Q3FY25 Results

PERIOD ENDING June 30, 2025
Published July 30, 2025

We deliver and secure every app.

F5 specializes in application delivery and security. Our solutions are backed by three decades of expertise to ensure that every app is fast, available, secure, and ready for the AI-era.

Forward-looking statements

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

GAAP to non-GAAP presentation

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

Today's speakers

François Locoh-Donou

CEO, President

Intro & Business Overview

Cooper Werner

Chief Financial Officer, EVP

Q3FY25 Results & Business Outlook

Business Overview

François Locoh-Donou, President & CEO

GAAP & non-GAAP results

GAAP results

	Q3FY25	Q3FY24
Revenue	**$780M**	**$695M**
Gross profit	$632M	$559M
Gross margin	81.0%	80.4%
Income from operations	$196M	$163M
Operating margin	25.2%	23.4%
Tax rate	10.8%	16.0%
Net income	$190M	$144M
EPS	**$3.25**	**$2.44**

Non-GAAP results

	Q3FY25	Q3FY24
Revenue	**$780M**	**$695M**
Gross profit	$649M	$578M
Gross margin	83.1%	83.1%
Income from operations	$267M	$233M
Operating margin	34.3%	33.4%
Tax rate	14.4%	17.5%
Net income	$243M	$199M
EPS	**$4.16**	**$3.36**

See appendix for GAAP to non-GAAP reconciliation

Q3FY25 performance highlights

+12%
Total revenue growth Y/Y

+26%
Product revenue growth Y/Y

+16%
Software revenue growth Y/Y

+39%
Systems revenue growth Y/Y

+80bps
Non-GAAP operating margin improvement Y/Y

24%
Non-GAAP EPS growth Y/Y

See appendix for GAAP to non-GAAP reconciliation

Our Q4FY25 guidance implies strong FY25 revenue and earnings growth driven by sustainable demand drivers

Demand Drivers

- Future-forward architectures
- Data center modernization
- Capacity expansion
- Increasing range of application delivery and security services

Q4FY25 Outlook

$780 to $800M

Q4FY25 total revenue

FY25 Outlook

~9%

Total revenue growth Y/Y

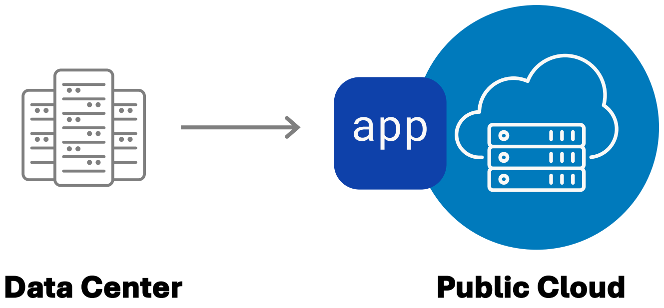
(up from 6.5% to 7.5% previously)

14% to 15%

Non-GAAP EPS growth Y/Y

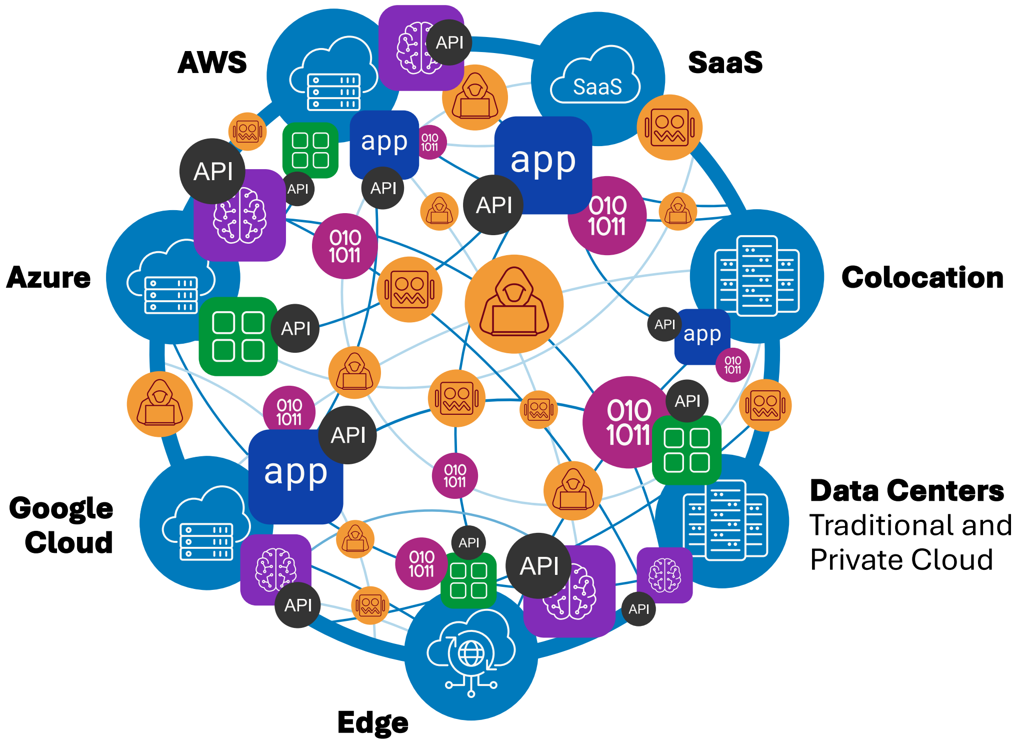
(up from 8% to 10% previously)

What many CIOs thought would happen

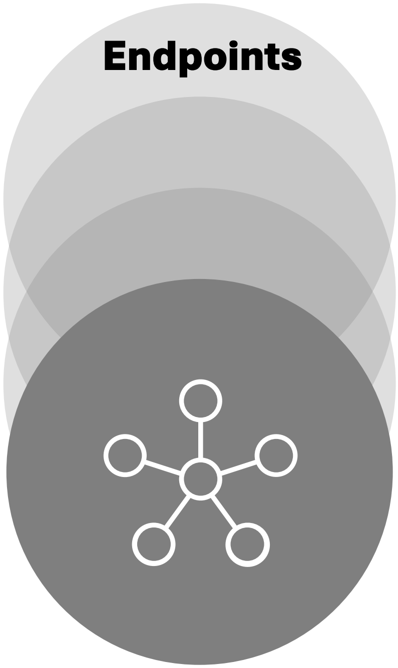


Where most have ended up

Ball of Fire

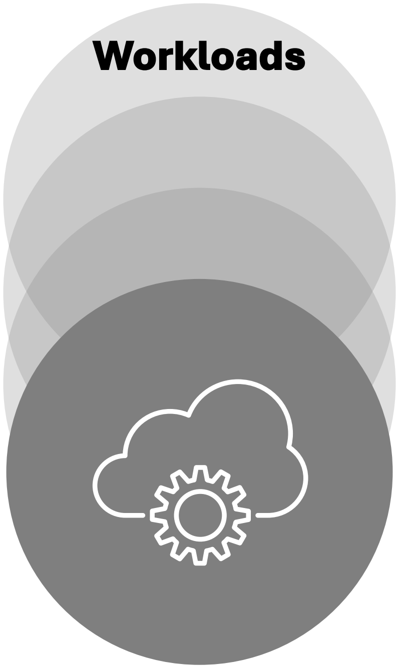


A platform for application delivery and security did not exist...



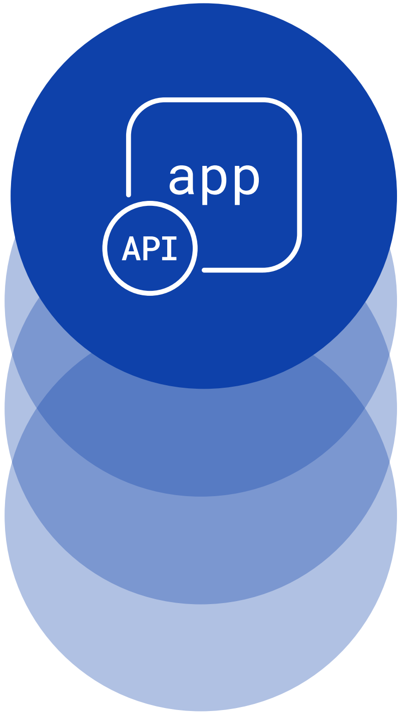
Endpoints
(EPP)

Network access
(SASE)



Cloud workloads
(CNAPP)

Until...

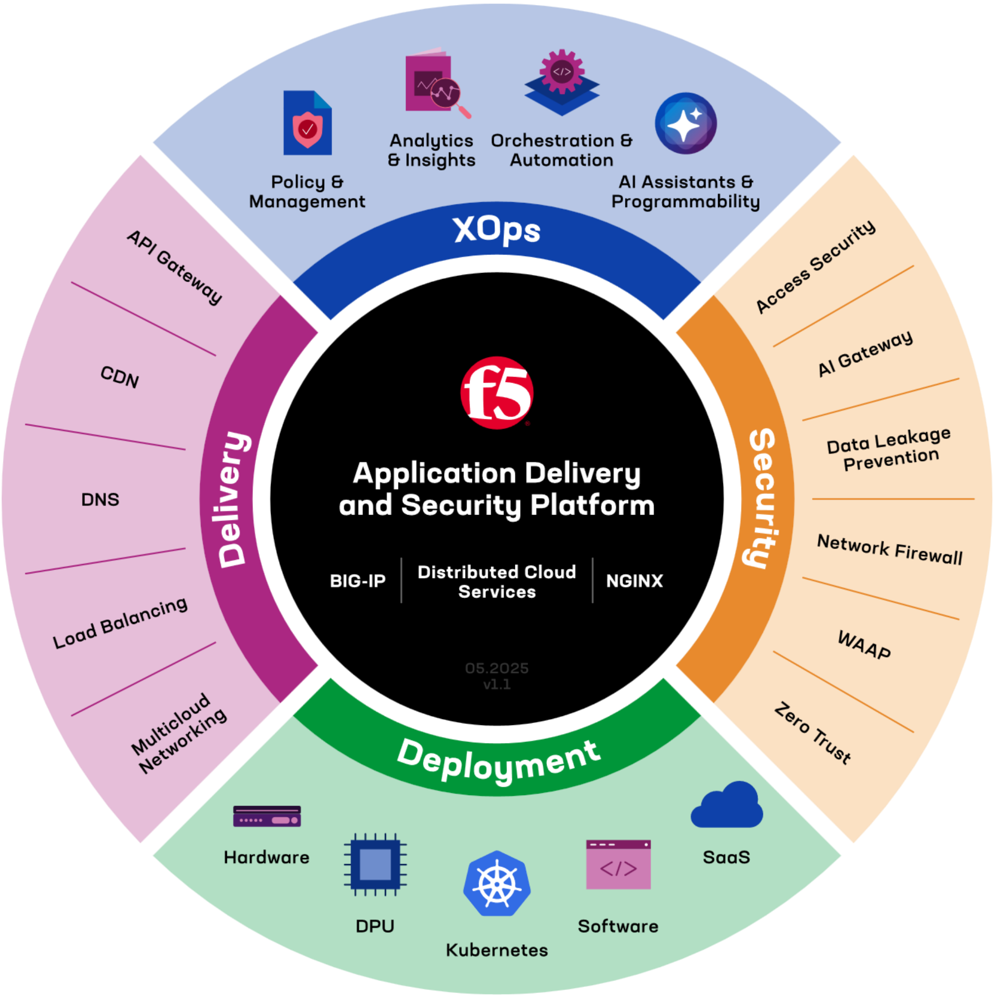


...until the F5 Application Delivery and Security Platform

Complete **delivery** and **security** for every app

Deployable anywhere and in any form factor

X Operations across NetOps, SecOps, DevOps and PlatOps



Q3 customer examples that underscore the significant value F5 delivers to customers through our ADSP

BIG-IP | Distributed Cloud Services

Health insurer

- Customer consolidated multiple security and delivery vendors across both its on-premises and SaaS environments onto F5
- F5's unique hybrid multicloud approach reducing operational complexity
- F5 providing enhanced security and improved API visibility

BIG-IP | Distributed Cloud Services

Airline

- Existing F5 customer facing escalating app growth, challenges securing rapidly growing API base across multicloud environments
- After extensive competitive evaluation, consolidated on-premises and SaaS environments on F5 replacing incumbent SaaS provider
- F5 enabling secure management and connection of +100 B2B apps across multicloud environments

Distributed Cloud Services

Service provider

- Sales discovery expanded initial WAF-only opportunity
- Customer faced a number of multicloud and on premises security challenges
- F5 consolidated WAF, bot protection, API security, streamlining ops, eliminating multivendor complexity, and reducing costs across on-premises and multicloud environments

We are leveraging AI technologies to enhance customer experiences and drive business growth

AI for ADC

Innovations that leverage AI to reduce the operational complexity of delivering and securing apps in a hybrid multicloud world

ADC for AI

Innovations that highlight how F5 is applying its delivery and security strengths to enable AI-driven applications

AI for ADC innovations

F5 AI Assistant

Enables customers to leverage F5's unmatched programmable capabilities with greater ease and sophistication

- Goal to make F5 AI Assistant an indispensable member of every NetOps, SecOps team
- Systematically building around a powerful loop:
  - *Understand what's happening*
  - *Prioritize what matters*
  - *Act to solve it*
- Move customers from reactive firefighting to proactive control

ADC for AI innovations

F5 AI Gateway

Purpose built to secure and manage the new frontier of enterprise AI

- Introduced expanded capabilities to prevent data leaks and delivery cutting-edge AI protection

F5 BIG-IP SSL Orchestrator

Purpose built to secure and manage the new frontier of enterprise AI

- New functionality to classify and defend encrypted data in motion and block unapproved AI use

Technology Partnerships

Enabling integrated, secure, and streamlined solutions to support complex emerging AI ecosystems

Expanding F5's performance, multi-tenancy, and security capabilities for large-scale AI infrastructures leveraging BIG-IP Next for Kubernetes running natively on NVIDIA BlueField-3 DPUs

Early promising customer feedback:

- *18% increase in HTTP throughput*
- *11x improvement in time-to-first-byte*
- *190x boost in network energy efficiency*
- *20% improvement in GPU utilization*

Customers leveraging F5 to move incredible amounts of data at high speed to and from data stores for AI modeling and inferencing

Announced deepening MinIO alliance, advancing our AI Application and Data Delivery solution to manage training and inference-driven data growth

F5 is delivering, scaling, securing and connecting AI applications

AI data delivery

F5 deployed in front of data stores to ensure secure, high-throughput data ingestion for AI model training and inferencing.

F5 enforcing policy-based controls, and eliminating bottlenecks, enabling performant delivery of massive datasets while safeguarding sensitive information.

AI runtime security

F5 protecting AI applications, APIs, and models with F5 WAAP and AI Gateway.

F5 prevents abuse, data leakage, and attacks like prompt injection, while ensuring full visibility and control over how AI models and applications interact across environments.

AI factory load balancing

F5 optimizing traffic both *across* and *within* AI factories.

In AI, performance is measured in terms of token throughput. By intelligently distributing AI traffic to maximize GPU utilization, F5 AI factory load balancing directly increases token generation, reduces time-to-first token, and lowers cost per-token.

Two examples of the several new AI wins secured in Q3

AI data delivery

BIG-IP

Government

- The customer needed to accelerate data ingestion for its AI platform.
- Core challenge was processing data at 100 Gpbs while performing intensive SSL decryption and inserting critical data for audit trails
- High-performance F5 BIG-IP hardware deployed in front of their S3 data stores to perform SSL decryption at line rate, while preserving critical data for auditing and policy enforcement.
- Combination of hardware-based decryption, intelligent traffic modification, robust traffic management enabled scalable foundation to support future AI workloads

AI factory load balancing

BIG-IP NGINX

E-commerce

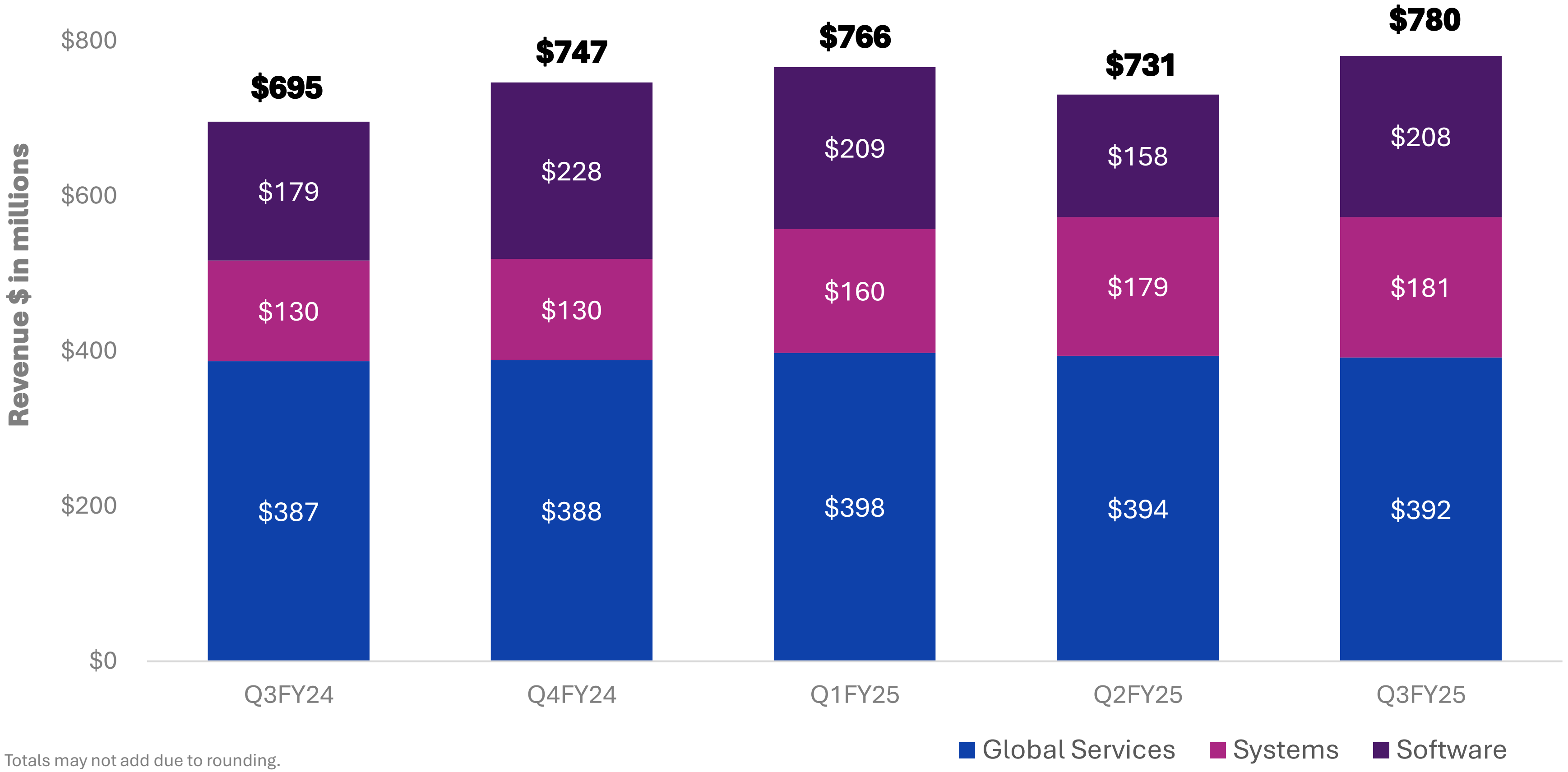
- The customer strategically deployed F5 BIG-IP and NGINX in key layers of their GPU-as-a-Service cloud platform to ensure that as their cloud scales, performance and security scale with it.
- High performance BIG-IP hardware used to manage and secure the main infrastructure entry point.
- NGINX embedded directly in front of each AI cluster to enforce fine-grained authentication and authorization.

Q3FY25 Results

Cooper Werner, CFO & EVP

Revenue mix and year-over-year change

Revenue mix



Year/Year change

+12%
Total revenue

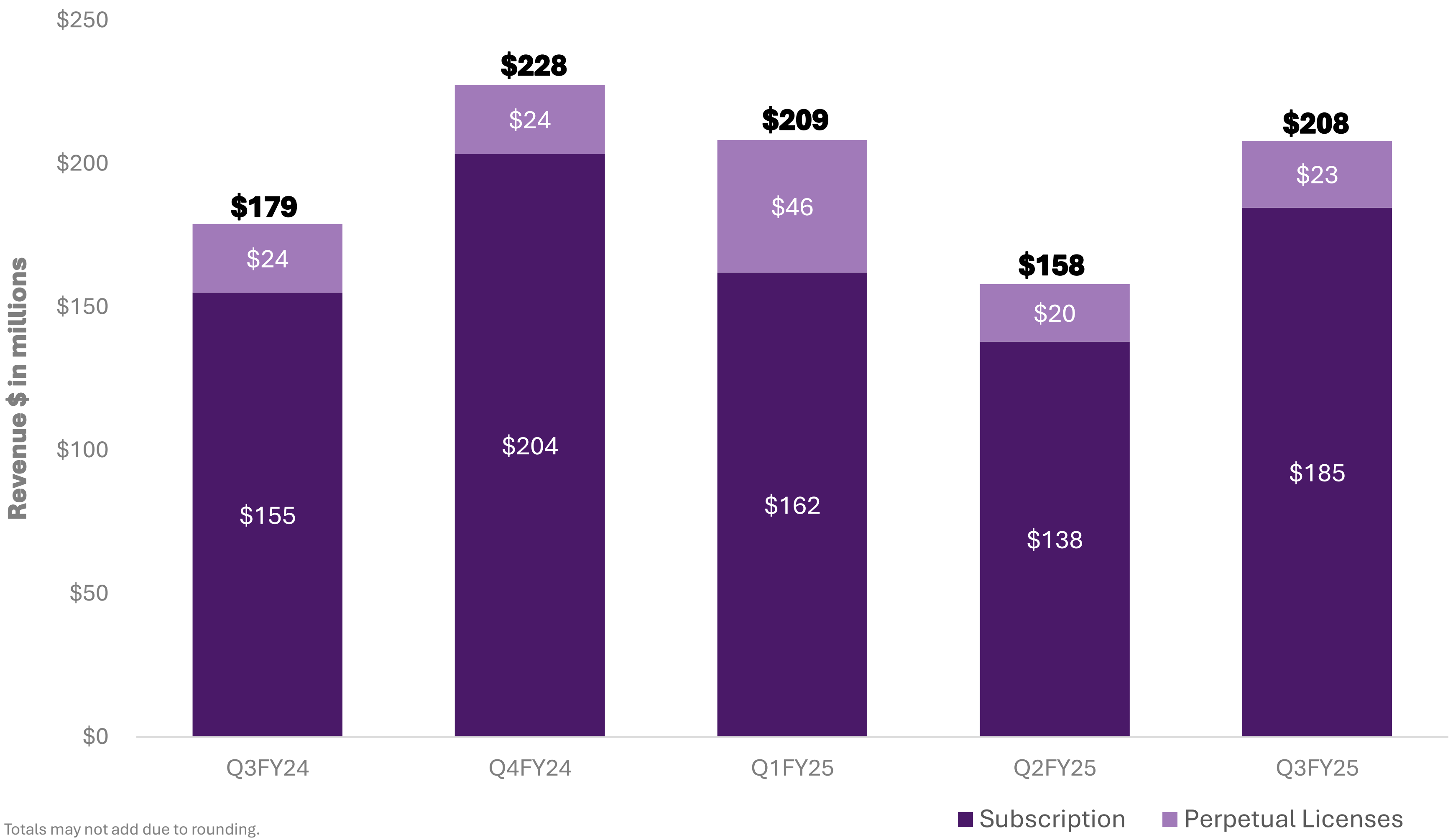
+16%
Software

+39%
Systems

+1%
Global services

Totals may not add due to rounding.

Software revenue mix



Totals may not add due to rounding.

Q3FY25

+16%

Total software revenue growth Y/Y

89%

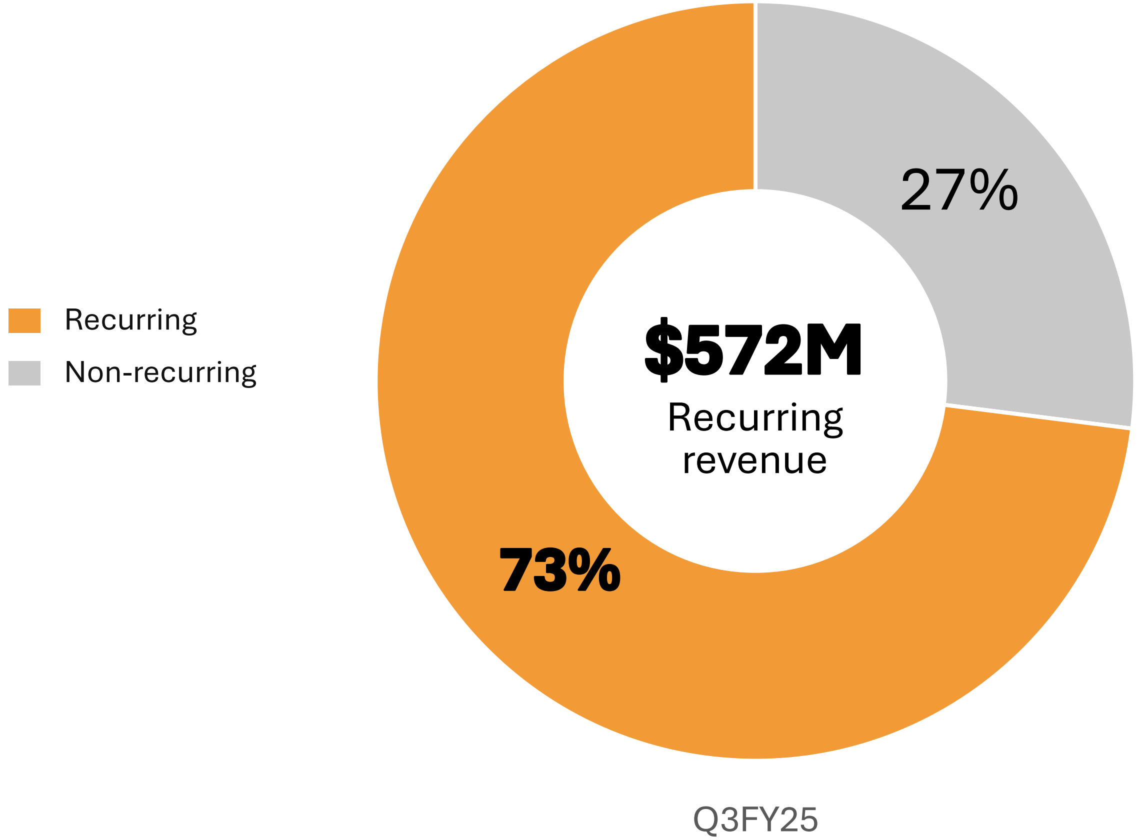
of Q3FY25 total software revenue from subscriptions

+19%

Subscription software revenue growth Y/Y

Subscription software revenue includes term subscriptions, both multi-year and annual, as well as SaaS & managed services and utility-based revenue..

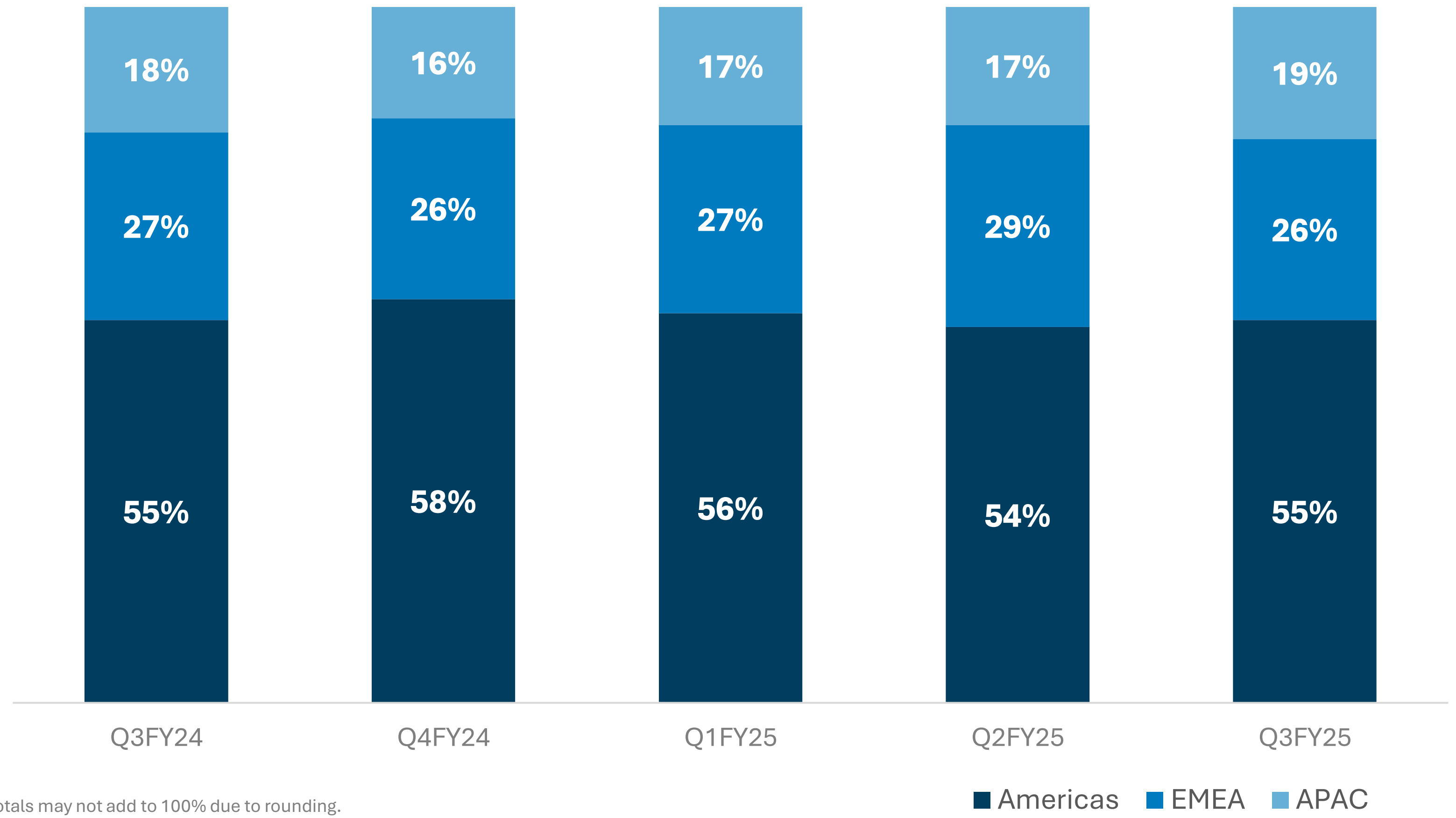
Recurring revenue (subscription, SaaS & managed services, and maintenance)



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

Revenue contribution by geography

% of revenue by geo



Totals may not add to 100% due to rounding.

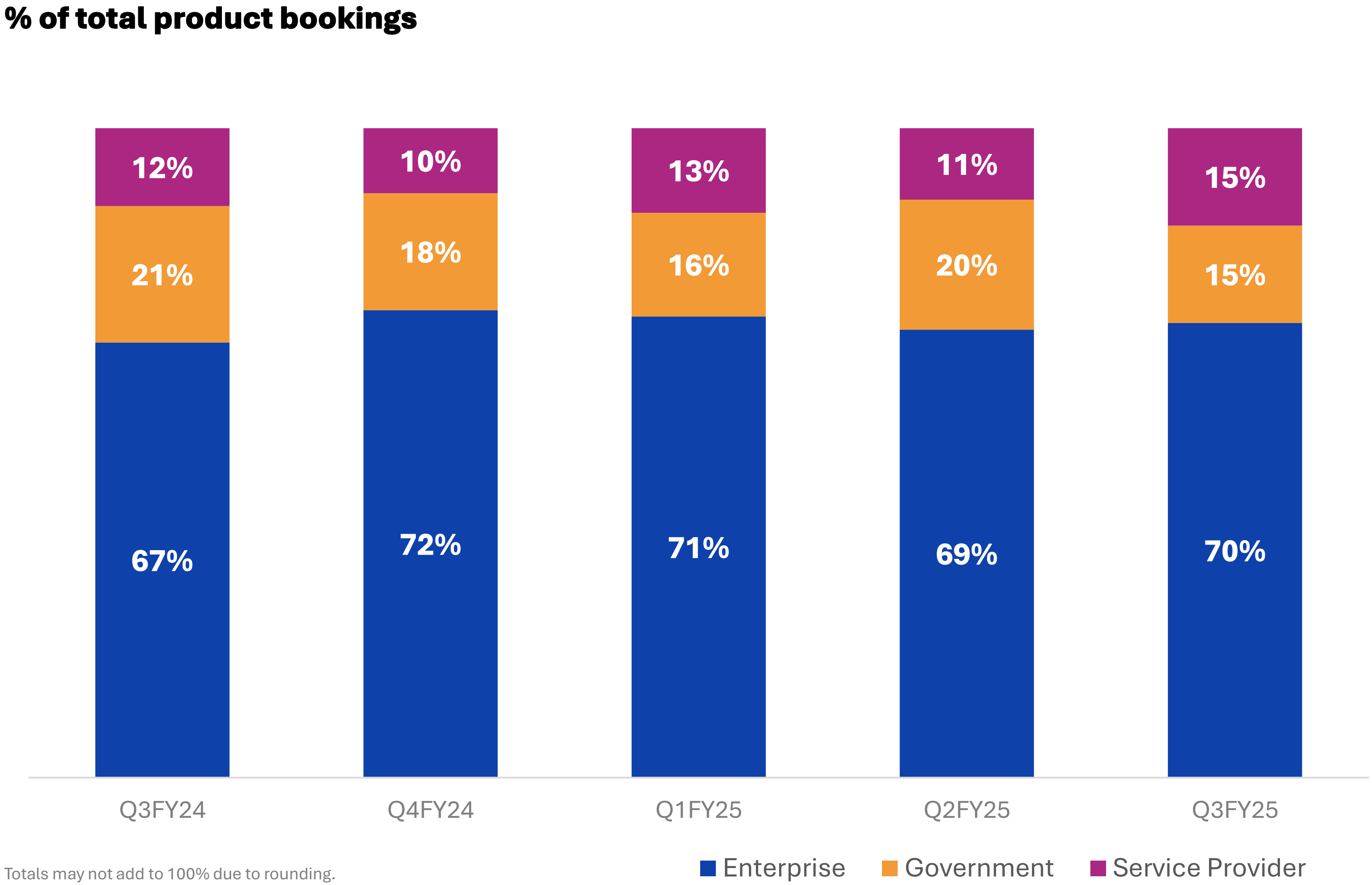
Y/Y growth by region Q3FY25

21%
Growth APAC

6%
Growth EMEA

13%
Growth AMER

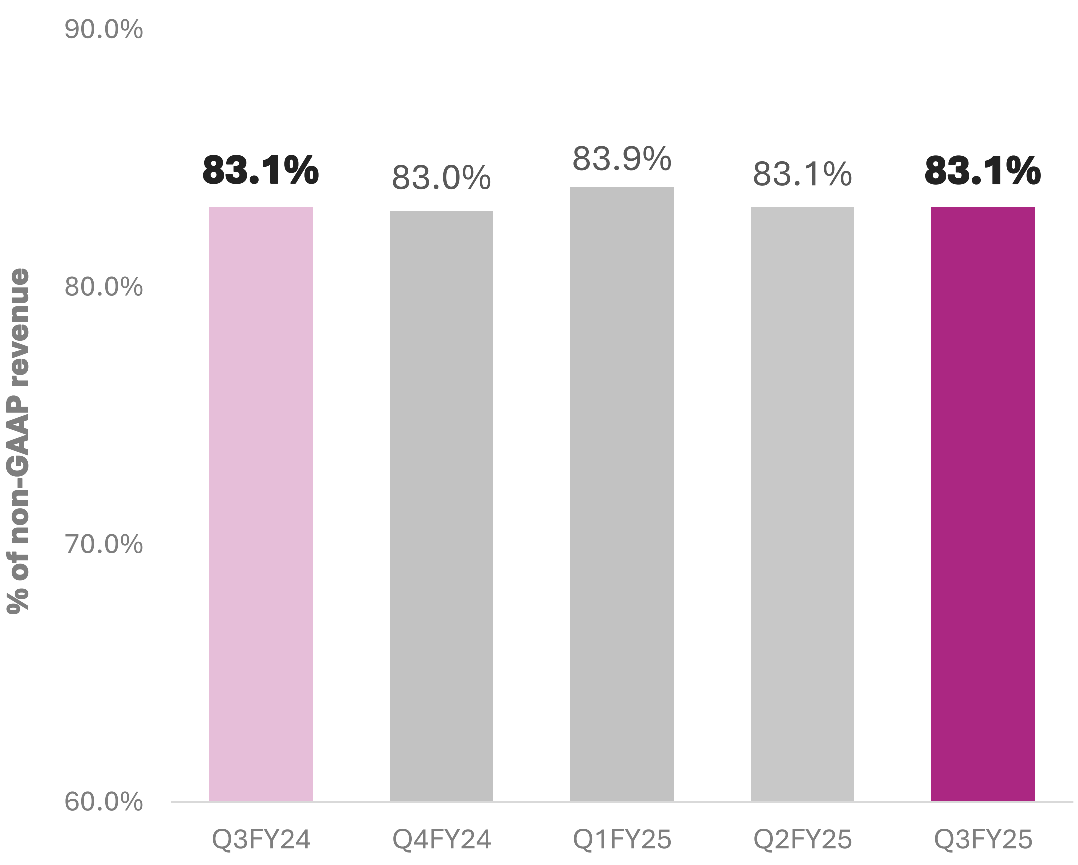
Customer verticals as a % of product bookings



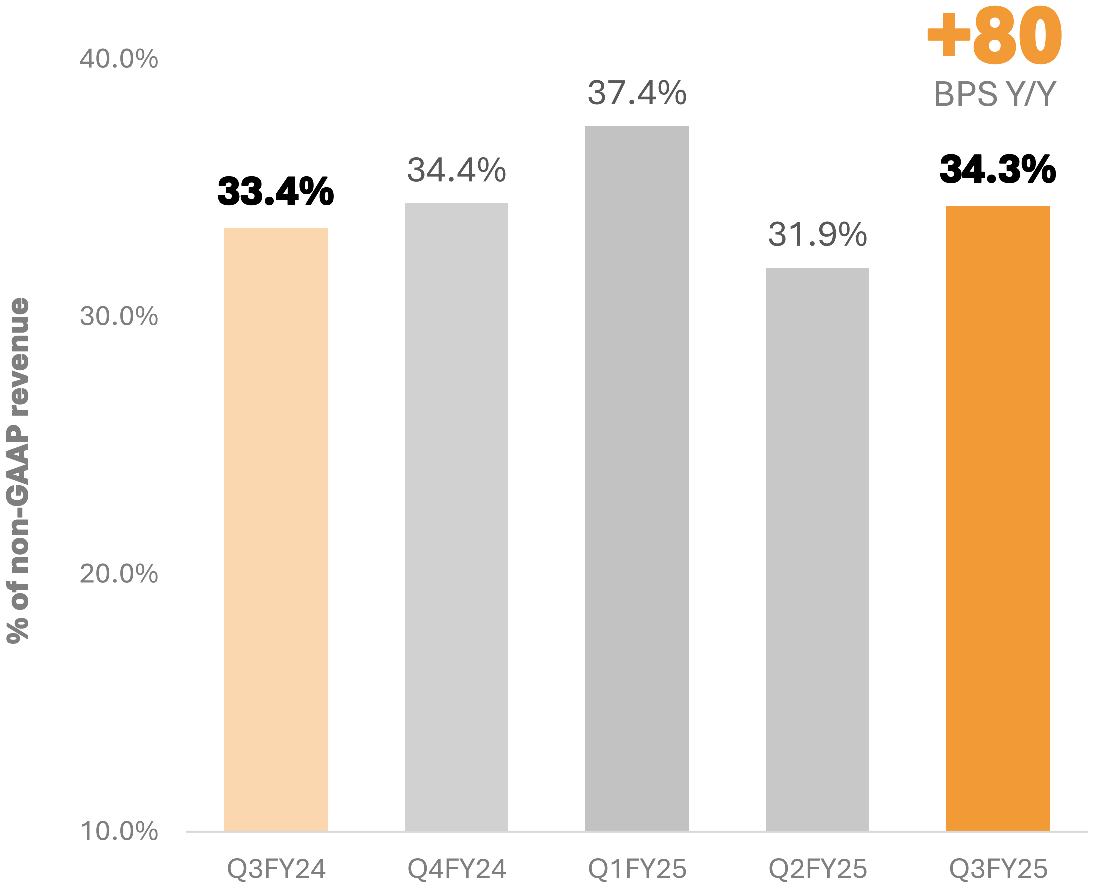
Totals may not add to 100% due to rounding.

Non-GAAP gross and operating margins

Non-GAAP gross margin



Non-GAAP operating margin

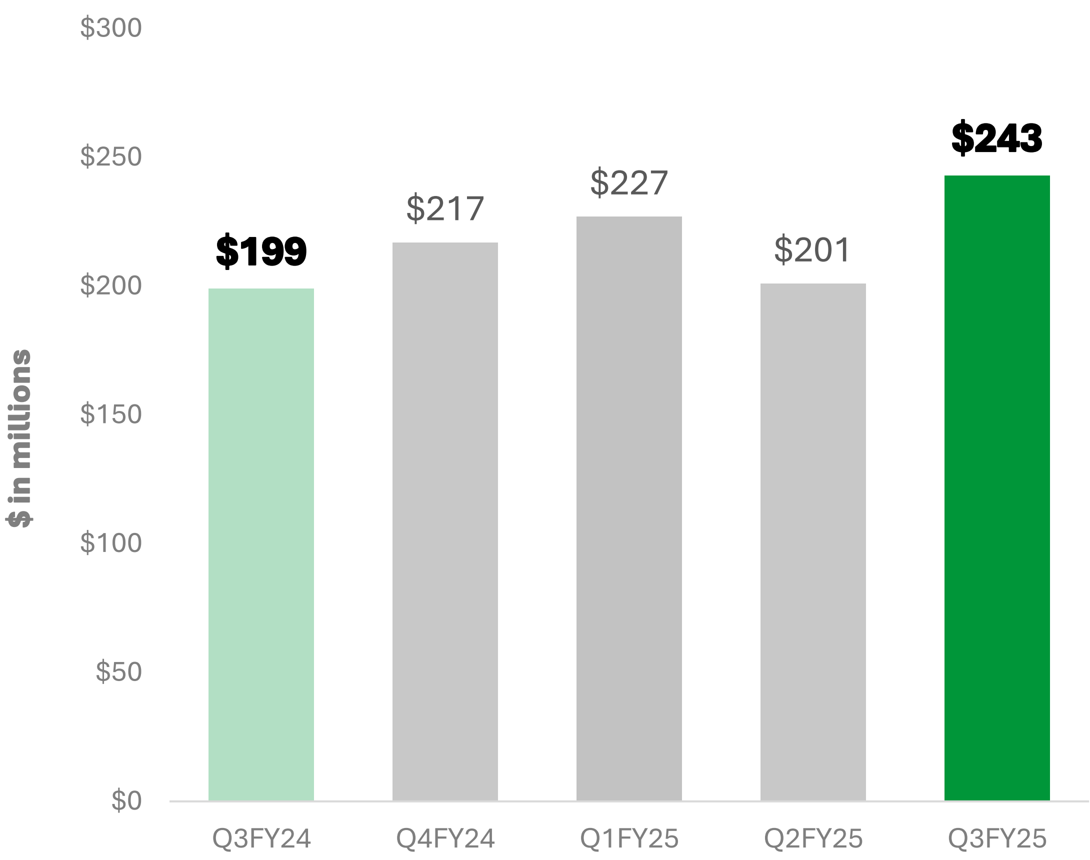


See appendix for GAAP to non-GAAP reconciliation

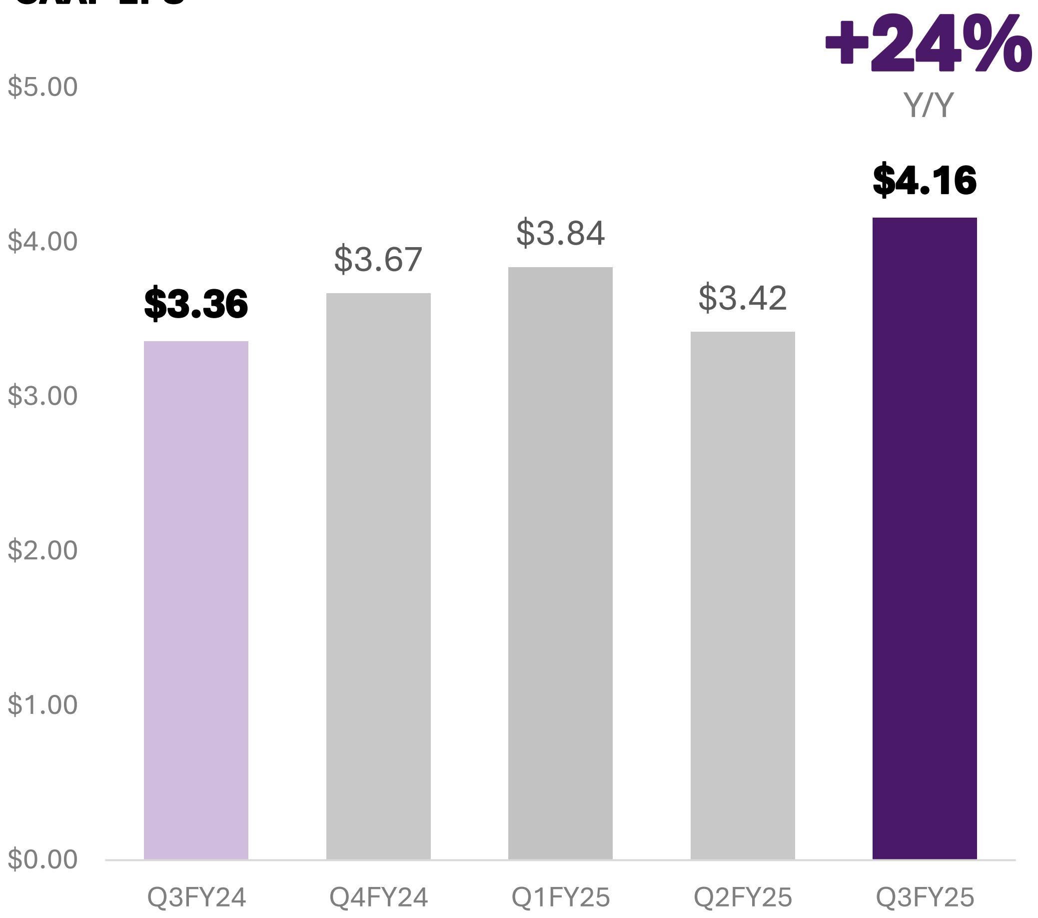
Non-GAAP net income and EPS

EPS reflects 14.4% Q3FY25 and 17.5% Q3FY24 non-GAAP effective tax rate

Non-GAAP net income

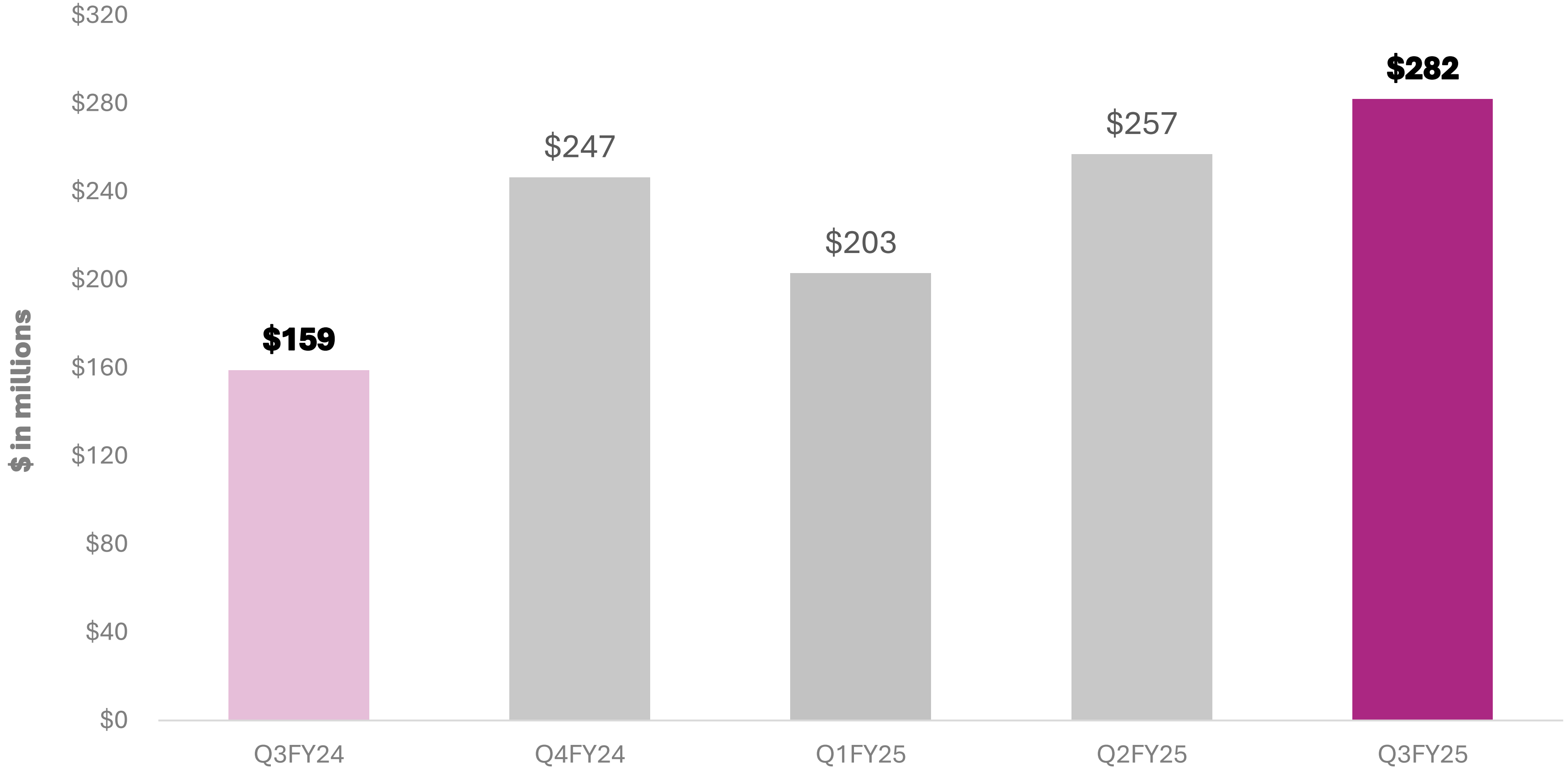


Non-GAAP EPS

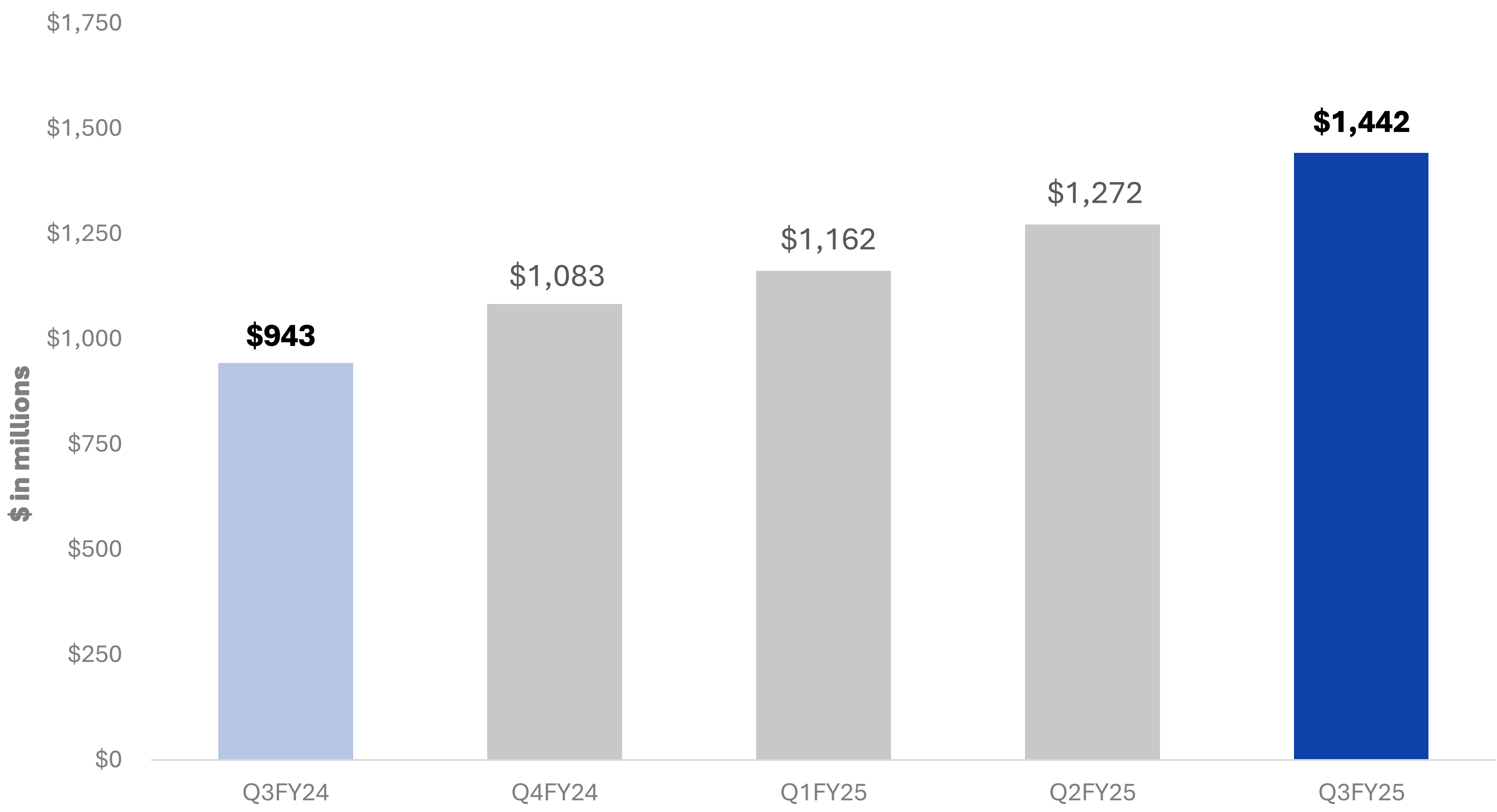


See appendix for GAAP to non-GAAP reconciliation

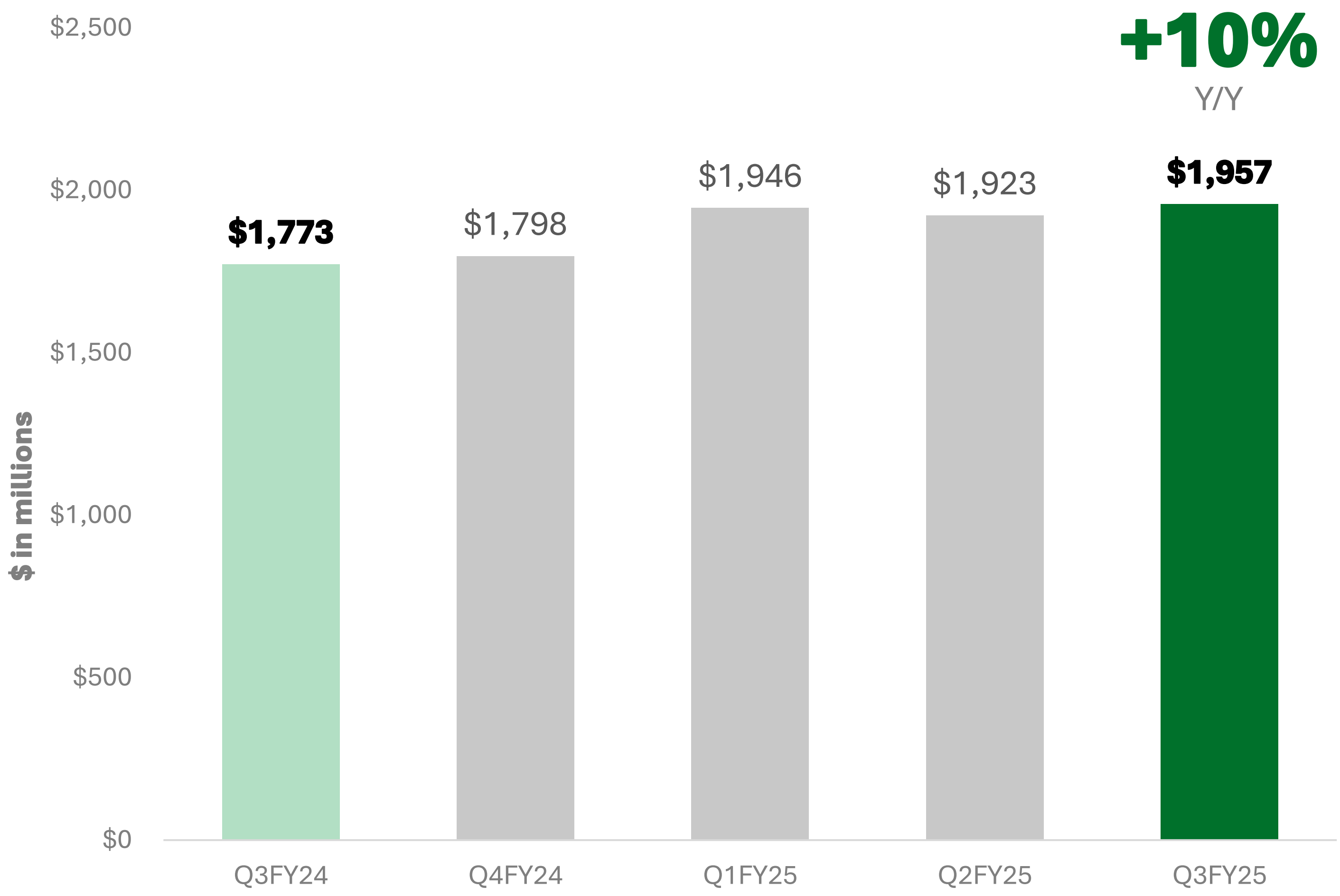
Cash flow from operations



Cash and investments



Deferred revenue



Key insights

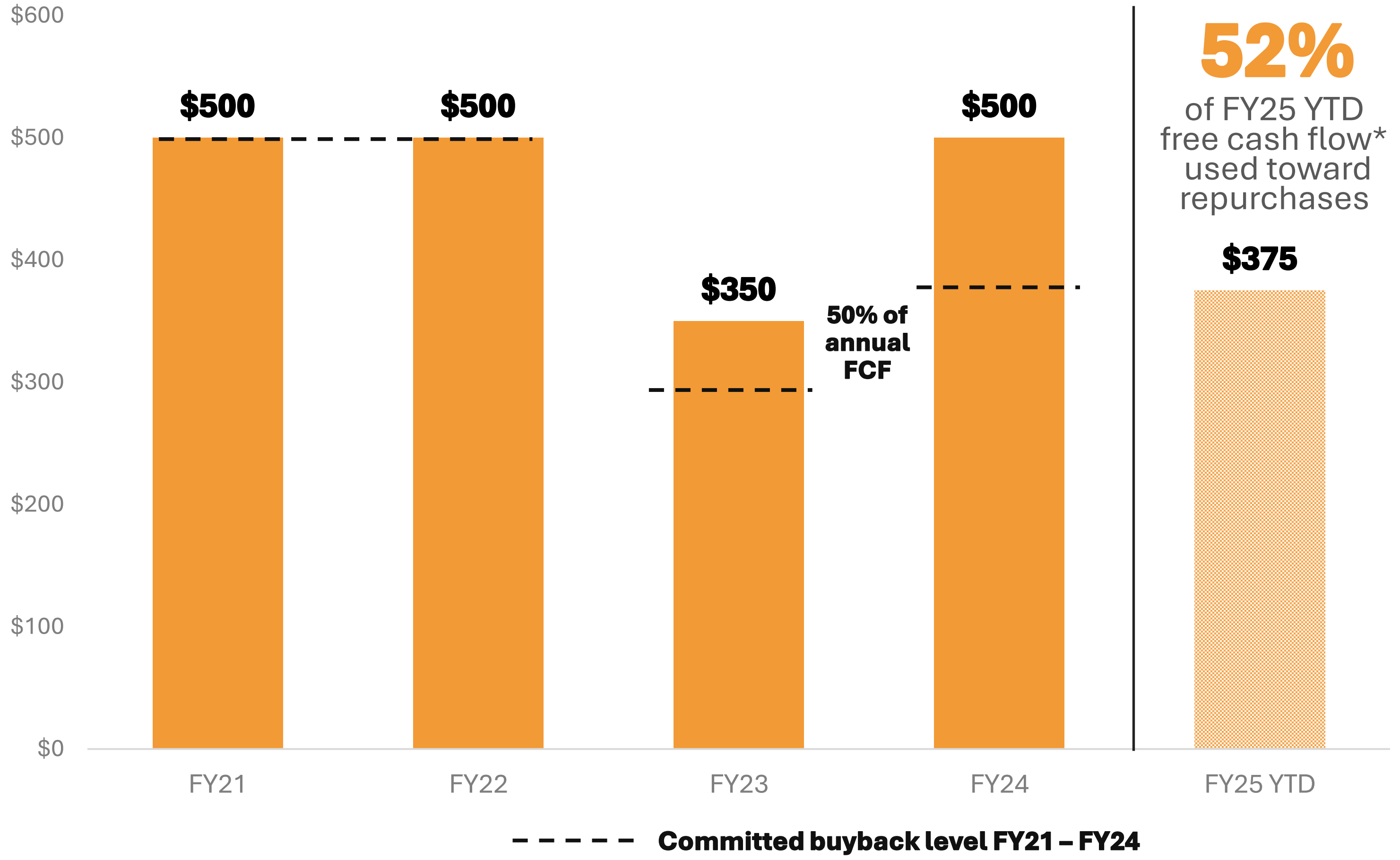
Deferred revenue consists predominantly of global services maintenance renewals and also includes term-based software subscriptions

We are committed to returning cash to shareholders via share repurchases

Key insights

- We repurchased $125 million in FFIV shares during Q3FY25
- We have used 52% of our $714M free cash flow* YTD for share repurchases
- We are committed to using at least 50% of our annual free cash flow for share repurchases
- As of June 30, 2025, there was $1.0 billion remaining under our authorized stock repurchase program

Share repurchases ($ in millions)



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

Business Outlook

Our Q4FY25 outlook

	Q4FY25 outlook
Total revenue	**$780 to $800M**
Non-GAAP gross margin	84% to 84.5%
Non-GAAP operating expenses	$376 to $388M
Share-based compensation	$57 to $59M
Non-GAAP EPS	**$3.87 to $3.99**

Our FY25 outlook

	FY24A	FY25 outlook
Total revenue	**$2.82B**	**~9% growth** (from 6.5% to 7.5% previously)
Software revenue growth	11%	~10%
Non-GAAP gross margin	82.8%	83% to 84%
Non-GAAP operating margin	33.6%	~35%
Effective non-GAAP tax rate	19.2%	18.5% to 19.5% (from 20% to 22% previously)
Non-GAAP EPS	14% growth	**14% to 15% growth Y/Y** (from 8% to 10% previously)
Capital return as % of annual free cash flow*	66%	At least 50% of annual FCF*

*Free cash flow (FCF) defined as cash flow from operations less capital expenditures

Conclusion

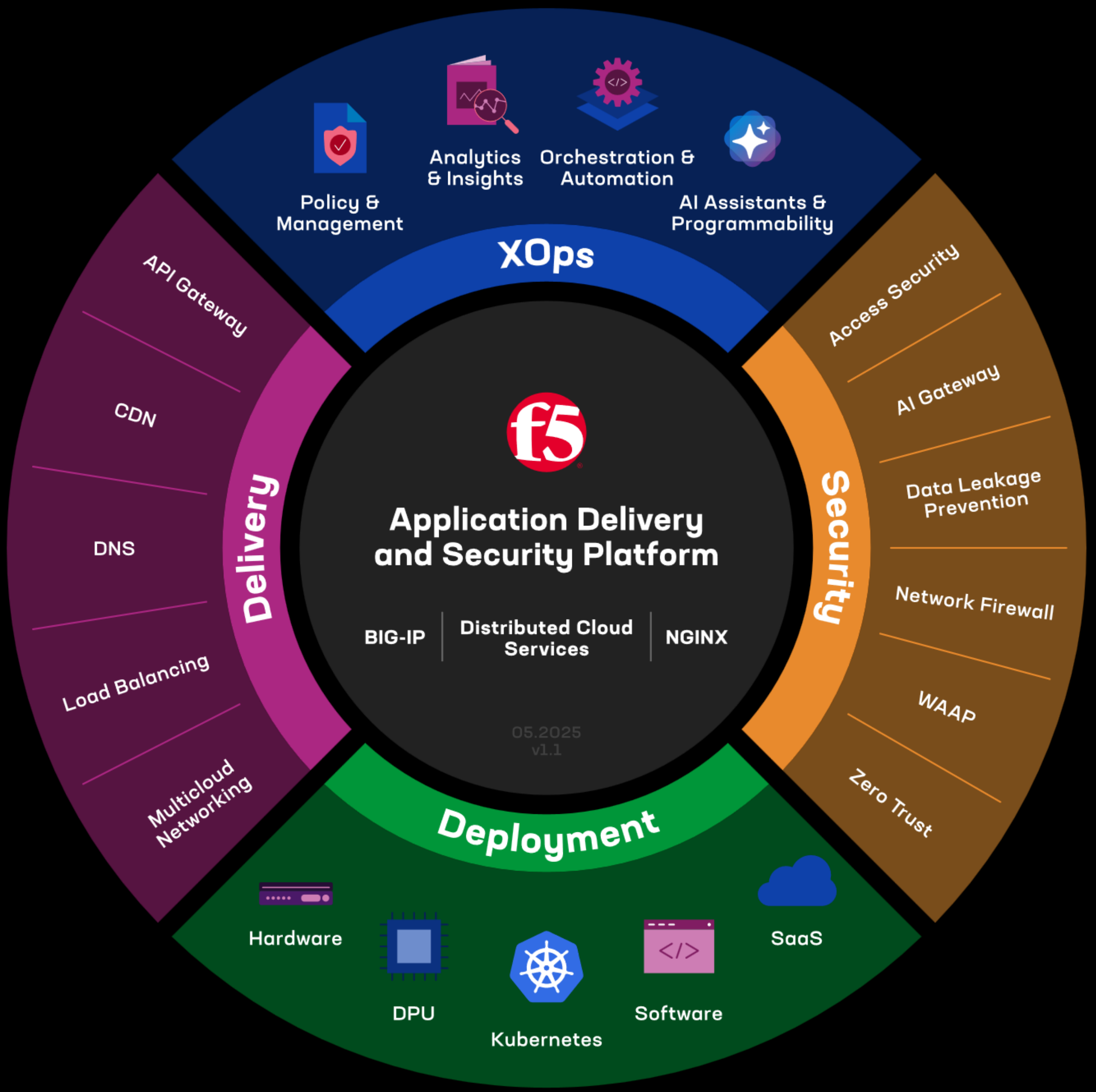
François Locoh-Donou, President & CEO

The F5 Application Delivery and Security Platform

Complete app **delivery** and **security**

Deployable anywhere and in any form factor

XOps across NetOps, SecOps, and DevOps



Providing customers the industry's premier platform

Built to put control without compromise into customers' hands, with fewer blind spots and stronger defenses for better business outcomes.

Appendix

GAAP to non-GAAP reconciliation

F5, Inc.
GAAP to Non-GAAP Reconciliation
(unaudited, in thousands, except percentages and per share amounts)

	Three Months Ended June 30, 2025		Three Months Ended June 30, 2024		Nine Months Ended June 30, 2025		Nine Months Ended June 30, 2024	
Net revenues	$ 780,370		$ 695,495		$ 2,277,982		$ 2,069,446	
Gross profit and gross margin:								
GAAP gross profit and gross margin	$ 631,742	81.0%	$ 559,070	80.4%	$ 1,847,885	81.1%	$ 1,655,519	80.0%
Adjustments to gross profit and gross margin:								
Stock-based compensation	$ 7,408	0.9%	$ 7,189	1.0%	$ 22,201	1.0%	$ 22,320	1.1%
Amortization and impairment of purchased intangible assets	9,438	1.2%	11,699	1.7%	28,005	1.2%	34,565	1.7%
Facility-exit costs	118	0.0%	125	0.0%	679	0.0%	231	0.0%
Acquisition-related charges	-	-	-	-	-	-	20	0.0%
Non-GAAP gross profit and gross margin	$ 648,706	83.1%	$ 578,083	83.1%	$ 1,898,770	83.4%	$ 1,712,655	82.8%
Income from operations and operating margin:								
GAAP income from operations and operating margin	$ 196,317	25.2%	$ 163,090	23.4%	$ 560,296	24.6%	$ 467,566	22.6%
Adjustments to income from operations and operating margin:								
Stock-based compensation	$ 57,451	7.4%	$ 54,206	7.8%	$ 174,243	7.6%	$ 165,349	8.0%
Amortization and impairment of purchased intangible assets	10,250	1.3%	13,250	1.9%	30,488	1.3%	41,187	2.0%
Facility-exit costs	1,243	0.2%	1,264	0.2%	6,727	0.3%	2,070	0.1%
Acquisition-related charges	2,032	0.3%	656	0.1%	3,937	0.2%	3,847	0.2%
Restructuring charges	-	-	93	0.0%	11,321	0.5%	8,655	0.4%
Non-GAAP income from operations and operating margin	$ 267,293	34.3%	$ 232,559	33.4%	$ 787,012	34.5%	$ 688,674	33.3%
Net income:								
GAAP net income	$ 189,912		$ 144,079		$ 501,887		$ 401,482	
Adjustments to net income:								
Stock-based compensation	$ 57,451		$ 54,206		$ 174,243		$ 165,349	
Amortization and impairment of purchased intangible assets	10,250		13,250		30,488		41,187	
Facility-exit costs	1,243		1,264		6,727		2,070	
Acquisition-related charges	2,032		656		3,937		3,847	
Restructuring charges	-		93		11,321		8,655	
Tax effects related to above items	(17,647)		(14,709)		(57,296)		(45,861)	
Non-GAAP net income	$ 243,241		$ 198,839		$ 671,307		$ 576,729	
Net income per share - diluted:								
GAAP net income per share — diluted	$ 3.25		$ 2.44		$ 8.54		$ 6.75	
Adjustments to GAAP net income per share — diluted:								
Stock-based compensation	$ 0.98		$ 0.92		$ 2.96		$ 2.78	
Amortization and impairment of purchased intangible assets	0.18		0.22		0.52		0.69	
Facility-exit costs	0.02		0.02		0.11		0.03	
Acquisition-related charges	0.03		0.01		0.07		0.06	
Restructuring charges	-		0.00		0.19		0.15	
Tax effects related to above items	(0.30)		(0.25)		(0.97)		(0.77)	
Non-GAAP net income per share — diluted	$ 4.16		$ 3.36		$ 11.42		$ 9.70	
Weighted average shares — diluted	58,492		59,147		58,773		59,461	

Note: Numbers and percentages are rounded for presentation purposes and may not foot.

GAAP to non-GAAP reconciliation (continued)

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

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

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

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

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

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

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

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

