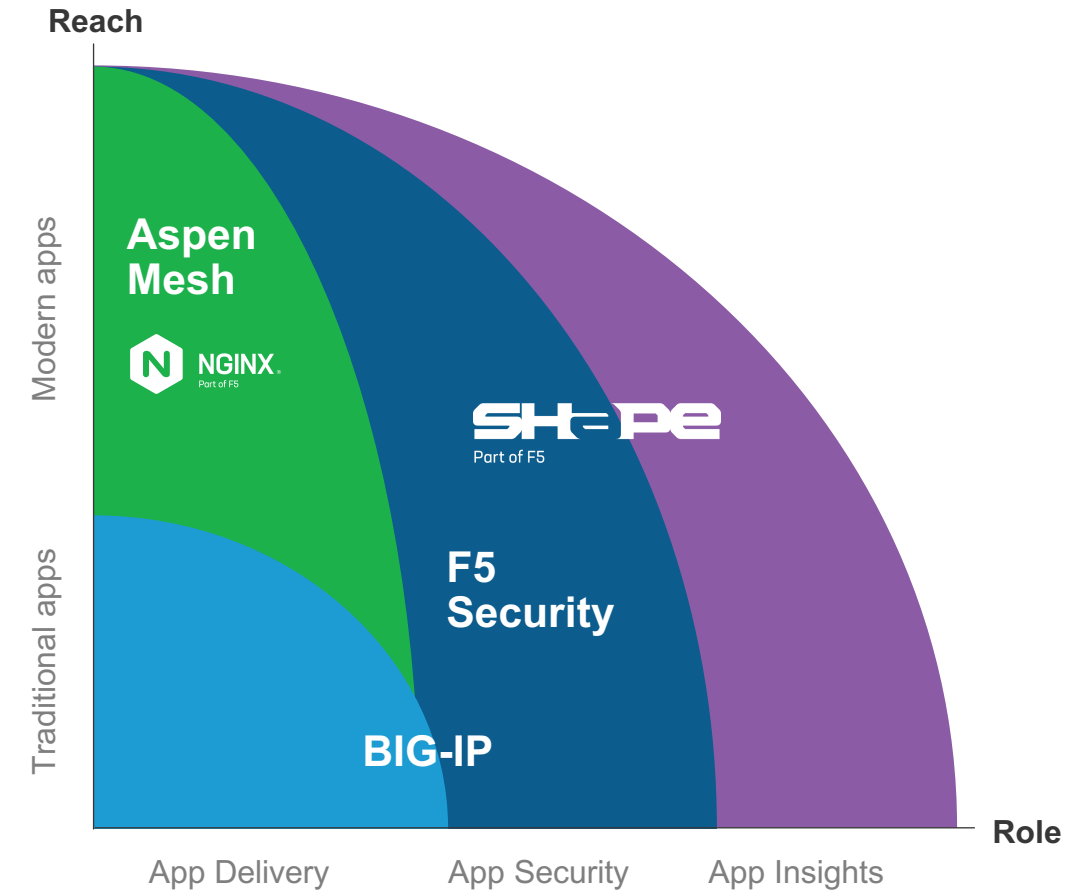
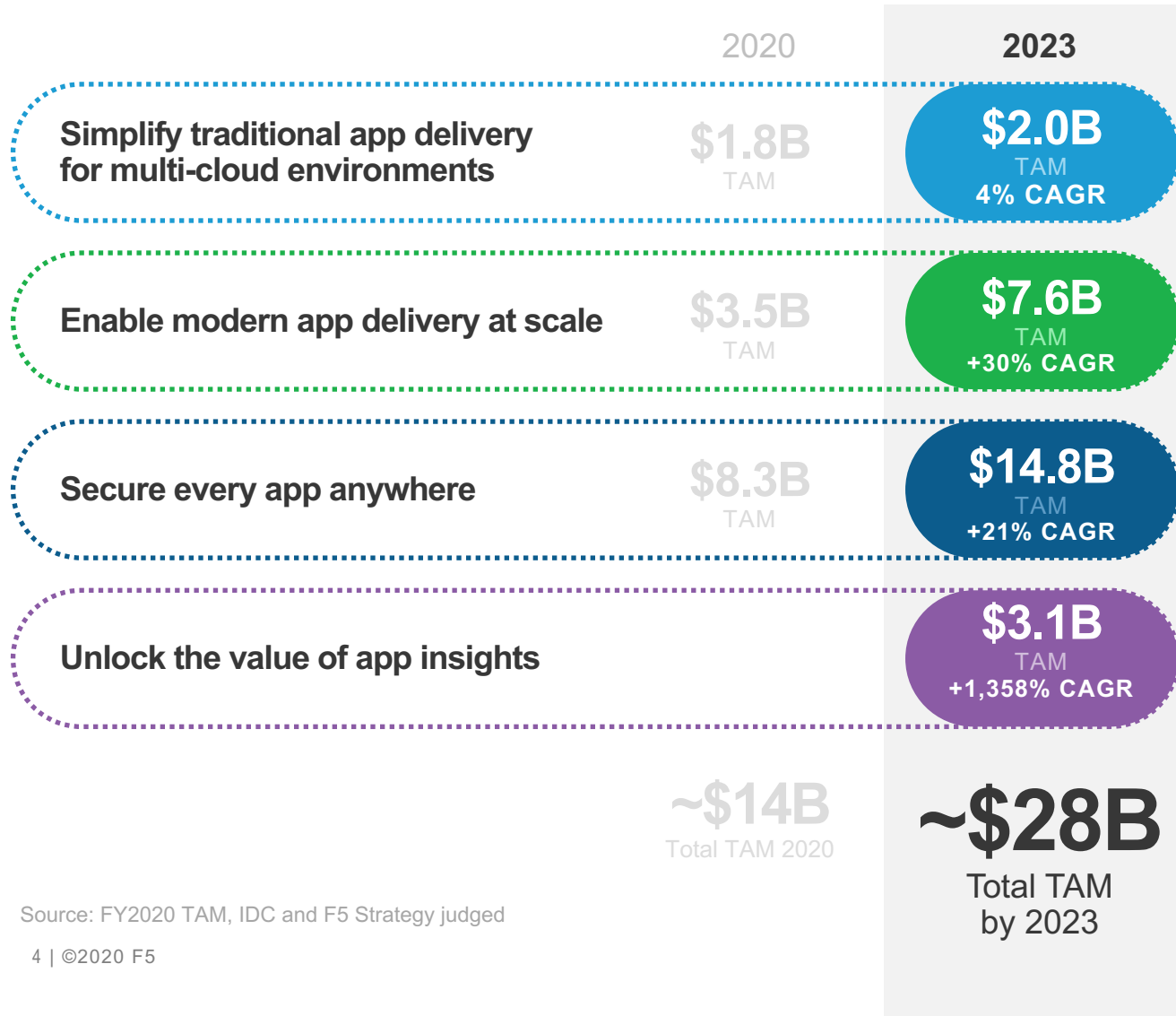


Unlock the value of app insights, through data and AI

Shuman Ghosemajumder

Global Head of Artificial Intelligence

We expect significant TAM growth



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

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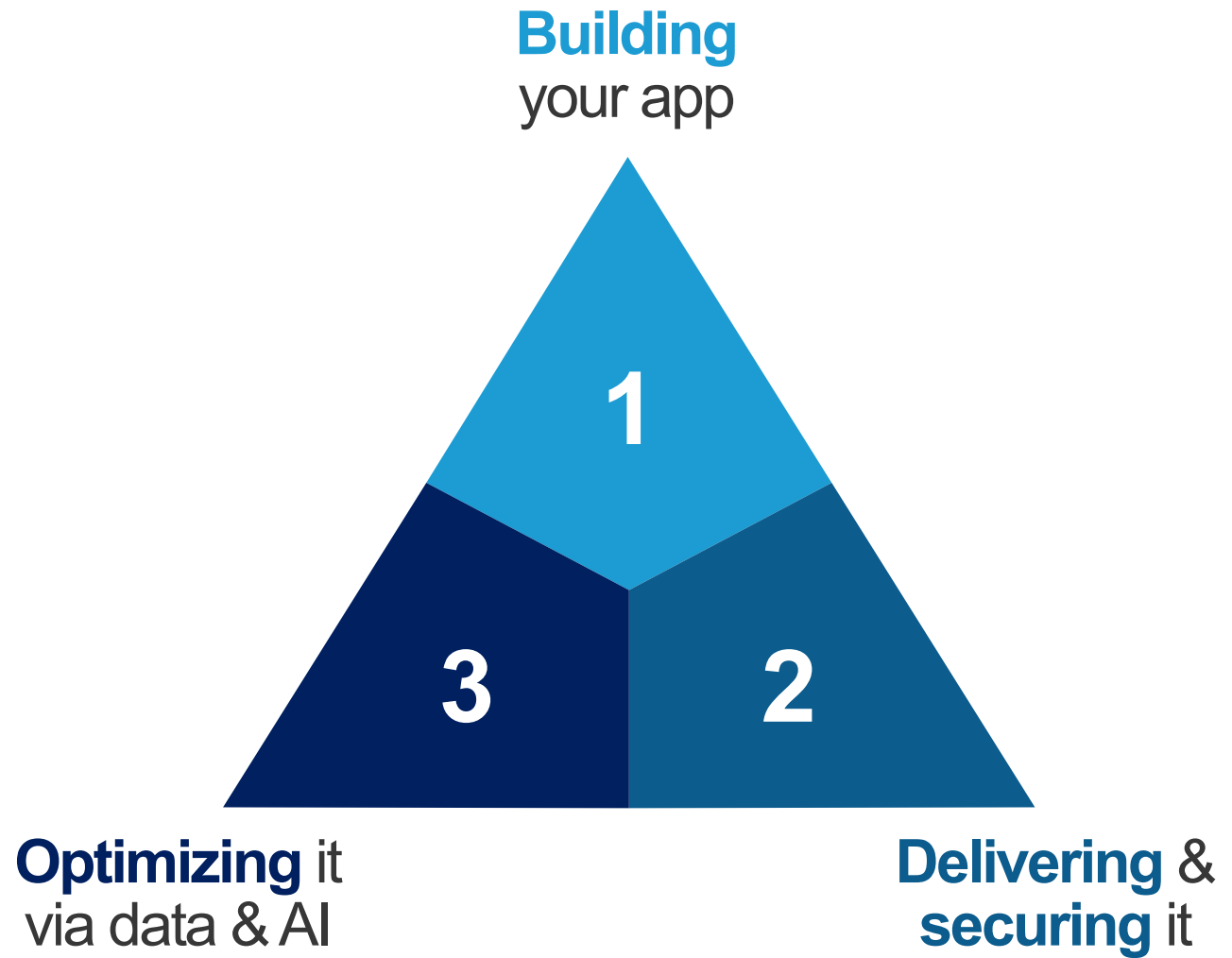
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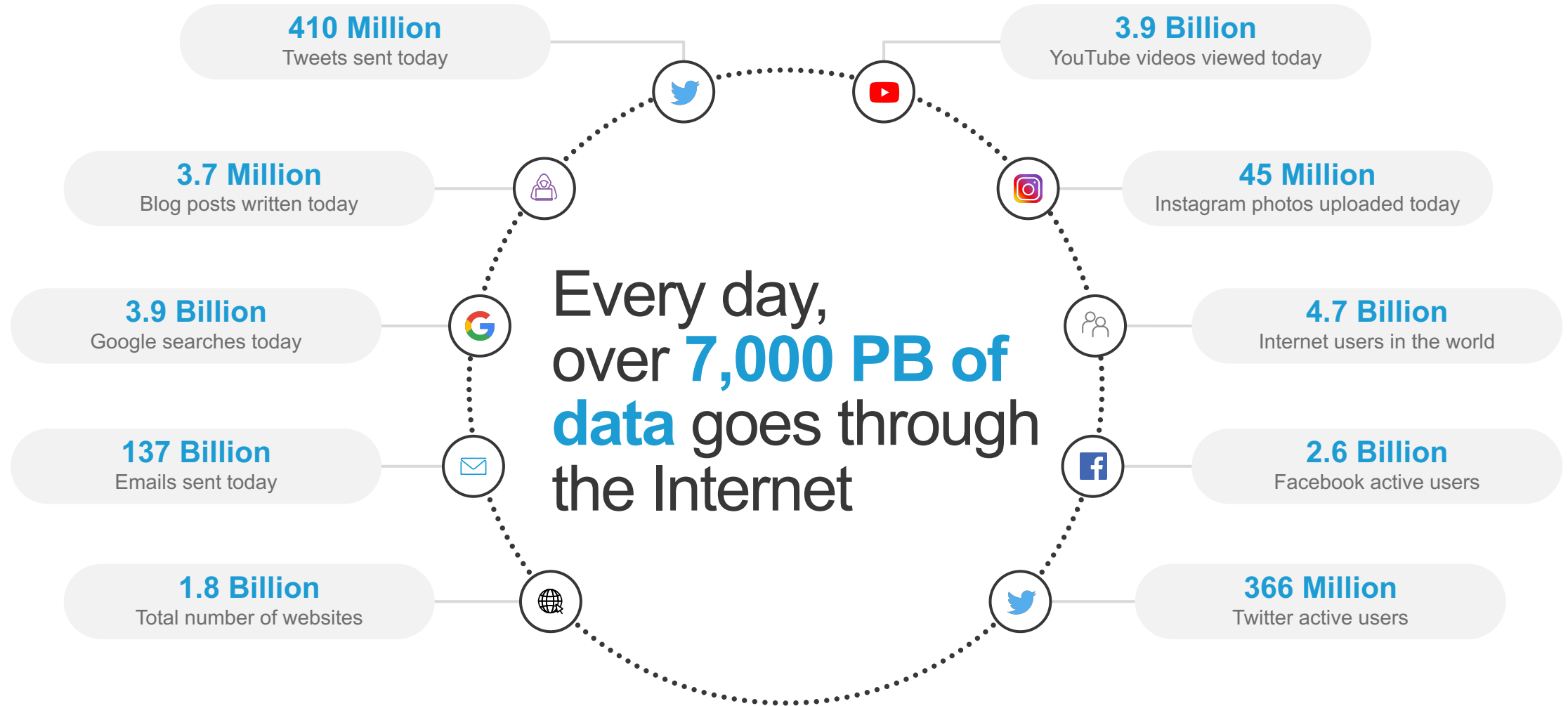
Key Takeaways

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

Every day ~563 PB of data flows through F5 products



F5 potential data reach:


48
of Fortune 50

>450 million
websites

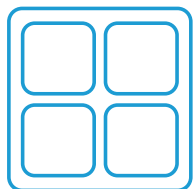
nearly
every
Internet user

Sources: Cisco VNI Complete Forecast Highlights (2016-2021), Sandvine Global Internet Phenomena Report (May 2020), Netcraft Web Server Survey (Aug 2020), F5 BIG-IP iHealth Data

Compare with:

| | |
|---|----------------|
|  YouTube | ~1235 PB daily |
| NETFLIX | ~885 PB daily |
|  | ~285 PB daily |
|  Instagram | ~211 PB daily |

Our view of data is unique due to our unique position



Infrastructure topology,
configuration,
performance, health



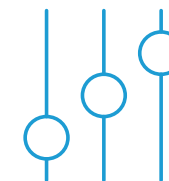
Application attacks, fraud
& abuse, cybercriminal
TTPs, threat data



Application usage,
session, client, device,
core application data



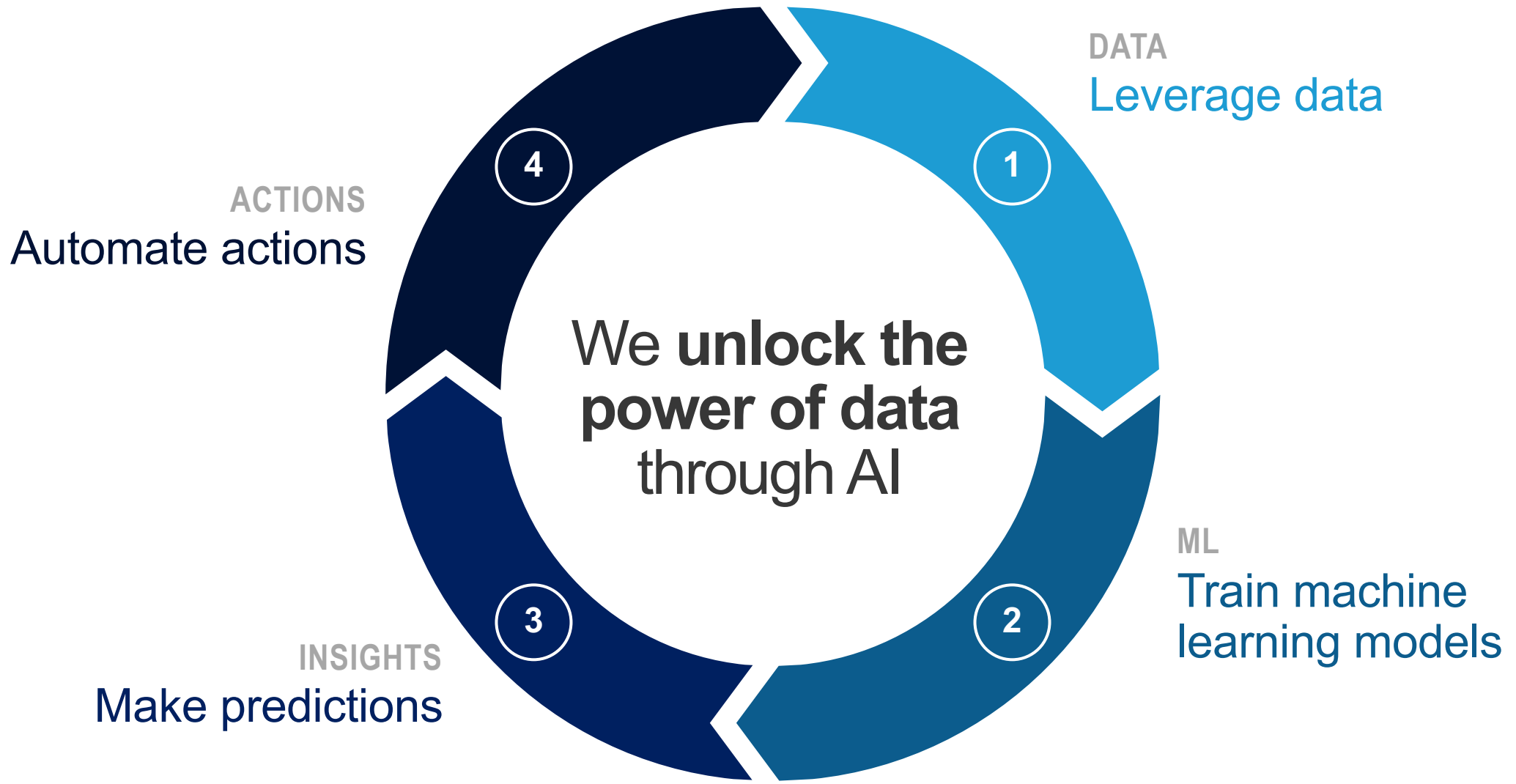
Account and user
behavior, user journeys,
business metrics



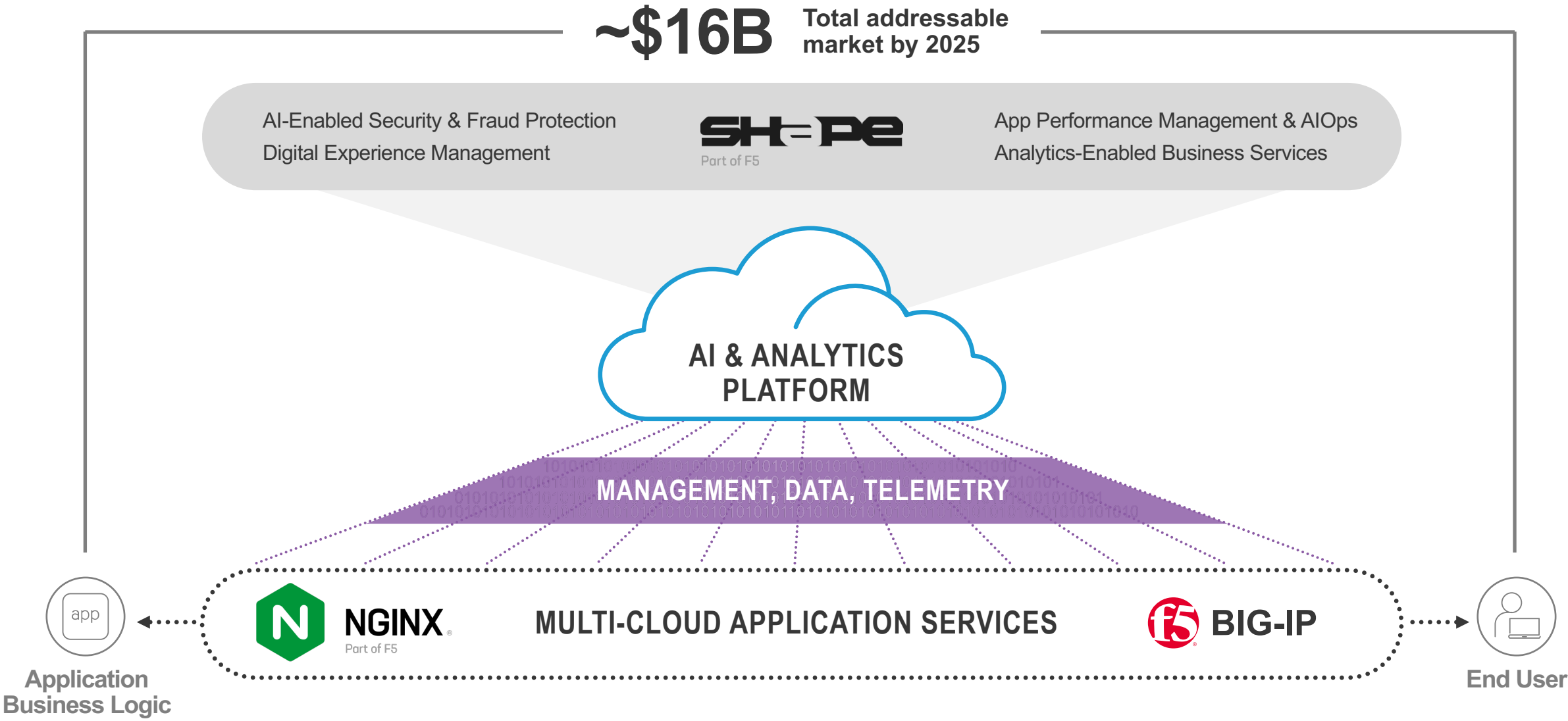
Data and telemetry
spanning all environments:
multi-cloud, hybrid,
and datacenters

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

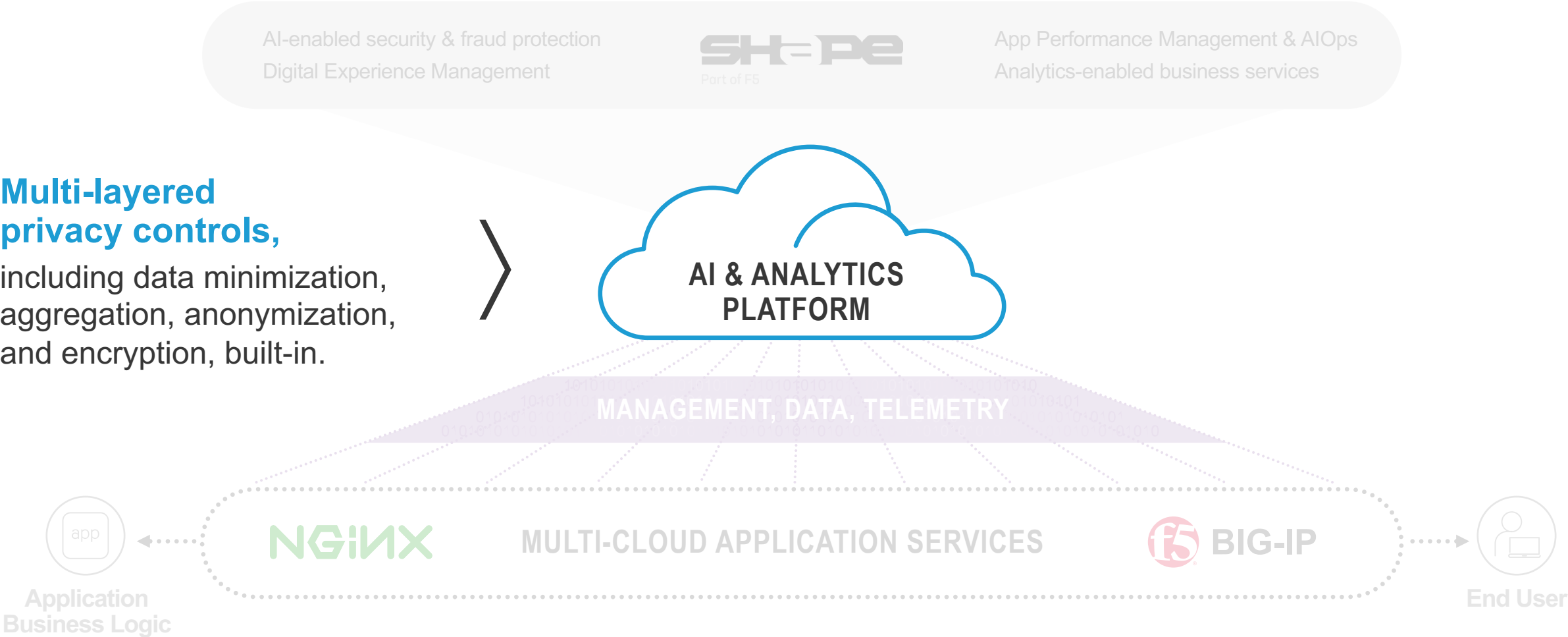


How we unlock the power of data through AI



In 2020, privacy is paramount

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



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

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Key Takeaways

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

WHAT WE ACTUALLY GOT WITH SHAPE:

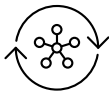
An AI and data platform for **advanced user analytics**



“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

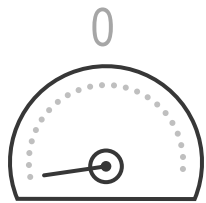


Highest form of such systems uses **AI to produce deep insights** and act on them **automatically**

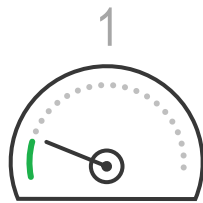


Higher levels of adaptive applications optimize digital experiences

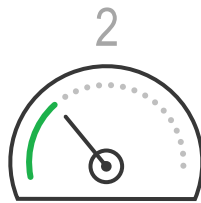
Levels of Driving Automation



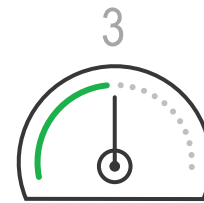
**No
Automation**



**Driver
Assistance**



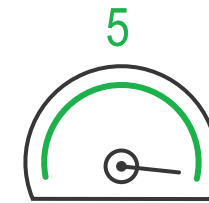
**Partial
Automation**



**Conditional
Automation**



**High
Automation**



**Full
Automation**

Levels of Adaptive Apps

Fully manual
management:
traditional
datacenters + CDNs

Public cloud
infrastructure
abstracts hardware
management

Elastic scaling of
infrastructure in
public clouds

Predictive
provisioning and
scaling across public
cloud and hybrid
environments

**App infrastructure
fully self-configures
and heals**

**Digital experience
fully optimizes
across apps**

Shape already
enhances
cybersecurity
to a **high level of**
automation

Levels of Cybersecurity Automation

- 1 Manual Detection & Manual Response
- 2 Manual Detection & Semi-Automated Response
- 3 Semi-Automated Detection & Semi-Automated Response
- 4 Automated Detection & Semi-Automated Response
- 5 Fully Automated Detection & Fully Automated Response

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

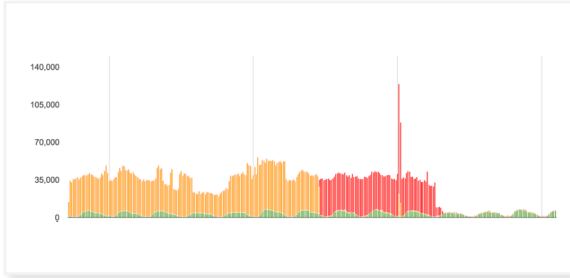
We are building a **next generation data platform** on top of Shape's data and AI systems

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

Key Takeaways

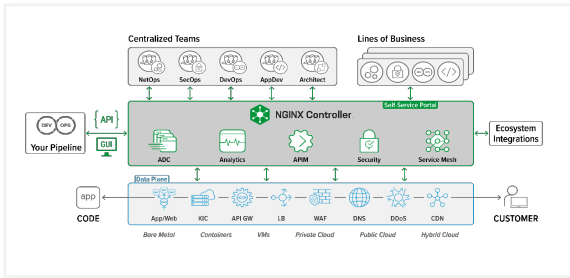
We are well on our way to opening new AI-driven markets and expect to see initial revenue in Horizon 2

AI and automation product initiatives already underway

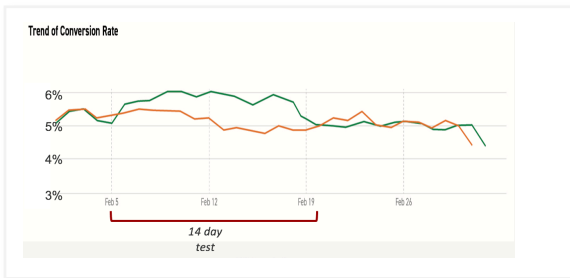


Shape Enterprise Defense is the model for future services: leader in AI-based fraud & abuse defense, taking apps from >90% login fraud to ~0%

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



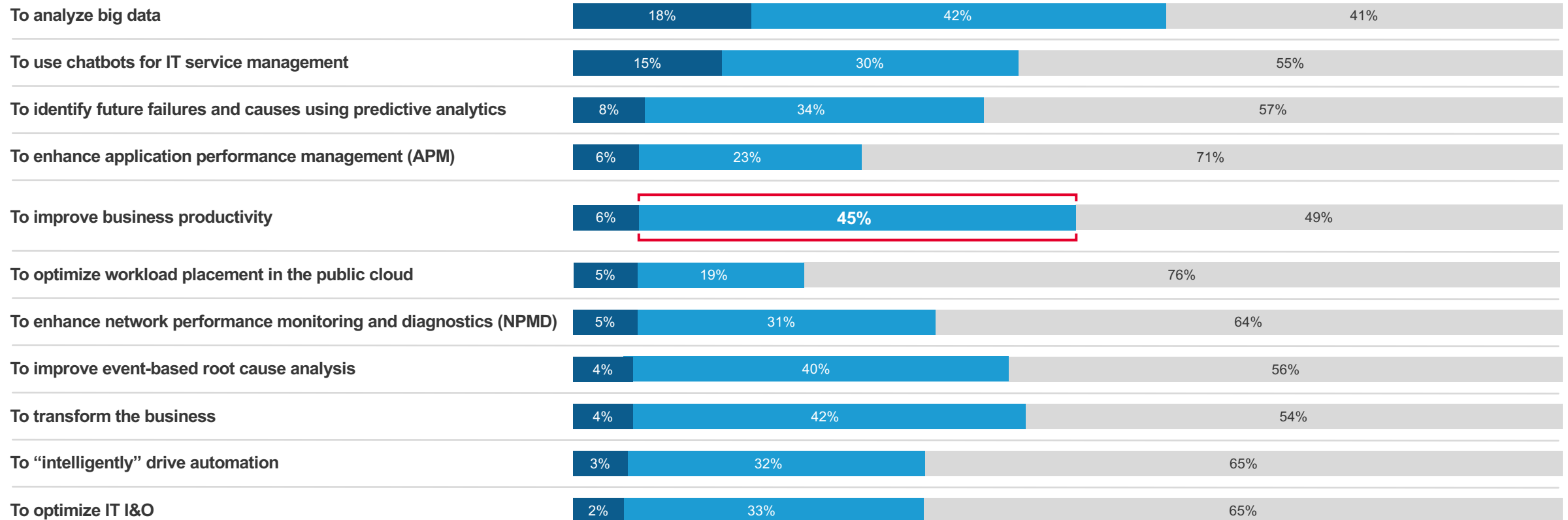
Customer app revenue maximizing services in pipeline: product pilots based on optimizing behavior from app interaction data have **demonstrated 2% lift in top-line revenue**

IT infrastructure & operations are using, and plan on using, AI extensively throughout their organizations

IT I&O Usage of AI or ML

Percentage of respondents

■ Already using AI/ML ■ Plan to use AI/ML by Y19 ■ No plans to use within the next 2 years



Source: Gartner, Inc 2019, ID:380851

20 | ©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

"Downtime Statistics of Current Cloud Solutions", IWGCR Paper
IDC Survey: <https://www.devopsdigest.com/idc-survey-appdynamics-devops-application-performance>



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

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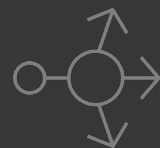


Analyst and Investor Meeting²⁰

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



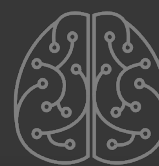
Simplify traditional app delivery for multi-cloud environments



Enable modern app delivery at scale



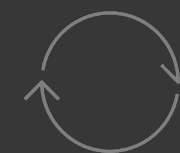
Secure every app anywhere



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**

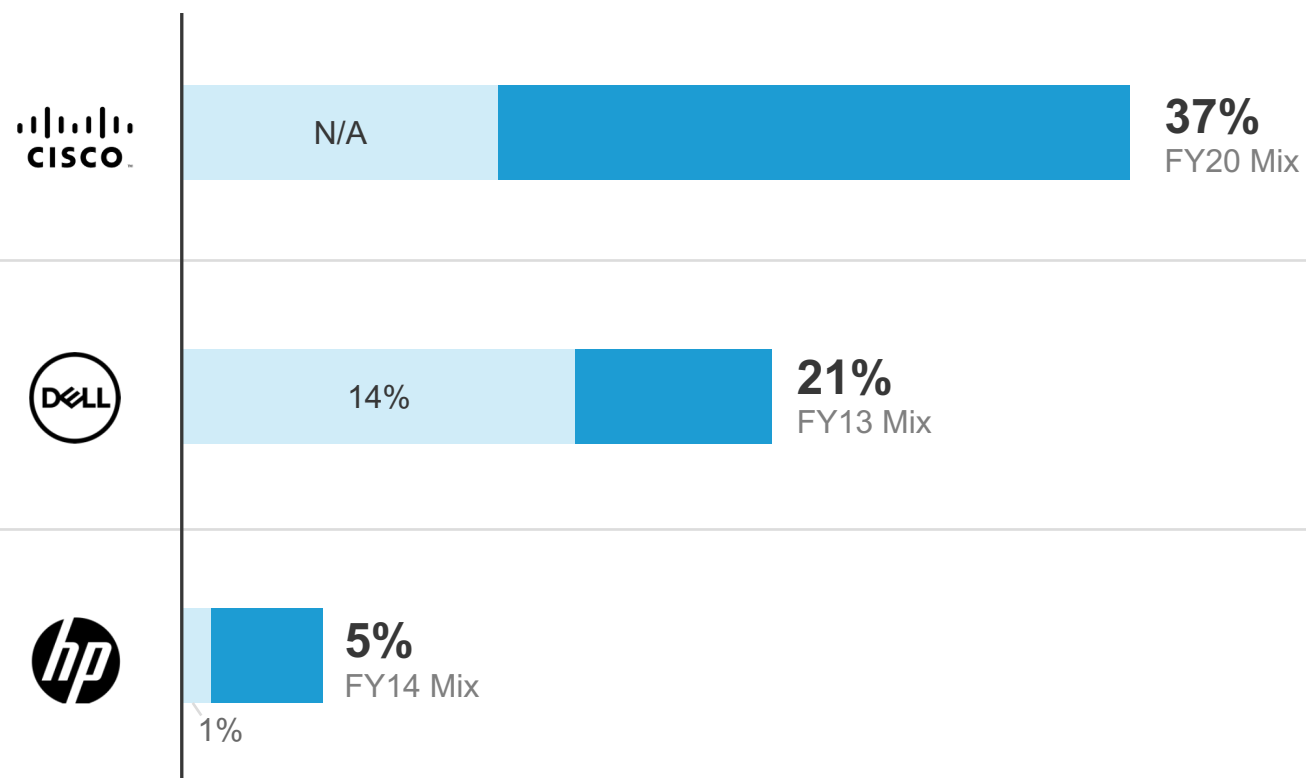
Key Takeaways

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



Transformation Time Horizon

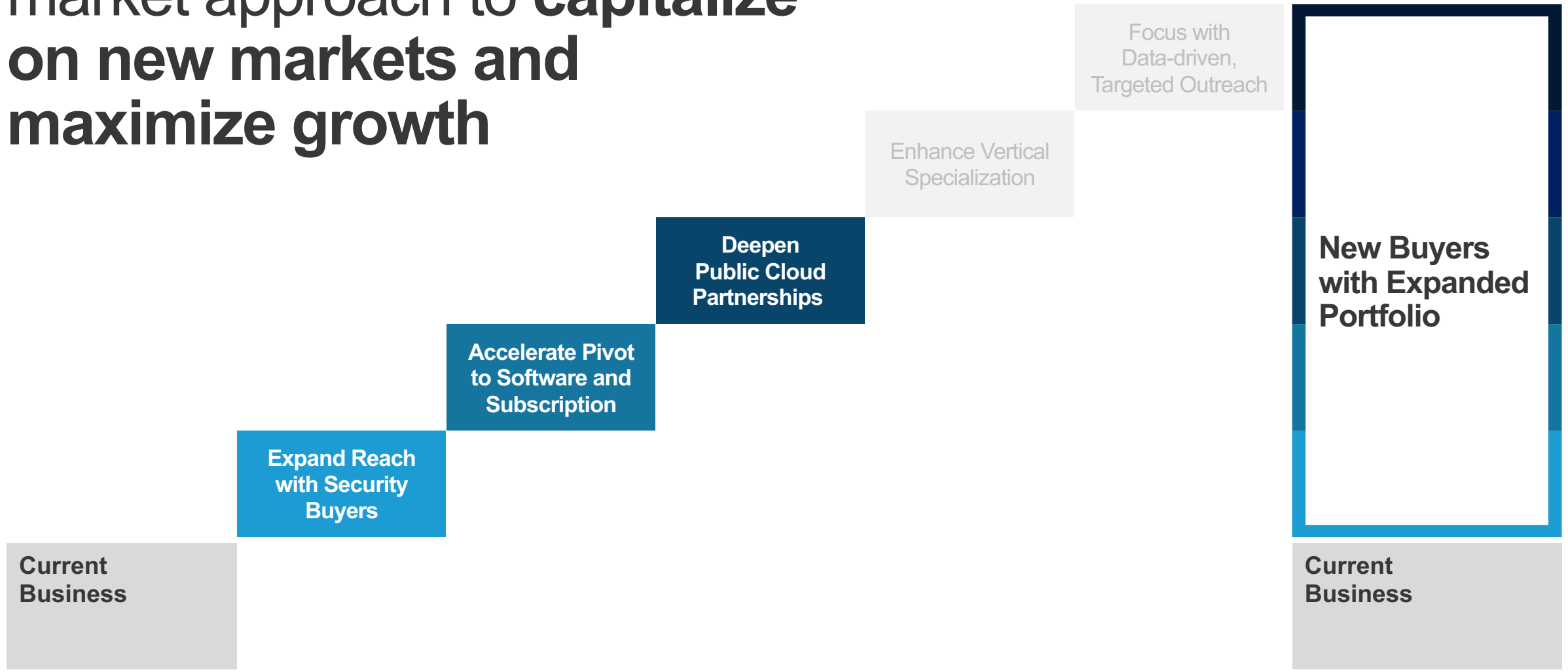
13 Years
(FY07 – FY20E)

8 Years
(FY05 – FY13)

11 Years
(FY03 – FY14)

Source: Company filings

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 cases¹

120%

Subscription revenue growth via flexible licensing options¹

>50%

More than half of FY20 customers purchased software offerings

¹2017-2020 CAGR

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

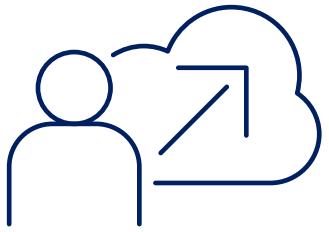
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Key Takeaways

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

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 geographies¹

78%

Bookings growth due to use case expansion¹

¹2017-2020 CAGR

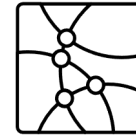
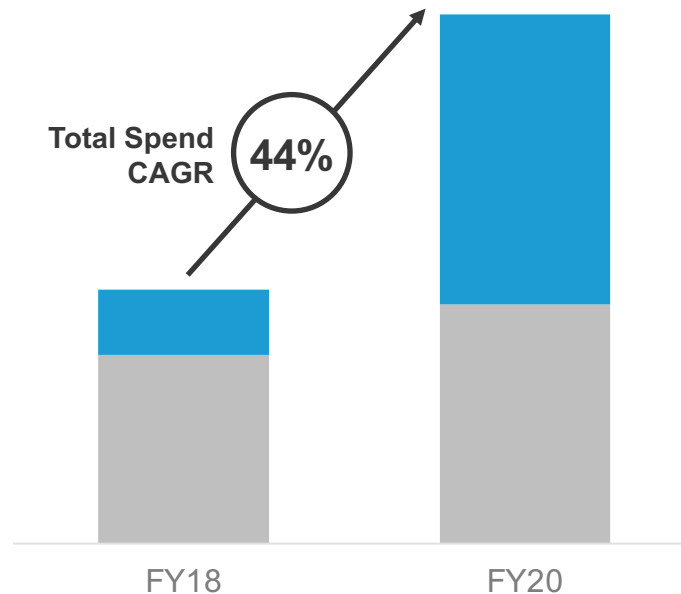
Customers are expanding footprint leveraging F5 for security and workload migration to public cloud



Large Government

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

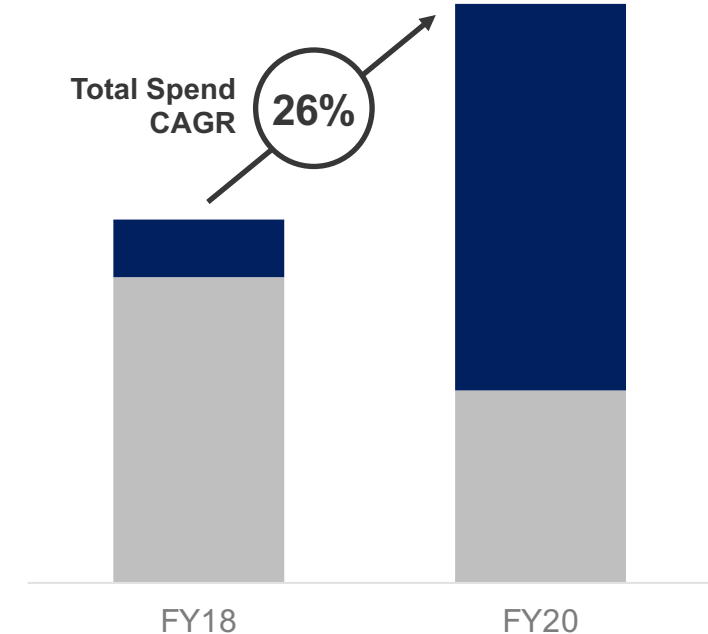
- Security product mix
- ADC systems product mix



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

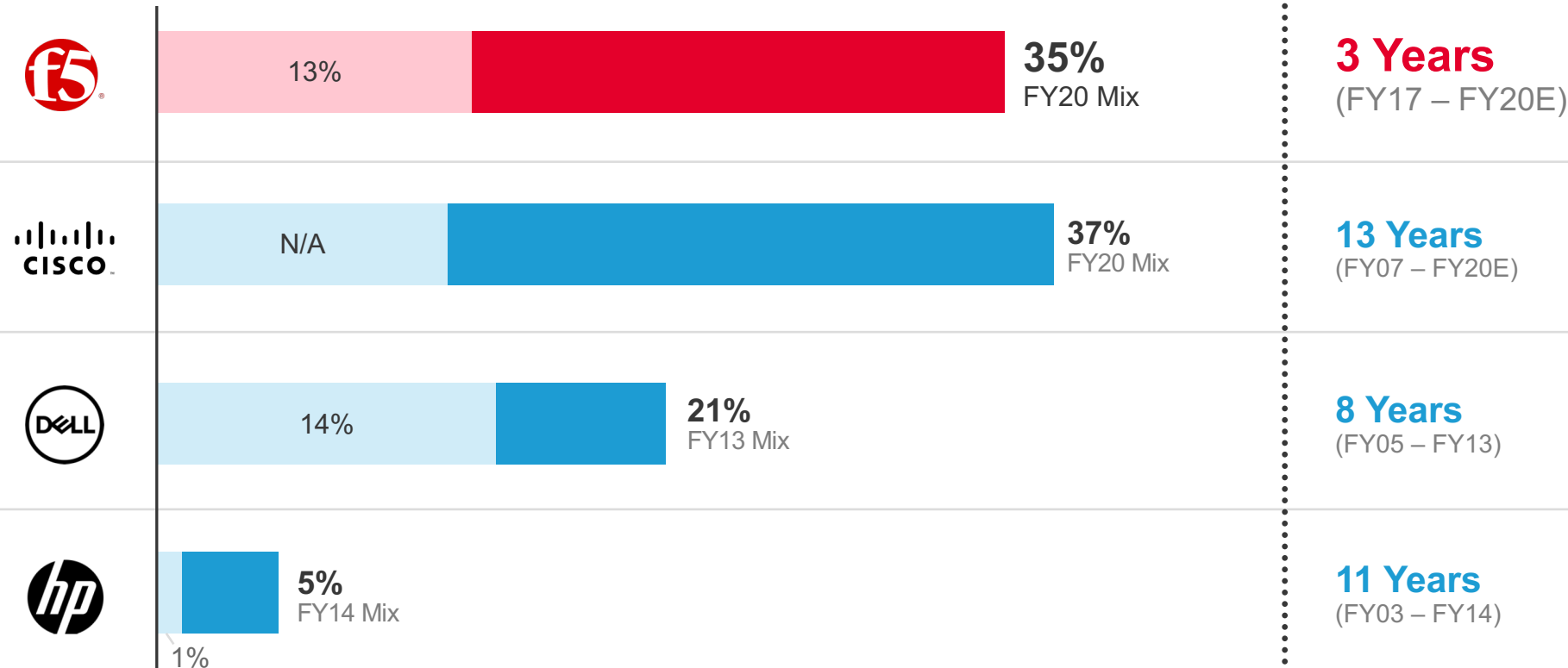


In only **three years**, F5's software transformation is substantially outpacing other companies

Software

as % Product Revenue

Transformation Time Horizon



Source: Company filings

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

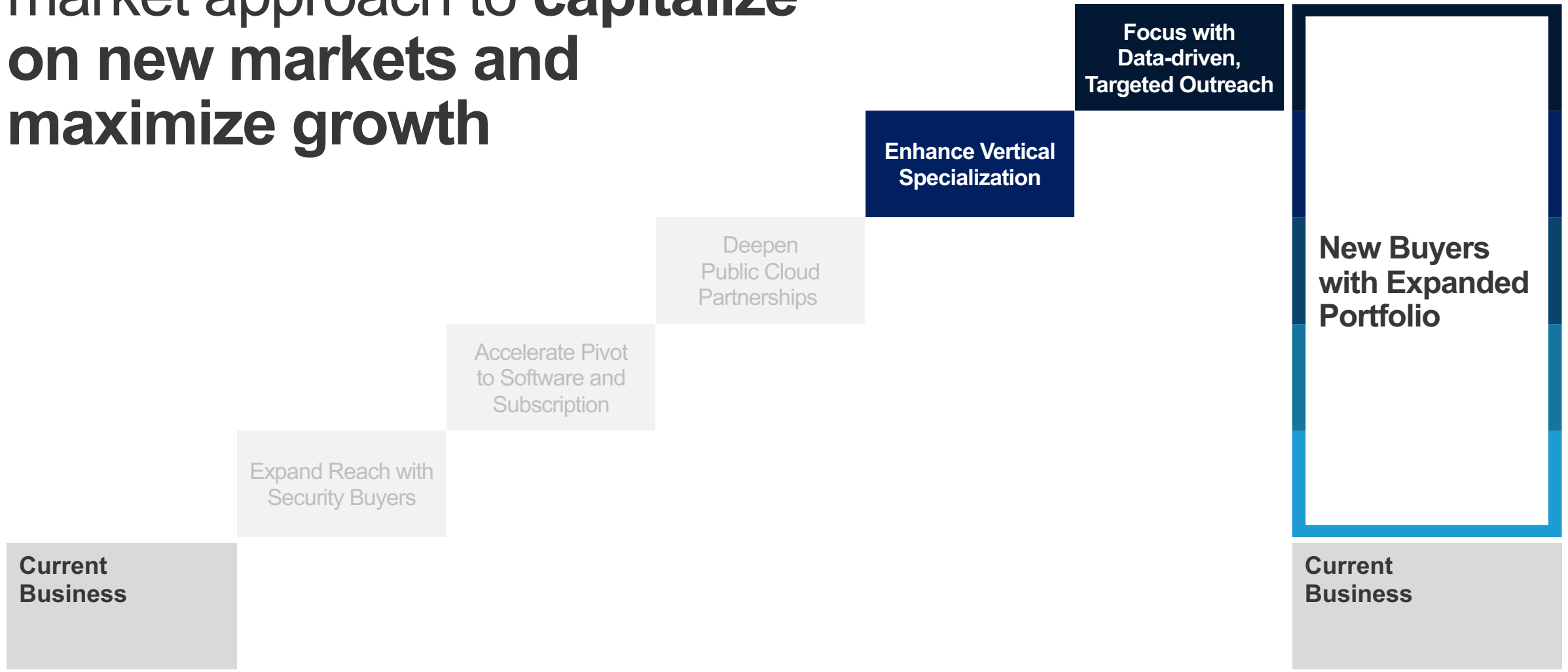
Our **public cloud partnerships** are a strong route-to-market driving differentiated offers and application expansion

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

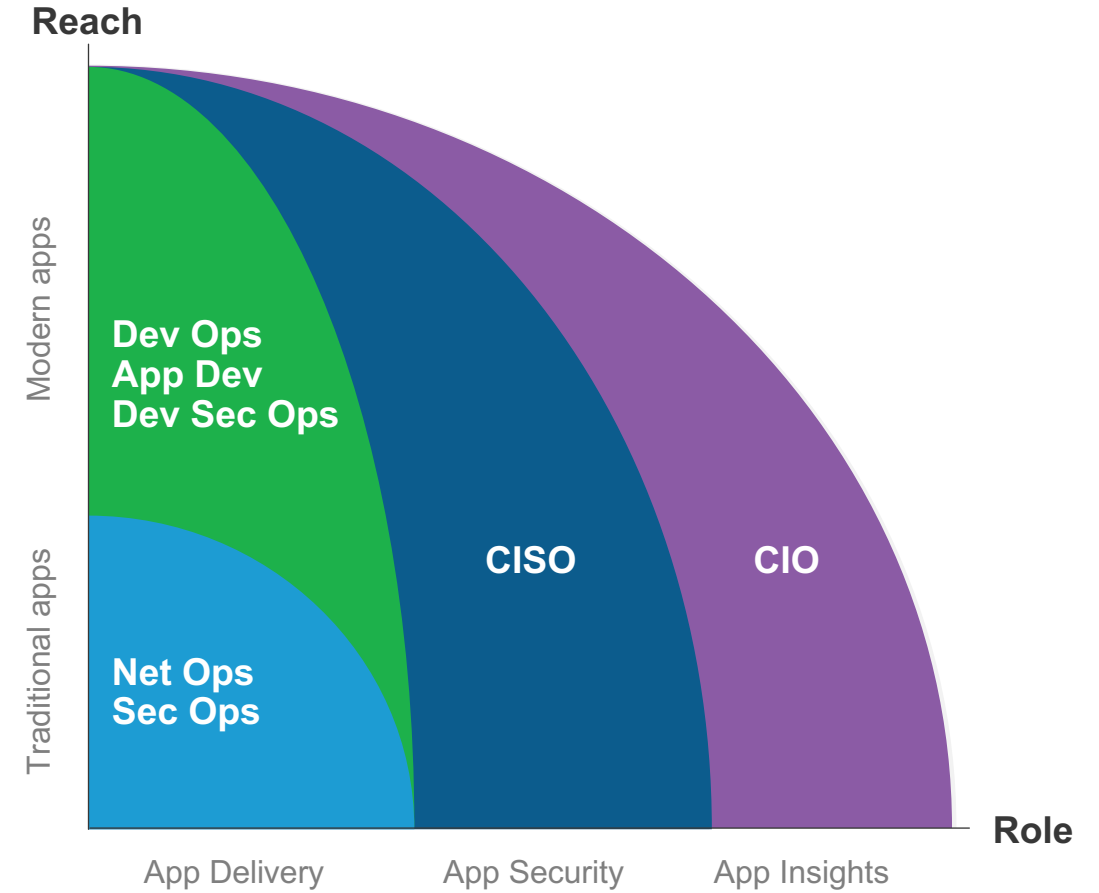
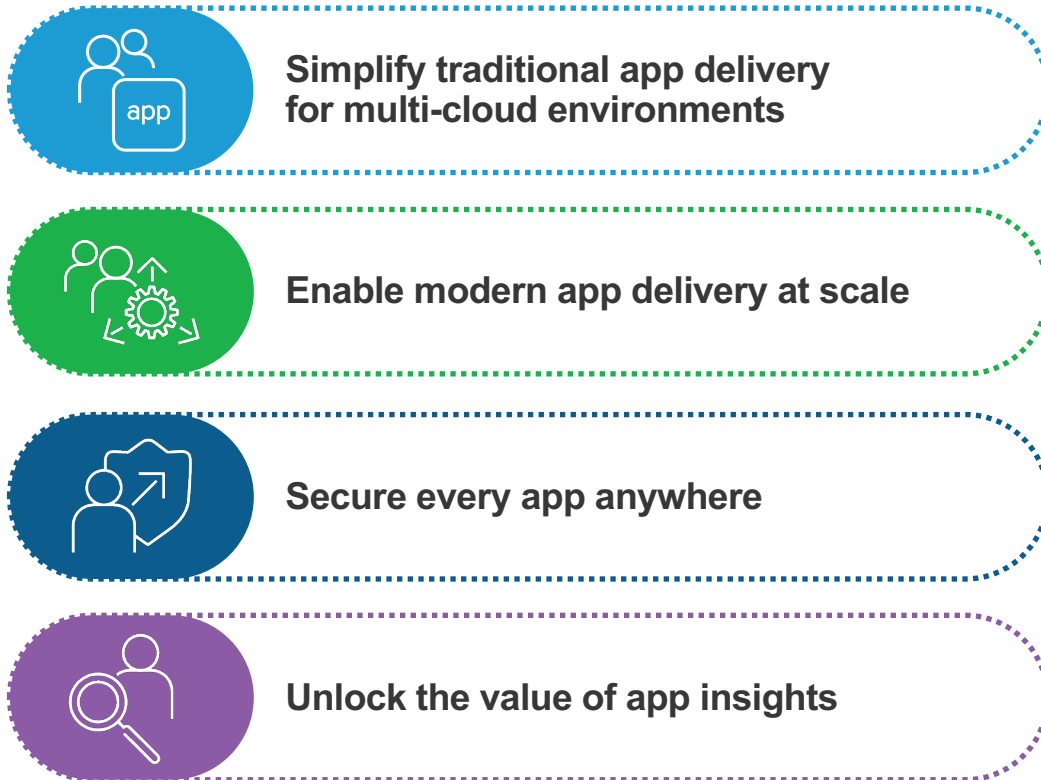
Key Takeaways

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**

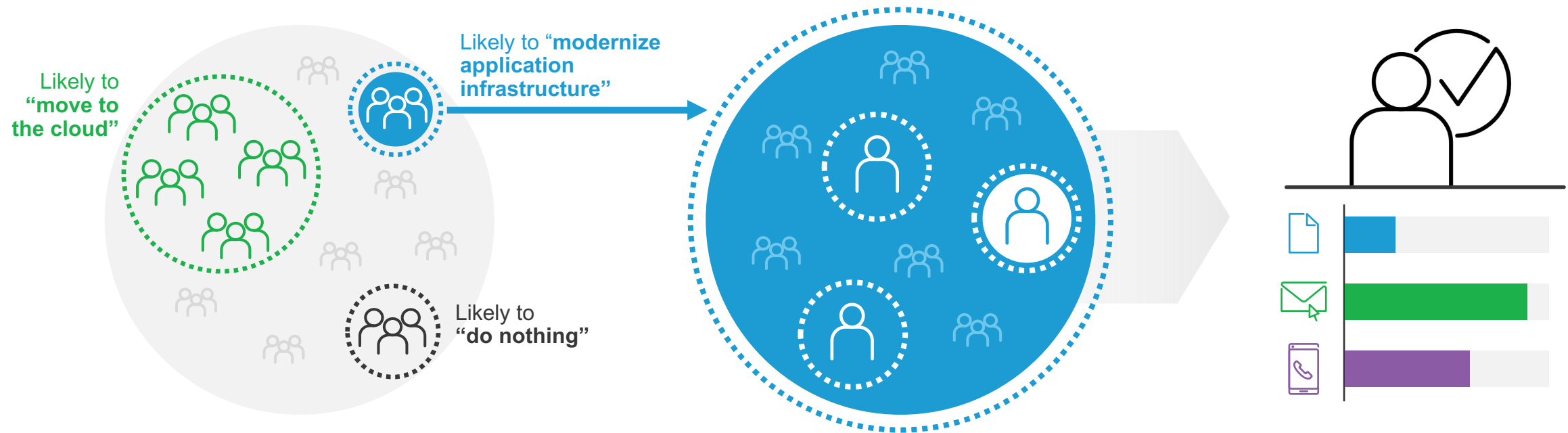


Our expanded portfolio enables us to **engage new buyer types** and deliver meaningful value to them

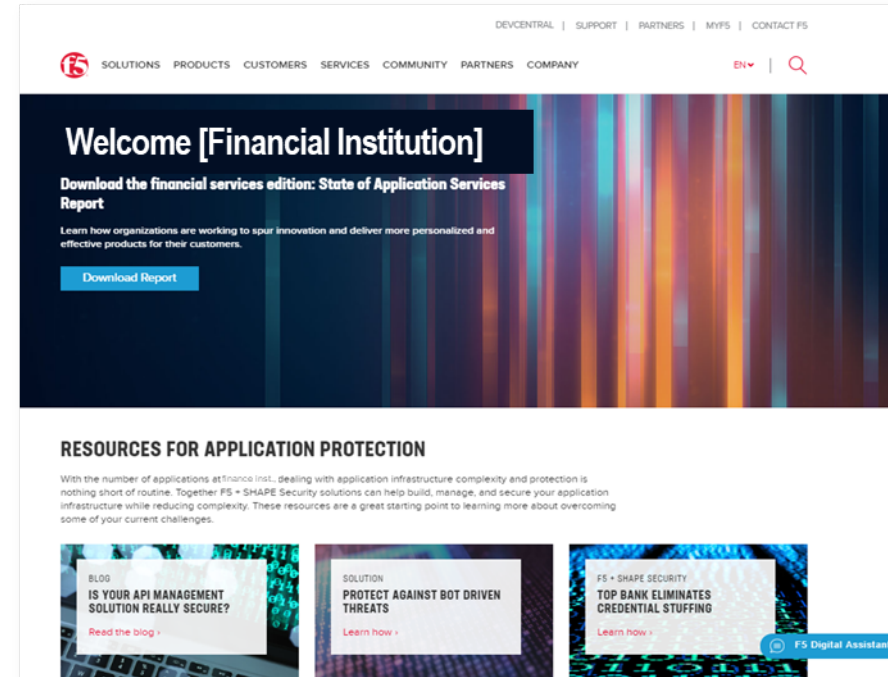
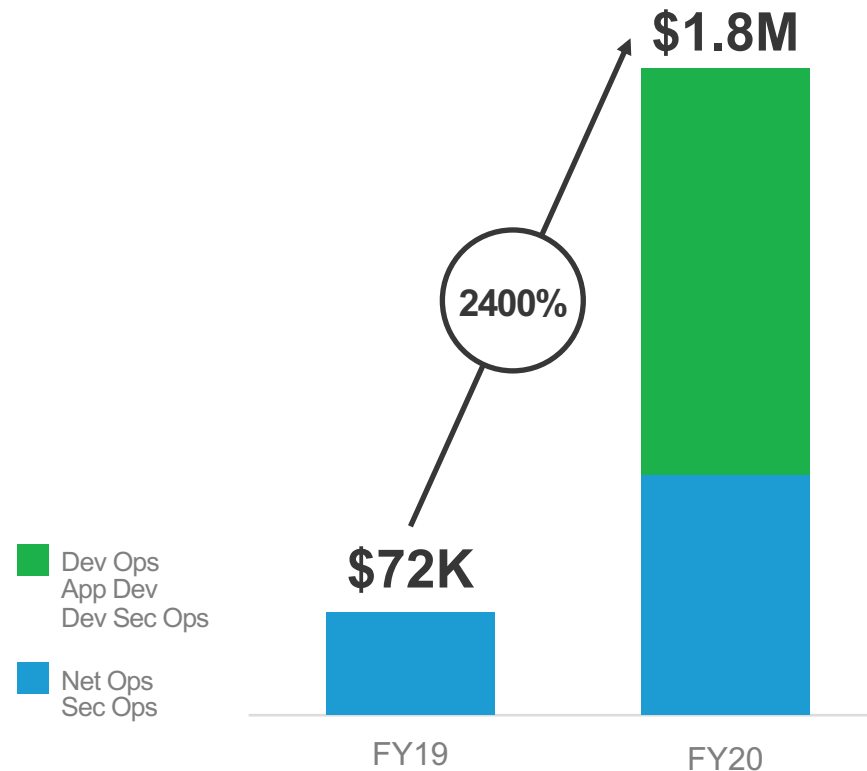


Digitally integrated engagement enables an effective and efficient means to reach new buyers

- 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

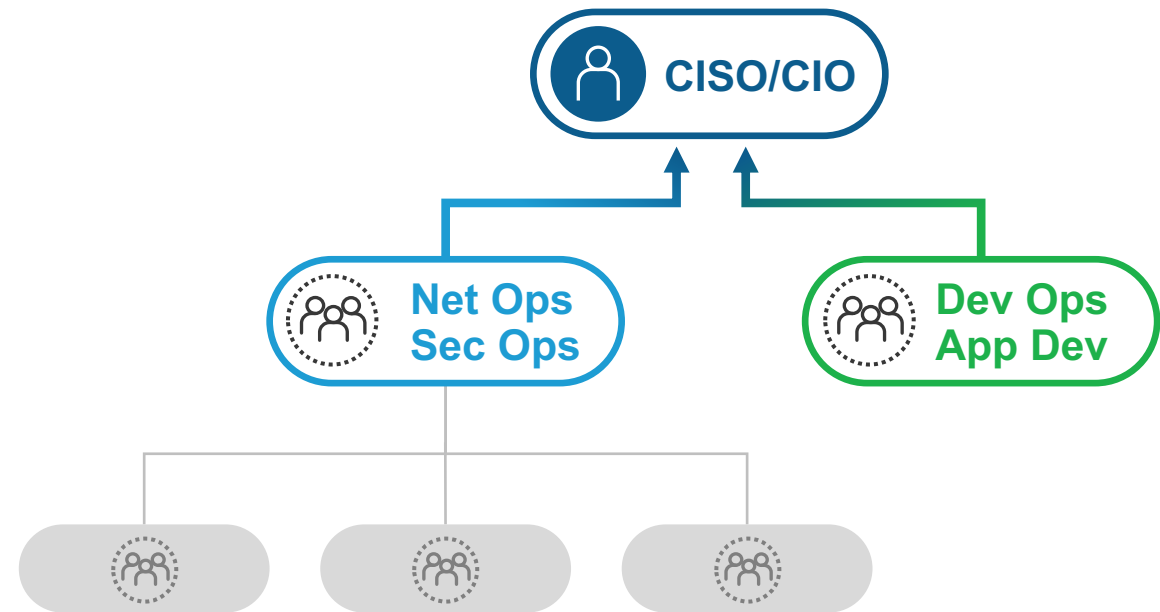
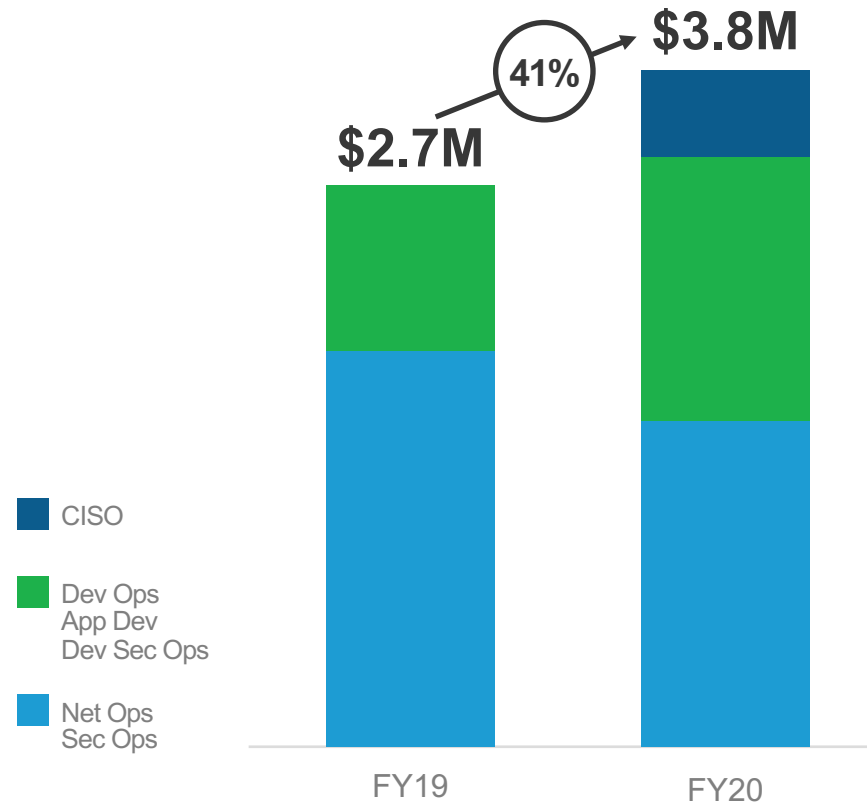


We focused on cloud expansion at a leading investment firm and materially expanded our footprint



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

Transformation Time Horizon



>50%
FY22E Mix

5 Years
(FY17 – FY22E)



37%
FY20 Mix

13 Years
(FY07 – FY20E)



21%
FY13 Mix

8 Years
(FY05 – FY13)



5%
FY14 Mix

11 Years
(FY03 – FY14)

Source: Company filings

21 | ©2020 F5

■ ■ Pre-Transformation Software Mix

■ ■ Post-Transformation / Current Software Mix

Analyst and
Investor Meeting 20

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

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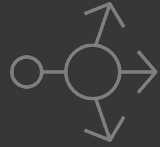


Analyst and Investor Meeting²⁰

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



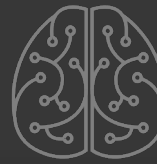
Simplify traditional app delivery for multi-cloud environments



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

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We offer a **compelling range** of value-add services



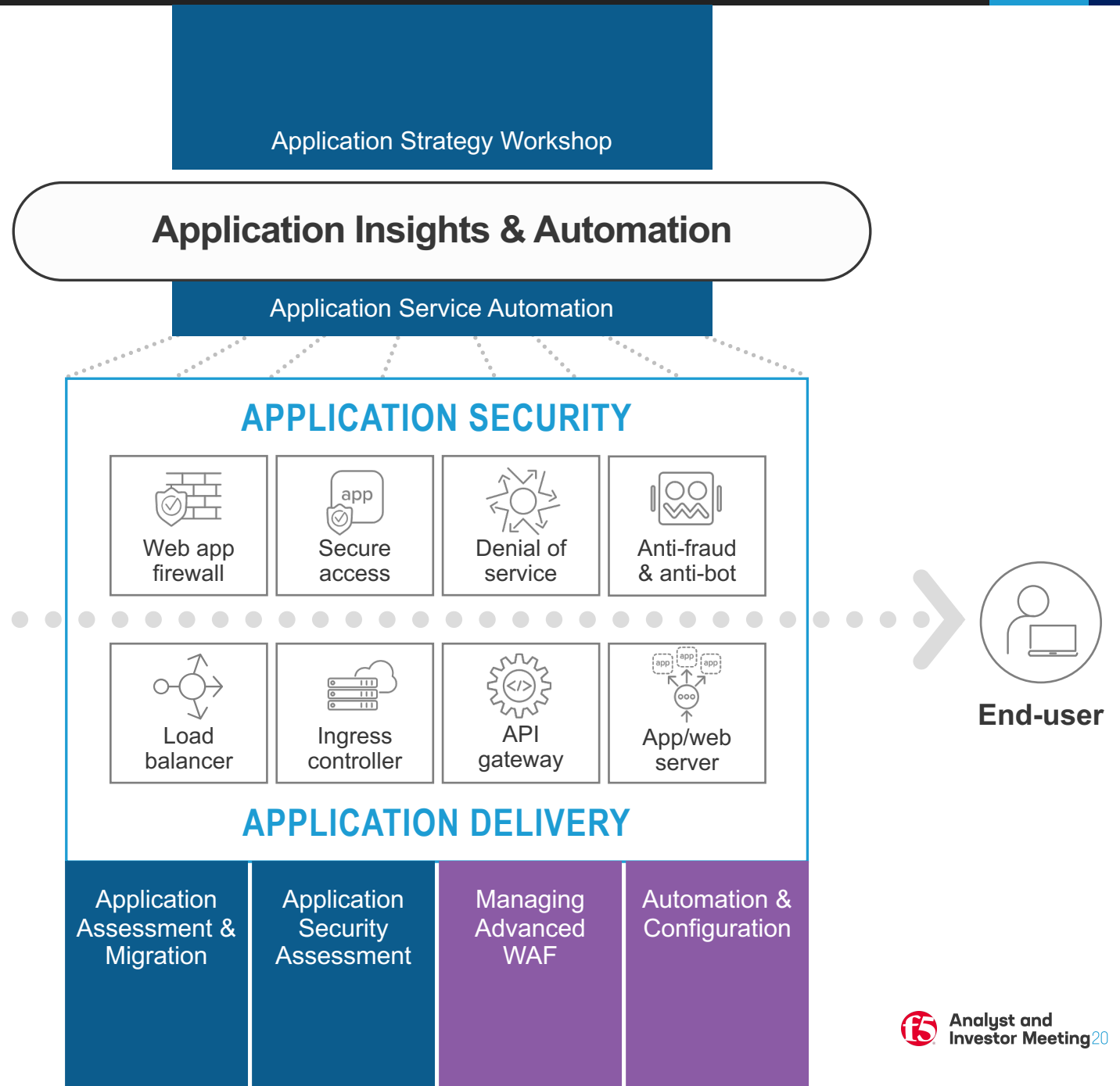
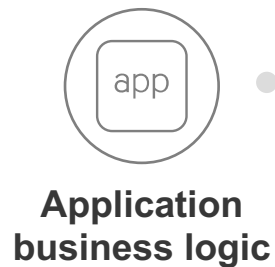
As of September 30, 2020

6 | ©2020 F5

We are evolving
the purpose of
professional services
to further accelerate
product sales

■ Advisory services

■ Training services



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We grow **support services** as customers deploy software

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



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

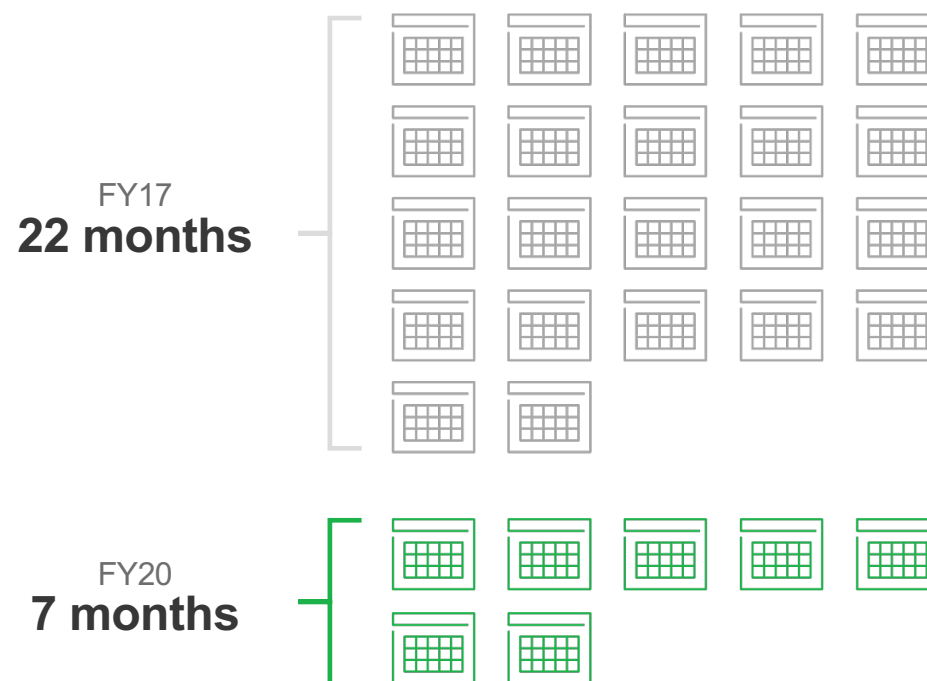
New Customer Success Capability

- ✓ 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

Number of months



15
months
faster

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

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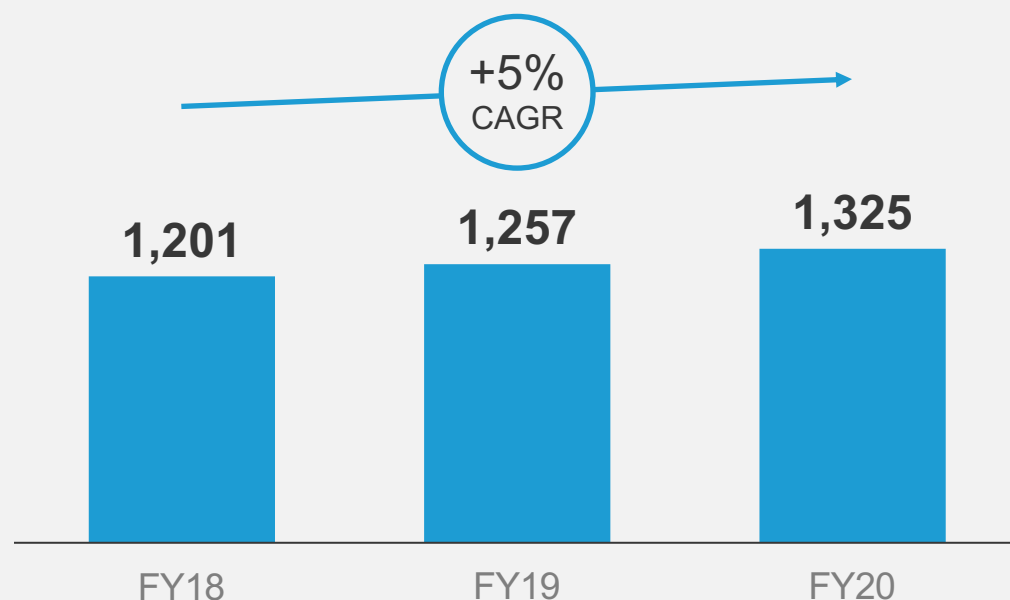
Key Takeaways

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

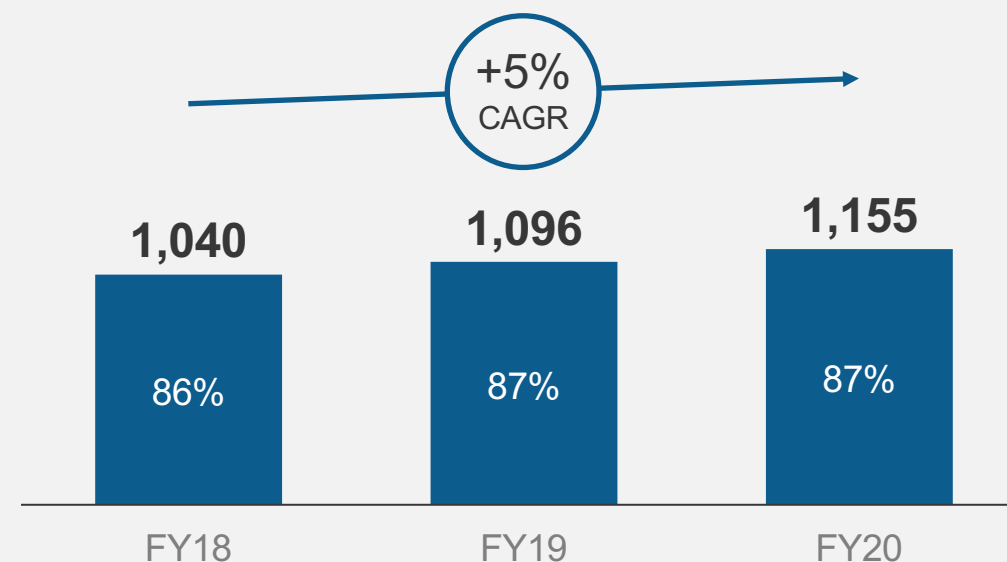
Services Revenue

\$ in USD millions



Services Gross Profit

\$ in USD millions / % of revenue



Recurring revenue represents >90% of services revenue
Consistent attach rate >96% on initial product sales

Our operational results have remained durable with software



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

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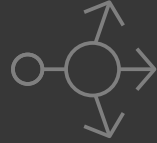


Analyst and Investor Meeting²⁰

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



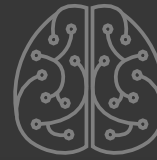
Simplify traditional app delivery for multi-cloud environments



Enable modern app delivery at scale



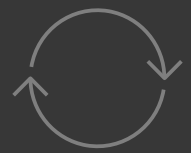
Secure every app anywhere



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

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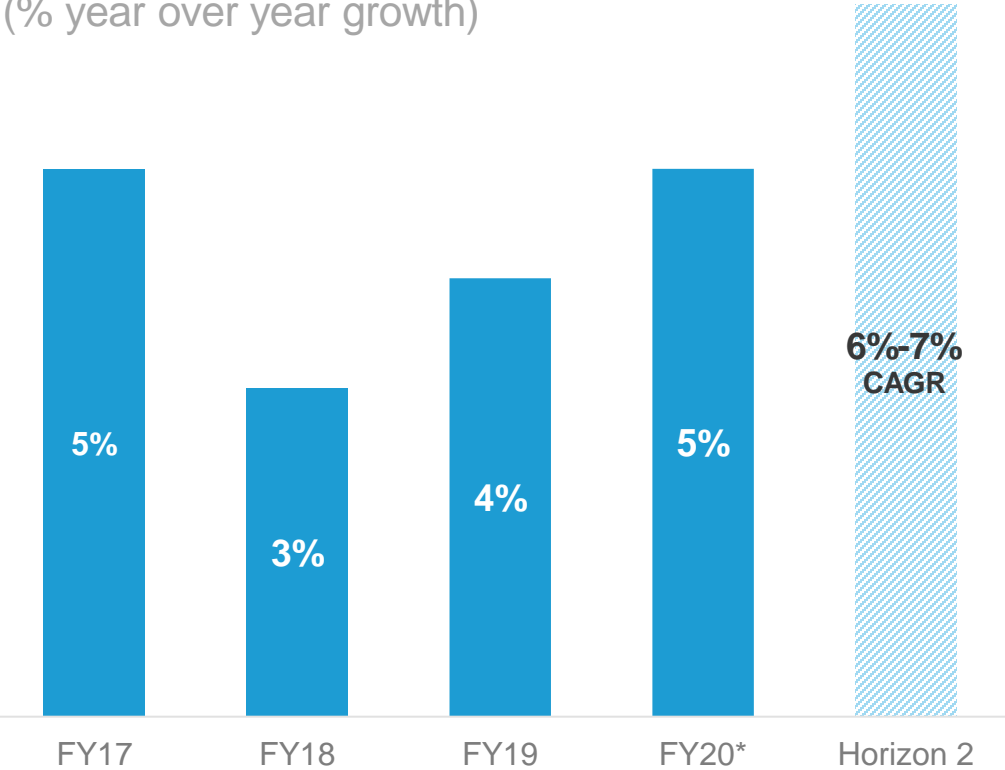
We are taking a balanced approach to capital deployment

Key Takeaways

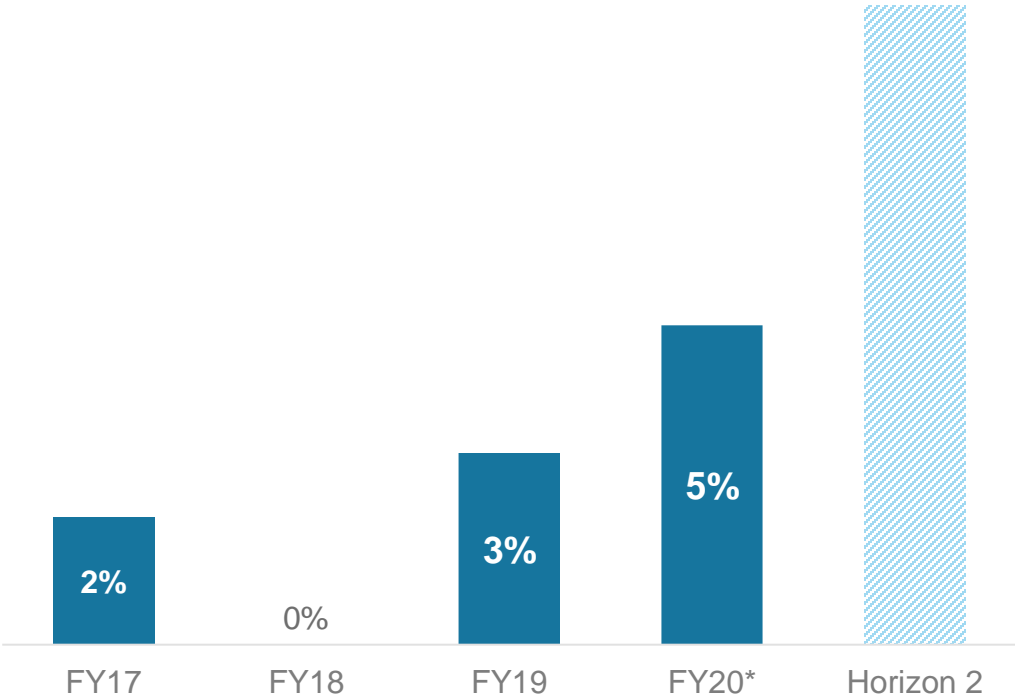
We are driving double-digit earnings growth

Revenue growth is accelerating

Total Revenue Growth
(% year over year growth)



Product Revenue Growth
(% year over year growth)



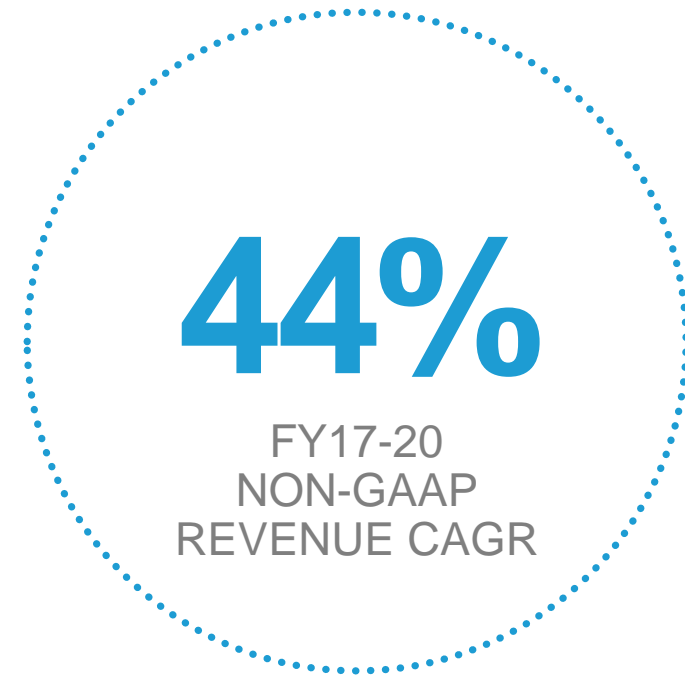
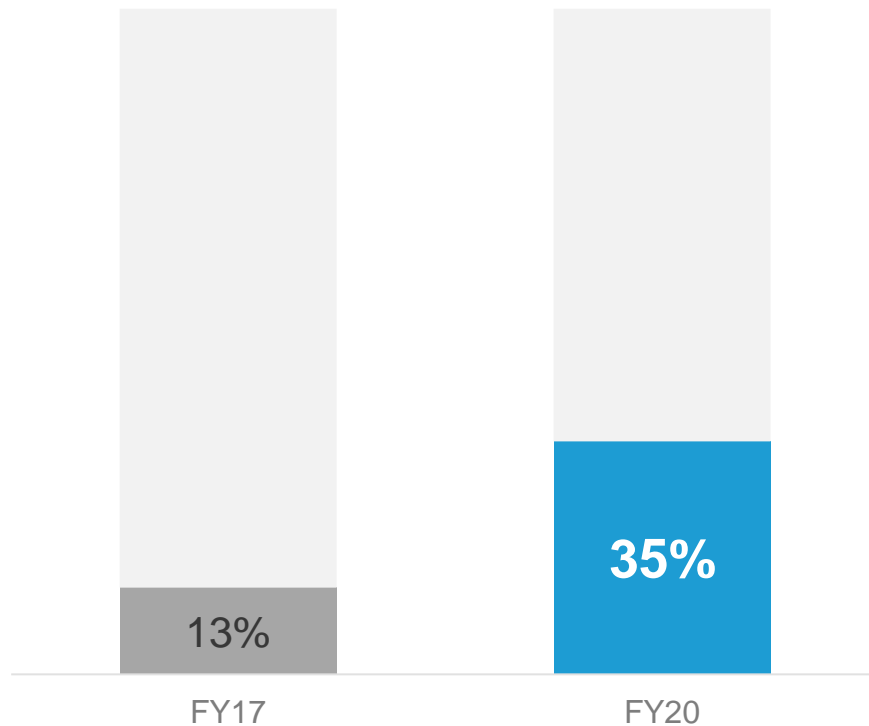
Illustrative based on Horizon 2 guidance of 6%-7% CAGR

* FY20 non-GAAP revenue due to Shape acquisition. See appendix for GAAP to non-GAAP reconciliation

Our software transformation is **outpacing** our expectations

Software¹ Mix Trends

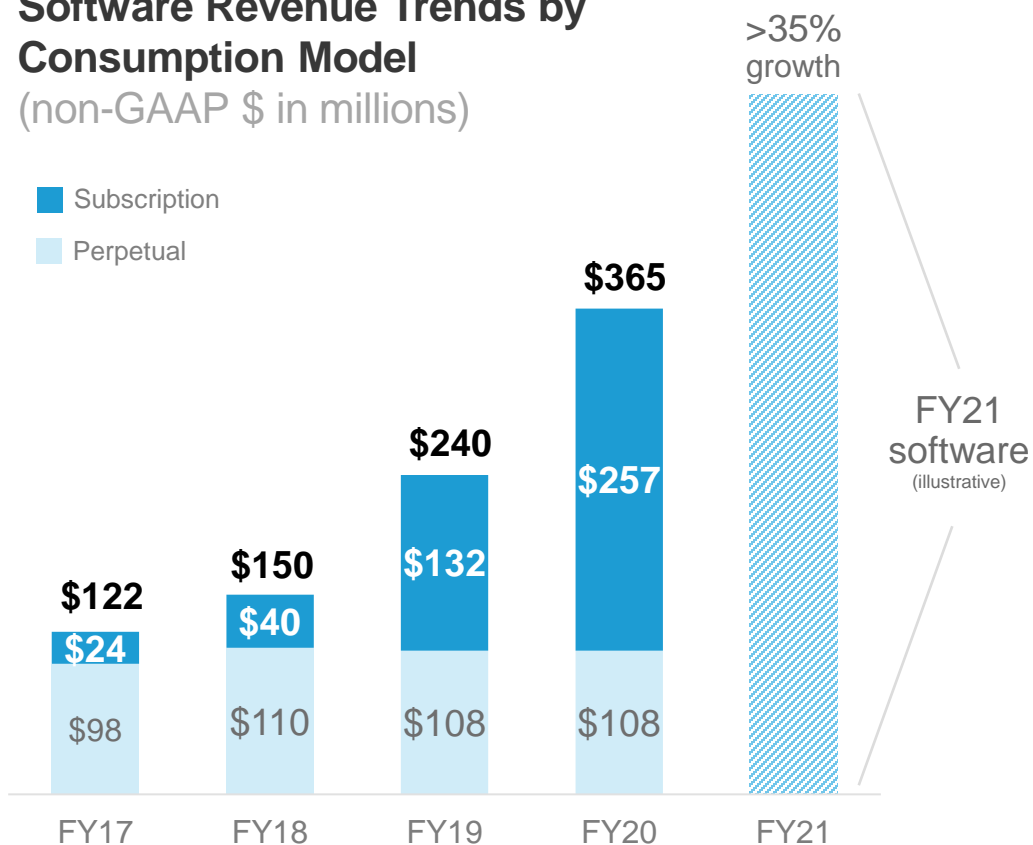
(% of Non-GAAP Product Revenue)



¹Software 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)



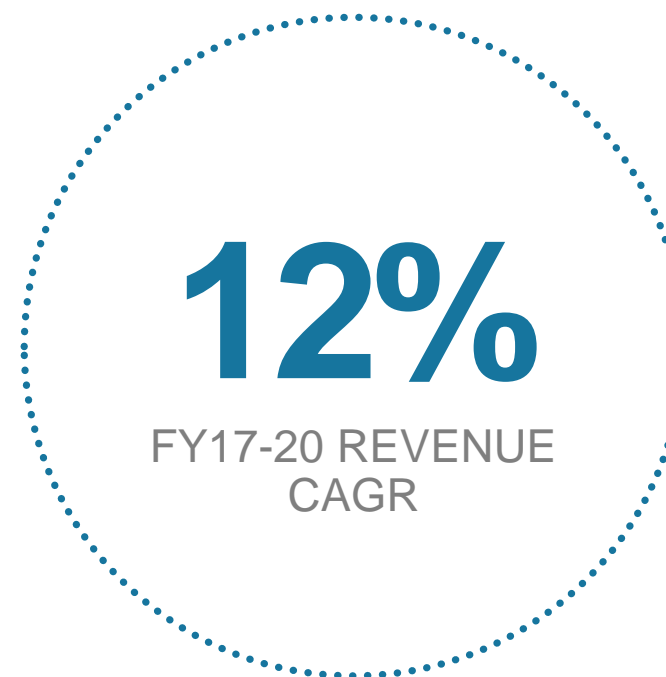
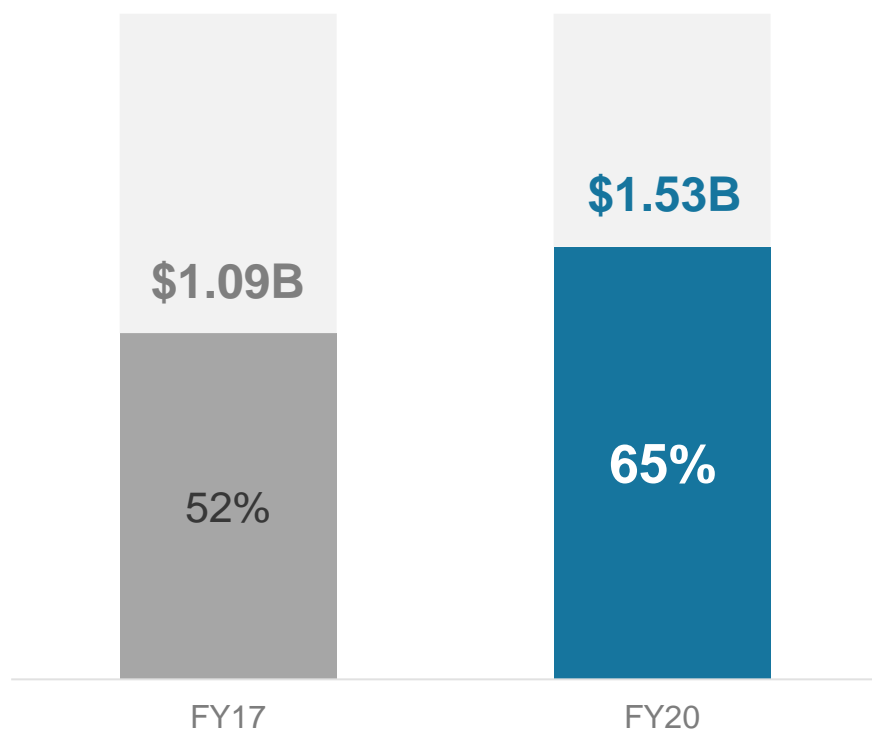
120%

FY17-20
SOFTWARE
SUBSCRIPTION
REVENUE CAGR

¹Comprises 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**

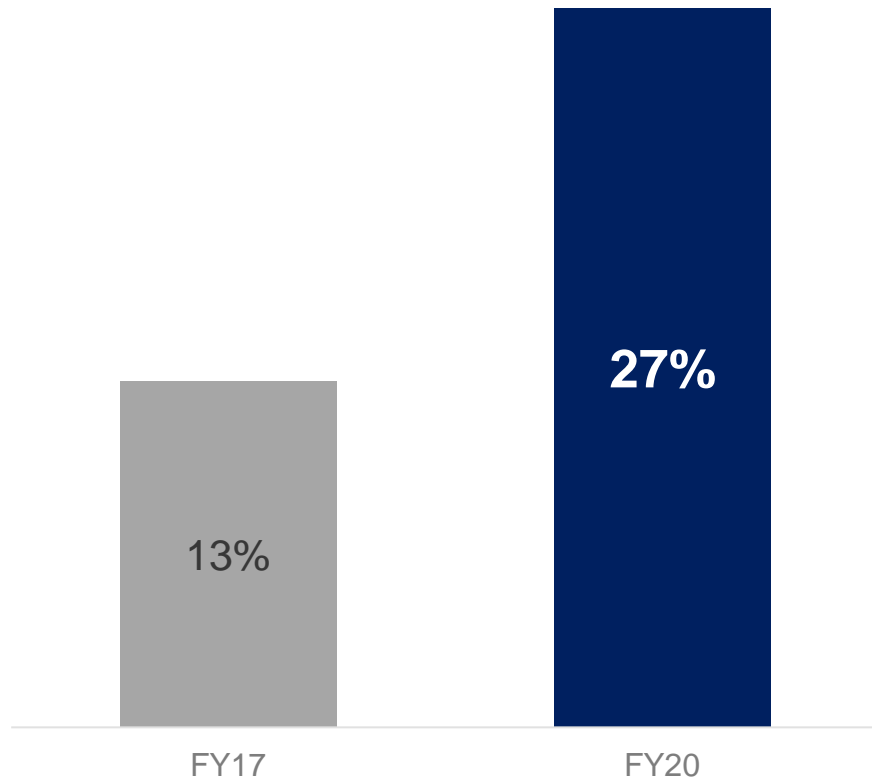
Recurring Revenue¹ Mix
(% of Non-GAAP Total Revenue)



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

We are a sizable and growing **application security** player

Standalone Security¹ Mix
(% of Non-GAAP Product Revenue)



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

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

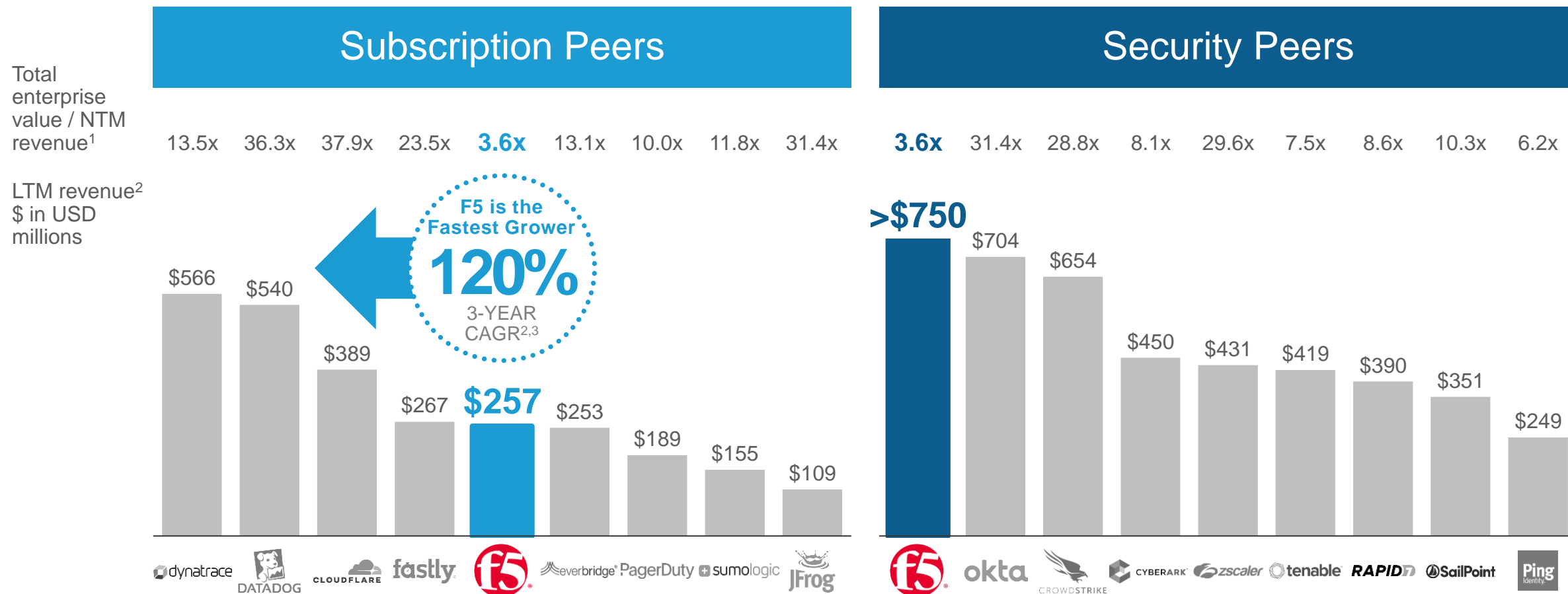
We are at a pivot point where our past investments are yielding operating leverage

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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



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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

Appendix

Analyst and Investor Meeting
November 18, 2020

GAAP to non-GAAP Reconciliation

(AMOUNTS IN THOUSANDS)

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

GAAP to non-GAAP Reconciliation

(AMOUNTS IN THOUSANDS)

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

GAAP to non-GAAP Reconciliation

(AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)

| | FY17 | FY18 | FY19 | FY20 |
|---|------------------|------------------|------------------|------------------|
| GAAP operating income | \$563,956 | \$590,899 | \$518,463 | \$392,267 |
| Total adjustments related to revenue | \$0 | \$0 | \$0 | \$6,824 |
| Total adjustments related to gross profit | \$30,807 | \$29,447 | \$31,558 | \$51,711 |
| Total adjustments related to operating expense | \$169,899 | \$160,428 | \$220,017 | \$265,726 |
| Total adjustments related to income from operations | \$200,706 | \$189,875 | \$251,575 | \$324,261 |
| Non-GAAP income from operations | \$764,662 | \$780,774 | \$770,038 | \$716,528 |
| GAAP net income | \$420,761 | \$453,689 | \$427,734 | \$307,441 |
| Total adjustments to revenue | \$0 | \$0 | \$0 | \$6,824 |
| Total adjustments to gross profit | \$30,807 | \$29,447 | \$31,558 | \$51,711 |
| Total adjustments operating expenses | \$169,899 | \$160,428 | \$220,017 | \$265,726 |
| Gain on sale of patent | \$0 | (\$534) | \$0 | \$0 |
| Exclude tax effect on above items | (\$57,532) | (\$49,557) | (\$53,048) | (\$56,726) |
| Tax on deemed repatriation of undistributed foreign earnings | \$0 | \$7,000 | \$0 | \$0 |
| Remeasurement of net deferred tax assets due to change in US tax rate | \$0 | \$11,584 | \$0 | \$0 |
| Non-recurring foreign tax credit benefit | (\$21,000) | \$0 | \$0 | \$0 |
| Total Non-GAAP adjustments | \$122,174 | \$158,368 | \$198,527 | \$267,535 |
| Non-GAAP net income | \$542,935 | \$612,057 | \$626,261 | \$574,976 |
| Weighted average basic common shares outstanding | 64,173 | 61,262 | 60,044 | 60,911 |
| Weighted average dilutive potential common shares outstanding | 64,775 | 62,013 | 60,456 | 61,378 |
| GAAP diluted net income per common share | \$6.50 | \$7.32 | \$7.08 | \$5.01 |
| Non-GAAP diluted net income per common share | \$8.38 | \$9.87 | \$10.36 | \$9.37 |

