Q4 & FY21 Results

PERIOD ENDING SEPTEMBER 30, 2021

Published October 26, 2021

Forward-looking statements

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

GAAP to non-GAAP presentation

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

Introduction

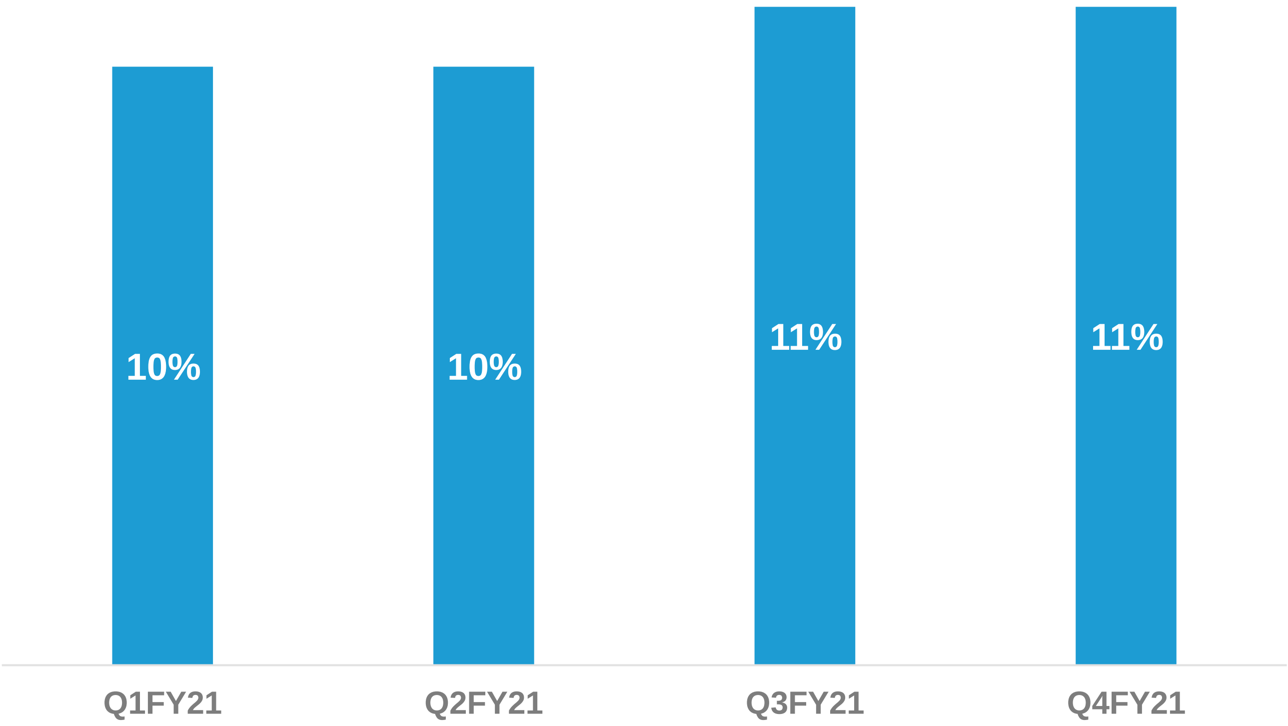
François Locoh-Donou, CEO & President

GAAP results

	Q420	Q421	FY20	FY21
Revenue	**$614.8M**	**$682.0M**	**$2.35B**	**$2.60B**
Gross margin	81.8%	81.1%	82.7%	81.1%
Operating margin	16.0%	18.5%	16.7%	15.1%
Net income	$77.7M	$110.7M	$307.4M	$331.2M
EPS	**$1.26**	**$1.80**	**$5.01**	**$5.34**

We’ve delivered four consecutive quarters of double-digit revenue growth

Total Revenue Growth
(% year over year growth*)



*FY20 AND Q1FY21 IS NON-GAAP REVENUE. SEE APPENDIX FOR GAAP TO NON-GAAP RECONCILIATION

Escalating demand for applications and application growth is driving strong F5 demand

Q4FY21 Growth Drivers*

+21%
Product
Growth

+2%
Global Services
Growth

+35%
Software
Growth

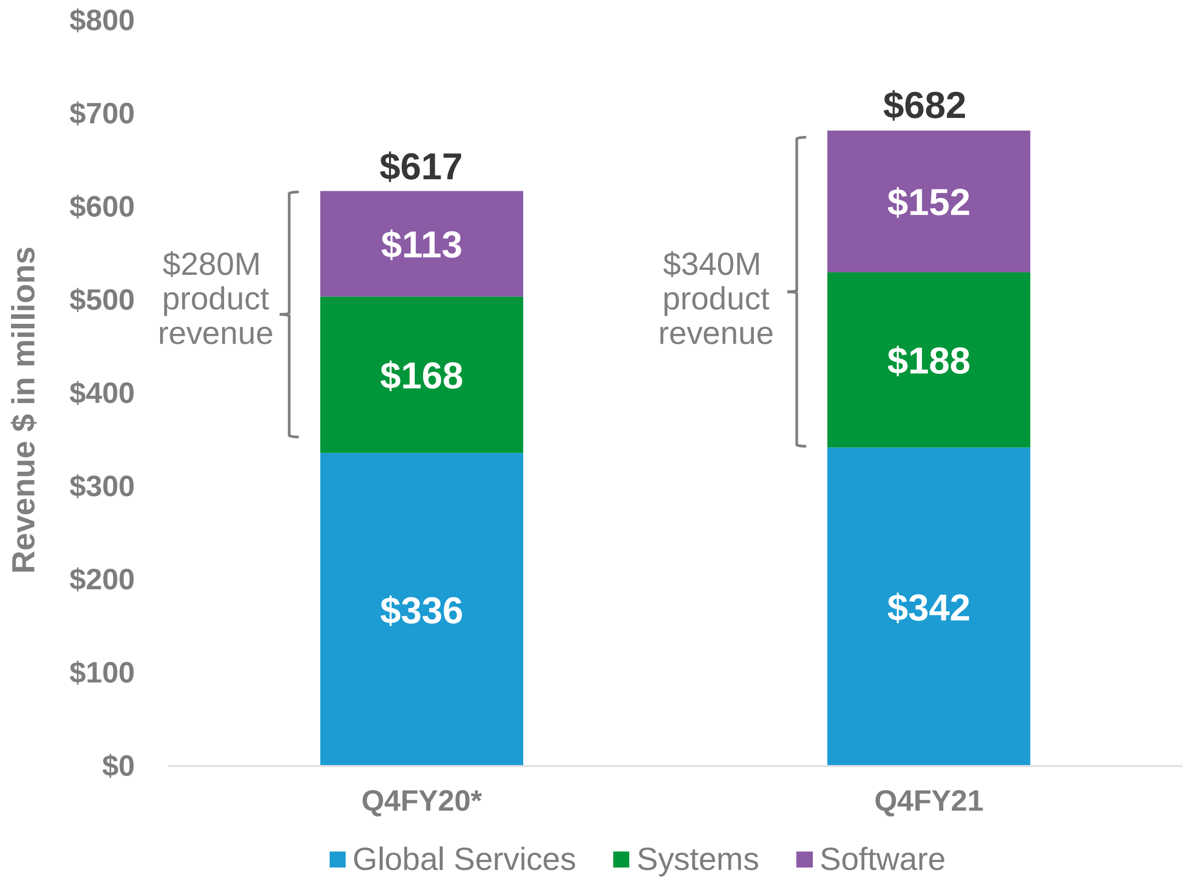
+12%
Systems
Growth

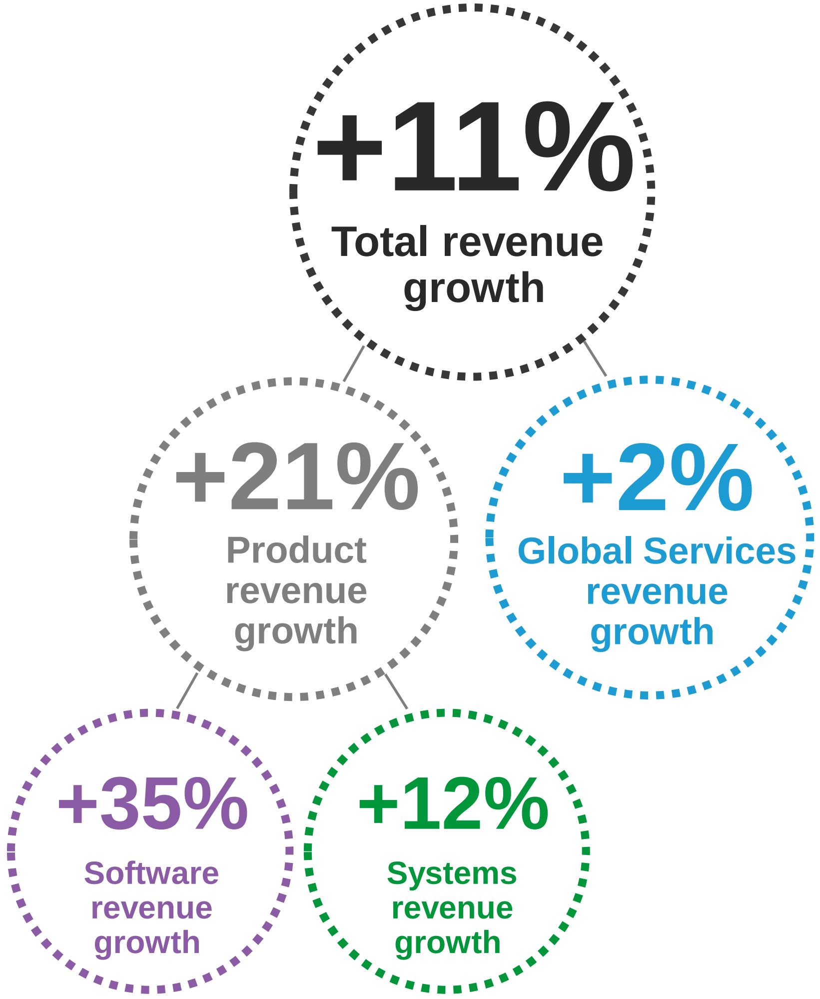
*Q4FY20 REVENUE IS NON-GAAP. SEE APPENDIX FOR GAAP-TO-NON-GAAP RECONCILIATIONS.

Q4 FY2021 Results

Frank Pelzer, CFO & EVP

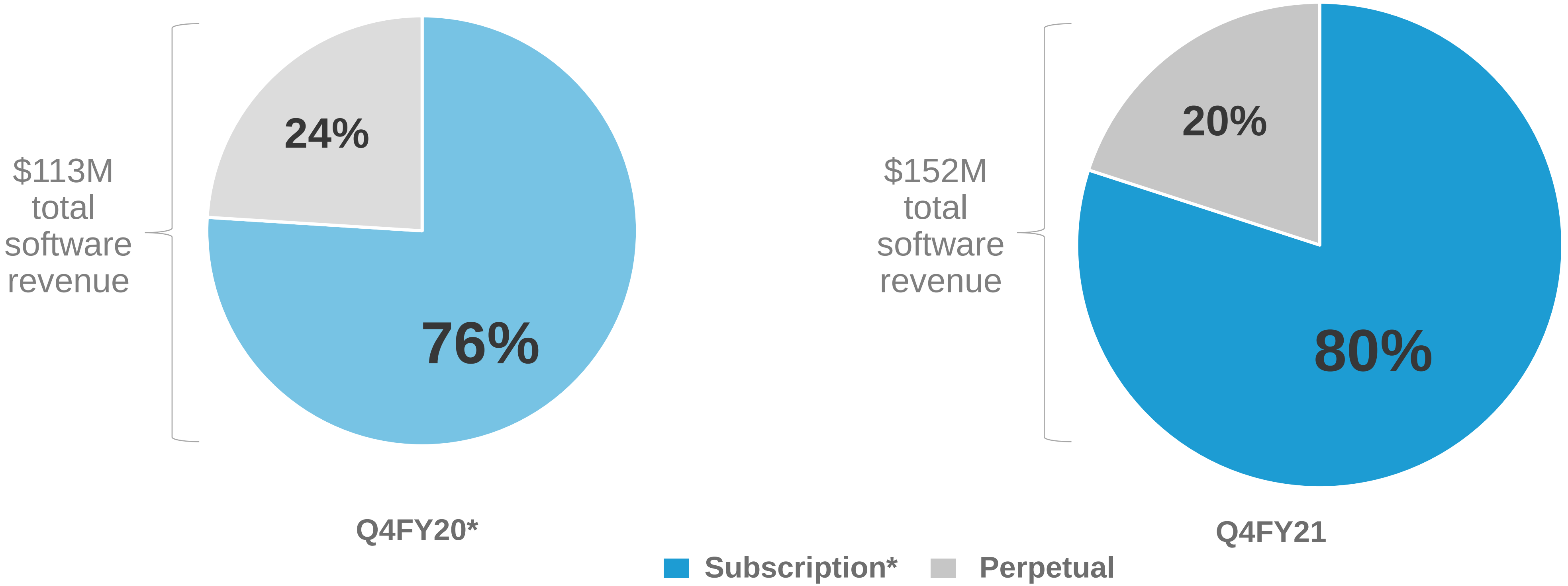
Q4FY21 revenue mix





*Q4FY20 REVENUE IS NON-GAAP. SEE APPENDIX FOR GAAP-TO-NON-GAAP RECONCILIATIONS. TOTALS MAY NOT ADD DUE TO ROUNDING.

Growing software revenue from subscriptions



*SUBSCRIPTION REVENUE INCLUDES TERM SUBSCRIPTIONS, BOTH MULTI-YEAR AND ANNUAL, AS WELL AS SAAS-BASED REVENUE. Q4FY20 REVENUE IS NON-GAAP. SEE APPENDIX FOR GAAP-TO-NON-GAAP RECONCILIATIONS.

We are expanding our SaaS and managed services offerings & customer base

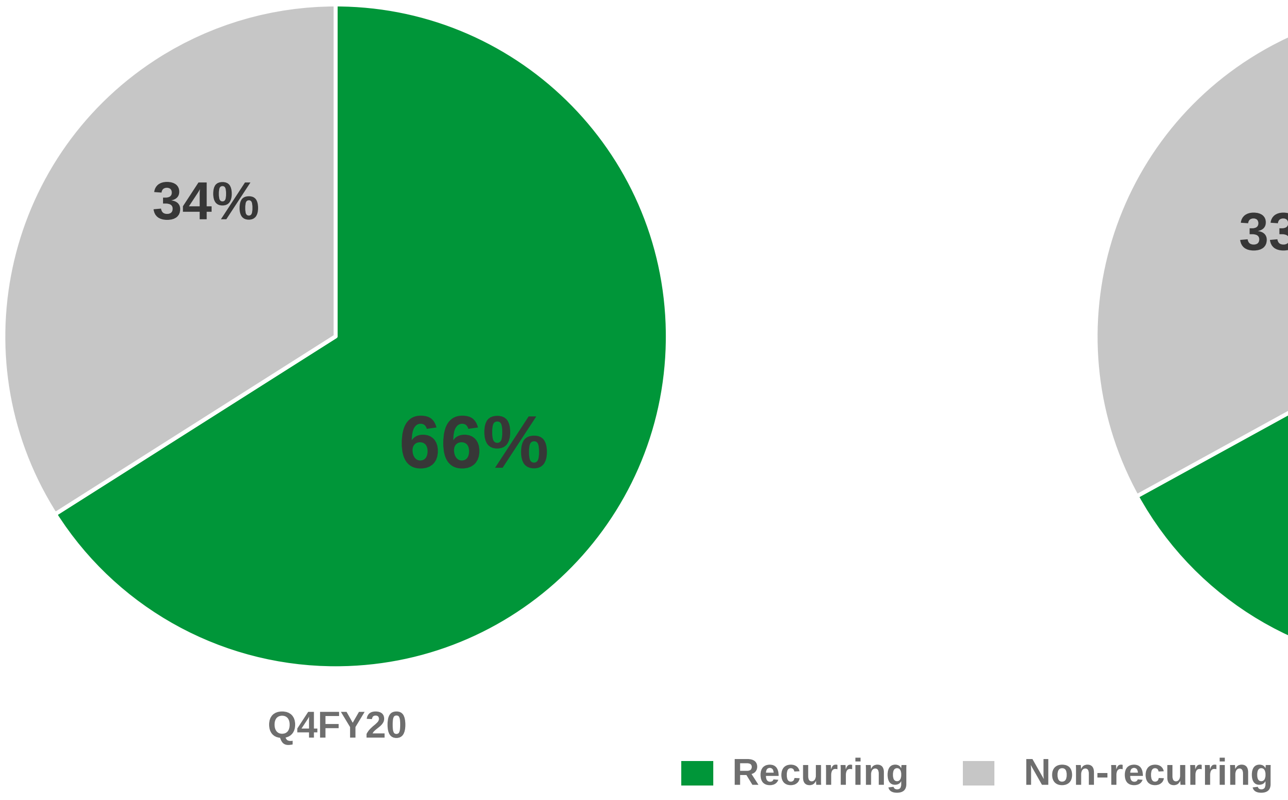
600+

SaaS and managed services customers as of Q4FY21

50%

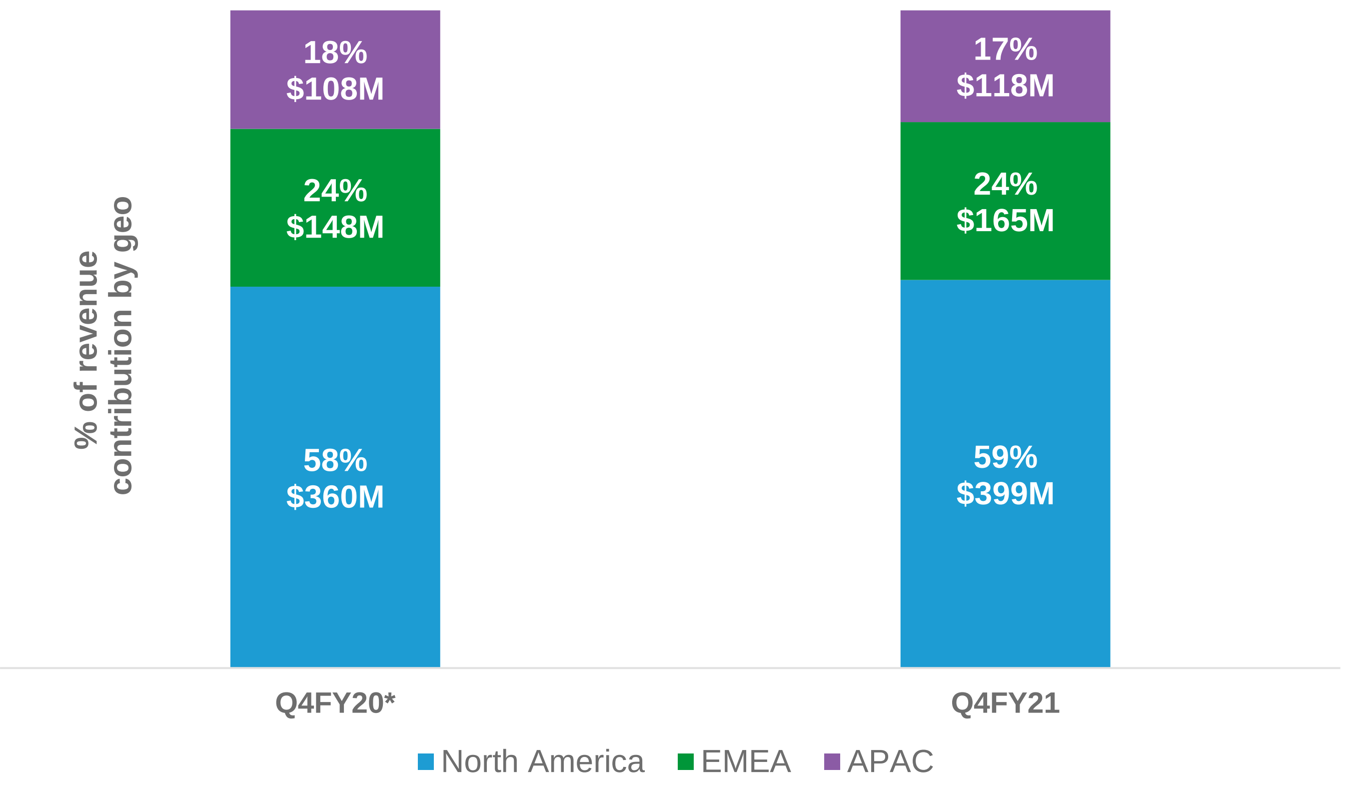
SaaS & managed services customer growth year over year

Growing non-GAAP revenue from recurring sources



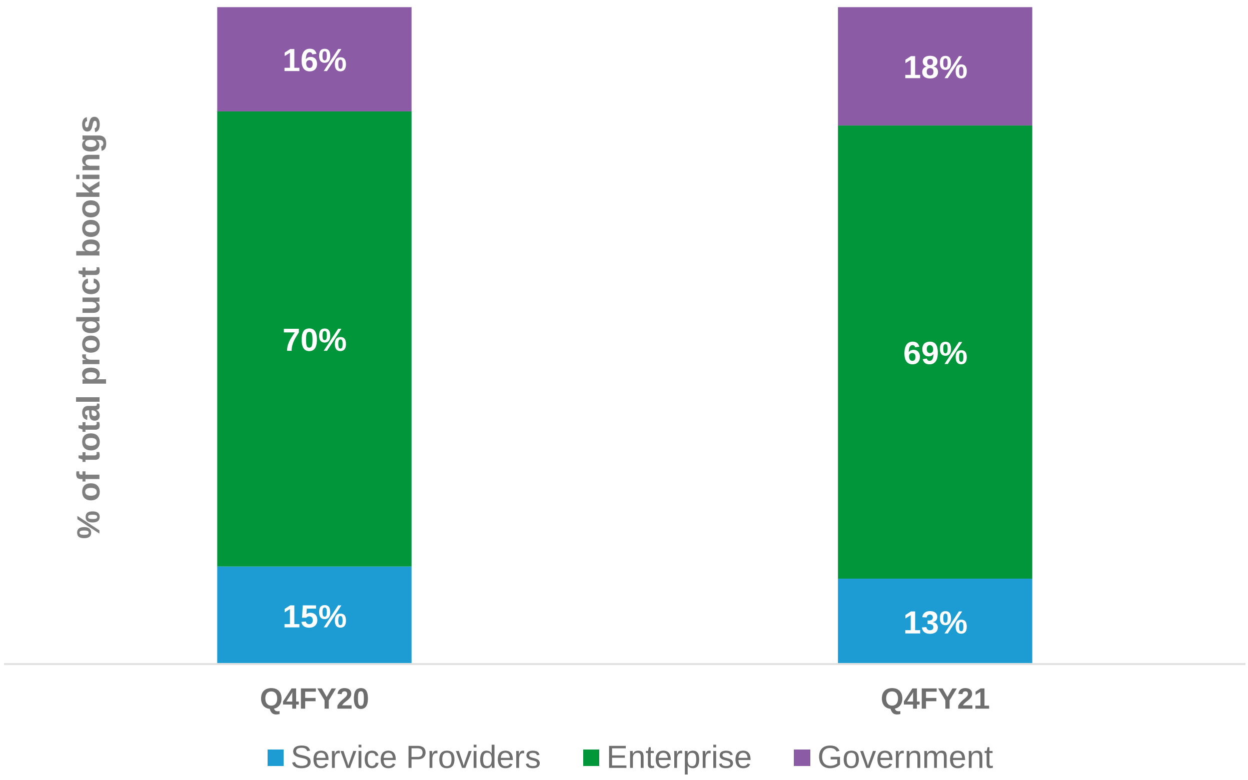
SEE APPENDIX FOR GAAP-TO-NON-GAAP RECONCILIATIONS.

Q4FY21 revenue contribution by geography



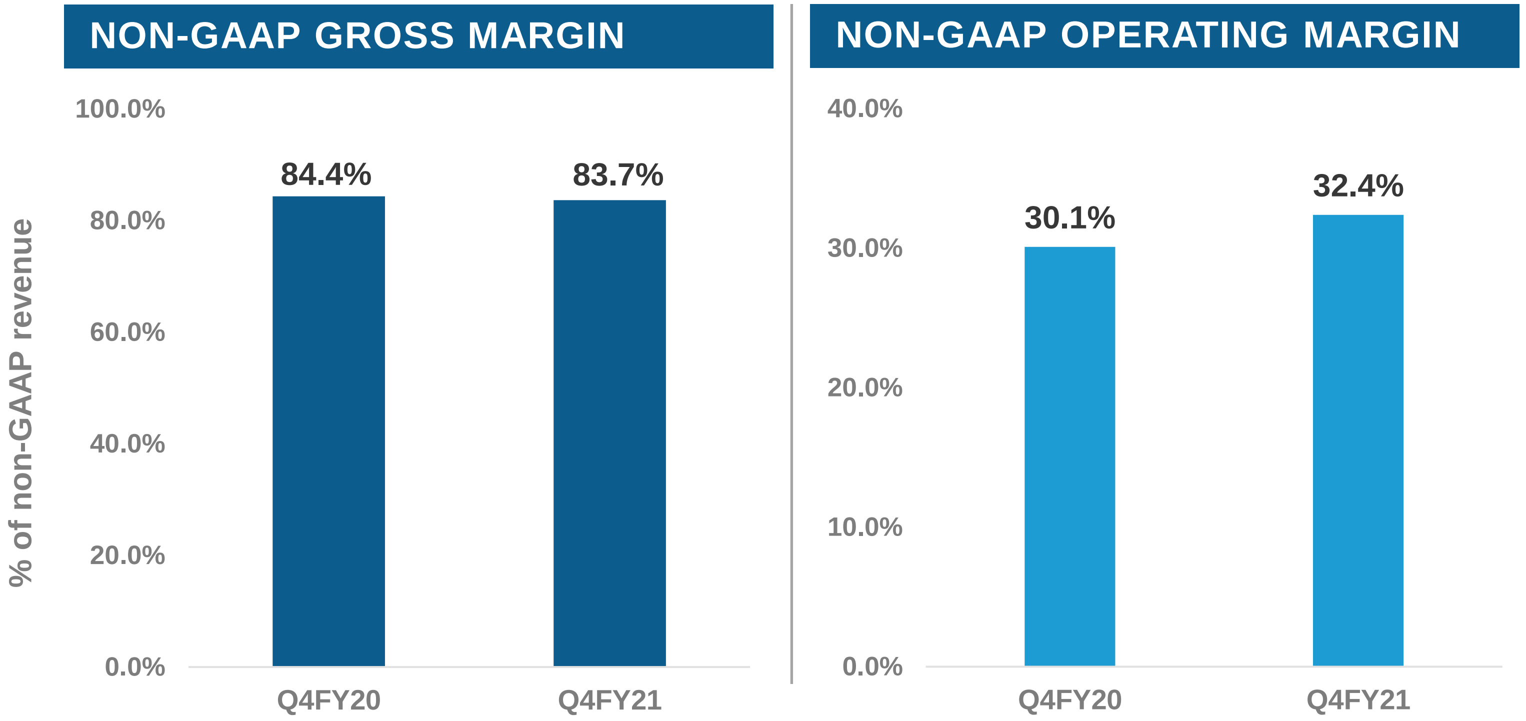
*Q4FY20 REVENUE IS NON-GAAP. SEE APPENDIX FOR GAAP-TO-NON-GAAP RECONCILIATIONS. TOTALS MAY NOT ADD TO 100% DUE TO ROUNDING.

Q4FY21 customer verticals as a % of product bookings



TOTALS MAY NOT ADD TO 100% DUE TO ROUNDING.

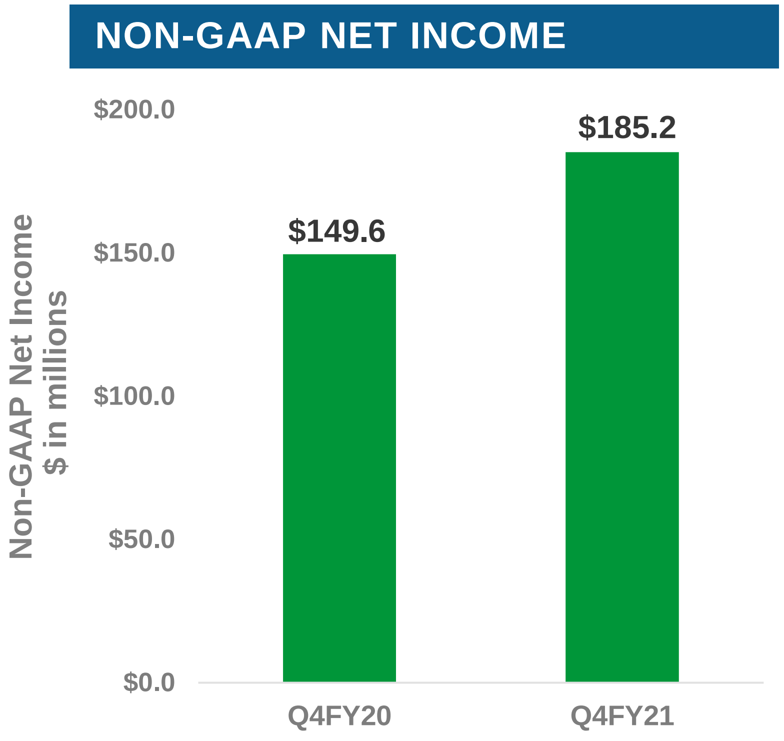
Q4FY21 non-GAAP gross and operating margins

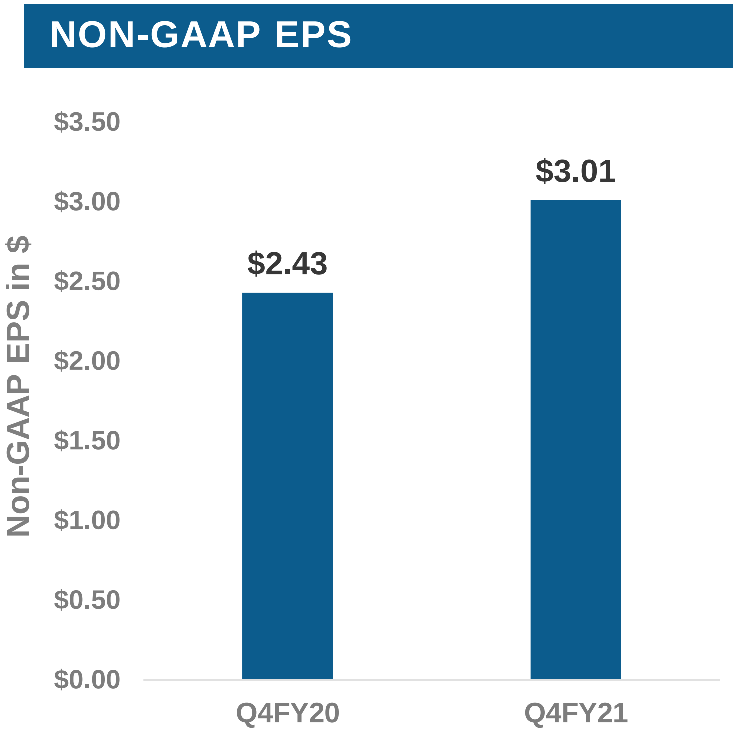


SEE APPENDIX FOR GAAP-TO-NON-GAAP RECONCILIATIONS.

Q4FY21 non-GAAP net income and EPS

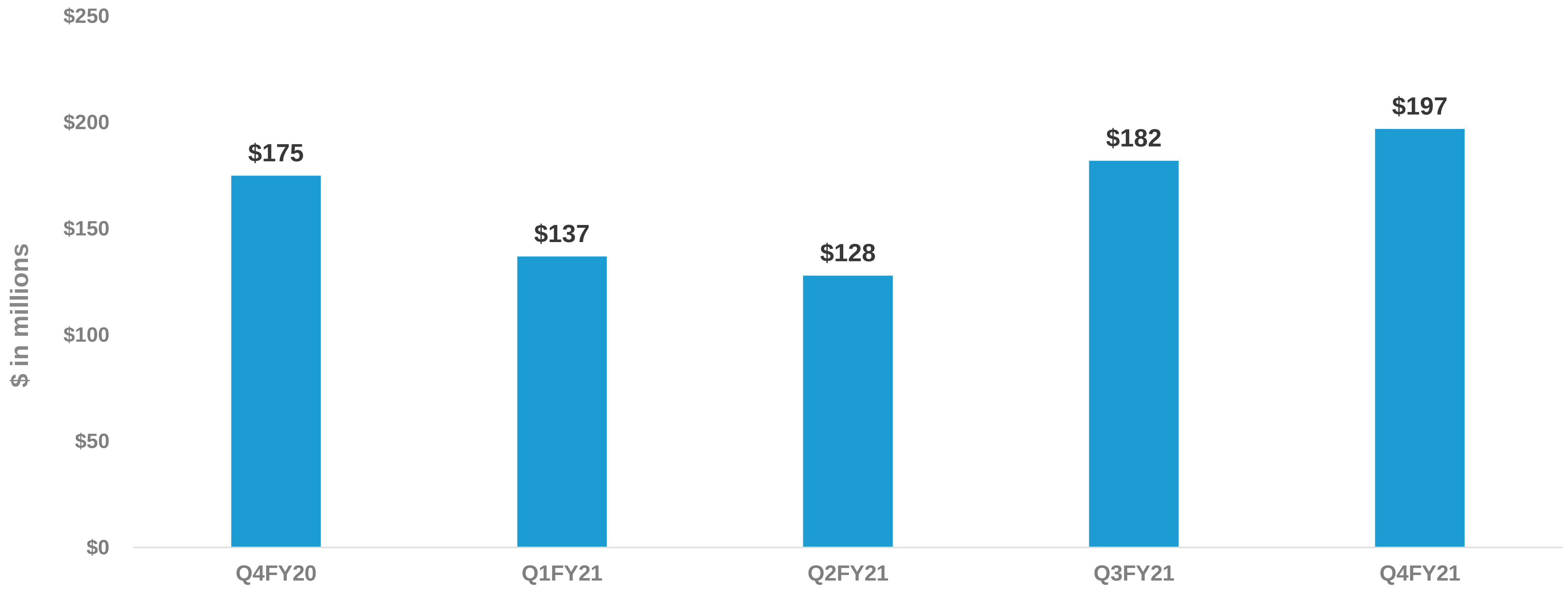
Q4FY21 non-GAAP effective tax rate of 15.0%





SEE APPENDIX FOR GAAP-TO-NON-GAAP RECONCILIATIONS.

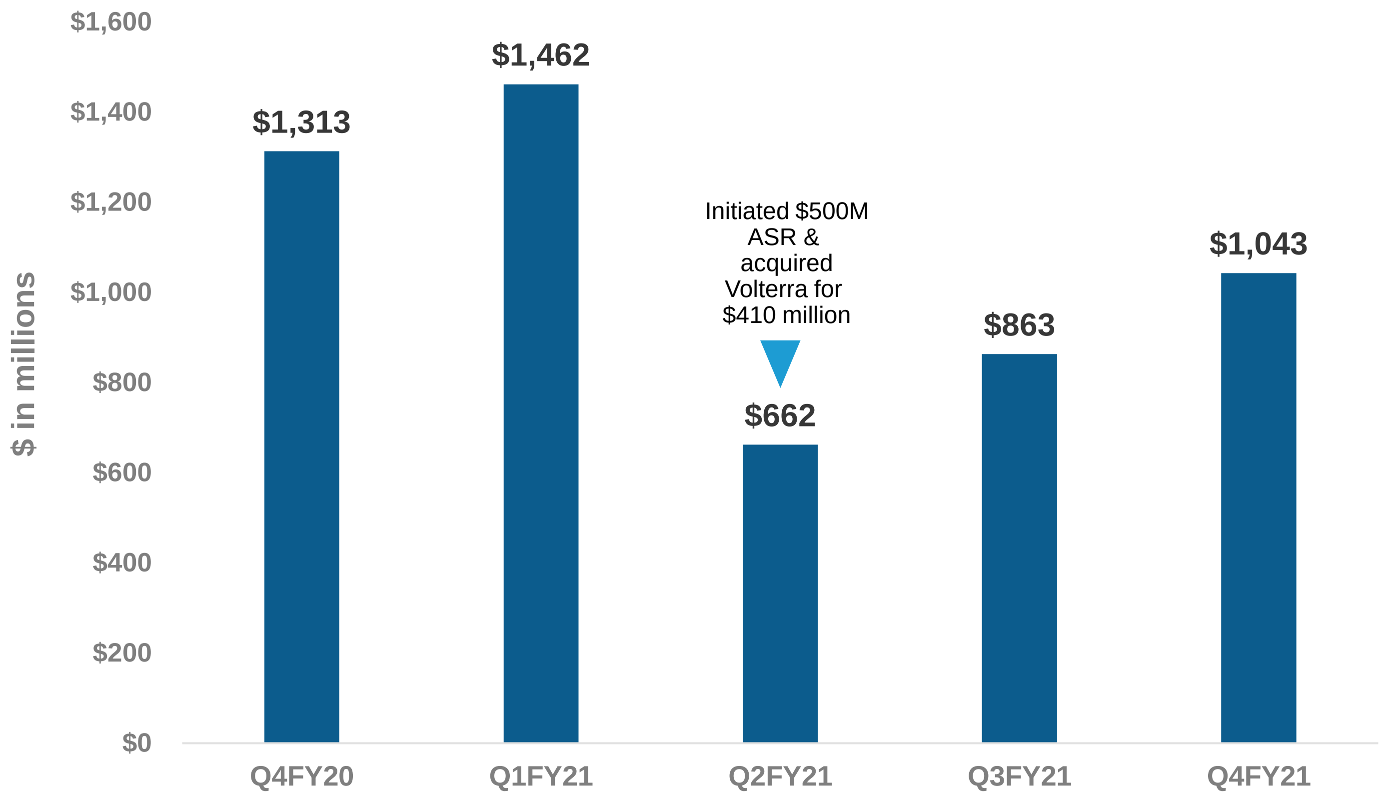
Q4FY21 cash flow from operations



Q4FY21 cash and investments

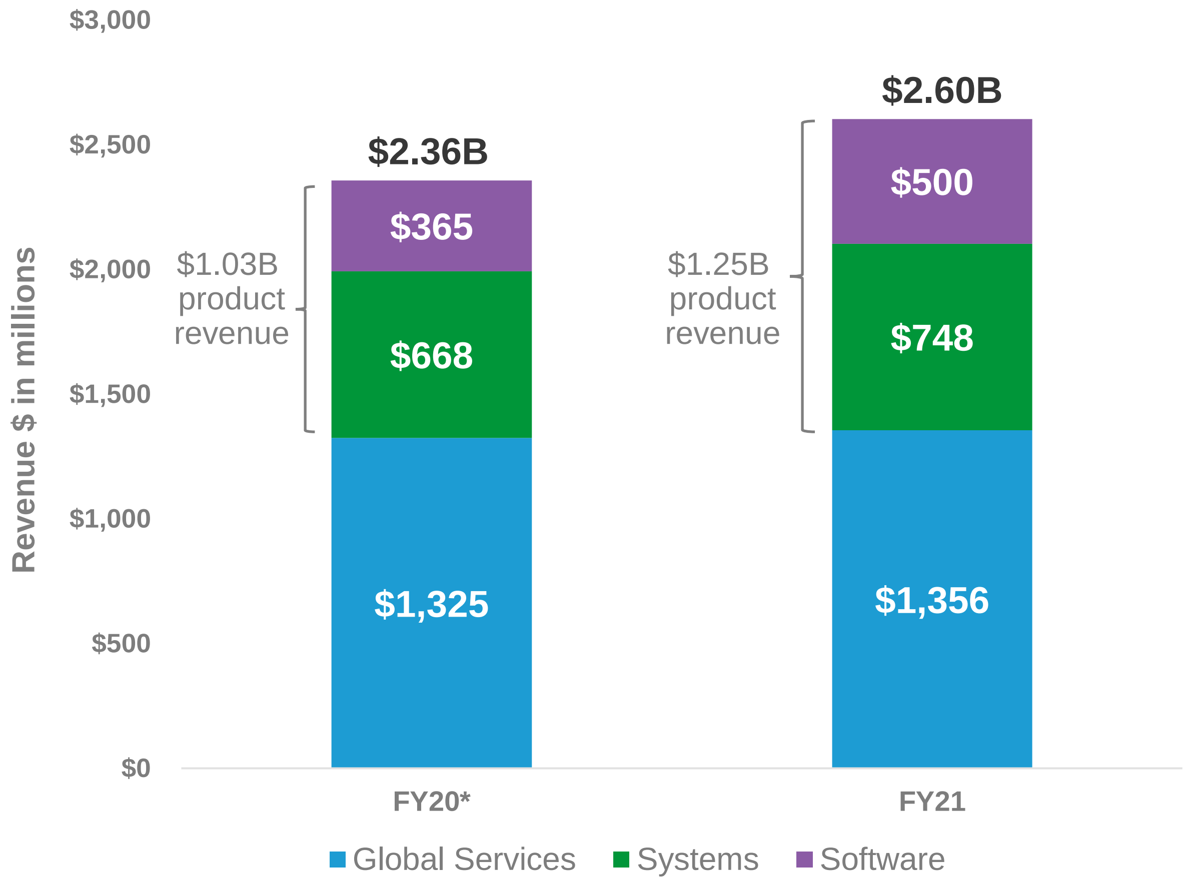
Q4FY21 cash balance reflects completed $500M accelerated stock repurchase initiated in Q221

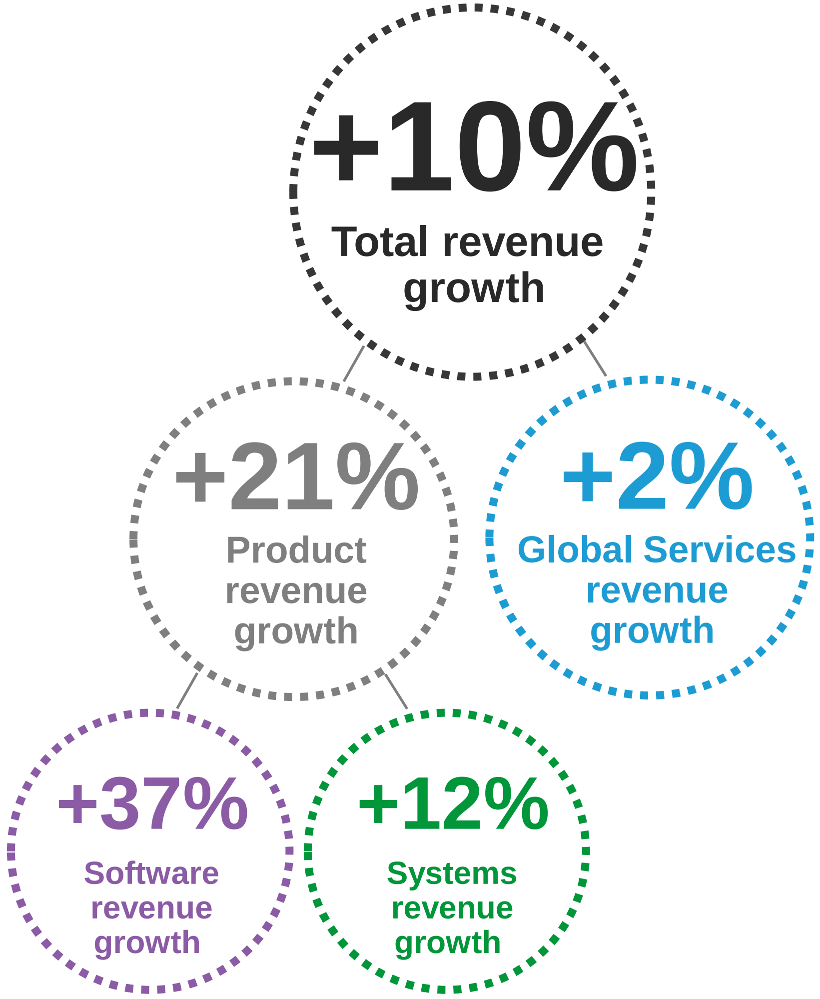
F5 holds ~$370M in debt associated with our Shape acquisition due December 2022



FY2021 Results

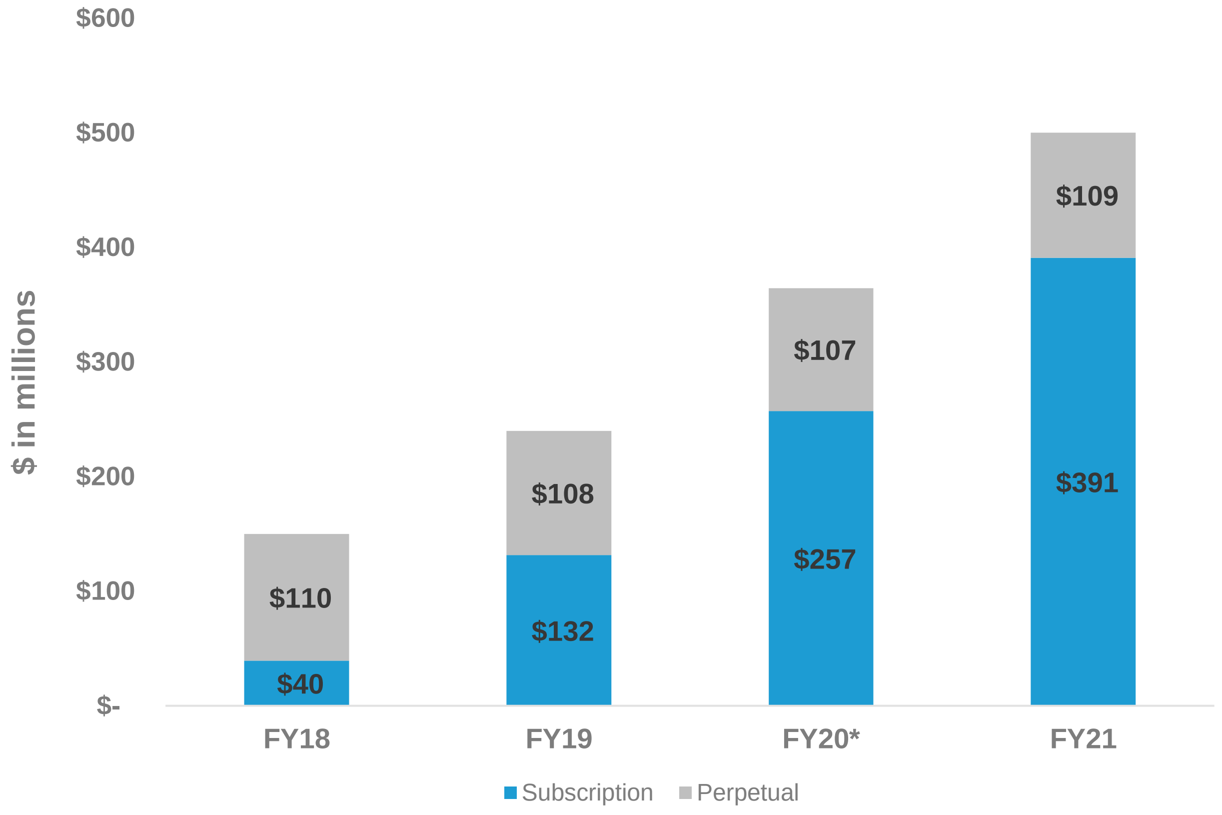
FY21 revenue mix





*FY20 REVENUE IS NON-GAAP. SEE APPENDIX FOR GAAP-TO-NON-GAAP RECONCILIATIONS. TOTALS MAY NOT ADD DUE TO ROUNDING.

Subscription-based consumption driving software growth



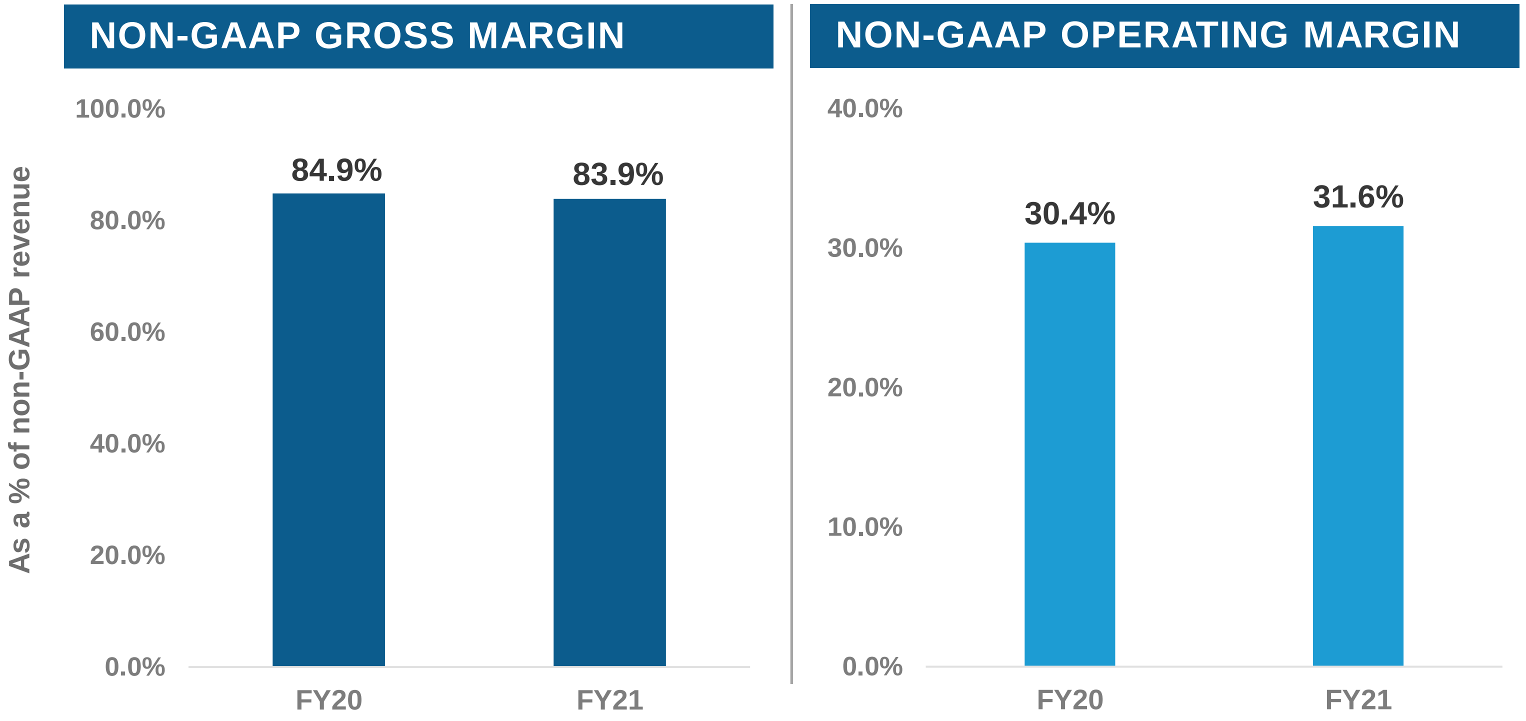
49%
Total software revenue growth
(3-yr CAGR)

115%
Subscription* software revenue growth
(3-yr CAGR)

-1%
Perpetual software revenue growth
(3-yr CAGR)

*SUBSCRIPTION REVENUE INCLUDES TERM SUBSCRIPTIONS, BOTH MULTI-YEAR AND ANNUAL, AS WELL AS SAAS-BASED REVENUE. FY20 REVENUE IS NON-GAAP. SEE APPENDIX FOR GAAP-TO-NON-GAAP RECONCILIATIONS.

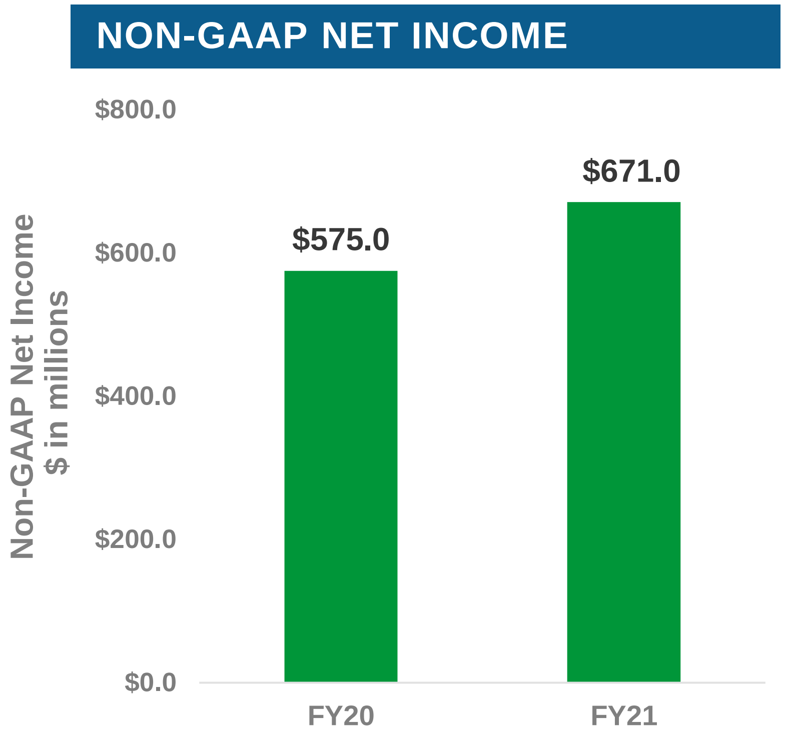
FY21 non-GAAP gross and operating margins

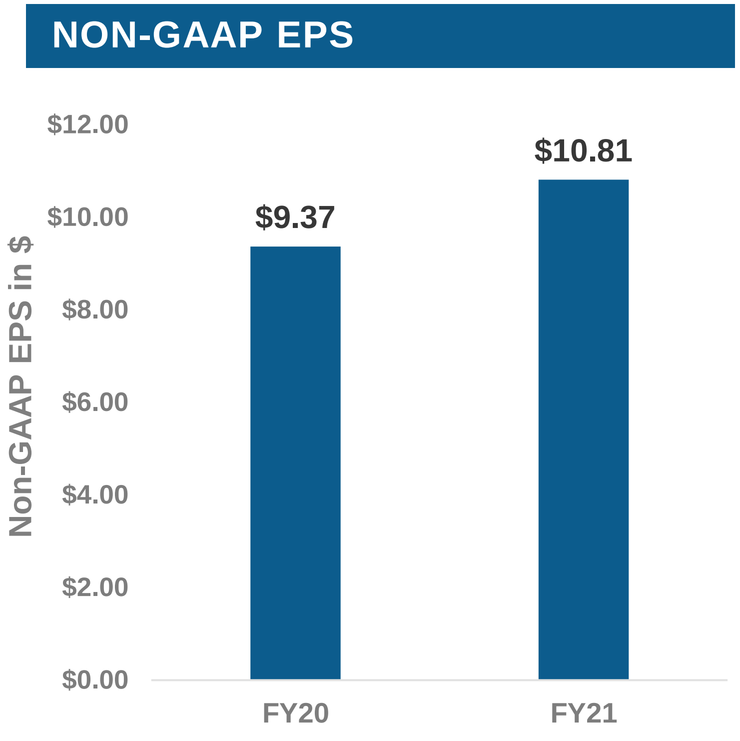


SEE APPENDIX FOR GAAP-TO-NON-GAAP RECONCILIATIONS.

FY21 non-GAAP net income and EPS

Our FY21 non-GAAP effective tax rate was 17.7%

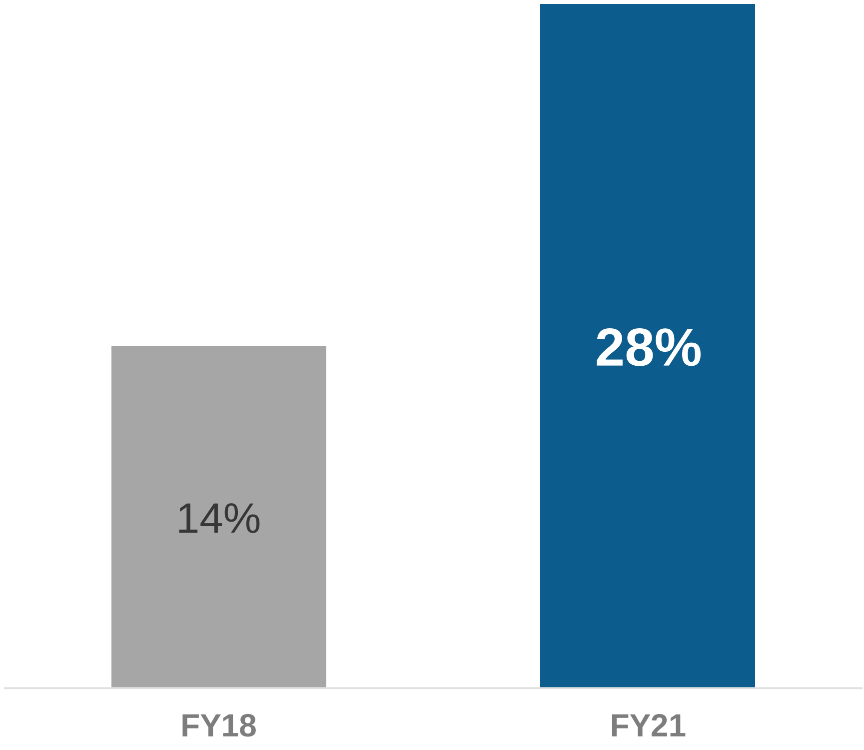




SEE APPENDIX FOR GAAP-TO-NON-GAAP RECONCILIATIONS.

App security is a fast growing part of our revenue

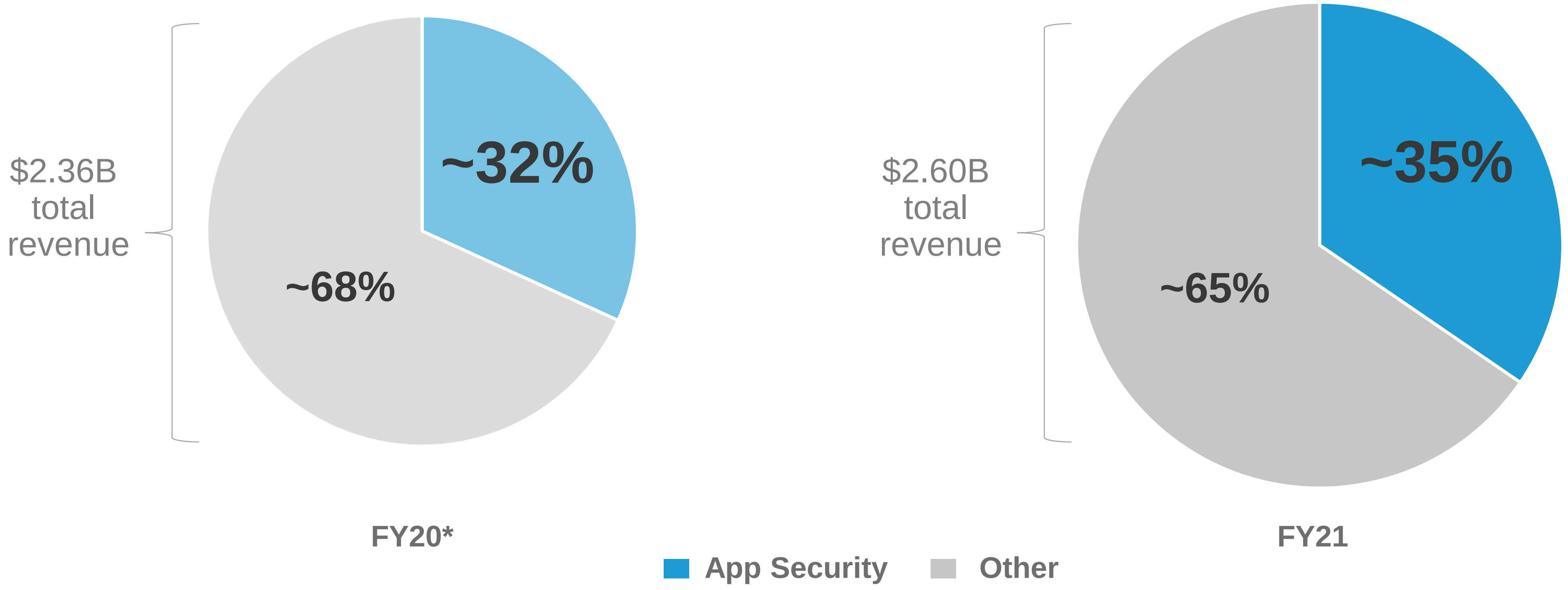
Standalone App Security[1] Mix
(% of Non-GAAP Product Revenue)



38%
App security revenue[2] growth
(3-yr CAGR)

[1] COMPRISES STANDALONE APP SECURITY OFFERINGS INCLUDING SYSTEMS, STANDALONE SOFTWARE LICENSES AND SECURITY SUBSCRIPTION SERVICES. DOES NOT INCLUDE SECURITY OFFERINGS FOR NGINX, VOLTERRA OR CLOUD SERVICES.
[2] FY20 IS NON-GAAP REVENUE. SEE APPENDIX FOR GAAP TO NON-GAAP RECONCILIATION

App security is a large and growing percentage of our total revenue



APP SECURITY INCLUDES STANDALONE PRODUCTS, SHAPE SECURITY, SILVERLINE, ATTACHED SECURITY, AND SECURITY SERVICES. FY20 REVENUE IS NON-GAAP. SEE APPENDIX FOR GAAP TO NON-GAAP RECONCILIATION.

Business Outlook

Our Q1FY22 outlook

	Q122 Guidance
Total revenue	**$665 to $685M**
Non-GAAP gross margin	~84%
Non-GAAP operating expense	$342 to $354M
Non-GAAP EPS / growth	**$2.71 to $2.83**
Shares outstanding	~62M
Share-based compensation	$64 to $66M

Our FY22 outlook

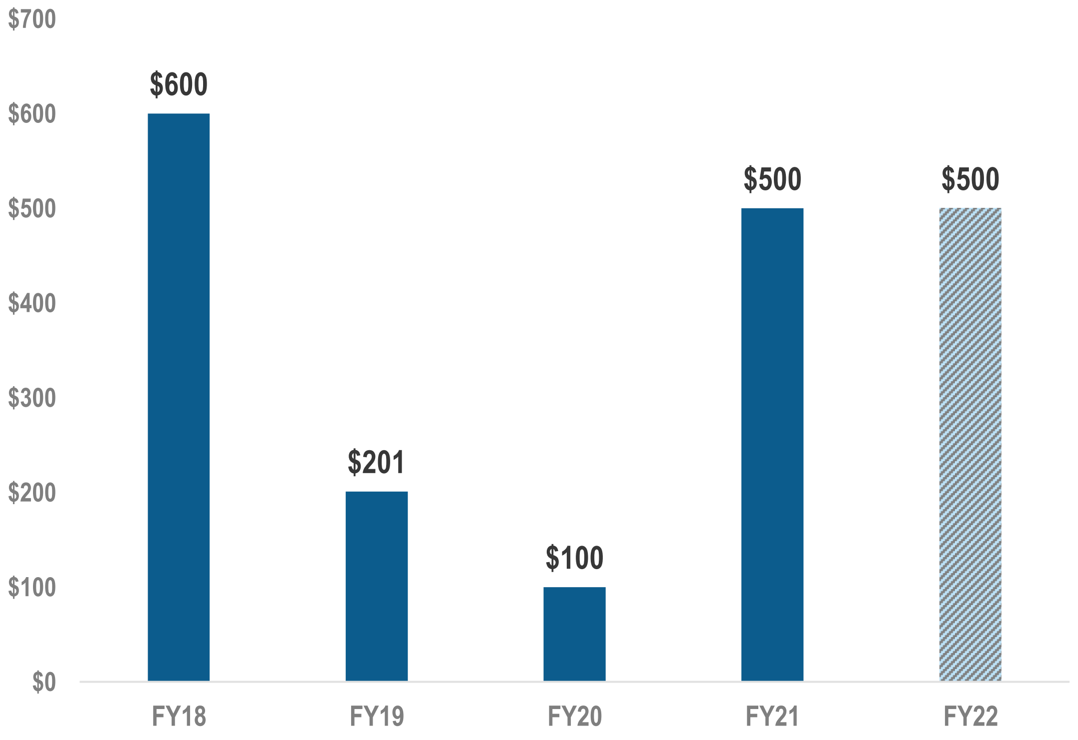
	FY22 Guidance
Software growth	35% to 40%
Systems growth	Flat-to-slight growth
Services growth	Low single-digit growth
Total revenue growth	**8% to 9%**
Non-GAAP gross margin	83.5% to 84%
Non-GAAP operating margin	32% to 33%
"Rule of 40" (revenue growth + non-GAAP operating margin)	Achieve in FY22
Non-GAAP effective tax rate	~21%
Capital expenditures	$40 to $60M
Shares outstanding	~62M

We will take a balanced approach to capital deployment

We are committed to returning capital to shareholders

- In FY21 we completed a $500M accelerated share repurchase initiated in Q2FY21 and completed in Q3FY21
- During FY22, we are committed to $500M in share repurchases
- Beginning in FY23, we intend to return 50% of free cash flow to shareholders via share repurchases

SHARE REPURCHASES ($ IN MILLIONS)



Business Overview

François Locoh-Donou, CEO & President

F5 is differentiated and well positioned to benefit from significant emerging secular trends

SECULAR TRENDS

On-premise applications continue to grow

Traditional apps are generating more traffic and more revenue than ever

IMPLICATIONS FOR F5

BIG-IP demand will continue to grow, in both software & systems form factors

F5 is differentiated and well positioned to benefit from significant emerging secular trends

SECULAR TRENDS

On-premise applications continue to grow
Traditional apps are generating more traffic and more revenue than ever

Most traditional apps are not being refactored
They are either remaining on premise or, they are being lifted-and-shifted

IMPLICATIONS FOR F5

BIG-IP demand will continue to grow, in both software & systems form factors

F5-run apps are remaining attached to F5 & BIG-IP is growing on premise & in public clouds

F5 is differentiated and well positioned to benefit from significant emerging secular trends

SECULAR TRENDS

On-premise applications continue to grow Traditional apps are generating more traffic and more revenue than ever	**Most traditional apps are not being refactored** They are either remaining on premise or, they are being lifted-and-shifted	**Apps continue rapid pace of growth** Cloud-native app security & delivery cannot meet many apps' needs

IMPLICATIONS FOR F5

BIG-IP demand will continue to grow, in both software & systems form factors	**F5-run apps are remaining attached to F5 & BIG-IP is growing on premise & in public clouds**	**Accelerating NGINX demand for modern app security & scale, often as a complement to BIG-IP**

F5 is differentiated and well positioned to benefit from significant emerging secular trends

SECULAR TRENDS

On-premise applications continue to grow	Most traditional apps are not being refactored	Apps continue rapid pace of growth	Application security has taken on new significance
Traditional apps are generating more traffic and more revenue than ever	They are either remaining on premise or, they are being lifted-and-shifted	Cloud-native app security & delivery cannot meet many apps' needs	F5 is 100% focused on app security protecting access to apps & how they are used.

IMPLICATIONS FOR F5

BIG-IP demand will continue to grow, in both software & systems form factors	**F5-run apps are remaining attached to F5 & BIG-IP is growing on premise & in public clouds**	**Accelerating NGINX demand for modern app security & scale, often as a complement to BIG-IP**	**F5's role & reputation as a leading app security provider will accelerate**

F5 is benefiting from strong and sustainable customer trends

1. Enterprise customers' developers and dev ops teams are using NGINX to insert security earlier in the application life cycle
2. Heightened security concerns and high-profile ransomware attacks are escalating demand for top-notch security and fraud and abuse mitigation
3. Customers are leveraging F5 for Kubernetes, containers, and cloud-native architectures
4. Customers are scaling their existing hardware-based infrastructures to handle accelerating application growth, driving continued strength for BIG-IP systems
5. Customers are leveraging BIG-IP for transformation, including cloud migration and automation initiatives

f5

Appendix

GAAP to non-GAAP reconciliation

Gross Profit Reconciliation				
($ in thousands)				
	Q4FY20	**Q4FY21**	**FY20**	**FY21**
GAAP revenue	$614,816	$681,997	$2,350,822	$2,603,416
Acquisition-related write-downs of assumed deferred revenue	$1,963	$0	$6,824	$1,283
Non-GAAP revenue	**$616,779**	**$681,997**	**$2,357,646**	**$2,604,699**
GAAP gross profit	$502,849	$553,319	$1,942,935	$2,110,270
Stock-based compensation	$6,776	$7,204	$25,470	$29,107
Amortization of purchased intangible assets	$7,382	$9,468	$23,814	$35,156
Facility-exit costs	$1,457	$679	$2,300	$2,605
Acquisition-related charges	$114	$10	$127	$2,532
Impairment charges	$0	$0	$0	$4,388
Total adjustments to gross profit	$15,729	$17,361	$51,711	$73,788
Non-GAAP gross profit	**$520,541**	**$570,680**	**$2,001,470**	**$2,185,341**
Non-GAAP gross margin	**84.4%**	**83.7%**	**84.9%**	**83.9%**

Operating Expense Reconciliation				
($ in thousands)				
	Q4FY20	**Q4FY21**	**FY20**	**FY21**
GAAP operating expense	$404,236	$426,955	$1,550,668	$1,716,245
Stock-based compensation-sales and marketing	$22,258	$25,896	$88,446	$104,578
Stock-based compensation-research and development	$13,367	$17,109	$50,271	$67,155
Stock-based compensation-general and administrative	$9,797	$10,313	$37,762	$42,439
Amortization of purchased intangible assets-sales and marketing	$2,749	$2,836	$8,612	$11,266
Amortization of purchased intangible assets-general and administrative	$589	$575	$2,178	$2,300
Facility-exit costs-sales and marketing	$3,272	$1,115	$5,100	$4,166
Facility-exit costs-research and development	$3,328	$1,309	$5,257	$4,661
Facility-exit costs-general and administrative	$2,988	$954	$3,944	$3,498
Acquisition-related charges-sales and marketing	$4,255	$6,513	$13,703	$29,726
Acquisition-related charges-research and development	$1,511	$5,935	$2,838	$31,055
Acquisition-related charges-general and administrative	$5,441	$4,409	$39,815	$22,781
Impairment charges-sales and marketing	$0	$0	$0	$10,256
Impairment charges-research and development	$0	$0	$0	$9,845
Impairment charges-general and administrative	$0	$0	$0	$9,336
Restructuring charges	$0	$0	$7,800	$0
Total adjustments to operating expenses	$69,555	$76,964	$265,726	$353,062
Non-GAAP operating expense	**$334,681**	**$349,991**	**$1,284,942**	**$1,363,183**

GAAP to non-GAAP reconciliation

Income from Operations Reconciliation				
($ in thousands)				
	Q4FY20	**Q4FY21**	**FY20**	**FY21**
GAAP operating income	$98,613	$126,364	$392,267	$394,025
Total adjustments related to revenue	$1,963	$0	$6,824	$1,283
Total adjustments related to gross profit	$15,729	$17,361	$51,711	$73,788
Total adjustments related to operating expense	$69,555	$76,964	$265,726	$353,062
Total adjustments related to income from operations	$87,247	$94,325	$324,261	$428,133
Non-GAAP income from operations	**$185,860**	**$220,689**	**$716,528**	**$822,158**
Non-GAAP operating margin	**30.1%**	**32.4%**	**30.4%**	**31.6%**
Net Income Reconciliation				
($ in thousands except per share data)				
	Q4FY20	**Q4FY21**	**FY20**	**FY21**
GAAP net income	$77,663	$110,718	$307,441	$331,241
Total adjustments related to revenue	$1,963	$0	$6,824	$1,283
Total adjustments to gross profit	$15,729	$17,361	$51,711	$73,788
Total adjustments to operating expenses	$69,555	$76,964	$265,726	$353,062
Exclude tax effect on above items	($15,276)	($19,804)	($56,726)	($88,408)
Total adjustments to net income	$71,971	$74,521	$267,535	$339,725
Non-GAAP net income	**$149,634**	**$185,239**	**$574,976**	**$670,966**
Weighted average basic common shares outstanding	61,149	60,526	60,911	60,707
Weighted average dilutive potential common shares outstanding	61,636	61,606	61,378	62,057
Net Income per Common Share				
GAAP diluted net income per common share	$ 1.26	$ 1.80	$ 5.01	$ 5.34
Non-GAAP diluted net income per common share	**$ 2.43**	**$ 3.01**	**$ 9.37**	**$ 10.81**

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.

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.

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.

Impairment charges. In fiscal year 2021, F5 recorded impairment charges related to the permanent exit of certain floors at its Seattle headquarters. 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.

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

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

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

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