



Q4 & FY25 Results

PERIOD ENDING September 30, 2025

Published October 27, 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 is raising the bar on security across all aspects of the business, the Company's commitment to learning from the recent security incident, sharing insights with customers and peers, and driving collaborative innovation to strengthen the protection of critical infrastructure, market dynamics are moving in a direction where F5's solutions are more essential than ever, accelerated adoption of hybrid multicloud architectures and AI-driven infrastructure is driving demand for advanced application delivery and security solutions, areas where F5 is uniquely positioned to address its customers' most complex challenges, the Company's future financial performance including revenue growth, earnings growth, future customer demand, 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

Results & Business Outlook

Introduction

François Locoh-Donou, CEO & President

GAAP & non-GAAP results

GAAP results

	Q4FY25	Q4FY24	FY25	FY24
Revenue	\$810M	\$747M	\$3,088M	\$2,816M
Gross profit	\$666M	\$603M	\$2,514M	\$2,258M
Gross margin	82.2%	80.8%	81.4%	80.2%
Income from operations	\$206M	\$191M	\$766M	\$659M
Operating margin	25.4%	25.6%	24.8%	23.4%
Tax rate	11.4%	18.8%	14.3%	18.5%
Net income	\$190M	\$165M	\$692M	\$567M
EPS	\$3.26	\$2.80	\$11.80	\$9.55

See appendix for GAAP to non-GAAP reconciliation

Non-GAAP results

	Q4FY25	Q4FY24	FY25	FY24
Revenue	\$810M	\$747M	\$3,088M	\$2,816M
Gross profit	\$683M	\$619M	\$2,582M	\$2,332M
Gross margin	84.3%	83.0%	83.6%	82.8%
Income from operations	\$299M	\$257M	\$1,086M	\$946M
Operating margin	37.0%	34.4%	35.2%	33.6%
Tax rate	16.9%	19.5%	17.8%	19.2%
Net income	\$257M	\$217M	\$928M	\$794M
EPS	\$4.39	\$3.67	\$15.81	\$13.37

FY25 performance highlights

+10%

Total revenue growth Y/Y

18%

Non-GAAP EPS growth Y/Y

+19%

Product revenue growth Y/Y

+31%

Systems revenue growth Y/Y

+9%

Software revenue growth Y/Y

+80 bps

Non-GAAP gross
margin improvement Y/Y

+160 bps

Non-GAAP operating
margin improvement Y/Y

\$906M

Record free cash flow

19%

Free cash flow growth Y/Y

See appendix for GAAP to non-GAAP reconciliation. Free cash flow defined as cash flow from operations less capital expenditures

Our recent security incident response priorities

1

Contain the threat actor, initiate a thorough investigation, and take immediate and urgent action to strengthen F5's security posture.

2

Deliver reliable software releases to address all undisclosed high vulnerabilities in BIG-IP code as quickly as possible.

3

Raise the bar on security across all aspects of our business, executing a robust roadmap across our internal processes, environments, and products.

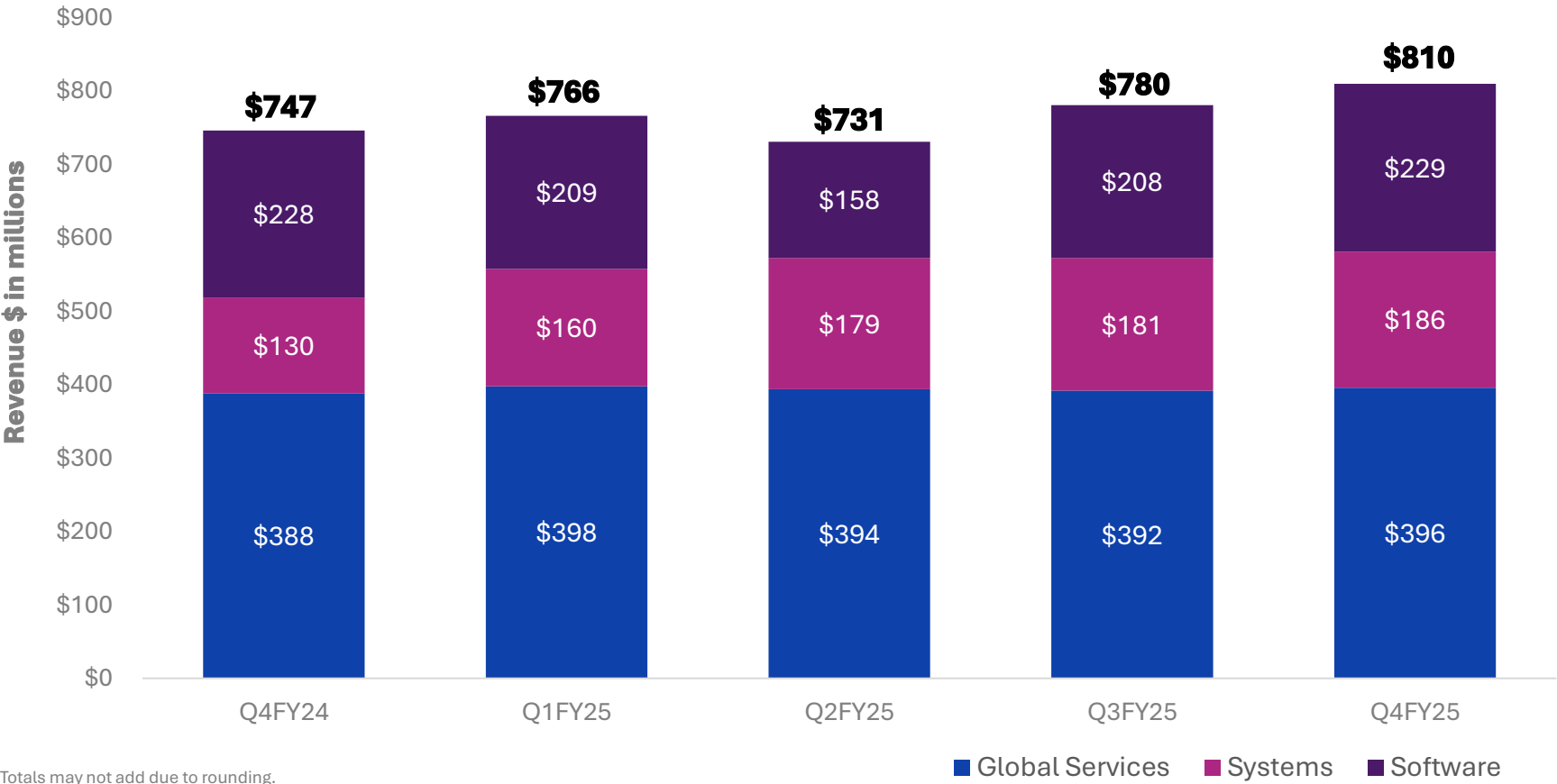
We are committed to learning from this incident, sharing our insights with customers and peers, and driving collaborative innovation to collectively strengthen the protection of critical infrastructure across the industry

Q4FY25 results

Cooper Werner, CFO & EVP

Revenue mix and year-over-year change

Revenue mix



Totals may not add due to rounding.

Year/Year change

+8%

Total revenue

+0%

Software

+42%

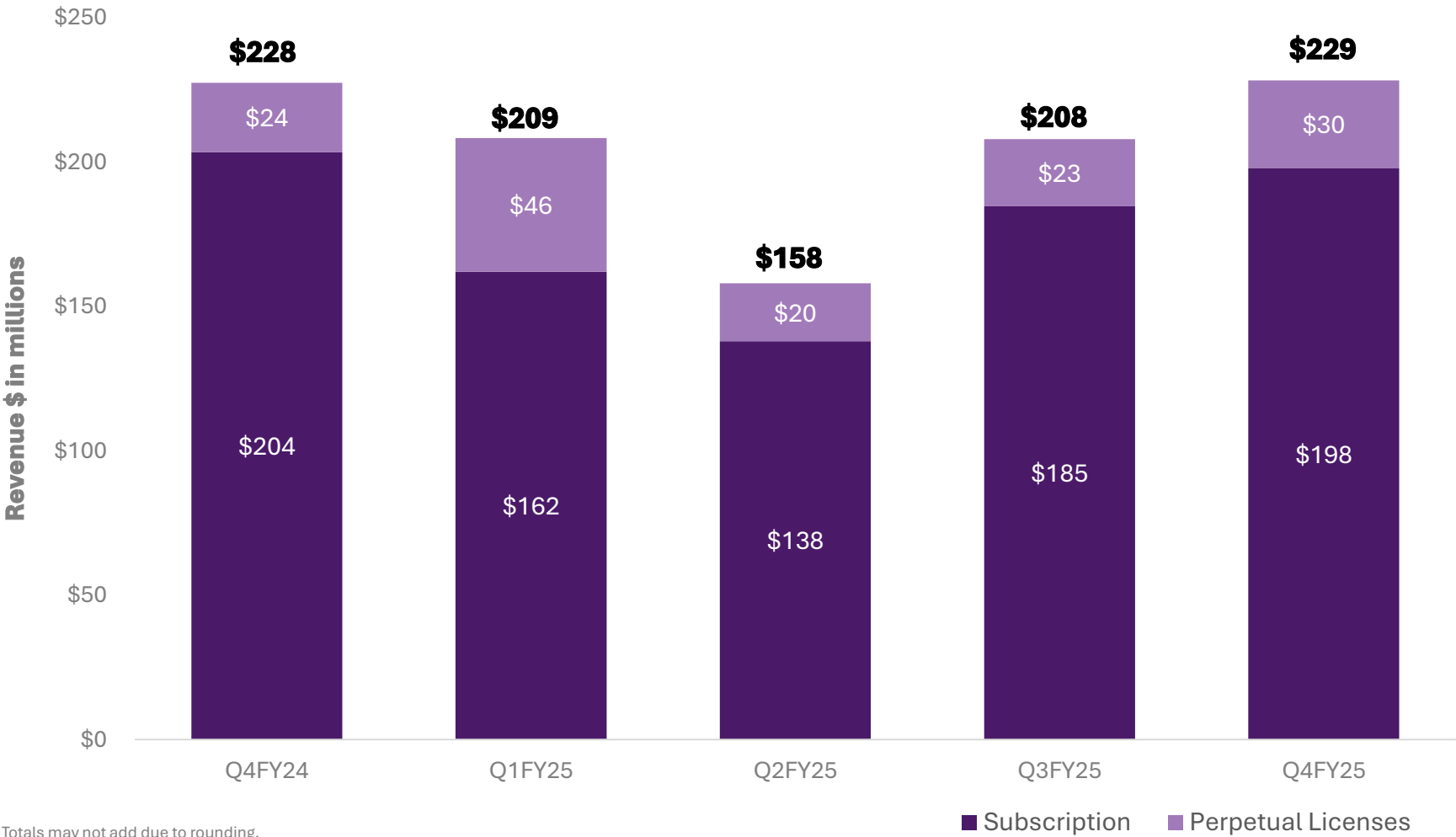
Systems

+2%

Global services



Software revenue mix



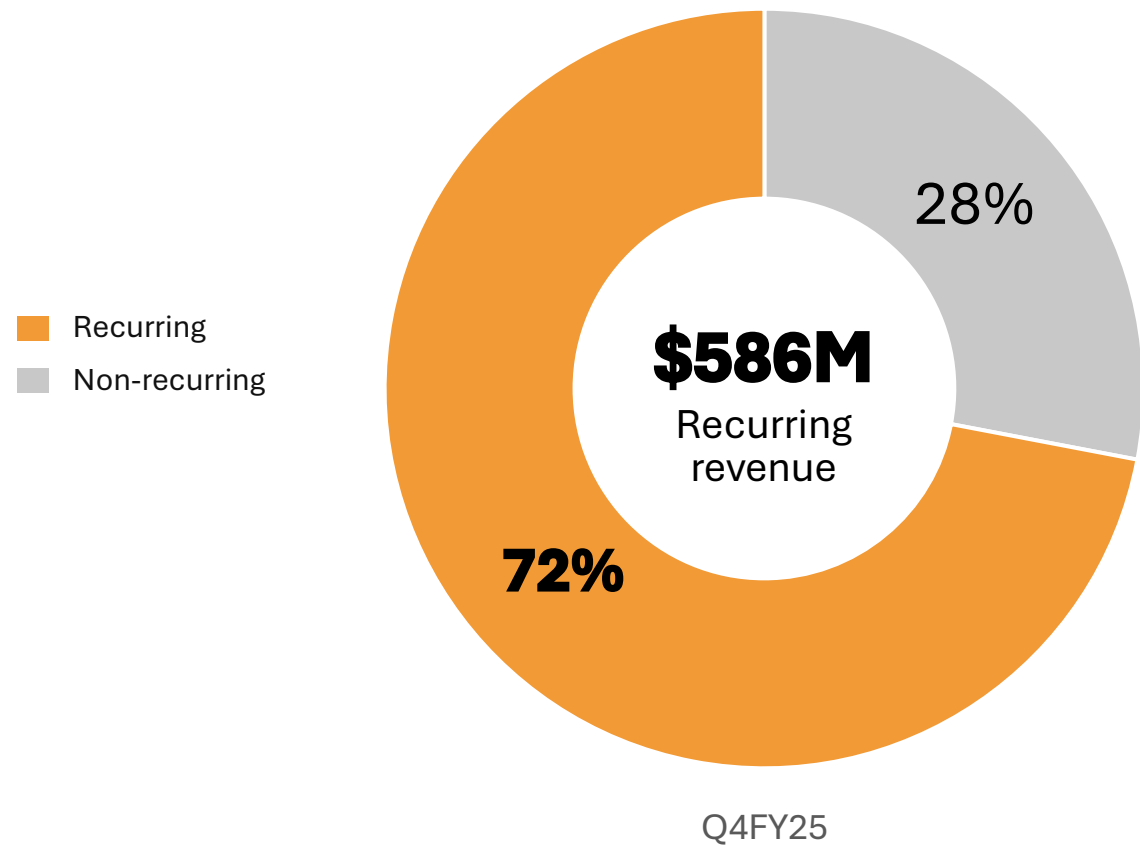
87%
of Q4FY25 total software
revenue from subscriptions

Totals may not add due to rounding.

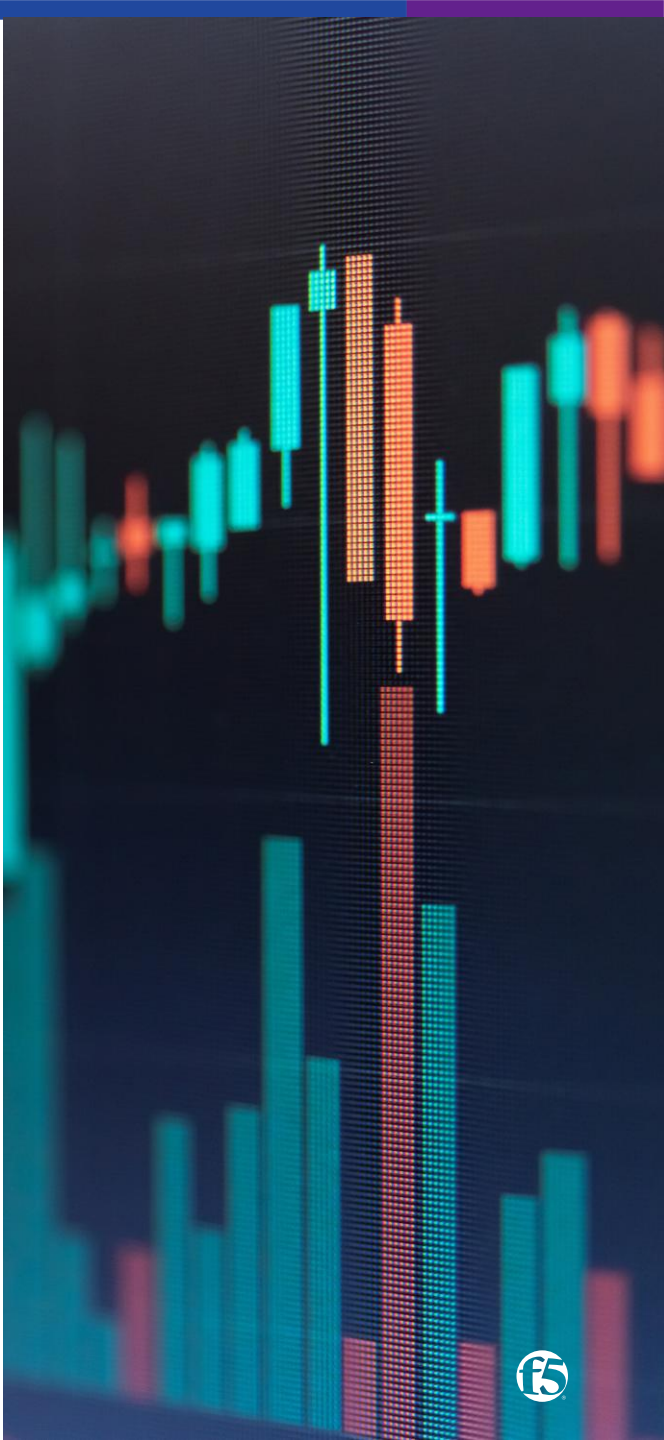
Subscription software revenue includes term subscriptions, both multi-year and annual, as well as SaaS & managed services and utility-based revenue..



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

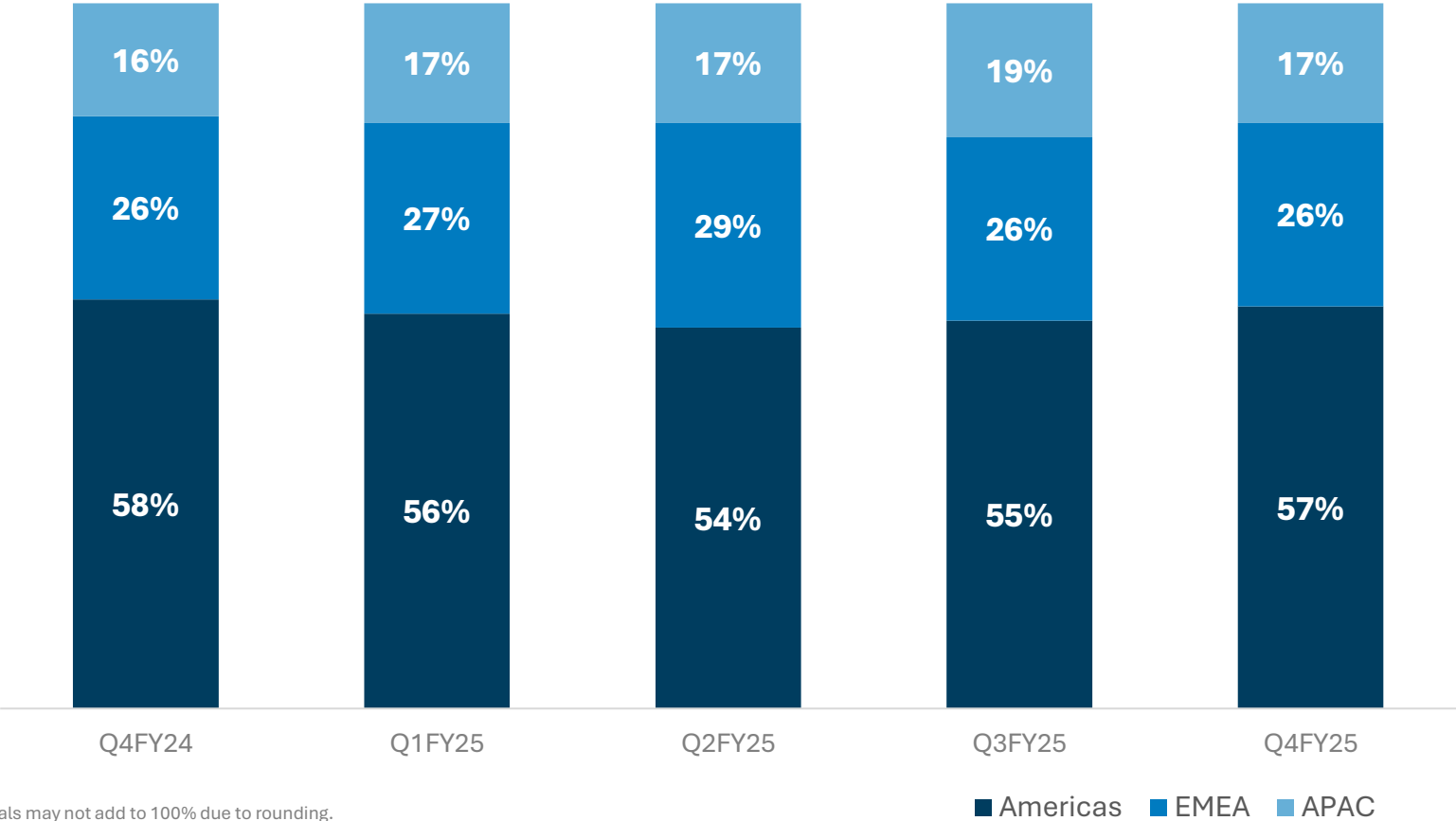


Recurring revenue includes term subscriptions, SaaS & managed services, utility-based revenue and the maintenance portion of our global services revenue.



Revenue contribution by geography

% of revenue by geo



Totals may not add to 100% due to rounding.

Y/Y growth by region Q4FY25

19%
Growth APAC

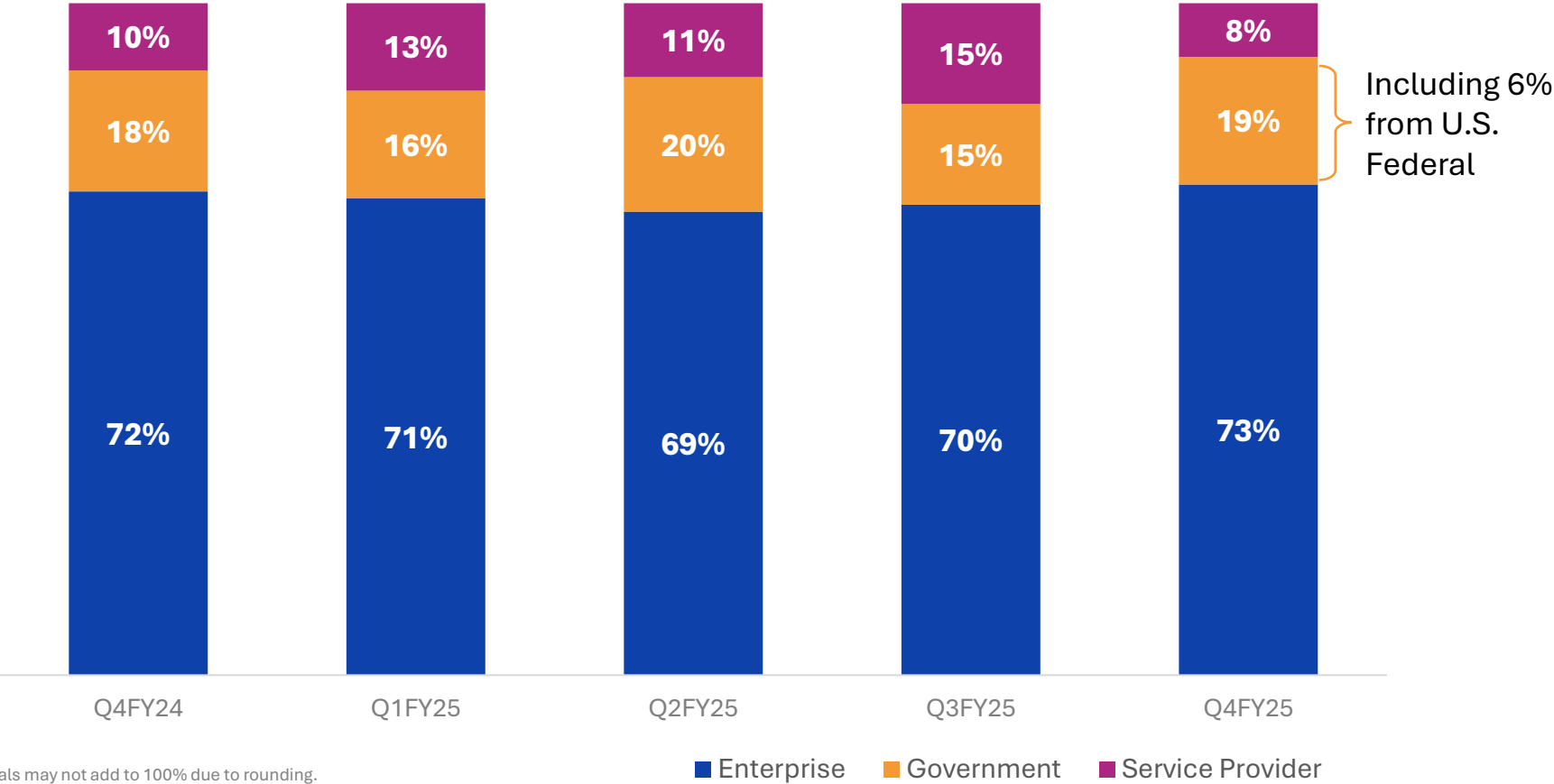
7%
Growth EMEA

7%
Growth AMER



Customer verticals as a % of product bookings

% of total product bookings

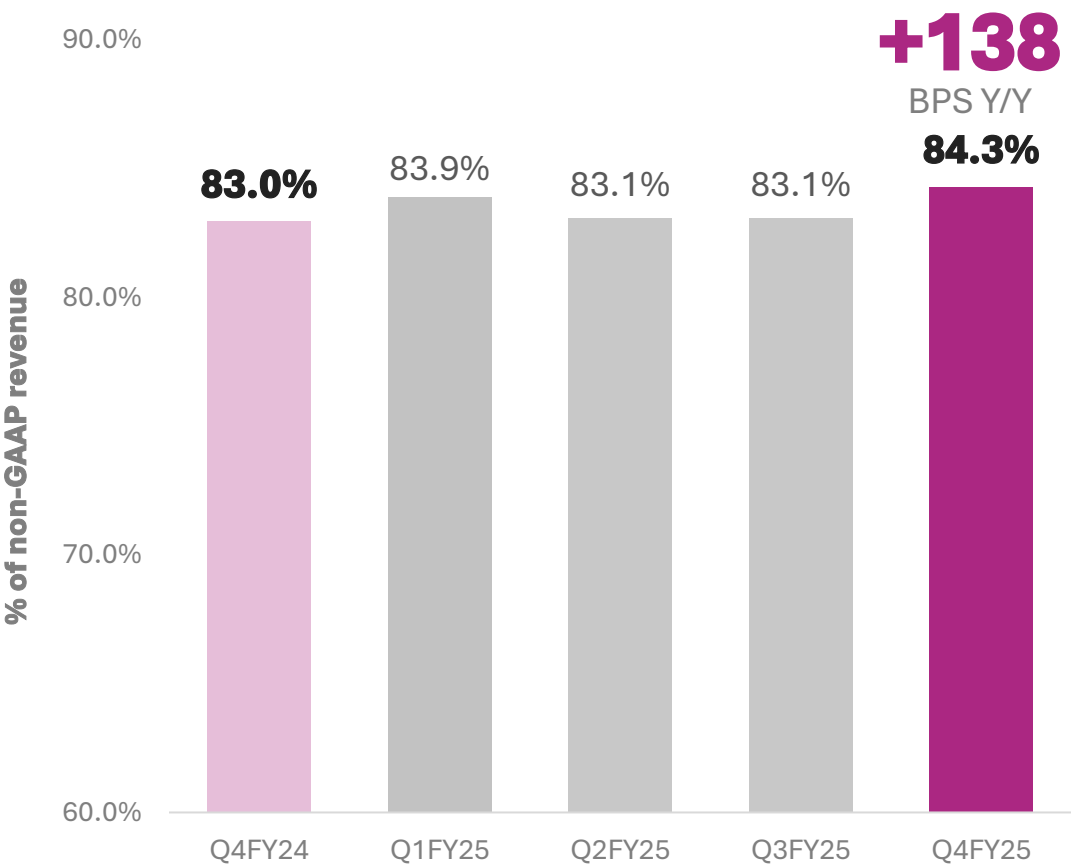


Totals may not add to 100% due to rounding.

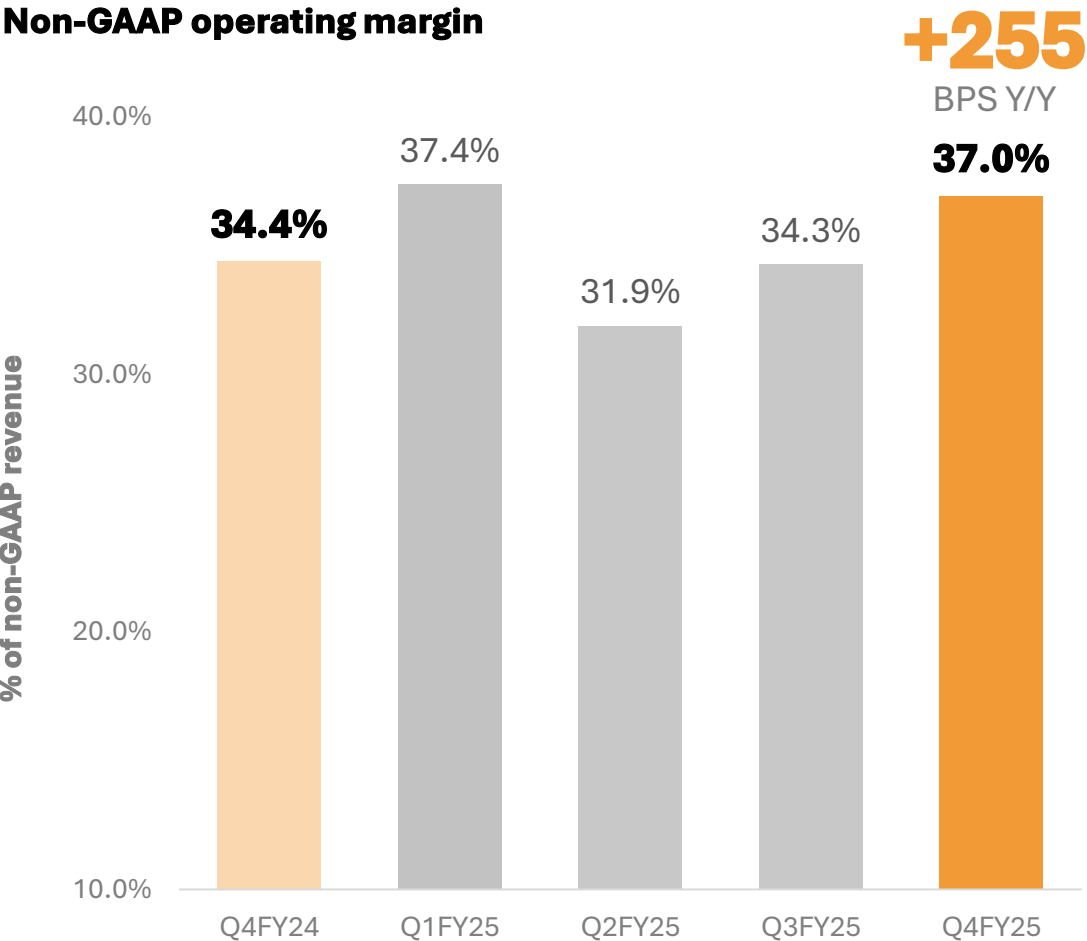


Non-GAAP gross and operating margins

Non-GAAP gross margin



Non-GAAP operating margin



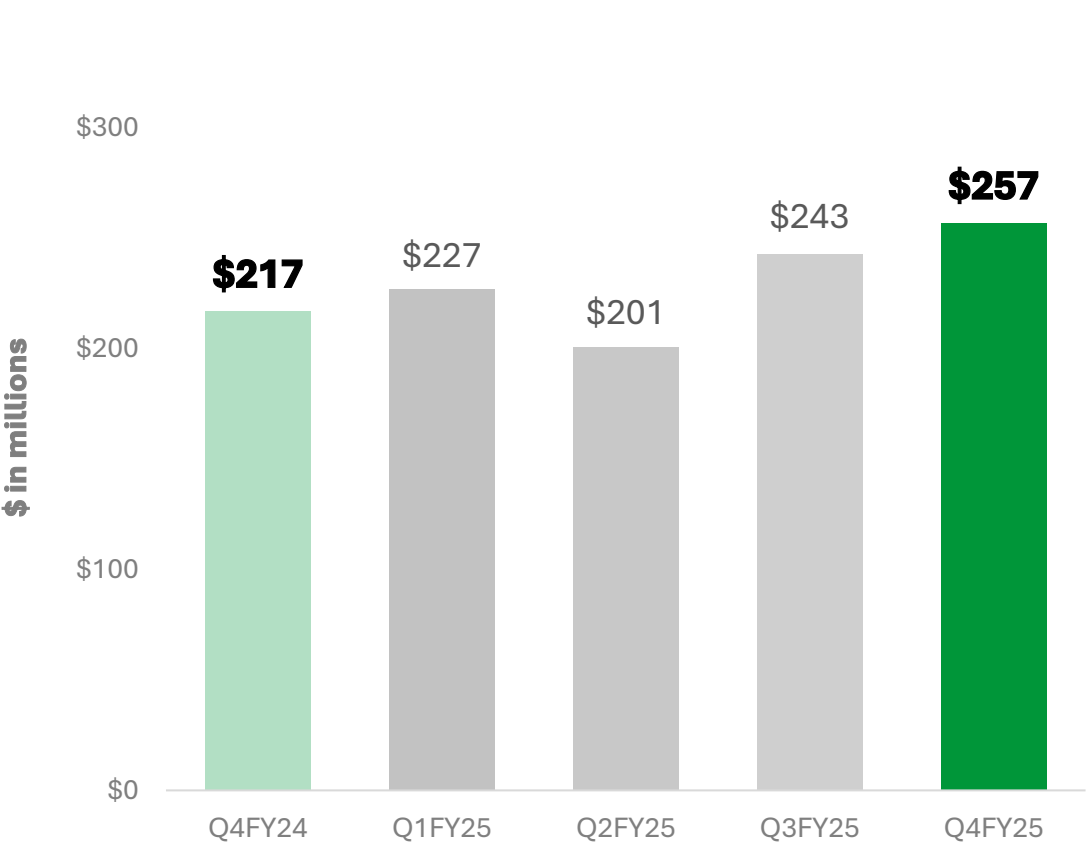
See appendix for GAAP to non-GAAP reconciliation



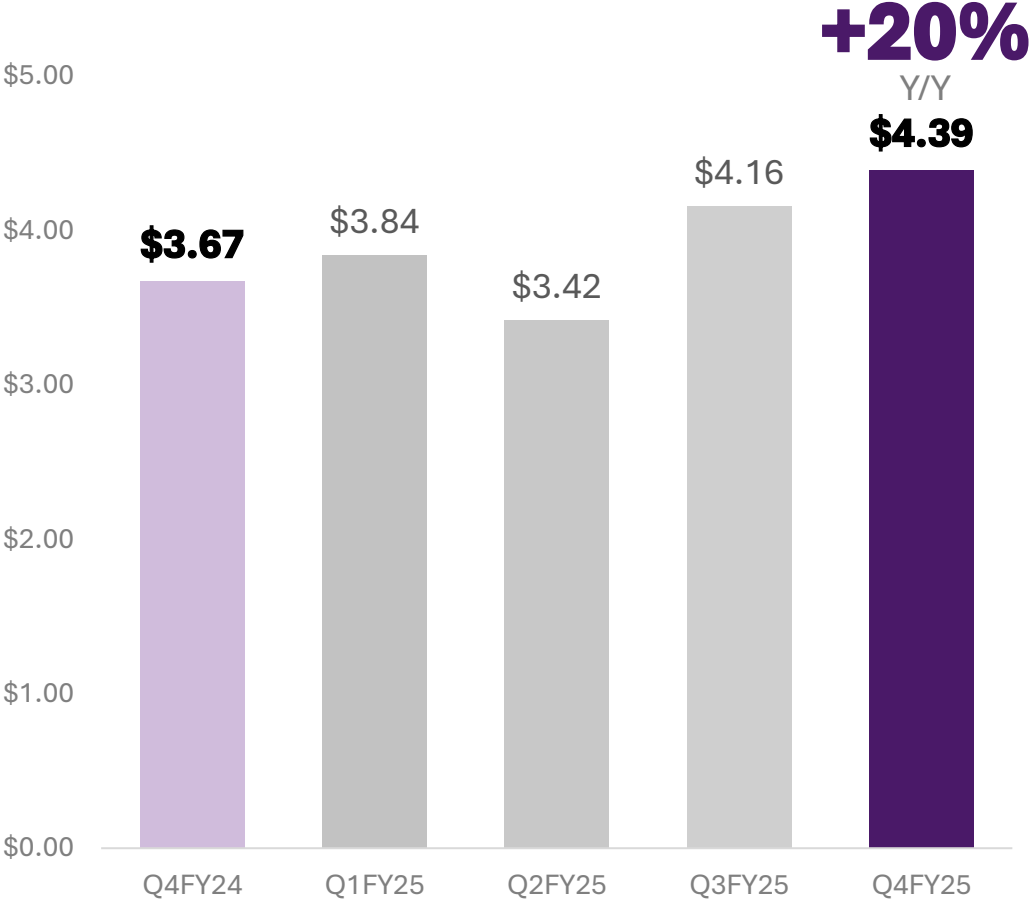
Non-GAAP net income and EPS

EPS reflects 16.9% Q4FY25 and 19.5% Q4FY24 non-GAAP effective tax rate

Non-GAAP net income



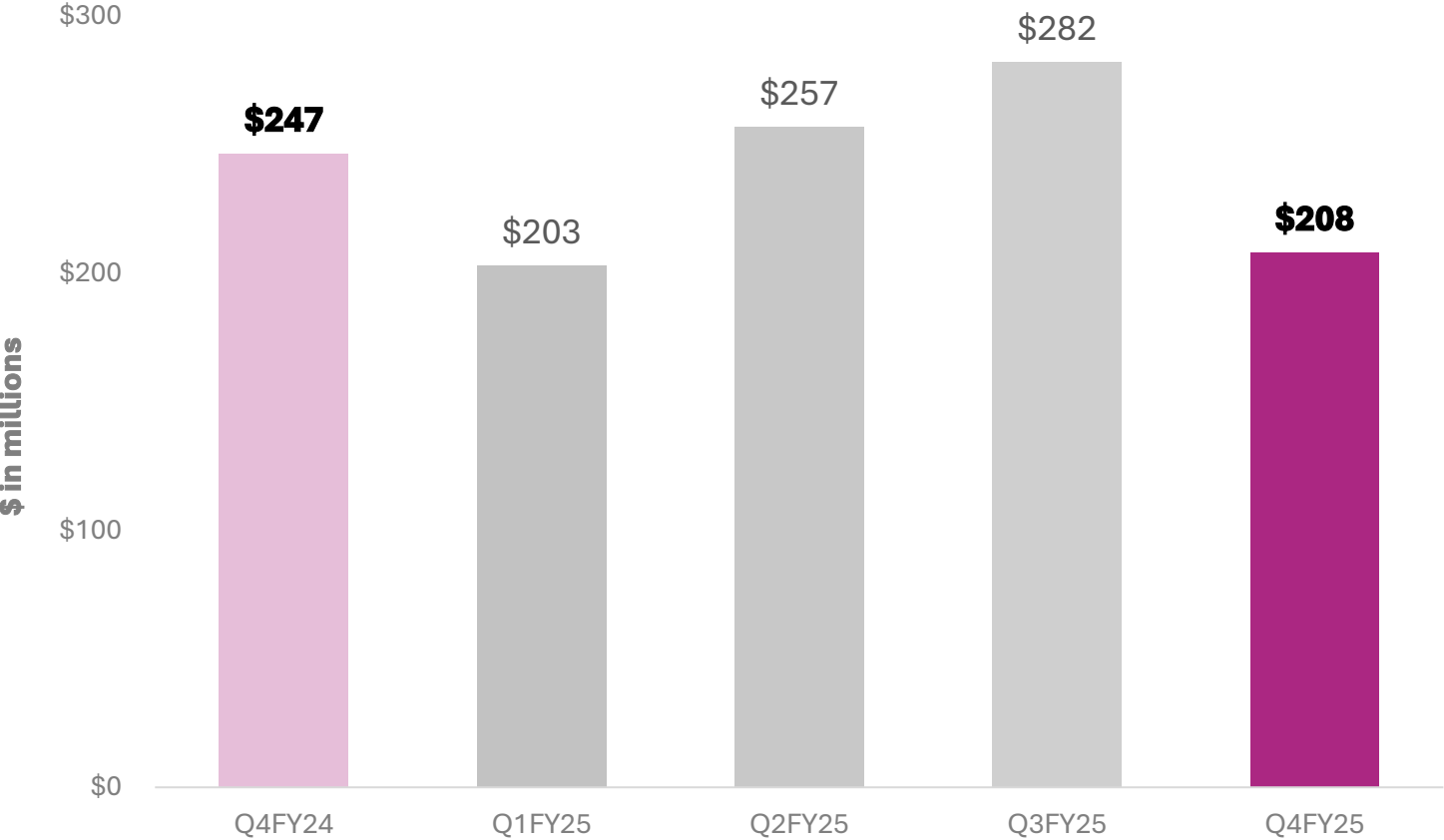
Non-GAAP EPS



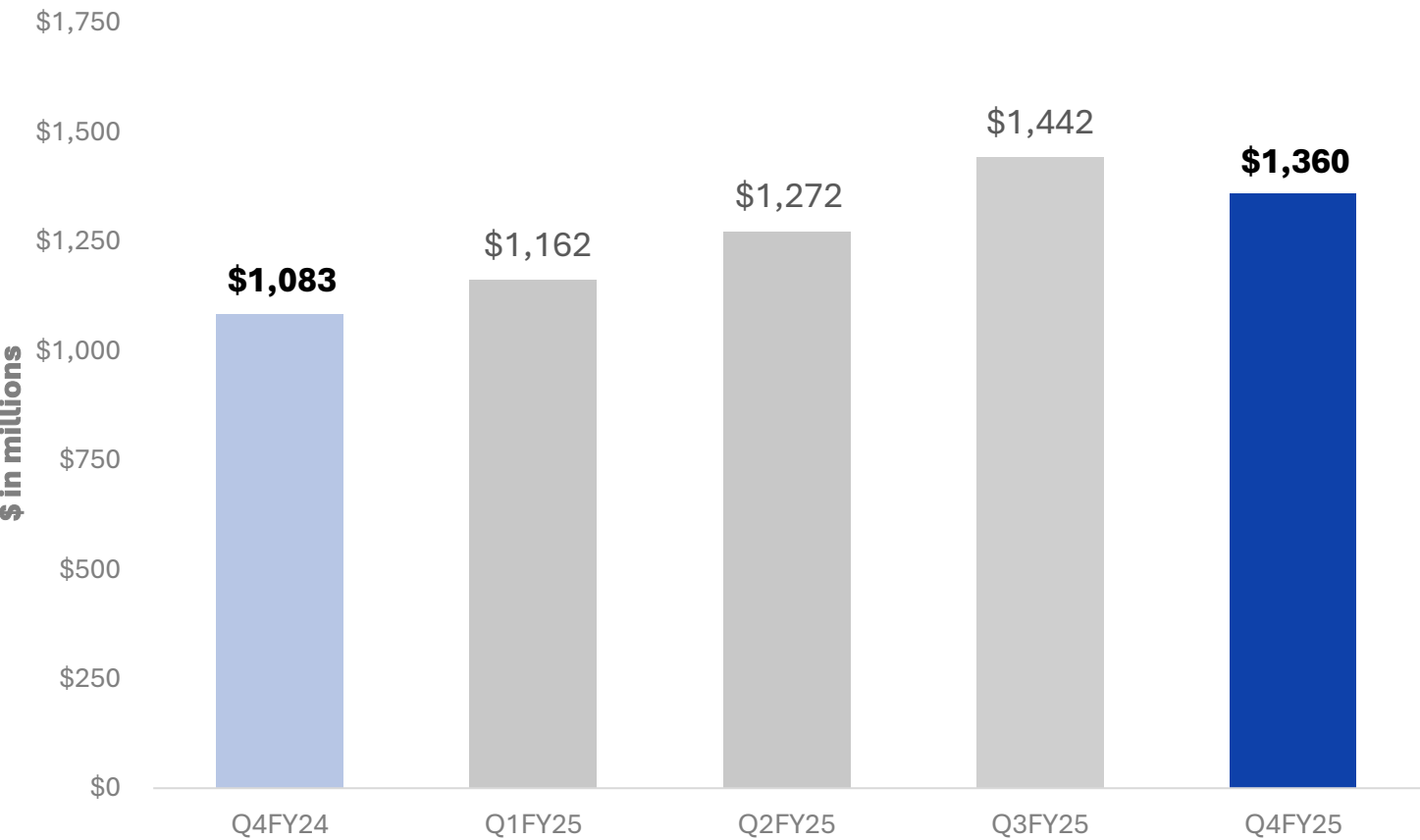
See appendix for GAAP to non-GAAP reconciliation



Cash flow from operations



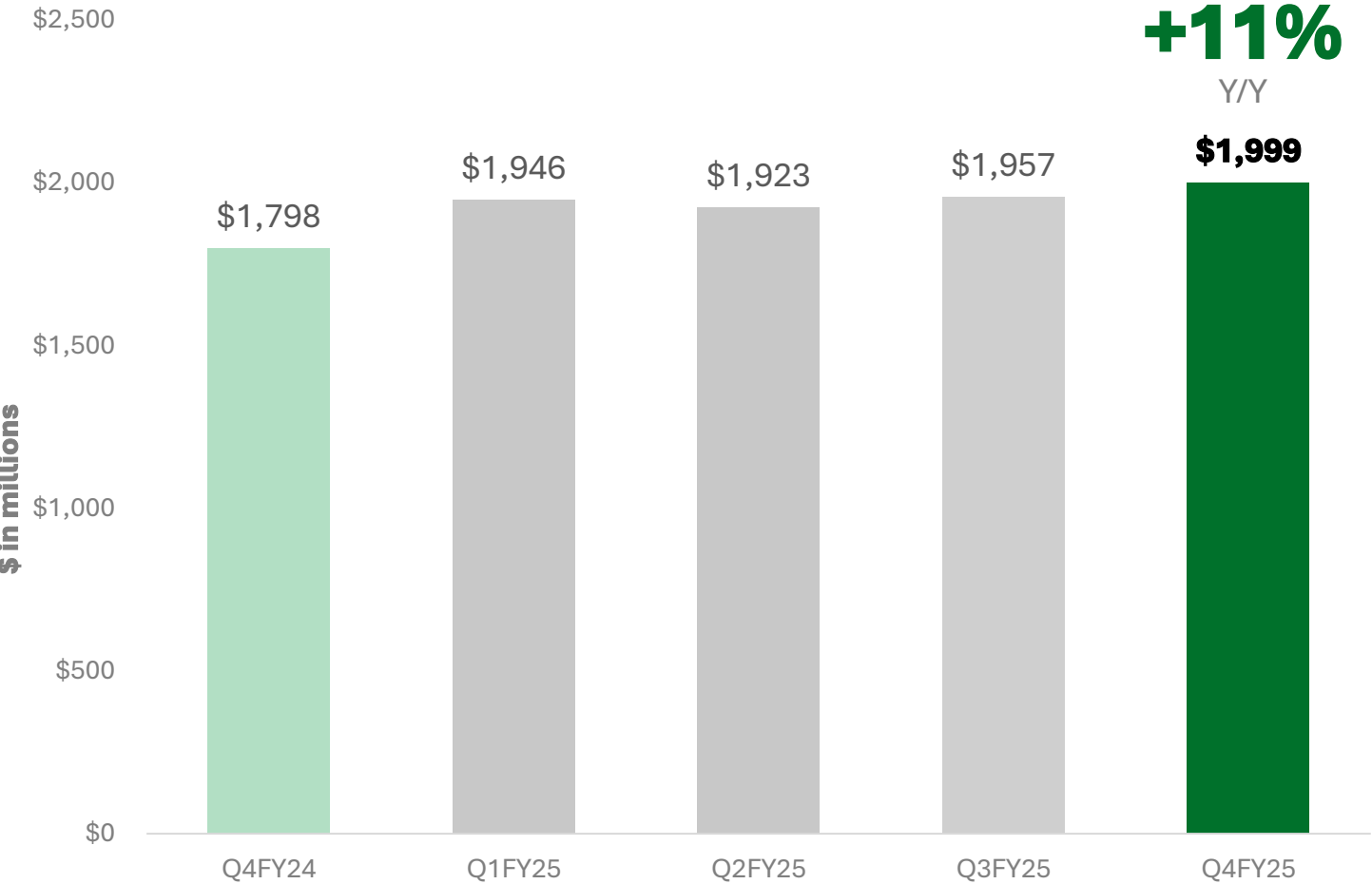
Cash and investments



Key insights

Q4FY25 balance reflects the cash used for the acquisition of Calypso AI

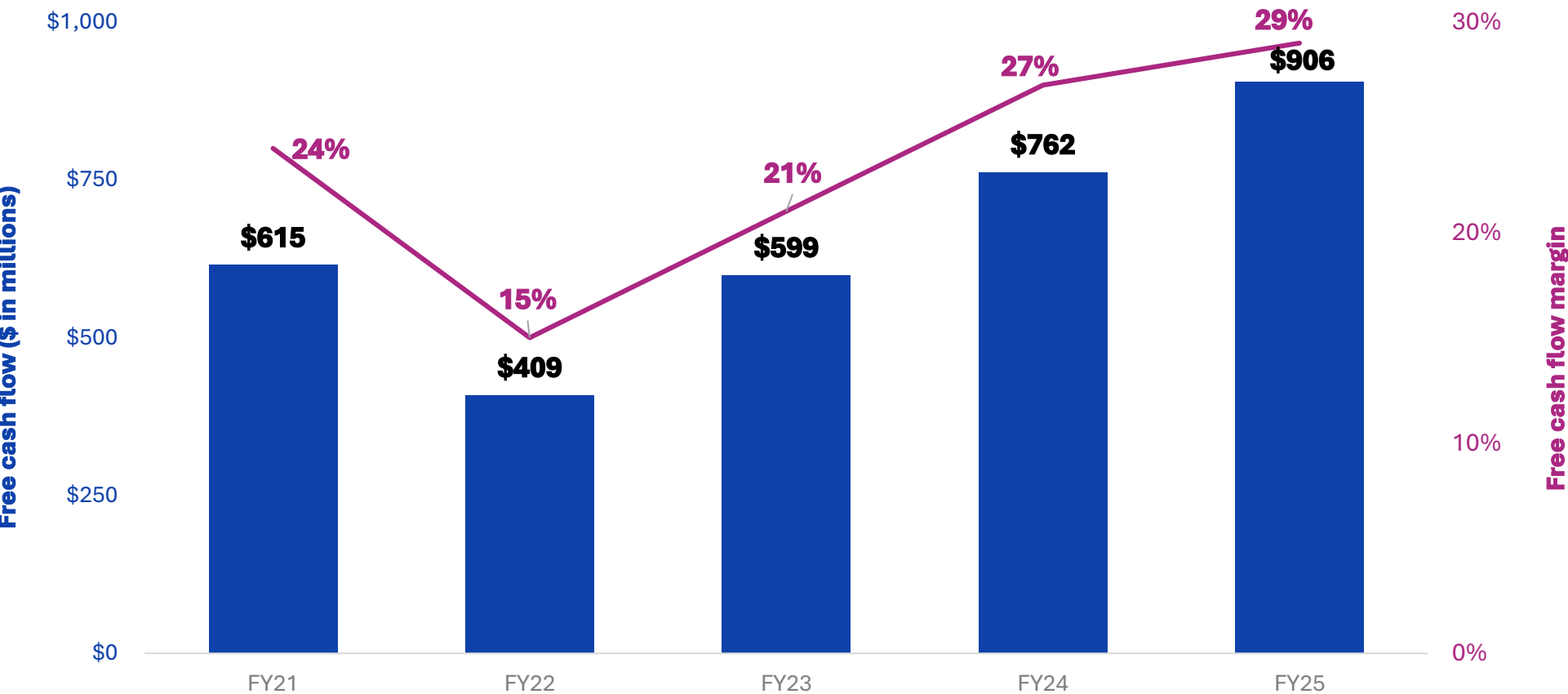
Deferred revenue



Key insights

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

Our robust free cash flow margin highlights the strength of our business fundamentals



*Free cash flow defined as cash flow from operations less capital expenditures. Free cash flow margin defined as free cash flow divided by revenue. FY21 free cash flow margin uses non-GAAP revenue.

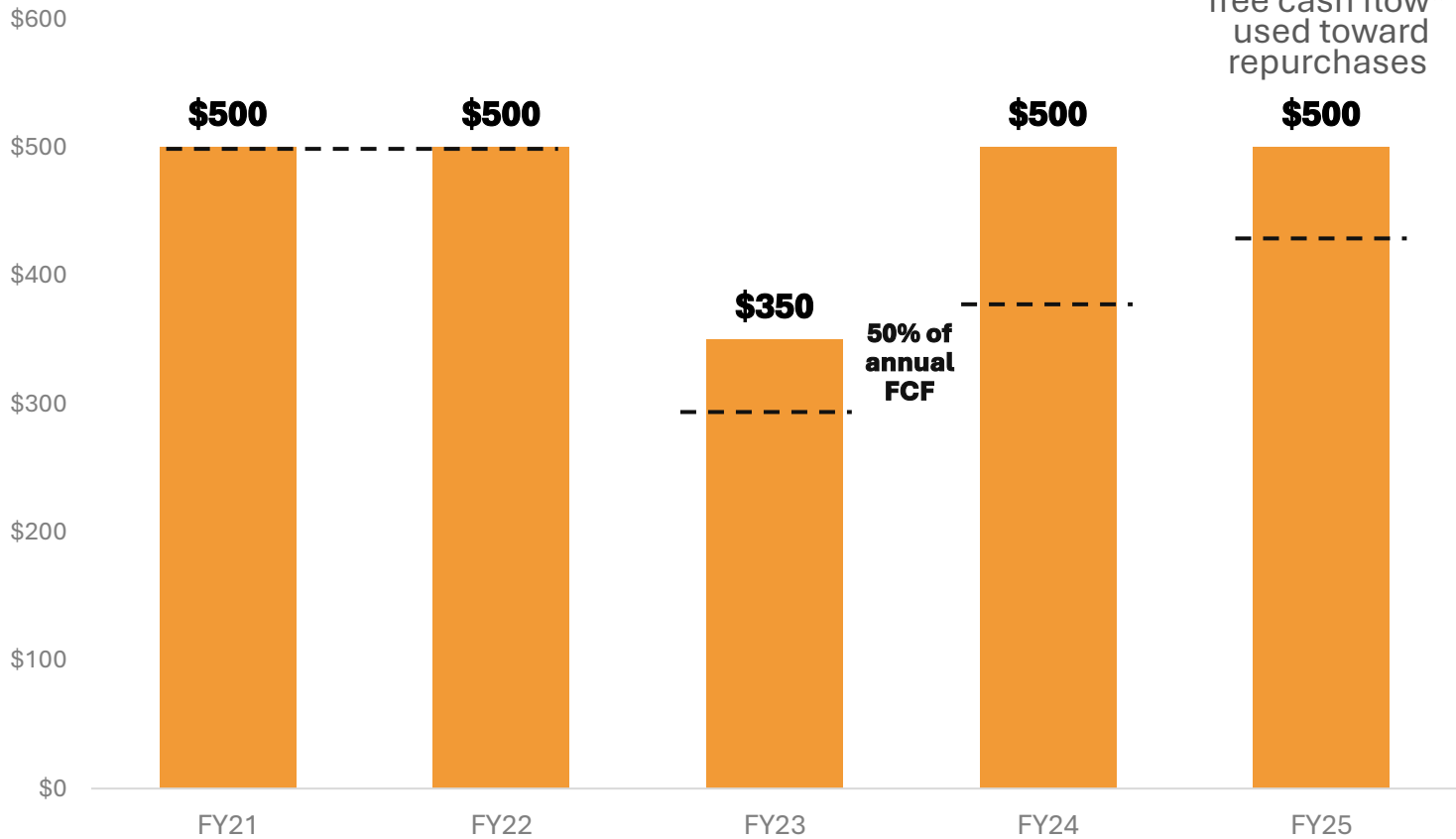


We are committed to returning cash to shareholders via share repurchases

Key insights

- We repurchased \$125 million in FFIV shares during Q4FY25
- We used 55% of our \$906M free cash flow* in FY25 for share repurchases
- We are committed to using at least 50% of our annual free cash flow for share repurchases
- As of September 30, 2025, there was \$922 million remaining under our authorized stock repurchase program

Share repurchases (\$ in millions)



----- Committed buyback level FY21 – FY25

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

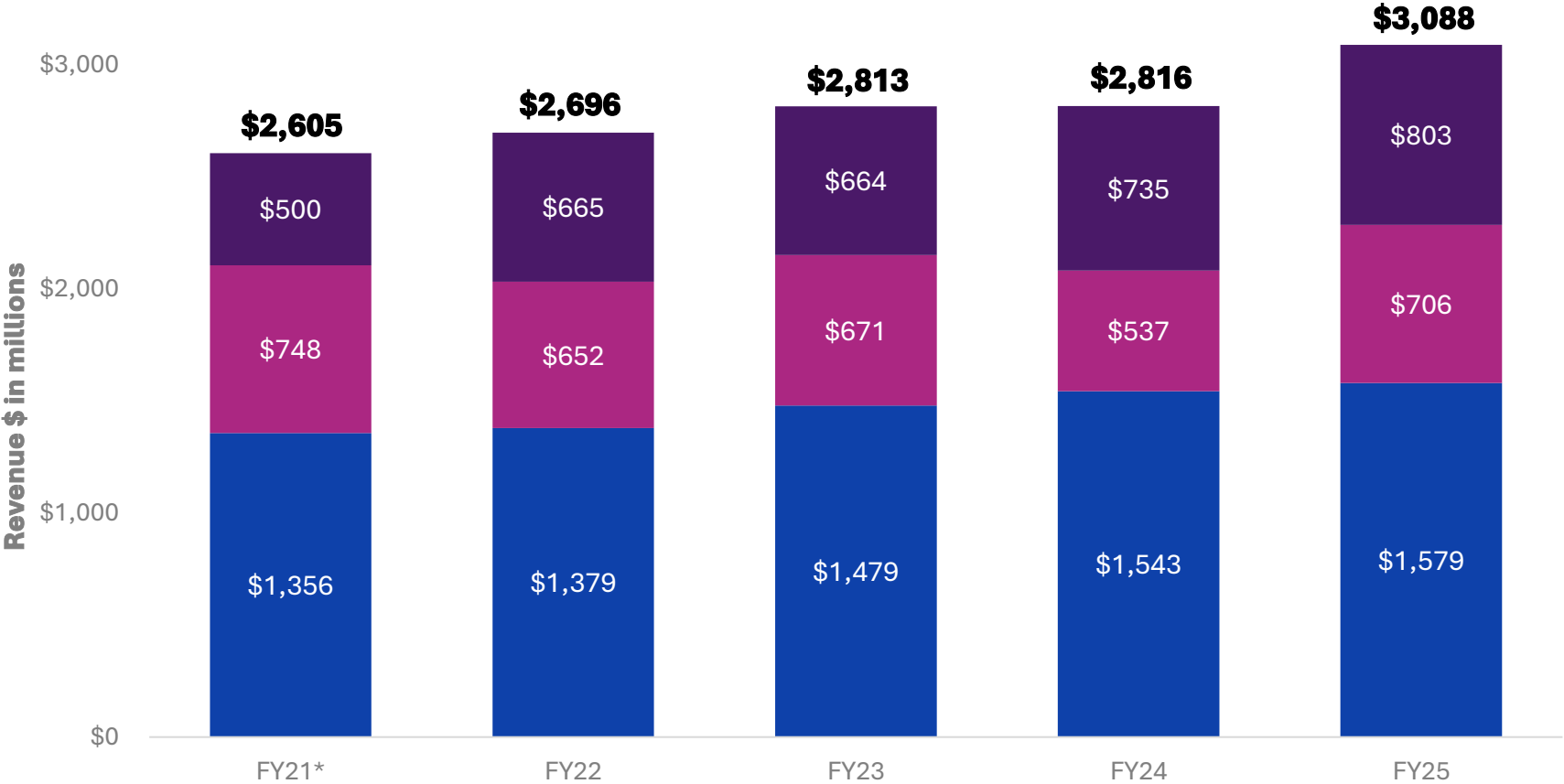


FY25 software and security performance

Cooper Werner, CFO & EVP

Revenue mix and year-over-year change

Revenue mix



Totals may not add to due to rounding.
*FY21 revenue is non-GAAP. See appendix for GAAP to non-GAAP reconciliation.

■ Global Services ■ Systems ■ Software

Year/Year change

+10%

Total revenue

+9%

Software

+31%

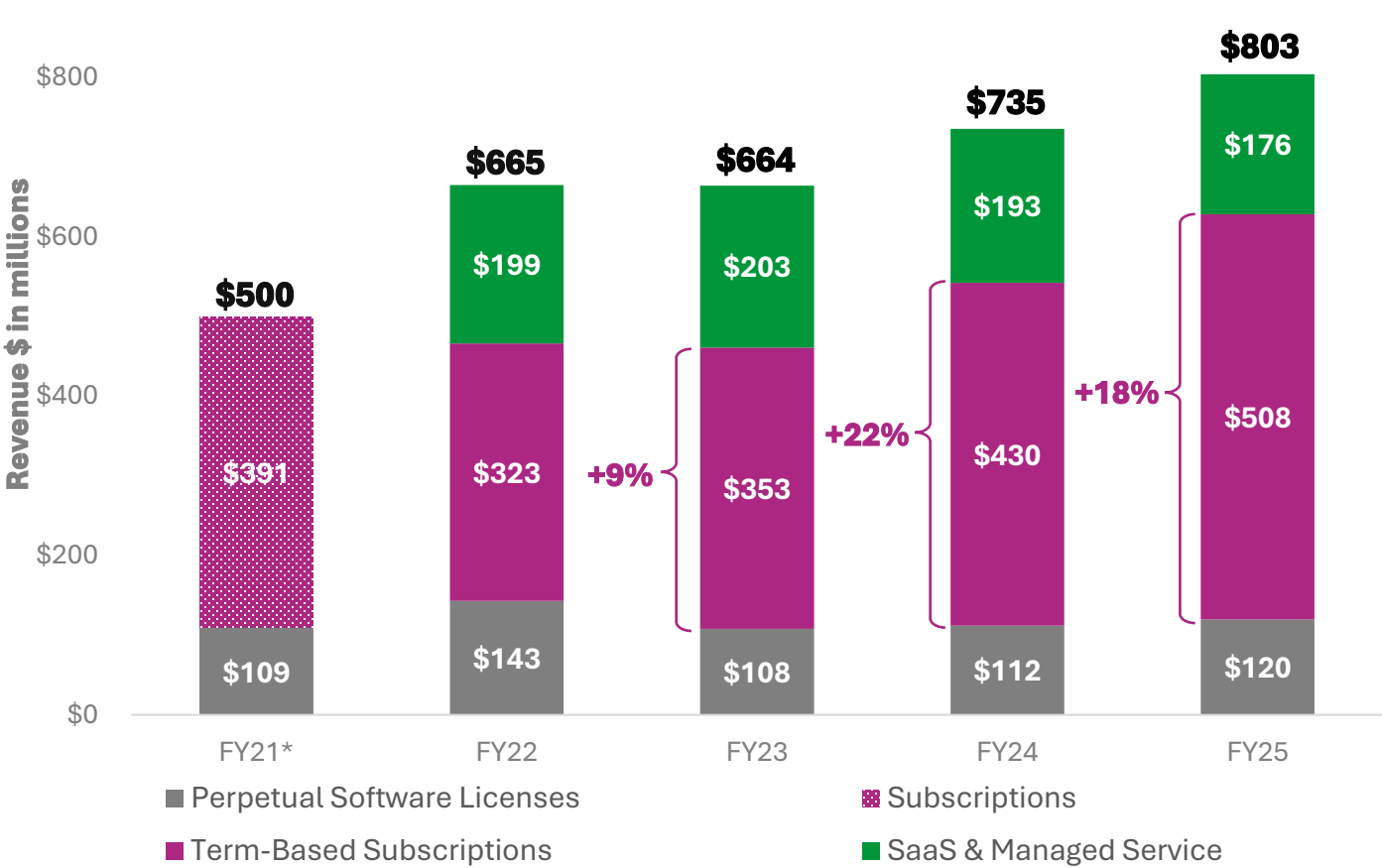
Systems

+2%

Global services



Term-based subscriptions underpin overall software growth; legacy SaaS & Managed Services transitions complete in FY26



Year/Year change

-9%

SaaS & Managed Services

F5 Distributed Cloud Services growth offset by legacy transitions which will be completed in FY26

+18%

Term-based subscriptions

Strong renewal and expansion performance

+7%

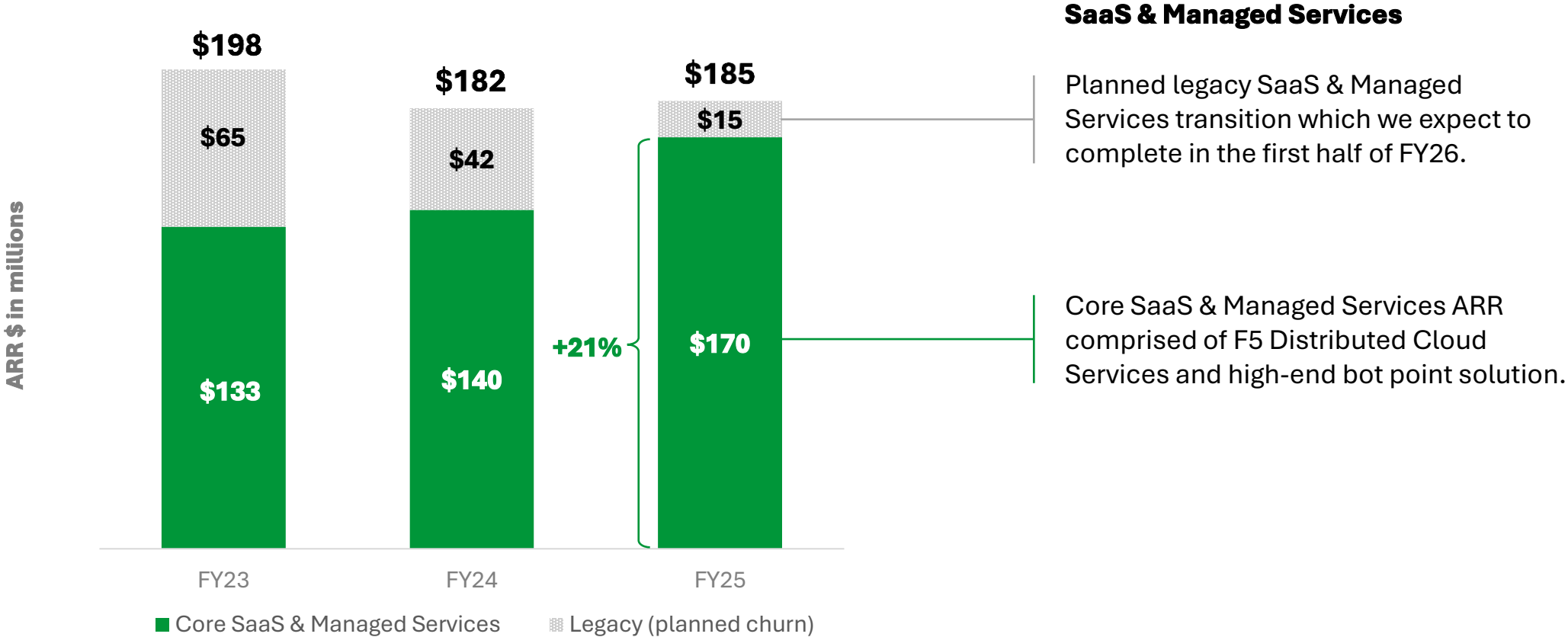
Perpetual Software Licenses

Driven by specific customer purchasing preferences.

Totals may not add due to rounding. FY21 subscriptions include term-based subscriptions and SaaS & Managed Services.
*FY21 revenue is non-GAAP. See appendix for GAAP to non-GAAP reconciliation.



SaaS & Managed Services ARR reflects strong F5 Distributed Cloud growth offset by planned legacy transitions



SaaS & Managed Services ARR (Annualized Recurring Revenue) is the annualized revenue value of our SaaS & Managed Service offerings under contract as of the final day of the reporting period. Offerings include F5 Distributed Cloud Services, NGINXaaS, Silverline and other legacy offerings.

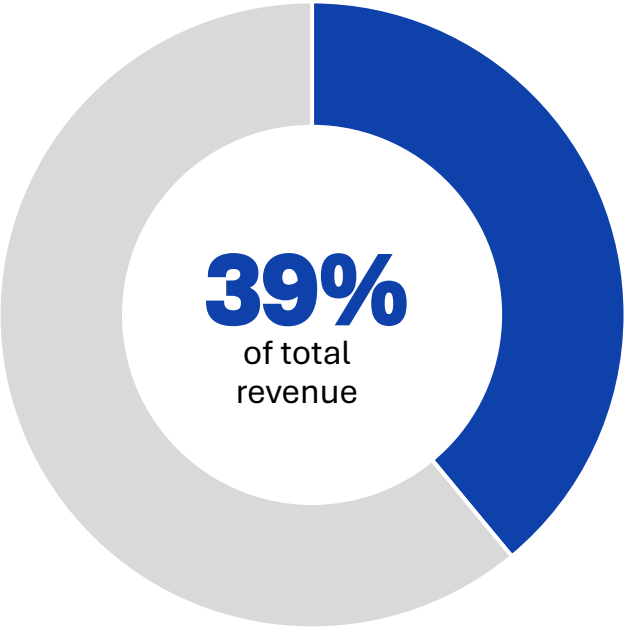


Security-related revenue growing

FY25 total security*

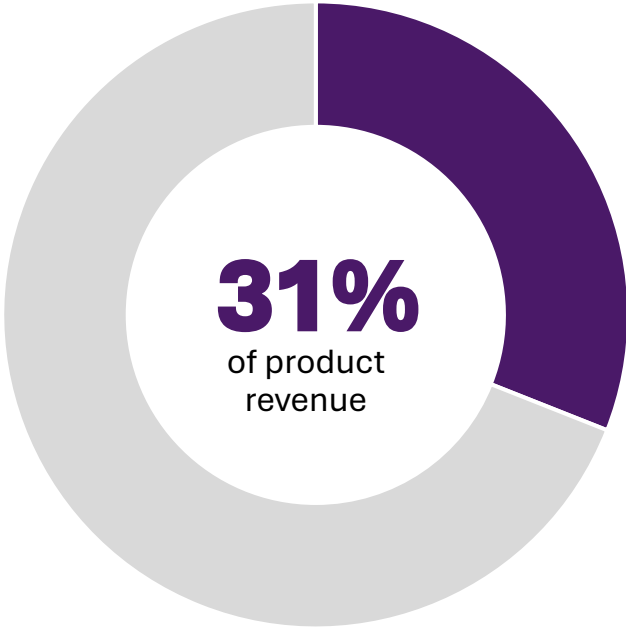
\$1.2B

+6% Y/Y



FY25 standalone security

\$463M



*Comprised of standalone security offerings, bundled security offerings, and related maintenance.



Business outlook

Cooper Werner, CFO & EVP

We see persistent secular and F5-specific demand drivers in FY26

Secular Demand Drivers



Hybrid multicloud adoption

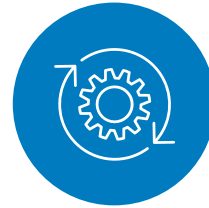


Data center reinvestment



Enterprise AI infrastructure growth

F5-Specific Demand Drivers



Systems refresh



Accelerating systems demand
beyond tech refresh



SaaS and Managed Services growth

Our FY26 outlook

	FY25A	FY26 outlook
Total revenue	\$3.1B 10% growth	0% to 4% growth
Non-GAAP gross margin	83.6%	83% to 83.5%
Non-GAAP operating margin	35.2%	33.5 % to 34.5%
Effective non-GAAP tax rate	17.8%	21% to 22%
Non-GAAP EPS	\$15.81 18% growth	\$14.50 to \$15.50
Capital return as % of annual free cash flow*	55%	At least 50% of annual FCF*

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



Our Q1FY26 outlook

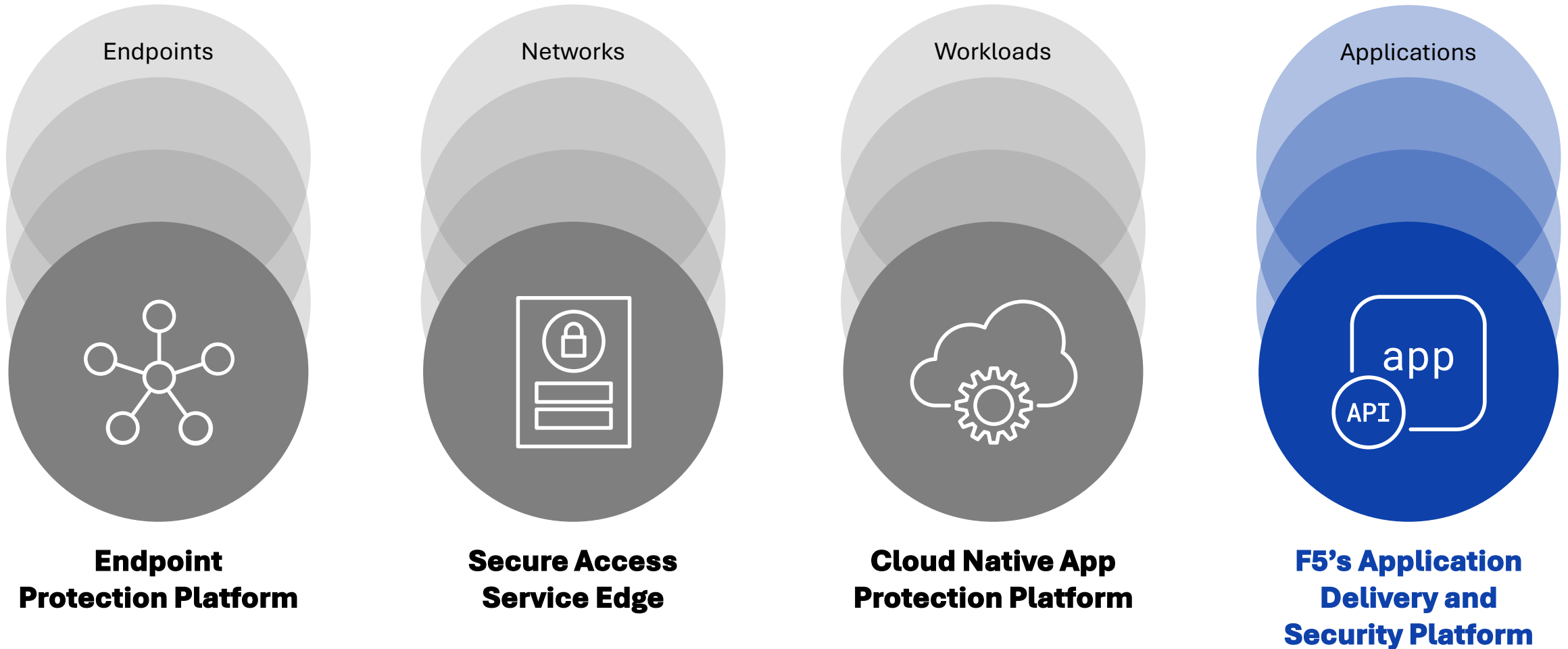
	Q1FY26 outlook
Total revenue	\$730 to \$780M
Non-GAAP gross margin	82.5% to 83.5%
Non-GAAP operating expenses	\$360 to \$376M
Share-based compensation	\$61 to \$63M
Non-GAAP EPS	\$3.35 to \$3.85



Business trends & customer highlights

François Locoh-Donou, CEO & President

F5 created the first Application Delivery and Security Platform

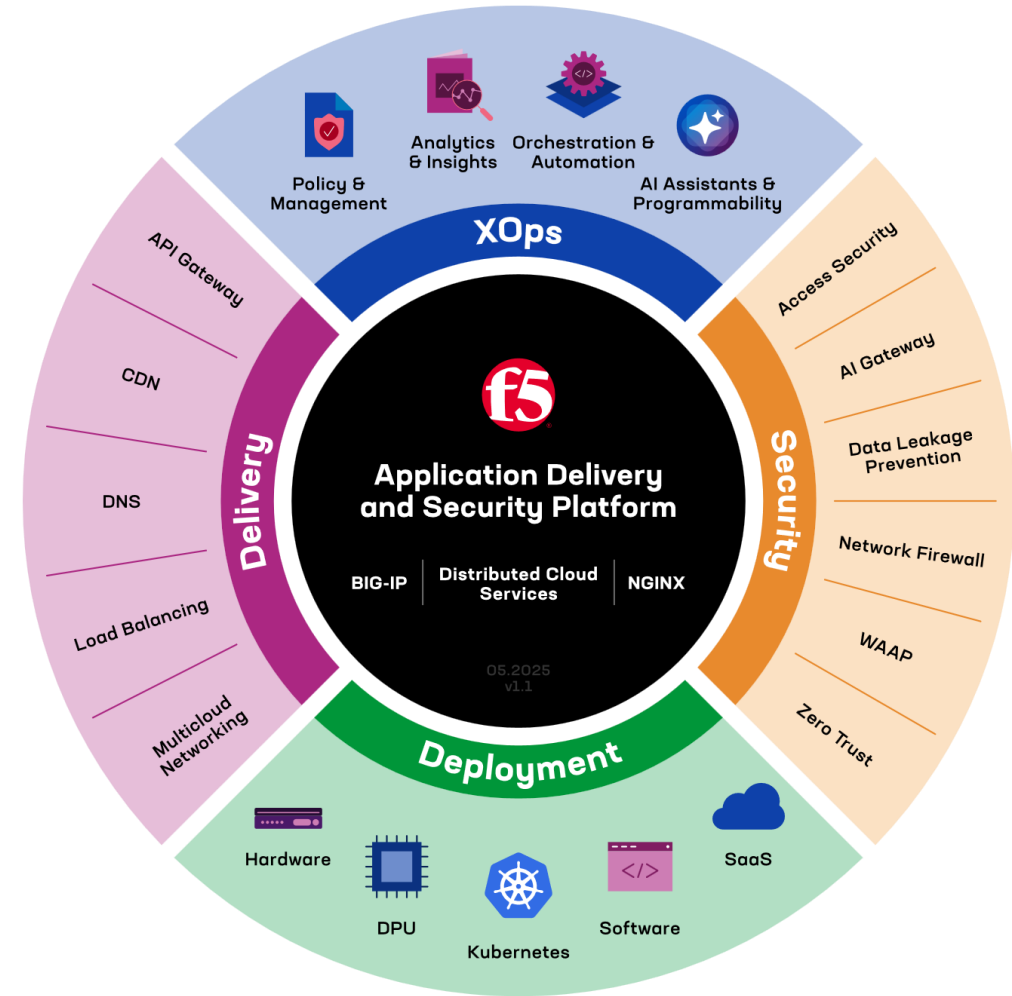


The F5 Application Delivery and Security Platform

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

Deployable anywhere and in any form factor

X Operations across NetOps, SecOps,
DevOps and PlatOps




Q4 wins underscore the value F5's ADSP delivers to customers

Security

Deployment

Delivery



Distributed Cloud Services

BIG-IP

NGINX

Banking

- Customer modernizing critical infrastructure with F5's scalable solutions, addressing critical gaps in API and DNS security
- F5's hybrid multicloud application delivery solutions enabled the customer to meet compliance for disaster recovery and 24/7 service resilience
- Customer leveraging F5 to shift to hybrid software and containerization technologies, enhancing scalability

Security

Deployment



Distributed Cloud Services


BIG-IP

Investment Manager

- Customer partnered with F5 to migrate to rSeries, ensuring compliance with end of software support deadlines and maintaining operational continuity
- Customer mitigated risks of single-provider reliance with F5 Distributed Cloud DNS services, reinforcing redundancy and resiliency
- F5 enabled the customer to optimize performance within existing budgets by utilizing lightweight platforms and cloud-based solutions for workloads

Security

Delivery



Distributed Cloud Services

BIG-IP

Energy

- Customer partnered with F5 to modernize critical infrastructure and drive cloud migration with seamless security across hybrid multicloud environments
- F5 extending application delivery, security, and identity management into hybrid multicloud environments, ensuring seamless operations and operational continuity
- Customer leveraging F5's advanced WAF to strengthen protection of revenue-generating B2B applications and business-critical platforms

F5 is delivering, scaling, securing and connecting AI applications

1



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.

2



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.

3



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.

Our Q4 AI wins showcase how customers unlock the potential of AI with F5's intelligent, adaptive solutions



AI Data Delivery



Investment Services

- Customer's existing server could not handle high levels of demand, causing outages that disrupted operations
- Solved key S3 protocol challenges: resiliency, connection persistence, and high-scale session management
- F5 provided a customized solution with advanced technology to improve system reliability, efficiently manage data traffic, and seamlessly work with existing infrastructure



AI Runtime Security



Public Sector

- Expanded within the account from AI data delivery to AI runtime security
- F5 providing application security, traffic inspection, access control, and reliable data delivery
- F5 delivered a comprehensive solution to ensure real-time access to AI-driven data with robust security while improving performance, accuracy, and operational efficiency



AI Factory Load Balancing



Technology Services

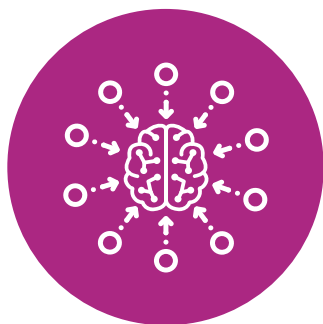
- Customer needed a high-performance solution to manage and scale AI workloads within their enterprise AI infrastructure
- F5 delivered enhanced scalability, reliability, and accessibility for GPU-driven workloads, as well as a proxy for container functions to optimize AI data pipeline performance.
- BIG-IP serves as a critical control layer, driving performance, scalability, and reliability across AI data pipelines

F5's acquisition of CalypsoAI enhances our AI runtime security offering



F5 AI Guardrails

Define and observe how your AI models and agents interact with users and data, and defend against attackers



F5 AI Red Team

Command a swarm of agents to identify threats both obvious and obscure, translating those discoveries into new Guardrails



Top-tier Investment Bank

Differentiator: Scalability and seamless deployment of consistent security policies through a single, flexible platform.

Why We Won: Competitor couldn't deploy successfully, highlighting F5 Guardrails superior reliability and enterprise readiness.



Global AI Compute Platform Leader

Differentiator: Pattern and keyword-based detection blocked unsafe outputs while preserving model performance.

Why We Won: F5's modular and configurable design outperformed customer's homegrown guardrails in flexibility and precision, aligning seamlessly with their operational needs.

The F5 Application Delivery and Security Platform

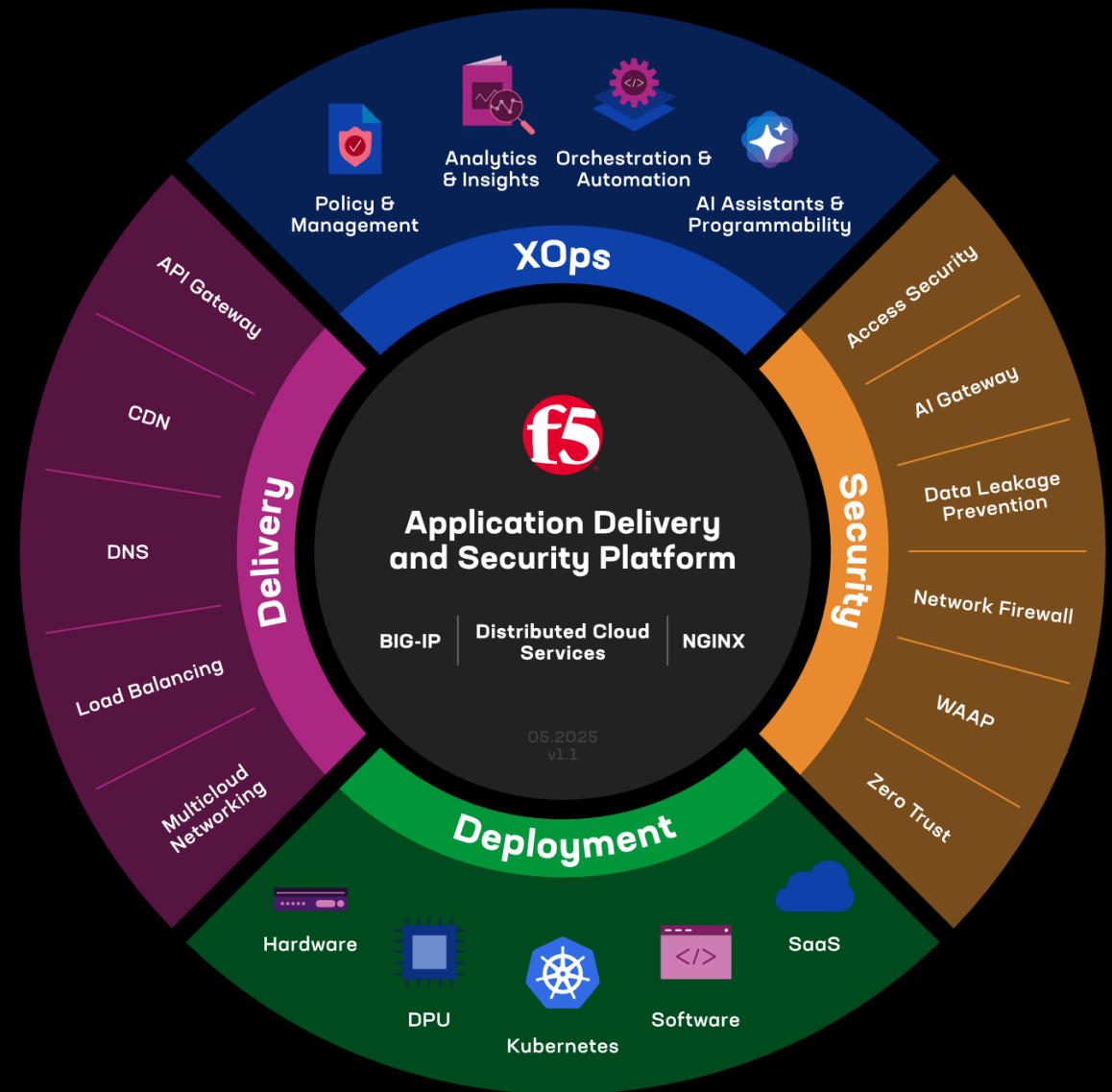
Complete app delivery and security

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 September 30,						Years Ended September 30,					
	2025			2024			2025		2024			
Net revenues.....	\$	810,090		\$	746,674		\$	3,088,072	\$	2,816,120		
Gross profit and gross margin:												
GAAP gross profit and gross margin.....	\$	666,209	82.2%	\$	602,954	80.8%	\$	2,514,094	81.4%	\$	2,258,473	80.2%
Adjustments to gross profit and gross margin:												
Stock-based compensation.....	\$	7,356	0.9%	\$	7,089	0.9%	\$	29,557	1.0%	\$	29,409	1.0%
Amortization and impairment of purchased intangible assets.....		9,596	1.2%		9,283	1.2%		37,601	1.2%		43,848	1.6%
Facility-exit costs.....		98	0.0%		141	0.0%		777	0.0%		372	0.0%
Acquisition-related charges.....		-	-		-	-		-	-		20	0.0%
Non-GAAP gross profit and gross margin.....	\$	683,259	84.3%	\$	619,467	83.0%	\$	2,582,029	83.6%	\$	2,332,122	82.8%
Income from operations and operating margin:												
GAAP income from operations and operating margin.....	\$	205,653	25.4%	\$	191,025	25.6%	\$	765,949	24.8%	\$	658,591	23.4%
Adjustments to income from operations and operating margin:												
Stock-based compensation.....	\$	57,248	7.1%	\$	53,759	7.2%	\$	231,491	7.5%	\$	219,108	7.8%
Amortization and impairment of purchased intangible assets.....		10,408	1.3%		10,144	1.4%		40,896	1.3%		51,331	1.8%
Facility-exit costs.....		940	0.1%		1,439	0.2%		7,667	0.2%		3,509	0.1%
Acquisition-related charges.....		7,599	0.9%		505	0.1%		11,536	0.4%		4,352	0.2%
Cyber incident costs.....		3,356	0.4%		-	-		3,356	0.1%		-	-
Restructuring charges.....		14,163	1.7%		-	-		25,484	0.8%		8,655	0.3%
Non-GAAP income from operations and operating margin.....	\$	299,367	37.0%	\$	256,872	34.4%	\$	1,086,379	35.2%	\$	945,546	33.6%
Net income:												
GAAP net income.....	\$	190,493		\$	165,296		\$	692,380		\$	566,778	
Adjustments to net income:												
Stock-based compensation.....	\$	57,248		\$	53,759		\$	231,491		\$	219,108	
Amortization and impairment of purchased intangible assets.....		10,408			10,144			40,896			51,331	
Facility-exit costs.....		940			1,439			7,667			3,509	
Acquisition-related charges.....		7,599			505			11,536			4,352	
Cyber incident costs.....		3,356			-			3,356			-	
Restructuring charges.....		14,163			-			25,484			8,655	
Tax effects related to above items.....		(27,568)			(14,204)			(84,864)			(60,065)	
Non-GAAP net income.....	\$	256,639		\$	216,939		\$	927,946		\$	793,668	
Net income per share - diluted:												
GAAP net income per share — diluted	\$	3.26		\$	2.80		\$	11.80		\$	9.55	
Adjustments to GAAP net income per share — diluted:												
Stock-based compensation.....	\$	0.98		\$	0.91		\$	3.94		\$	3.69	
Amortization and impairment of purchased intangible assets.....		0.18			0.17			0.70			0.86	
Facility-exit costs.....		0.02			0.02			0.13			0.06	
Acquisition-related charges.....		0.13			0.01			0.20			0.07	
Cyber incident costs.....		0.06			-			0.06			-	
Restructuring charges.....		0.24			-			0.43			0.15	
Tax effects related to above items.....		(0.47)			(0.24)			(1.45)			(1.01)	
Non-GAAP net income per share — diluted	\$	4.39		\$	3.67		\$	15.81		\$	13.37	
Weighted average shares — diluted		58,418			59,056			58,684			59,359	

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

GAAP to non-GAAP reconciliation

F5, Inc. GAAP to Non-GAAP Reconciliation (unaudited, in thousands, except percentages and per share amounts)										
	Years Ended September 30,									
	2025		2024		2023		2022		2021	
Net revenues										
GAAP net revenues	\$ 3,088,072		\$ 2,816,120		\$ 2,813,169		\$ 2,695,845		\$ 2,603,416	
Adjustments to net revenues:										
Acquisition-related write-downs of assumed deferred revenue	-		-		-		-		1,283	
Non-GAAP net revenues	\$ 3,088,072		\$ 2,816,120		\$ 2,813,169		\$ 2,695,845		\$ 2,604,699	
Gross profit and gross margin:										
GAAP gross profit and gross margin	\$ 2,514,094	81.4%	\$ 2,258,473	80.2%	\$ 2,219,861	78.9%	\$ 2,156,218	80.0%	\$ 2,110,270	81.1%
Adjustments to gross profit and gross margin:										
Acquisition-related write-downs of assumed deferred revenue	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 1,283	0.0%
Stock-based compensation	29,557	1.0%	29,409	1.0%	29,658	1.1%	29,257	1.1%	29,107	1.1%
Amortization and impairment of purchased intangible assets	37,601	1.2%	43,848	1.6%	42,136	1.5%	39,837	1.5%	35,156	1.3%
Facility-exit costs	777	0.0%	372	0.0%	653	0.0%	1,429	0.1%	2,605	0.1%
Acquisition-related charges	-	-	20	0.0%	244	0.0%	399	0.0%	2,532	0.1%
Impairment charges	-	-	-	-	-	-	-	-	4,388	0.2%
Non-GAAP gross profit and gross margin	\$ 2,582,029	83.6%	\$ 2,332,122	82.6%	\$ 2,292,552	81.5%	\$ 2,227,140	82.6%	\$ 2,185,341	83.9%
Income from operations and operating margin:										
GAAP income from operations and operating margin	\$ 765,949	24.8%	\$ 658,591	23.4%	\$ 472,568	16.8%	\$ 403,792	15.0%	\$ 394,025	15.1%
Adjustments to income from operations and operating margin:										
Acquisition-related write-downs of assumed deferred revenue	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 1,283	0.0%
Stock-based compensation	231,491	7.5%	219,108	7.8%	236,650	8.4%	249,216	9.2%	243,279	9.3%
Amortization and impairment of purchased intangible assets	40,896	1.3%	51,331	1.8%	53,434	1.9%	57,689	2.1%	48,722	1.9%
Facility-exit costs	7,667	0.2%	3,509	0.1%	6,626	0.2%	10,321	0.4%	14,929	0.6%
Acquisition-related charges	11,536	0.4%	4,352	0.2%	15,036	0.5%	49,410	1.8%	86,094	3.3%
Impairment charges	-	-	-	-	-	-	-	-	33,825	1.3%
Cyber incident costs	3,356	0.1%	-	-	-	-	-	-	-	-
Restructuring charges	25,484	0.8%	8,655	0.3%	65,388	2.3%	7,909	0.3%	-	-
Non-GAAP income from operations and operating margin	\$ 1,086,379	35.2%	\$ 945,546	33.6%	\$ 849,702	30.2%	\$ 778,337	28.9%	\$ 822,157	31.6%
Net income:										
GAAP net income	\$ 692,380		\$ 566,778		\$ 394,948		\$ 322,160		\$ 331,241	
Adjustments to net income:										
Acquisition-related write-downs of assumed deferred revenue	\$ -		\$ -		\$ -		\$ -		\$ 1,283	
Stock-based compensation	231,491		219,108		236,650		249,216		243,279	
Amortization and impairment of purchased intangible assets	40,896		51,331		53,434		57,689		48,722	
Facility-exit costs	7,667		3,509		6,626		10,321		14,929	
Acquisition-related charges	11,536		4,352		15,036		49,410		86,094	
Impairment charges	-		-		-		-		33,825	
Cyber incident costs	3,356		-		-		-		-	
Restructuring charges	25,484		8,655		65,388		7,909		-	
Tax effects related to above items	(84,864)		(60,065)		(66,758)		(74,075)		(88,408)	
Non-GAAP net income	\$ 927,946		\$ 793,668		\$ 705,324		\$ 622,630		\$ 670,965	
Net income per share - diluted:										
GAAP net income per share — diluted	\$ 11.80		\$ 9.55		\$ 6.55		\$ 5.27		\$ 5.34	
Adjustments to GAAP net income per share — diluted:										
Acquisition-related write-downs of assumed deferred revenue	\$ -		\$ -		\$ -		\$ -		\$ 0.02	
Stock-based compensation	3.94		3.69		3.93		4.08		3.92	
Amortization and impairment of purchased intangible assets	0.70		0.87		0.89		0.94		0.79	
Facility-exit costs	0.13		0.06		0.11		0.17		0.24	
Acquisition-related charges	0.20		0.07		0.25		0.81		1.39	
Impairment charges	-		-		-		-		0.55	
Cyber incident costs	0.06		-		-		-		-	
Restructuring charges	0.43		0.15		1.08		0.13		-	
Tax effects related to above items	(1.45)		(1.01)		(1.11)		(1.21)		(1.42)	
Non-GAAP net income per share — diluted	\$ 15.81		\$ 13.37		\$ 11.70		\$ 10.19		\$ 10.81	
Weighted average shares — diluted	58,684		59,359		60,270		61,097		62,057	

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.

Cyber incident costs. F5 has incurred certain non-recurring expenses in connection with the investigation and remediation of the Cyber Incident. Management believes it is useful to exclude these expenses as they are not representative of our ongoing operations and to facilitate comparison of the Company's historical results and to those of peer companies.

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.

