Q4 & FY22 Results

PERIOD ENDING September 30, 2022

Published October 25, 2022

Forward-looking statements

This presentation contains forward-looking statements including, among other things, statements regarding F5's future financial performance including revenue, revenue growth and earnings growth; demand for application security and delivery solutions, future customer demand, markets, and the benefits of products. These, and other statements that are not historical facts, are forward-looking statements. These forward-looking statements are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those projected in the forward-looking statements as a result of certain risk factors. Such forward-looking statements involve risks and uncertainties, as well as assumptions and other factors that, if they do not fully materialize or prove correct, could cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to: customer acceptance of offerings; continued disruptions to the global supply chain resulting in inability to source required parts for F5's products or the ability to only do so at greatly increased prices thereby impacting our revenues and/or margins; global economic conditions and uncertainties in the geopolitical environment; overall information technology spending; F5's ability to successfully integrate acquired businesses' products with F5 technologies; the ability of F5's sales professionals and distribution partners to sell new solutions and service offerings; the timely development, introduction and acceptance of additional new products and features by F5 or its competitors; competitive factors, including but not limited to pricing pressures, industry consolidation, entry of new competitors into F5's markets, and new product and marketing initiatives by our competitors; increased sales discounts; the business impact of the acquisitions and potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement of completion of acquisitions; uncertain global economic conditions which may result in reduced customer demand for our products and services and changes in customer payment patterns; litigation involving patents, intellectual property, shareholder and other matters, and governmental investigations; potential security flaws in the Company's networks, products or services; cybersecurity attacks on its networks, products or services; natural catastrophic events; a pandemic or epidemic; F5's ability to sustain, develop and effectively utilize distribution relationships; F5's ability to attract, train and retain qualified product development, marketing, sales, professional services and customer support personnel; F5's ability to expand in international markets; the unpredictability of F5's sales cycle; the ability of F5 to execute on its share repurchase program including the timing of any repurchases; future prices of F5's common stock; and other risks and uncertainties described more fully in our documents filed with or furnished to the Securities and Exchange Commission, including our most recent reports on Form 10-K and Form 10-Q and current reports on Form 8-K and other documents that we may file or furnish from time to time, which could cause actual results to vary from expectations. The financial information contained in this release should be read in conjunction with the consolidated financial statements and notes thereto included in F5's most recent reports on Forms 10-Q and 10-K as each may be amended from time to time. All forward-looking statements in this 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.

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 & Business Overview

François Locoh-Donou, CEO & President

GAAP results

	Q421	Q422	FY21	FY22
Revenue	**$682.0M**	**$700.0M**	**$2.6B**	**$2.7B**
Gross margin	81.1%	78.9%	81.1%	80.0%
Operating margin	18.5%	15.4%	15.1%	15.0%
Net income	$110.7M	$89.3M	$331.2M	$322.2M
EPS	**$1.80**	**$1.49**	**$5.34**	**$5.27**

We delivered Q422 revenue in line with the top end of our guidance; non-GAAP EPS above the high end of our range

	Guidance	Actuals
Q422 revenue	$680 - $700M	$700M
Q422 non-GAAP EPS	$2.45 - $2.57	$2.62

See appendix for GAAP to non-GAAP reconciliation

Q422 results reflect lower software growth and higher systems contribution than we expected going into the quarter

Q4FY22 Results

+3%
Product
Growth

+2%
Global Services
Growth

+13%
Software
Growth

-5%
Systems
Growth

We achieved several significant milestones in FY22

51%
of product revenue from software

$1B
in security revenue, 37% of total revenue

69%
of total revenue recurring with a double-digit 3-yr CAGR

3
significant product launches: F5 Distributed Cloud Services, rSeries & Velos

Our FY23 performance expectations

9% to 11% revenue growth

Low-to-mid teens non-GAAP EPS growth

Return to the “Rule of 40”

We are committed to maintaining the “Rule of 40” & to delivering double-digit earnings growth on an annual basis

Growth drivers and trends in FY23

① **Efficiency**	F5's multi-cloud, infrastructure-agnostic approach means we create a more unified experience across customers' disparate environments, enhancing automation and driving operational and therefore, cost efficiencies.
② **Security**	Demand for security use cases is likely to prove resilient.
③ **Systems**	Resilient systems demand and gradually improving component supply will drive FY23 systems growth.
④ **Flexibility**	F5's breadth of solution form factors and consumption models means procurement and deployment flexibility for customers.
⑤ **Trust**	F5 is a trusted and operationalized partner of the largest enterprises, service providers and government entities around the world.

Q422 use case examples

Multi-year subscription renewal with sizable expansion

- Global retailer with a goal of automatically bursting capacity into public cloud as needed.
- Augmented existing on-premises BIG-IP hardware with scalable virtualized BIG-IP software in the public cloud.
- Automated deployment and configuration of the F5 stack
- Simplified how their developers consume infrastructure and best-of-breed cloud services.

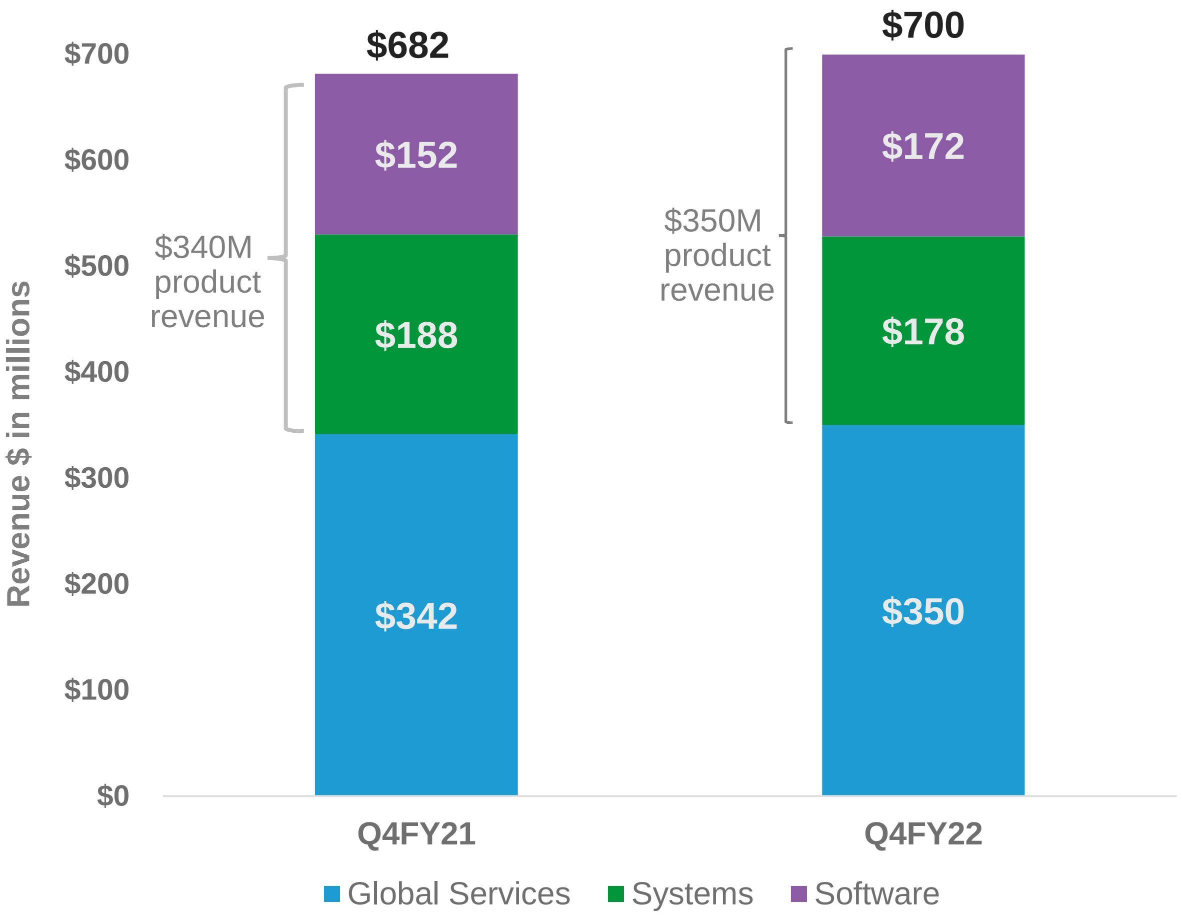
F5 Distributed Cloud Services (SaaS) security win

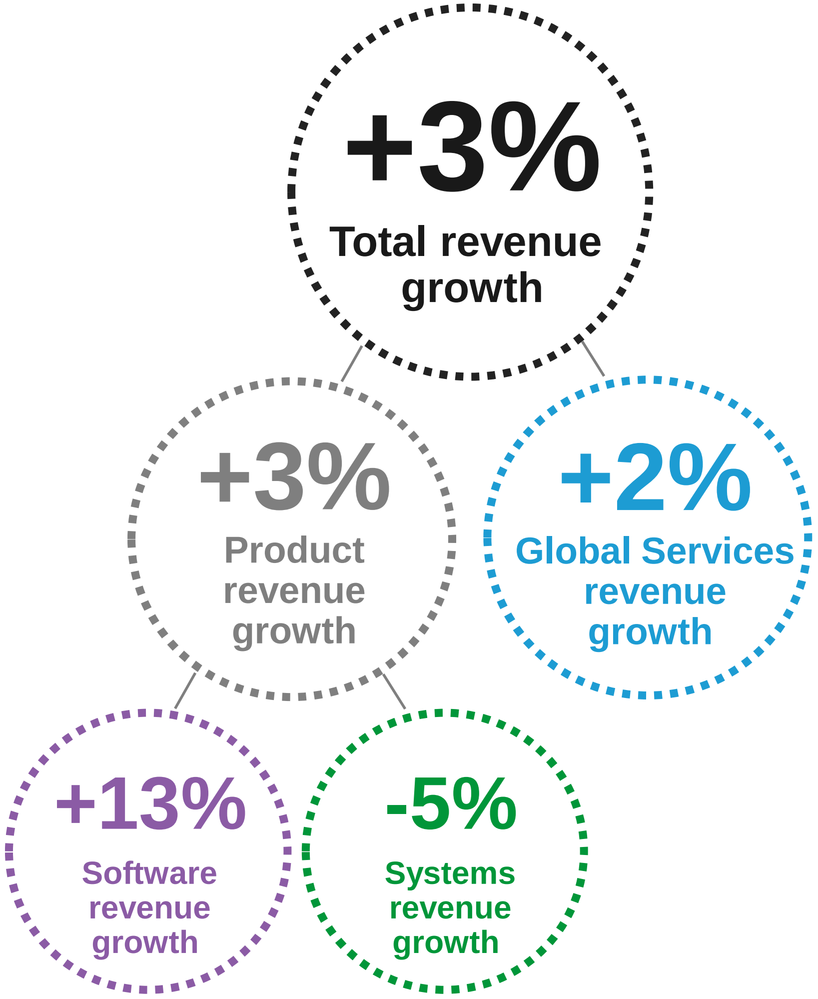
- Global South-American based transport company.
- Needed unified, scalable protection for multi-cloud applications.
- F5 provided single platform for comprehensive security including WAF, advanced bot defense, API security and DDoS.
- Customer can now leverage single platform to support expansion to other regions.

Q4FY22 Results

Frank Pelzer, CFO & EVP

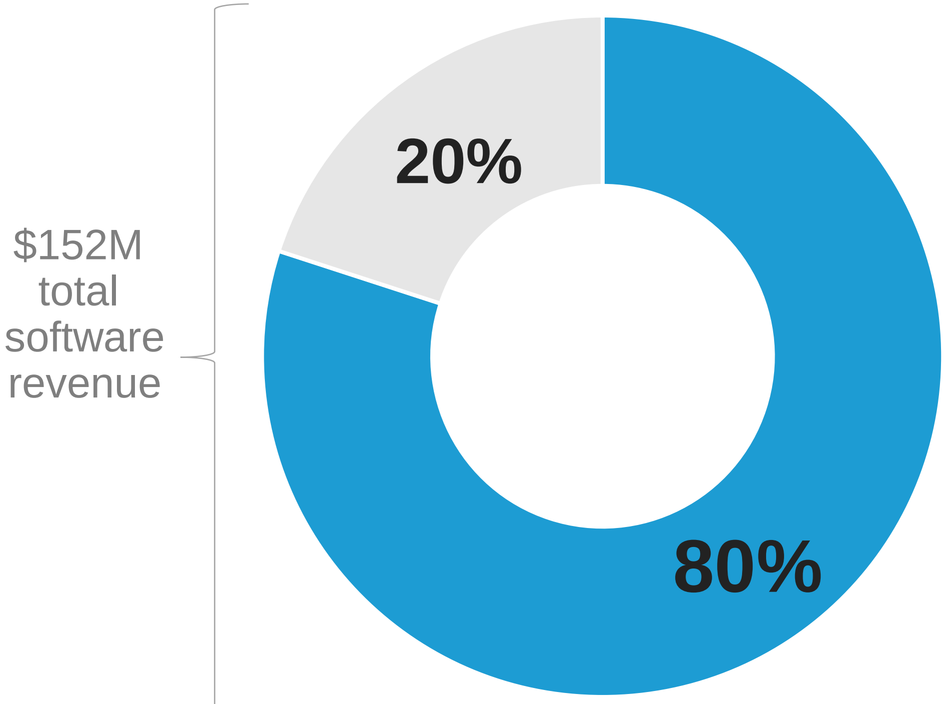
Q4FY22 revenue mix



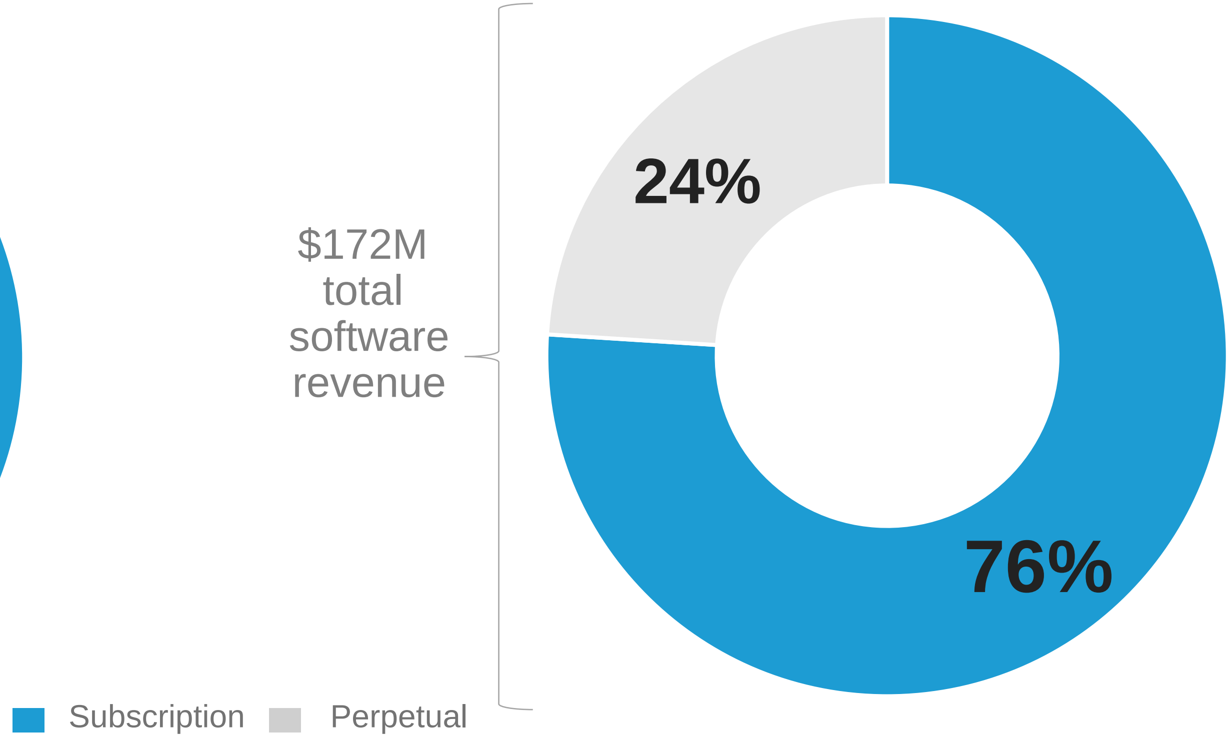


Totals may not add due to rounding.

Subscriptions are a substantial contributor to our software revenue



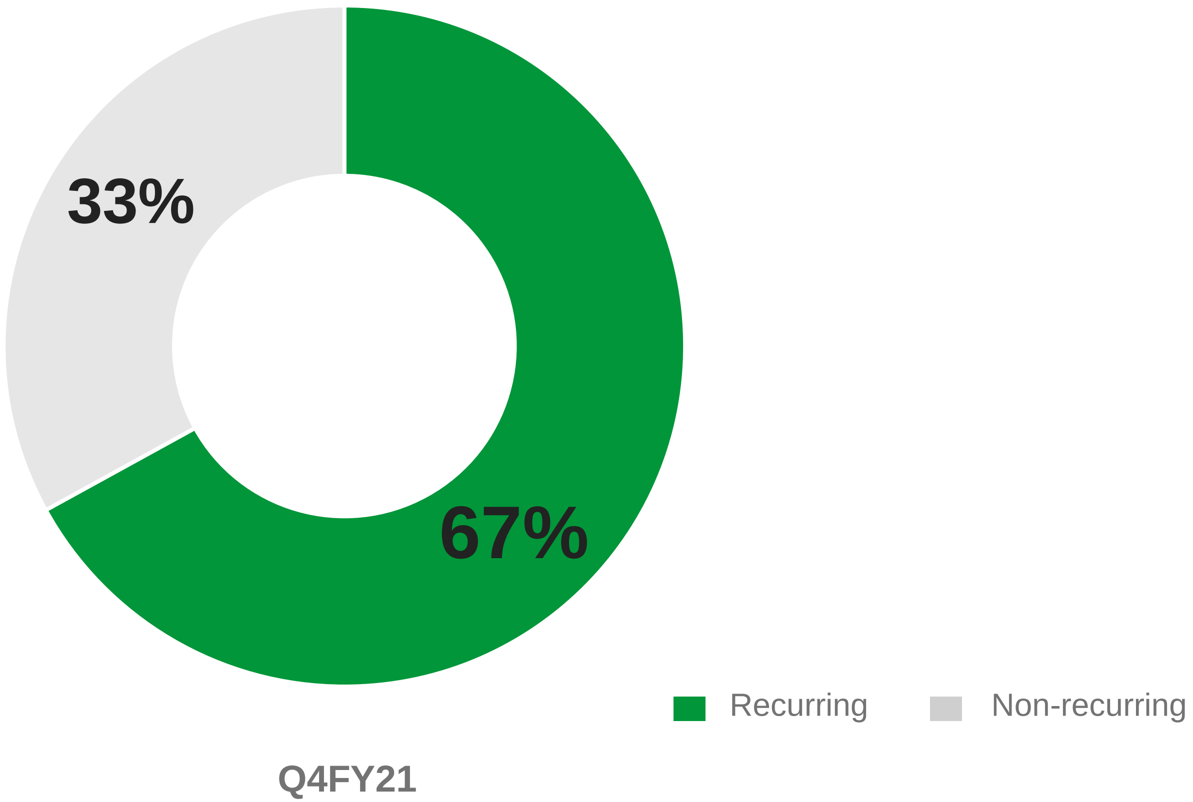
Q4FY21

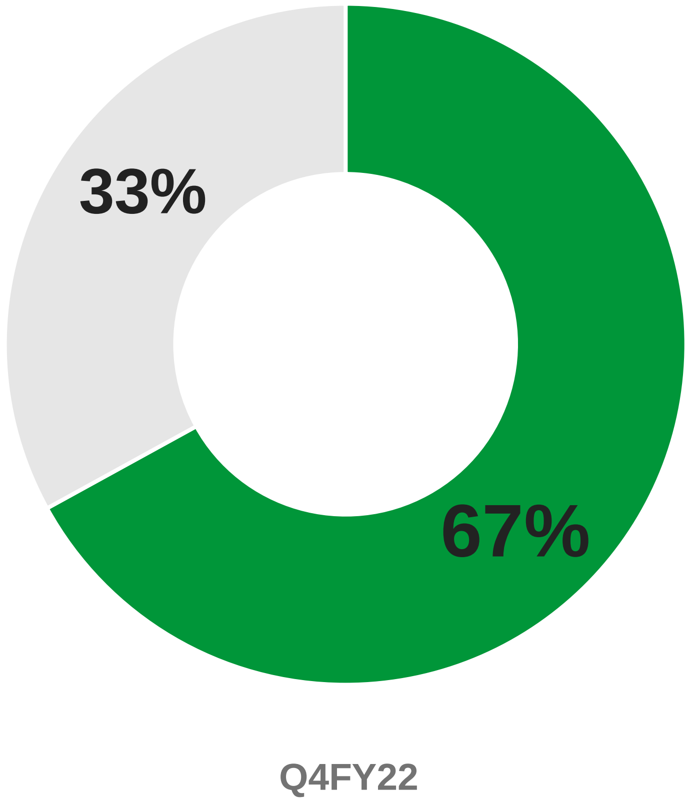


Q4FY22

Subscription revenue includes term subscriptions, both multi-year and annual, as well as SaaS-based revenue.

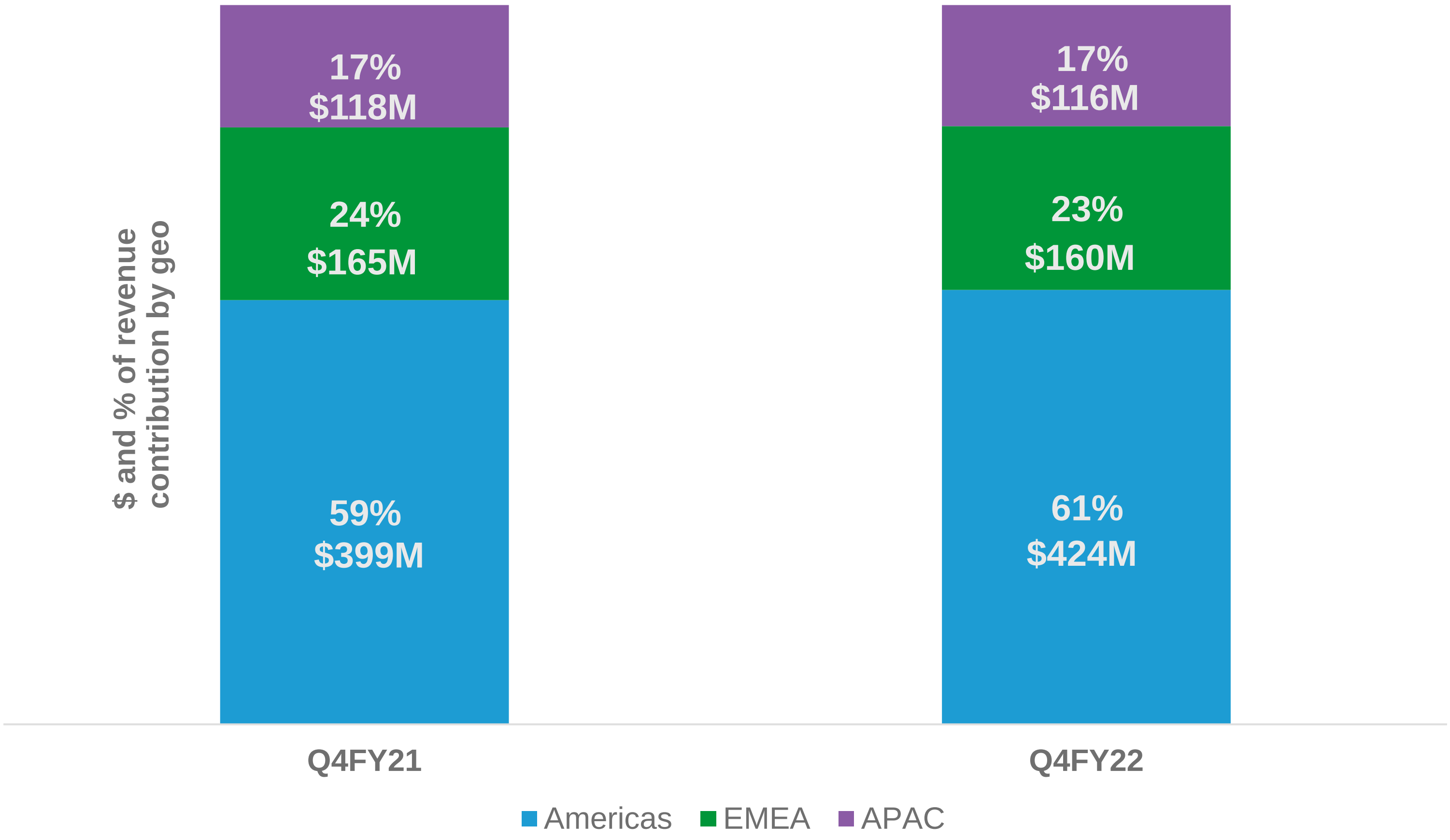
Revenue from recurring sources was consistent year over year





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

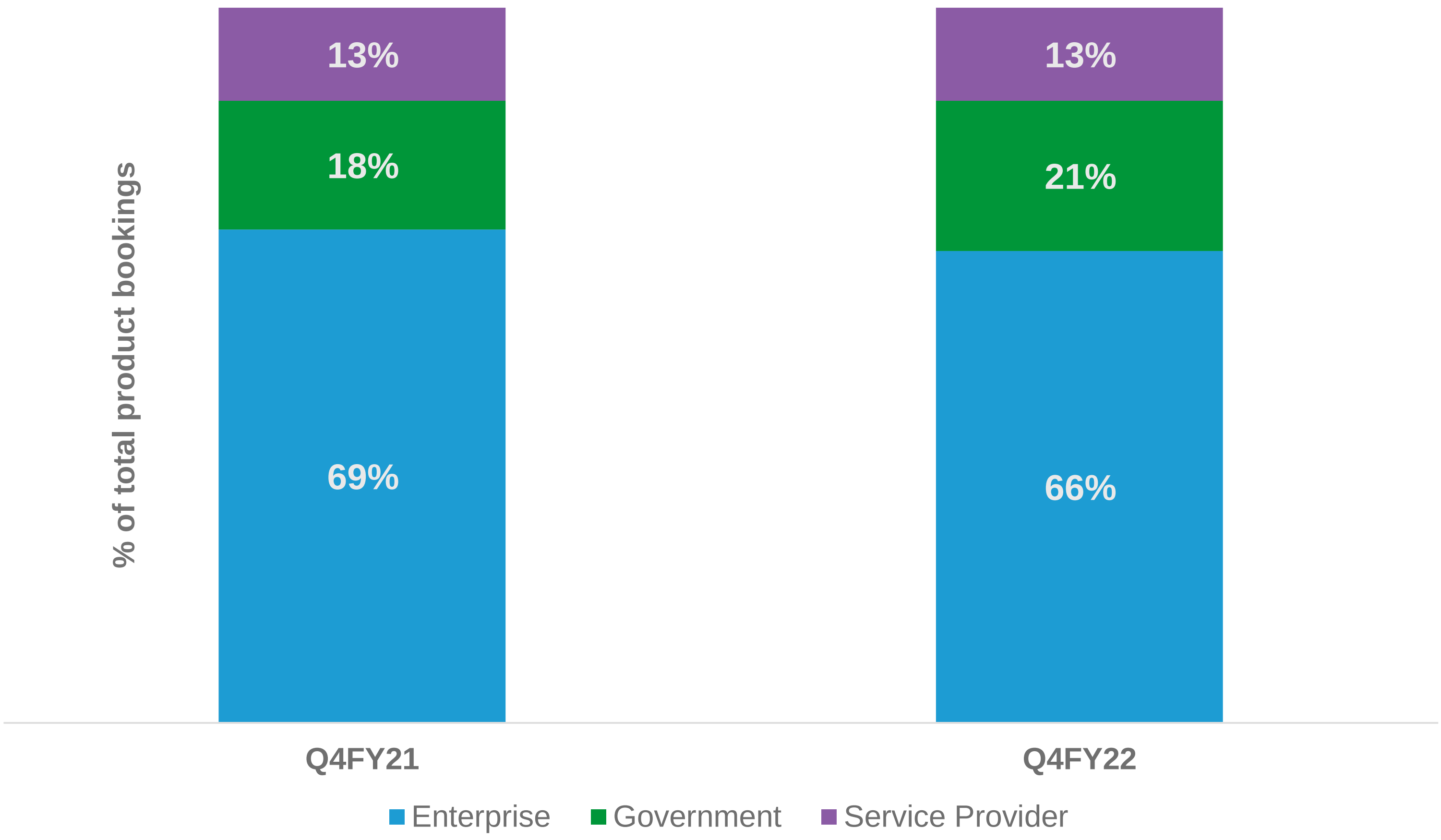
Q4FY22 revenue contribution by geography



Regional revenue growth

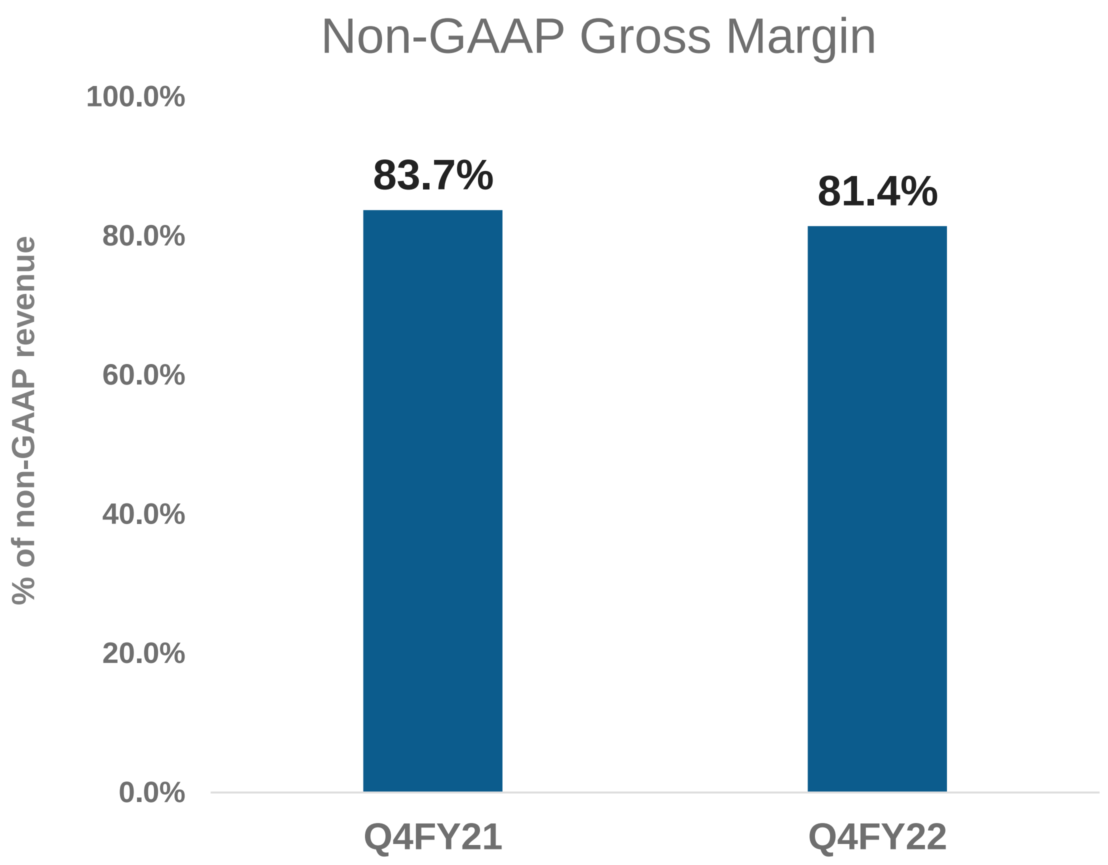
Totals may not add due to rounding.

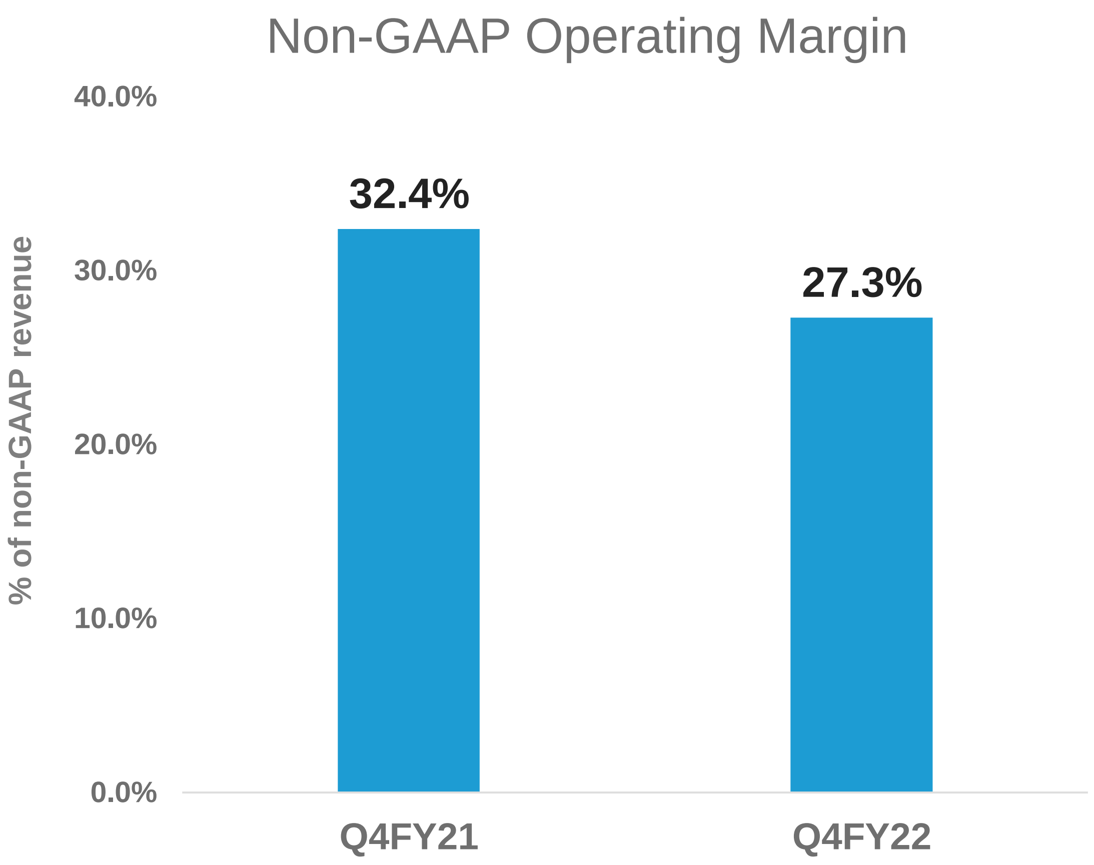
Q4FY22 customer verticals as a % of product bookings



Totals may not add to 100% due to rounding.

Q4FY22 non-GAAP gross and operating margins

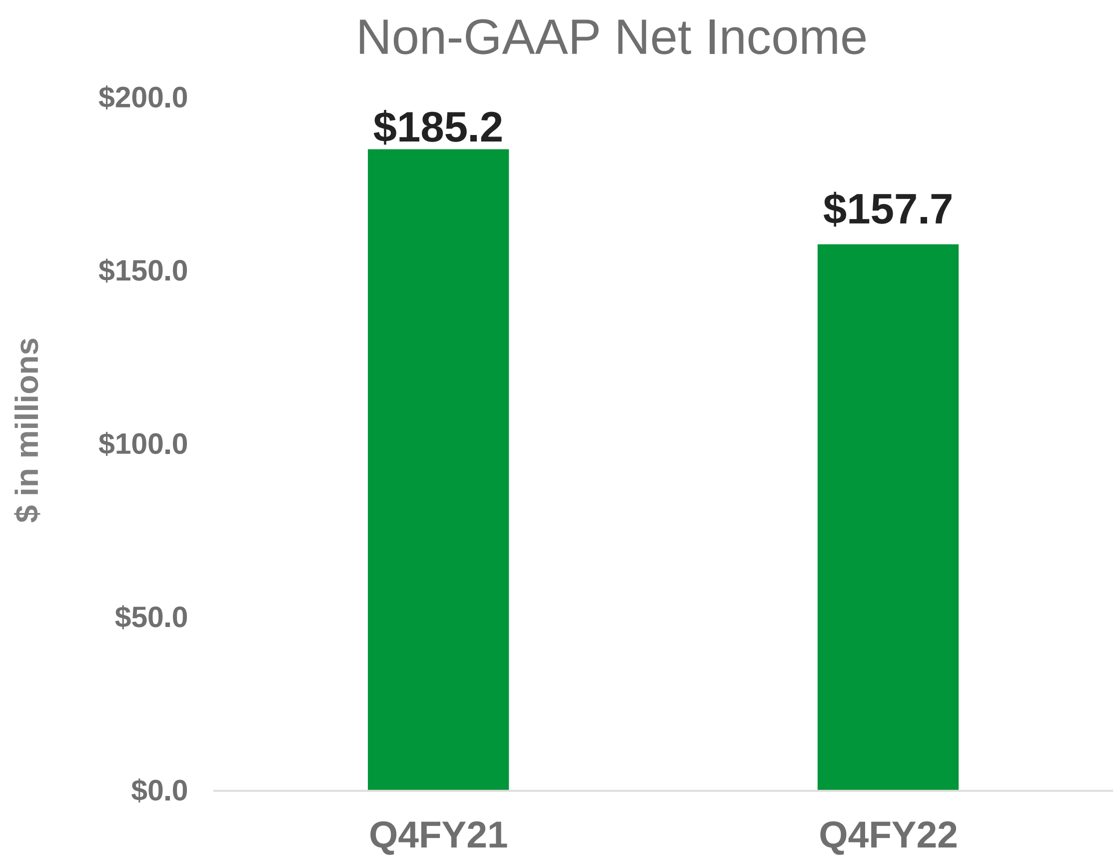


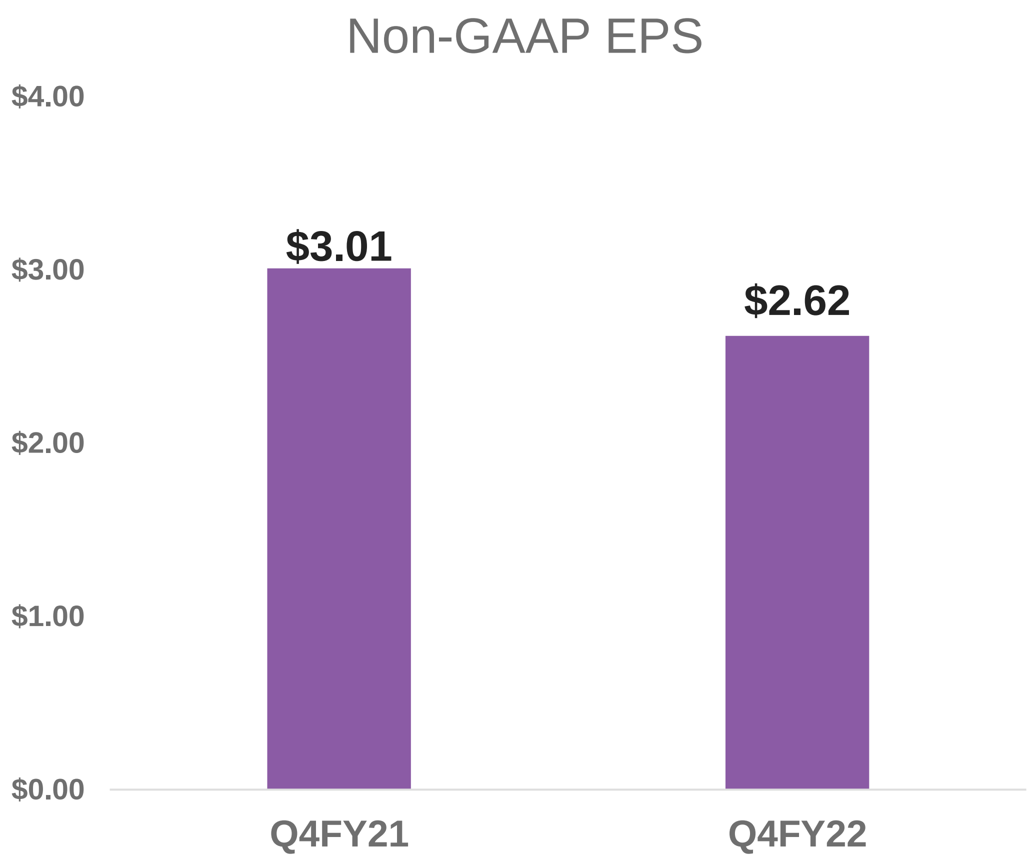


See appendix for GAAP to non-GAAP reconciliation

Q4FY22 non-GAAP net income and EPS

Reflects 14.1% Q4FY22 and 15.0% Q4FY21 non-GAAP effective tax rate

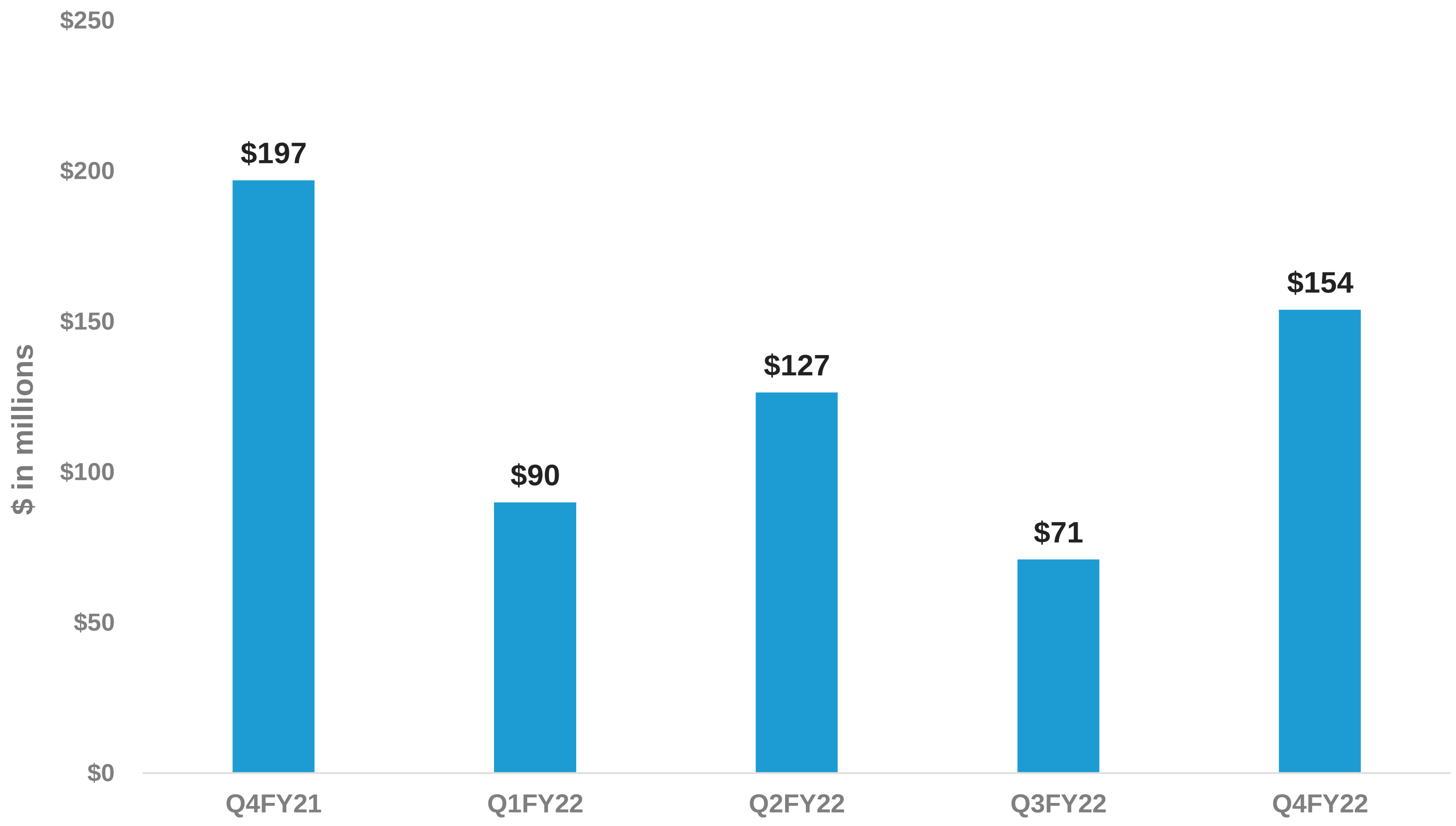




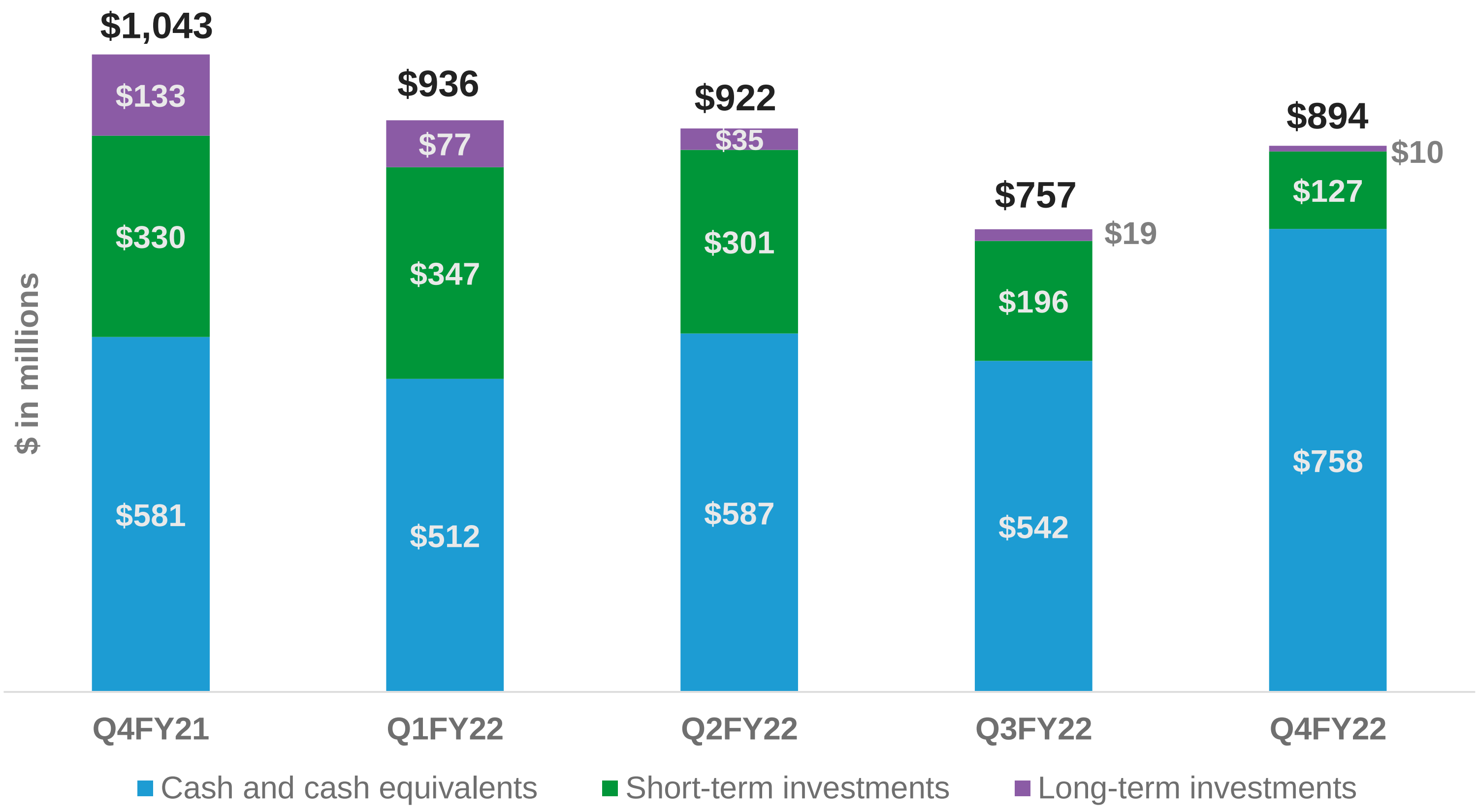
See appendix for GAAP to non-GAAP reconciliation

Q4FY22 cash flow from operations

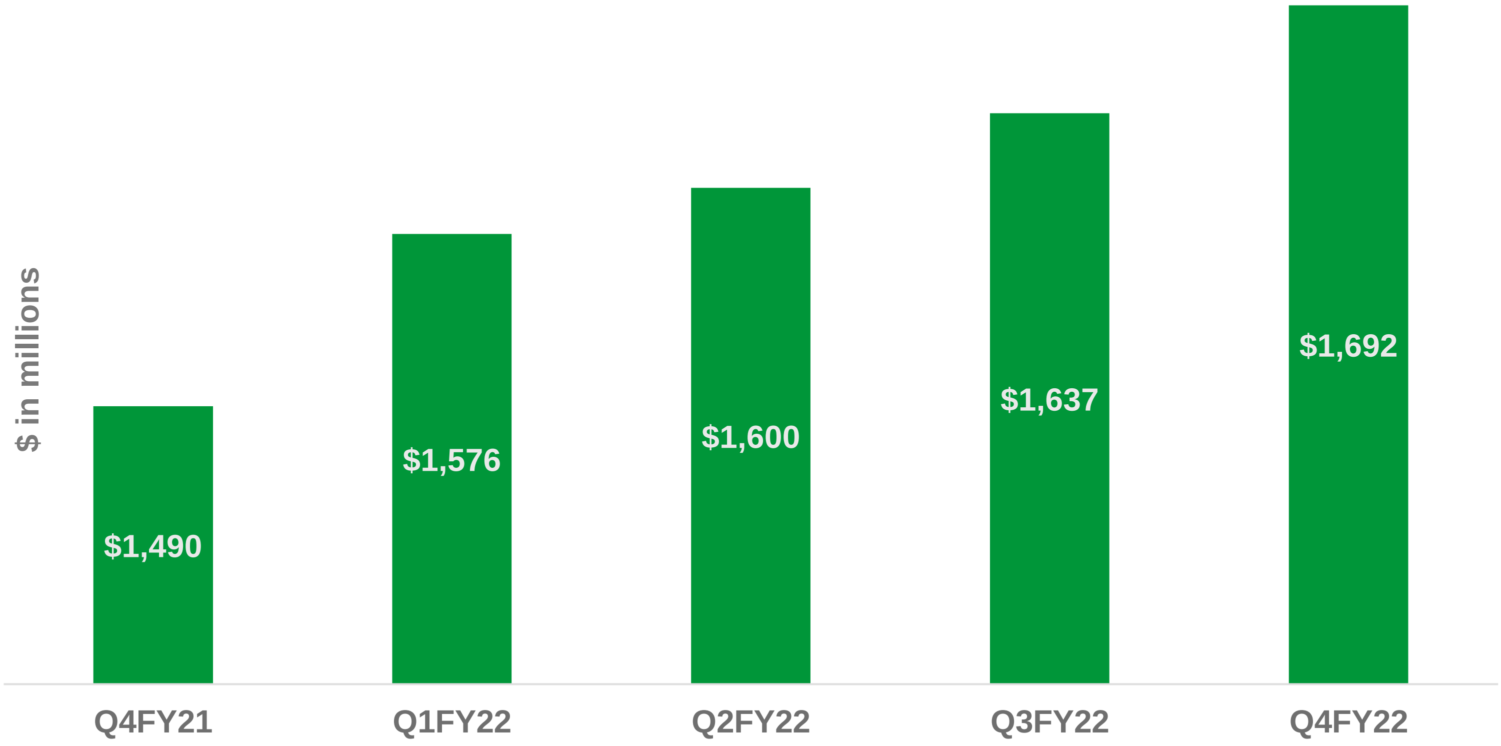
- Q422's cash flow from operations includes payments to partners related to securing component inventory to support future hardware builds and expedite fees.
- FY22 cash flow has been impacted by multi-year subscription sales which are invoiced annually and therefore spread cash collections over time.



Q4FY22 cash and investments

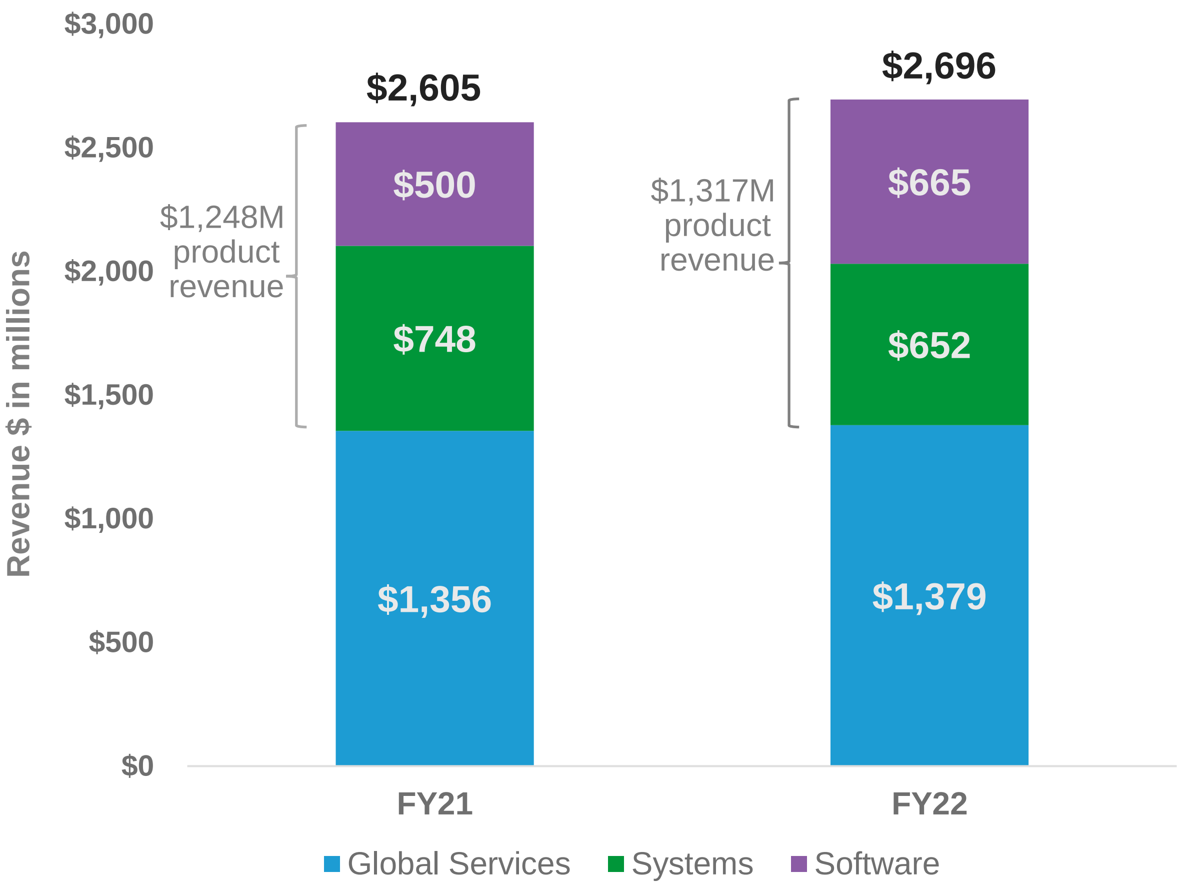


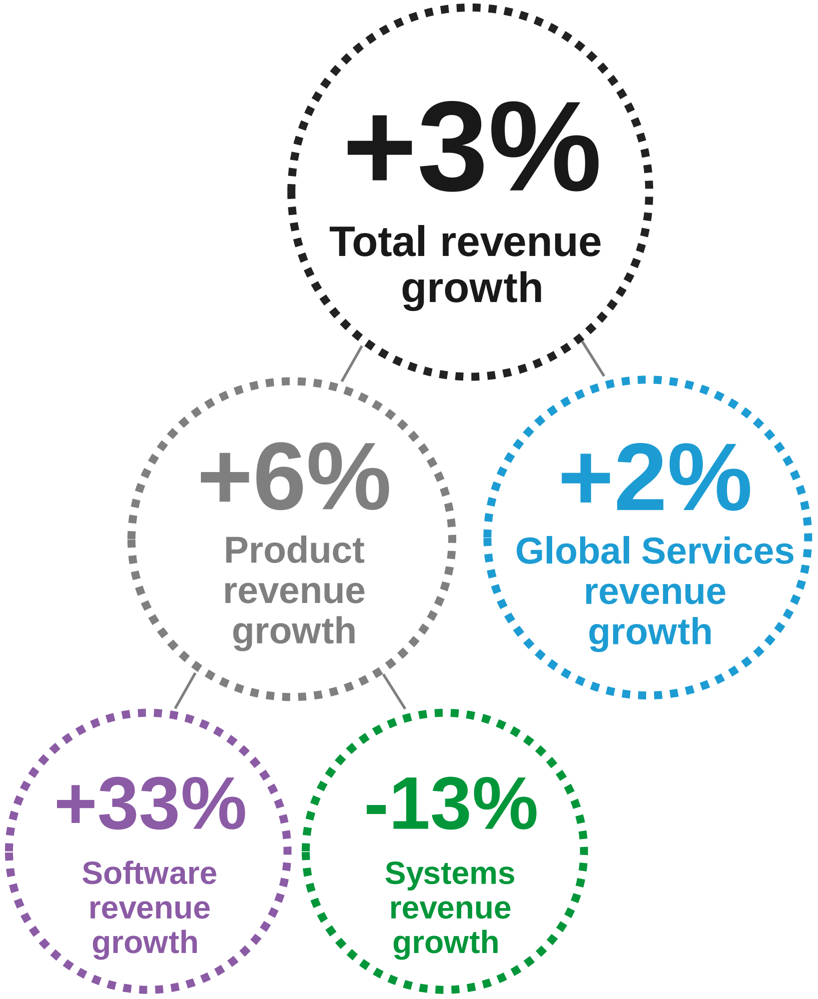
Q4FY22 deferred revenue



FY2022 Results

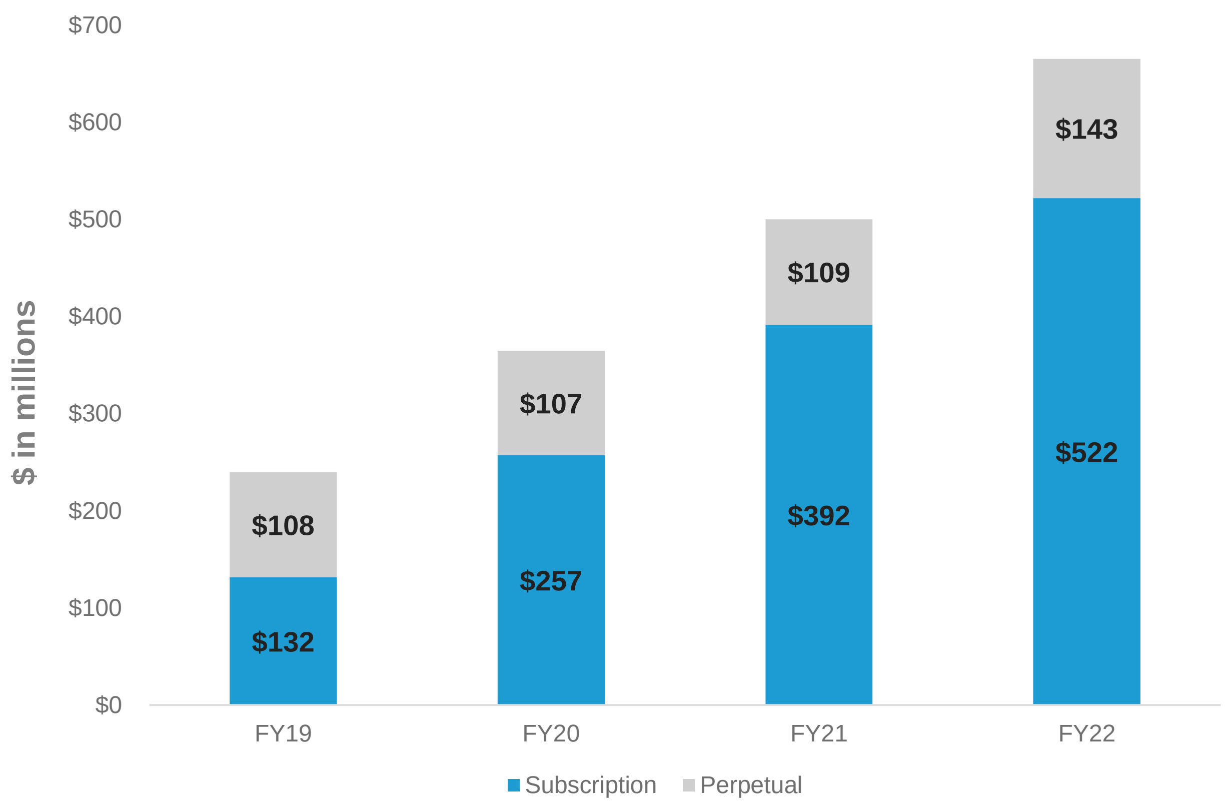
FY22 revenue mix

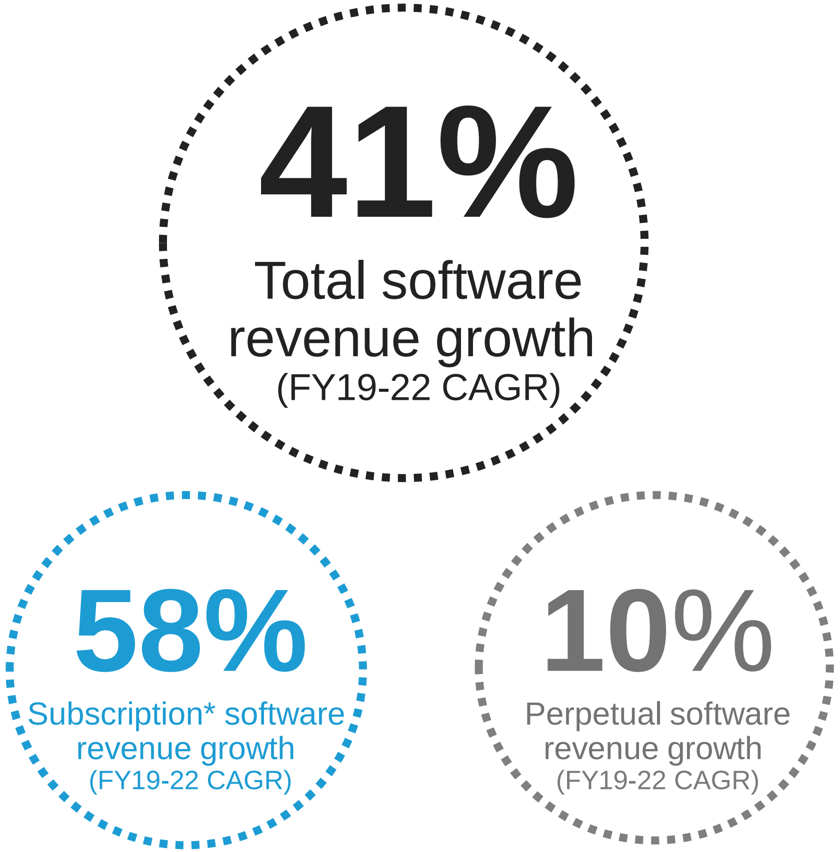




Totals may not add due to rounding.

Subscription/perpetual software revenue mix trends

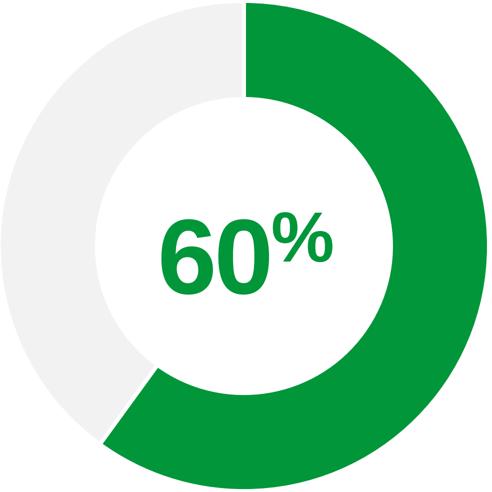




*Subscription revenue includes term subscriptions, both multi-year and annual, as well as SaaS-based revenue. FY20 revenue is non-GAAP. See appendix for GAAP to non-GAAP reconciliation.

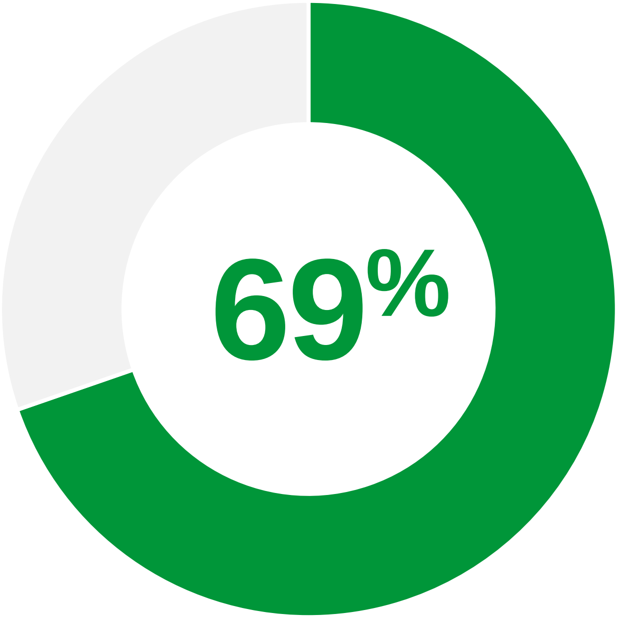
69% of our revenue is recurring with a double-digit CAGR

Recurring Revenue[1] Mix
(% of Non-GAAP Total Revenue)



$1.35B
FY19

11%
FY19-22
Non-GAAP Recurring
Revenue CAGR

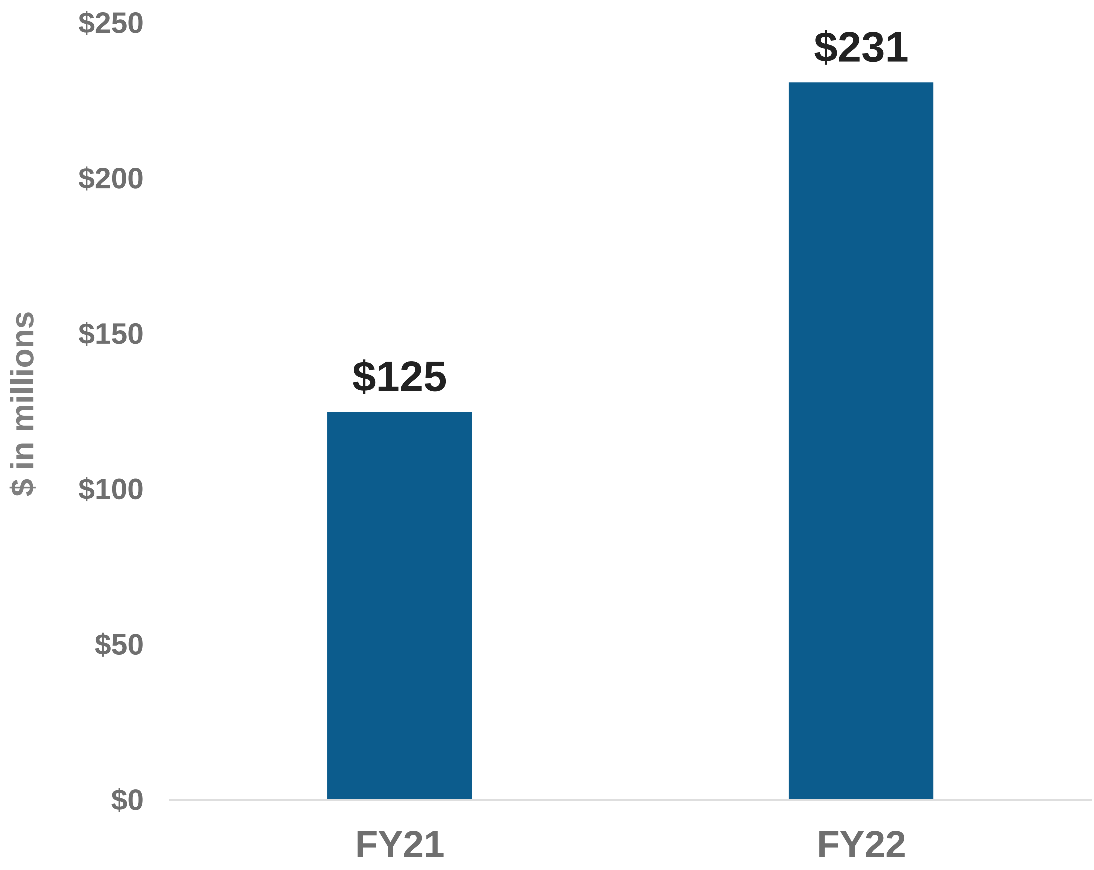


$1.86B
FY22

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

FY22 product backlog grew 80%+

- Product backlog expanded in FY22 from FY21 due to ongoing semiconductor shortages.
- The vast majority of product backlog is related to systems.
- Backlog orders are cancellable, but we have seen very low to non-existent cancellation rates.

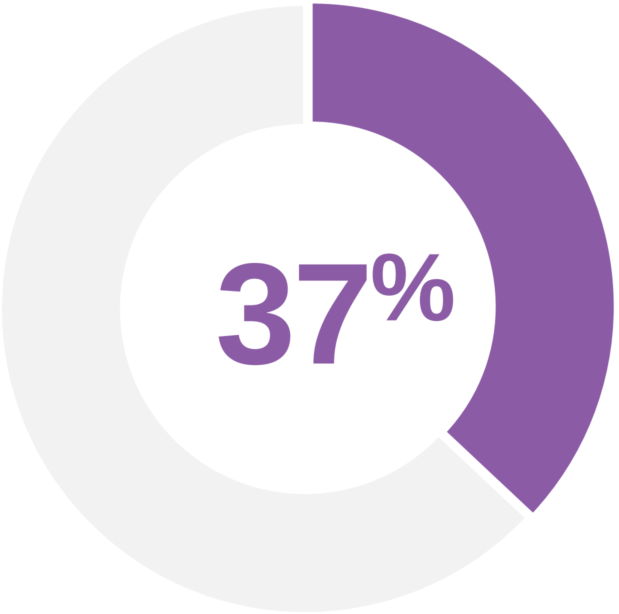


Security is driving a growing percentage of our total revenue

$1B

FY22 security revenue

Security[1] revenue mix
(% of Total Revenue)



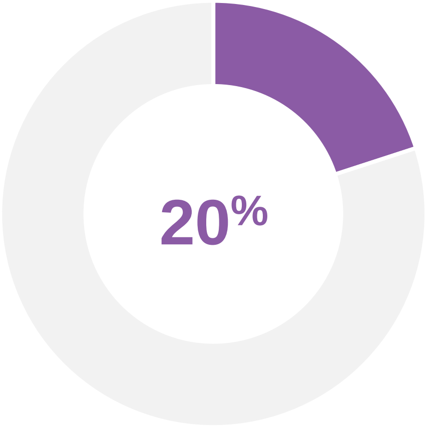
FY22

[1]Comprised of standalone security offerings, bundled security offerings and related maintenance.

Standalone security is growing at a 30% CAGR

Standalone Security[1] Mix

(% of Non-GAAP Product Revenue)

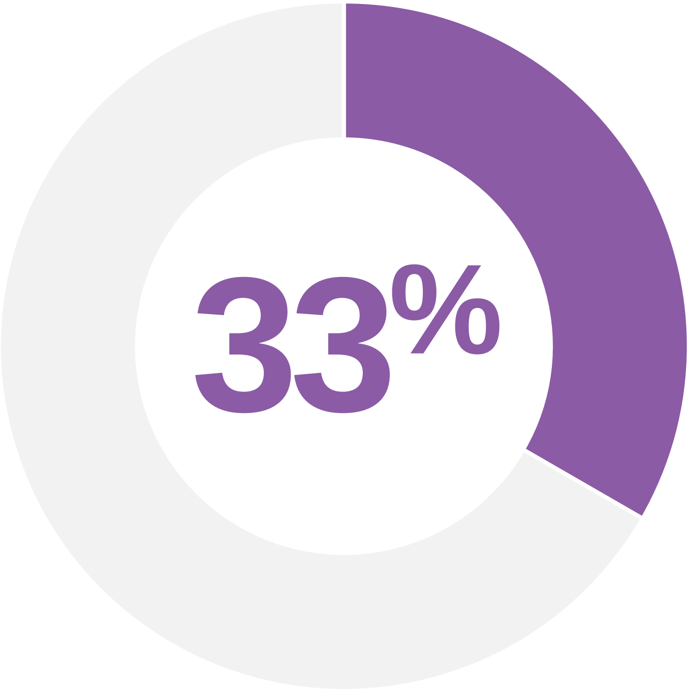


FY19

30%

FY19-22

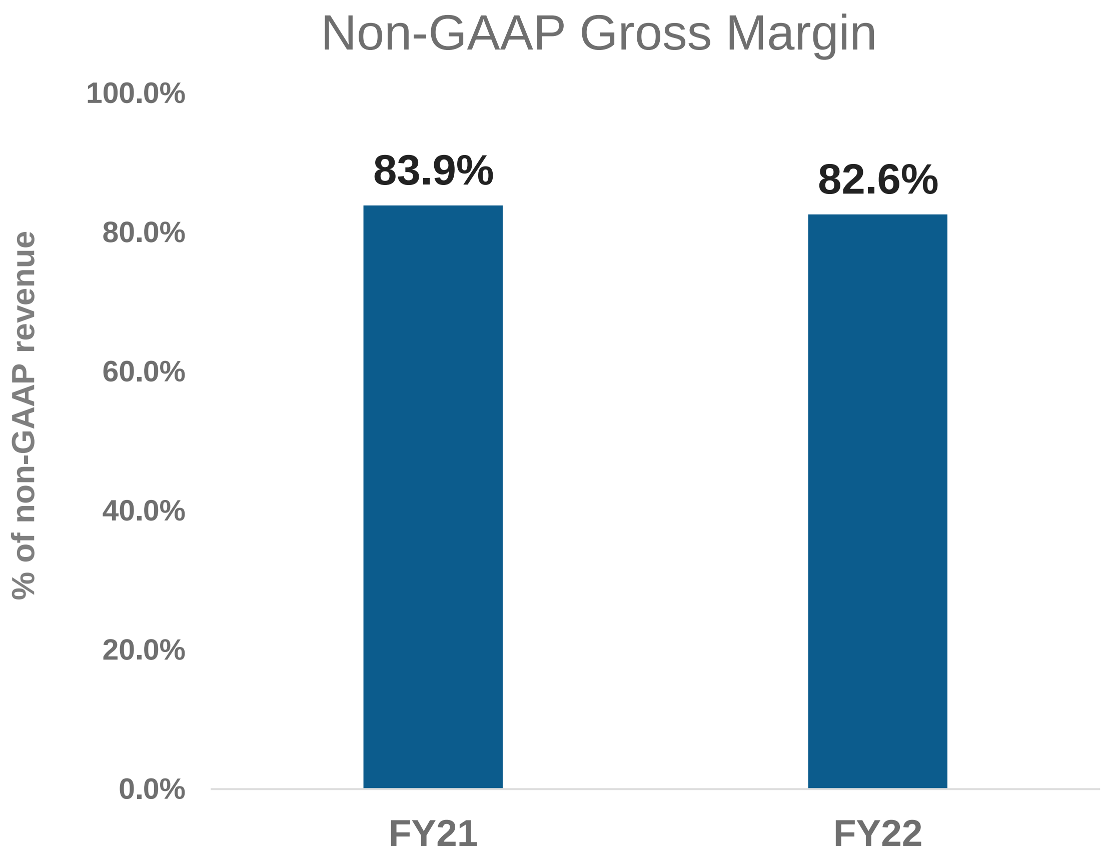
Non-GAAP Standalone Security Revenue CAGR

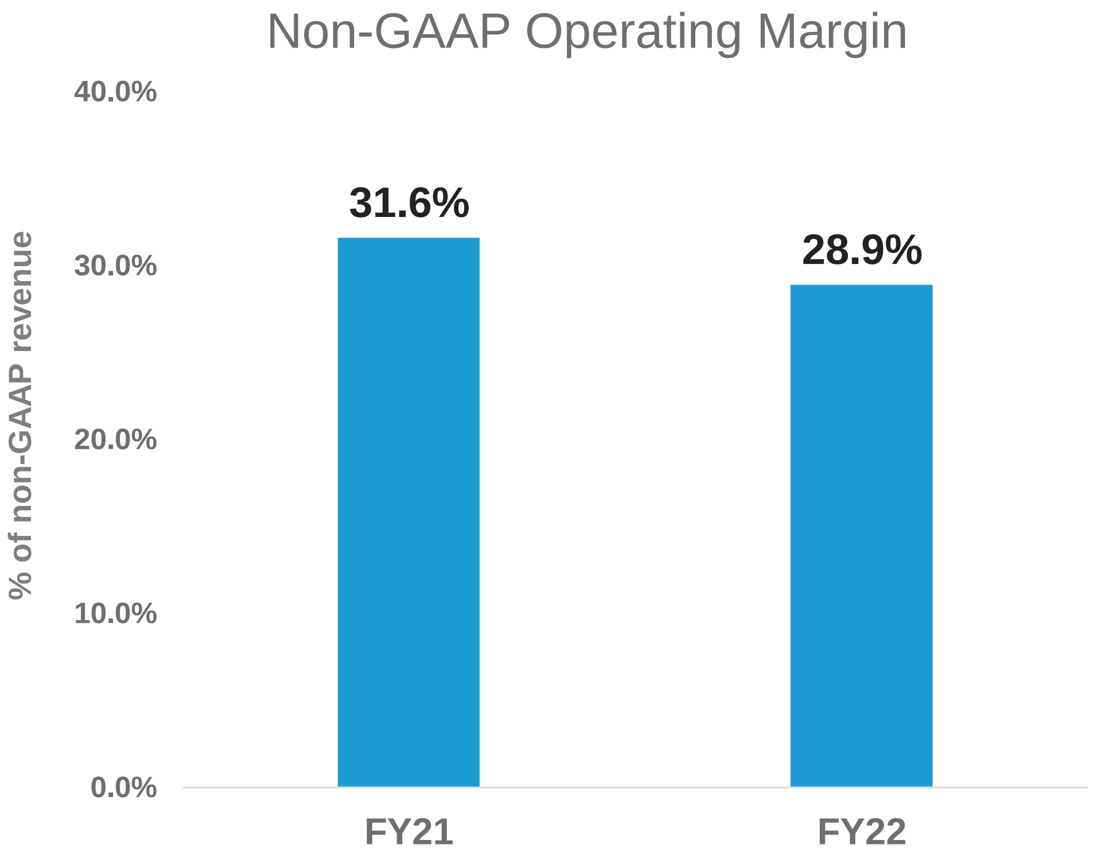


FY22

[1] Comprised of standalone security offerings including systems, standalone software licenses and security subscription services.

FY22 non-GAAP gross and operating margins

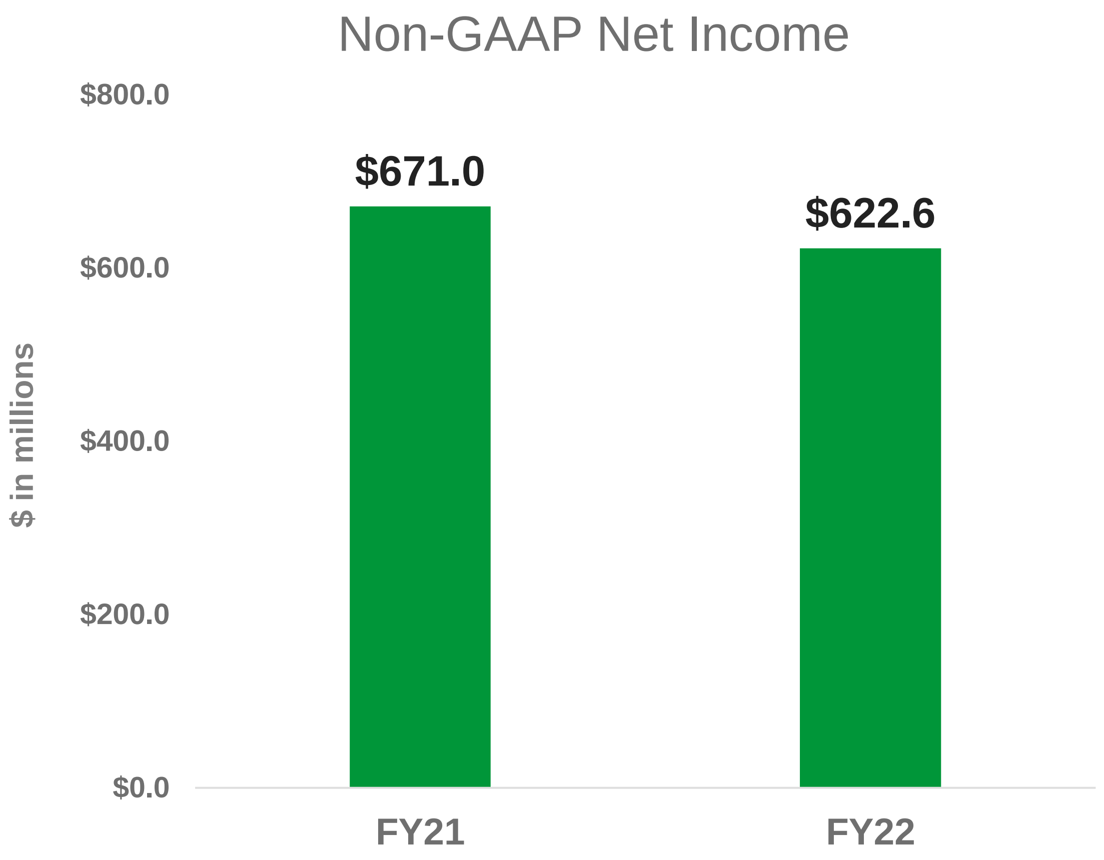


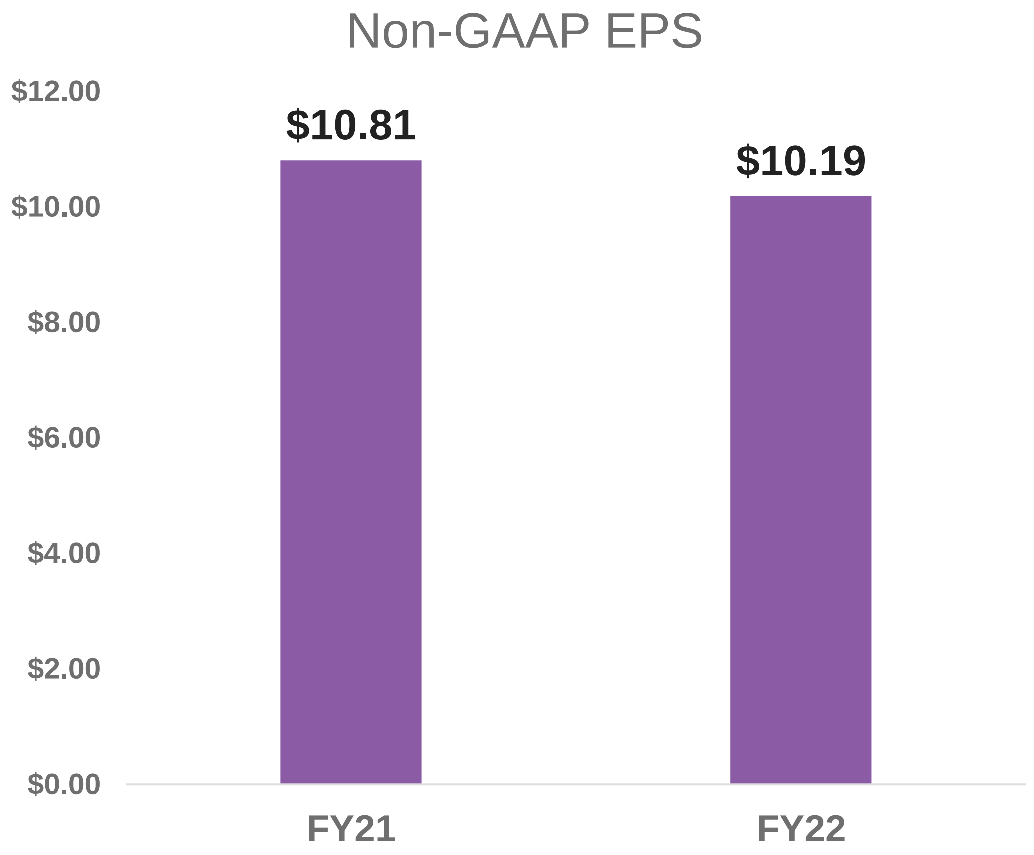


See appendix for GAAP to non-GAAP reconciliation

FY22 non-GAAP net income and EPS

Reflects 18.1% FY22 and 17.7% FY21 non-GAAP effective tax rate





See appendix for GAAP to non-GAAP reconciliation

Business Outlook

Our FY23 and Q123 outlook

	FY23 Guidance
Software revenue growth	15% to 20% growth
Systems revenue growth	Growth in FY23
Global services growth	Low-to-mid single-digit growth
Total revenue growth	**9% to 11%**
Non-GAAP operating margin	30% to 31%
Non-GAAP effective tax rate	21% to 23%
Non-GAAP EPS	**Low-to-mid teens growth**
"Rule of 40" (revenue growth + non-GAAP operating margin ≥40)	Achieve in FY23 and maintain on annual basis

Our FY23 and Q123 outlook

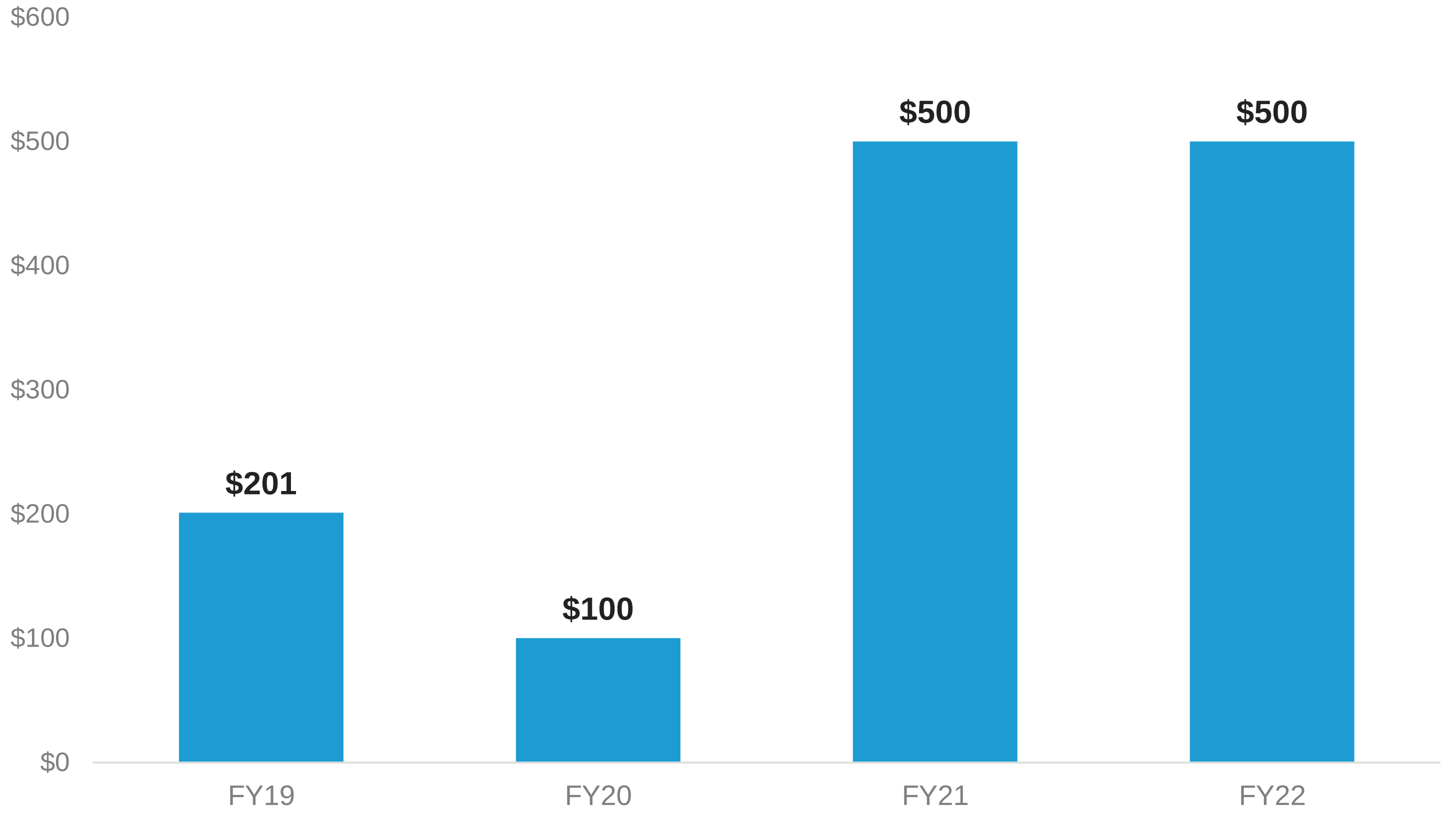
	FY23 Guidance
Software revenue growth	15% to 20% growth
Systems revenue growth	Growth in FY23
Global services growth	Low-to-mid single-digit growth
Total revenue growth	**9% to 11%**
Non-GAAP operating margin	30% to 31%
Non-GAAP effective tax rate	21% to 23%
Non-GAAP EPS	**Low-to-mid teens growth**
"Rule of 40" (revenue growth + non-GAAP operating margin ≥40)	Achieve in FY23 and maintain on annual basis

	Q1FY23 Guidance
Total revenue	**$690 to $710**
Non-GAAP gross margin	~80%
Non-GAAP operating expenses	$370 to $382M
Share-based compensation	$61 to $63M
Non-GAAP EPS	**$2.25 to $2.37**

We will maintain a balanced approach to capital deployment

- Starting in FY23, we intend to return 50% of free cash flow to shareholders via share repurchases
- We expect to pay down ~$350M in remaining term debt when it comes due in Q123
- We expect targeted M&A will continue to be part of our long-term strategy

Share Repurchases ($ in millions)



Q&A

f5®

Appendix

GAAP to non-GAAP reconciliation

Gross Profit Reconciliation				
($ in thousands)				
	Q4FY22	**Q4FY21**	**FY22**	**FY21**
GAAP revenue	$700,033	$681,997	$2,695,845	$2,603,416
Acquisition-related write-downs of assumed deferred revenue	$0	$0	$0	$1,283
Non-GAAP revenue	**$700,033**	**$681,997**	**$2,695,845**	**$2,604,699**
GAAP gross profit	$552,571	$553,319	$2,156,218	$2,110,270
Stock-based compensation	$7,168	$7,204	$29,257	$29,107
Amortization and impairment of purchased intangible assets	$9,959	$9,468	$39,837	$35,156
Facility-exit costs	$274	$678	$1,429	$2,604
Acquisition-related charges	$108	$10	$399	$2,532
Impairment charges	$0	$0	$0	$4,388
Total adjustments to gross profit	$17,509	$17,360	$70,922	$73,787
Non-GAAP gross profit	**$570,080**	**$570,679**	**$2,227,140**	**$2,185,340**
Non-GAAP gross margin	**81.4%**	**83.7%**	**82.6%**	**83.9%**

Operating Expense Reconciliation				
($ in thousands)				
	Q4FY22	**Q4FY21**	**FY22**	**FY21**
GAAP operating expense	$445,041	$426,955	$1,752,426	$1,716,245
Stock-based compensation-sales and marketing	$24,347	$25,896	$104,285	$104,578
Stock-based compensation-research and development	$17,463	$17,109	$71,781	$67,155
Stock-based compensation-general and administrative	$10,477	$10,313	$43,893	$42,439
Amortization and impairment of purchased intangible assets-sales	$2,389	$2,836	$16,169	$11,266
Amortization and impairment of purchased intangible assets-gene	$353	$575	$1,683	$2,300
Facility-exit costs-sales and marketing	$628	$1,115	$2,811	$4,166
Facility-exit costs-research and development	$901	$1,309	$3,656	$4,661
Facility-exit costs-general and administrative	$508	$954	$2,425	$3,498
Acquisition-related charges-sales and marketing	$2,683	$6,513	$14,949	$29,726
Acquisition-related charges-research and development	$5,430	$5,935	$22,600	$31,055
Acquisition-related charges-general and administrative	$1,108	$4,409	$11,462	$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	$7,909	$0
Total adjustments to operating expenses	$66,287	$76,964	$303,623	$353,062
Non-GAAP operating expense	**$378,754**	**$349,991**	**$1,448,803**	**$1,363,183**

GAAP to non-GAAP reconciliation (continued)

Income from Operations Reconciliation				
($ in thousands)				
	Q4FY22	**Q4FY21**	**FY22**	**FY21**
GAAP operating income	$107,530	$126,364	$403,792	$394,025
Total adjustments related to revenue	$0	$0	$0	$1,283
Total adjustments related to gross profit	$17,509	$17,360	$70,922	$73,787
Total adjustments related to operating expense	$66,287	$76,964	$303,623	$353,062
Total adjustments related to income from operations	$83,796	$94,324	$374,545	$428,132
Non-GAAP income from operations	**$191,326**	**$220,688**	**$778,337**	**$822,157**
Non-GAAP operating margin	**27.3%**	**32.4%**	**28.9%**	**31.6%**
Net Income Reconciliation				
($ in thousands except per share data)				
	Q4FY22	**Q4FY21**	**FY22**	**FY21**
GAAP net income	$89,346	$110,718	$322,160	$331,241
Total adjustments related to revenue	$0	$0	$0	$1,283
Total adjustments to gross profit	$17,509	$17,360	$70,922	$73,787
Total adjustments to operating expenses	$66,287	$76,964	$303,623	$353,062
Gain on sale of patent	$0	$0	$0	$0
Exclude tax effect on above items	(15,488)	(19,804)	(74,075)	(88,408)
Total adjustments to net income	$68,308	$74,520	$300,470	$339,724
Non-GAAP net income	**$157,654**	**$185,238**	**$622,630**	**$670,965**
Weighted average basic common shares outstanding	59,751	60,526	60,274	60,707
Weighted average dilutive potential common shares outstanding	60,126	61,606	61,097	62,057
	Q4FY22	**Q4FY21**	**FY22**	**FY21**
GAAP income from operations	$107,530	$126,364	$403,792	$394,025
GAAP other income	(7,813)	(2,865)	(18,399)	(7,088)
GAAP pre-tax income	$99,717	$123,499	$385,393	$386,937
GAAP provision for income taxes	$10,371	$12,781	$63,233	$55,696
GAAP effective tax rate	10.4%	10.3%	16.4%	14.4%
Non-GAAP income from operations	$191,326	$220,688	$778,337	$822,158
Non-GAAP other income	(7,813)	(2,865)	(18,399)	(7,088)
Non-GAAP pre-tax income	$183,513	$217,823	$759,938	$815,070
Non-GAAP provision for income taxes	$25,859	$32,585	$137,308	$144,104
Non-GAAP effective tax rate	14.1%	15.0%	18.1%	17.7%
Net Income per Common Share				
GAAP diluted net income per common share	$ 1.49	$ 1.80	$ 5.27	$ 5.34
Non-GAAP diluted net income per common share	**$ 2.62**	**$ 3.01**	**$ 10.19**	**$ 10.81**

GAAP to non-GAAP reconciliation (continued)

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

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

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

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

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

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 operating expenses. In addition, these charges do not necessarily provide meaningful insight into the fundamentals of current or past operations of its business.

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

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

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