Q2FY25 Results

PERIOD ENDING March 31, 2025

Published April 28, 2025

Forward-looking statements

This presentation contains forward-looking statements including, among other things, F5's ability to alleviate the high costs, crushing complexity, and escalating cyber risks IT teams face in an AI-driven hybrid multicloud world, the capabilities of the recently introduced F5 Application Delivery and Security Platform, F5's ability to enable consistent policies, full visibility, and AI-driven insights all from a single platform that is flexible to deploy, F5's ability to provide new capabilities that give CISOs the visibility, compliance, and protection they need to deliver and secure any app, any API, anywhere, 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

Q2FY25 Results & Business Outlook

Business Overview

François Locoh-Donou, President & CEO

GAAP & non-GAAP results

GAAP results

	Q2FY25	Q2FY24
Revenue	**$731M**	**$681M**
Gross profit	$590M	$540M
Gross margin	80.7%	79.3%
Income from operations	$159M	$140M
Operating margin	21.7%	20.5%
Net income	$146M	$119M
EPS	**$2.48**	**$2.00**

Non-GAAP results

	Q2FY25	Q2FY24
Revenue	$731M	$681M
Gross profit	$607M	$559M
Gross margin	83.1%	82.1%
Income from operations	$233M	$210M
Operating margin	31.9%	30.9%
Net income	$201M	$173M
EPS	$3.42	$2.91

See appendix for GAAP to non-GAAP reconciliation

Q2FY25 performance highlights

7%
Total revenue growth Y/Y

12%
Product revenue growth Y/Y

27%
Systems revenue growth Y/Y

18%
Non-GAAP EPS growth Y/Y

See appendix for GAAP to non-GAAP reconciliation

We are providing Q3FY25 guidance and raising our FY25 revenue and EPS outlook

Q3FY25 Outlook

$740 to $760M

Q3FY25 total revenue

~8%

Growth Y/Y at midpoint

FY25 Outlook

6.5% to 7.5%

Total revenue growth Y/Y

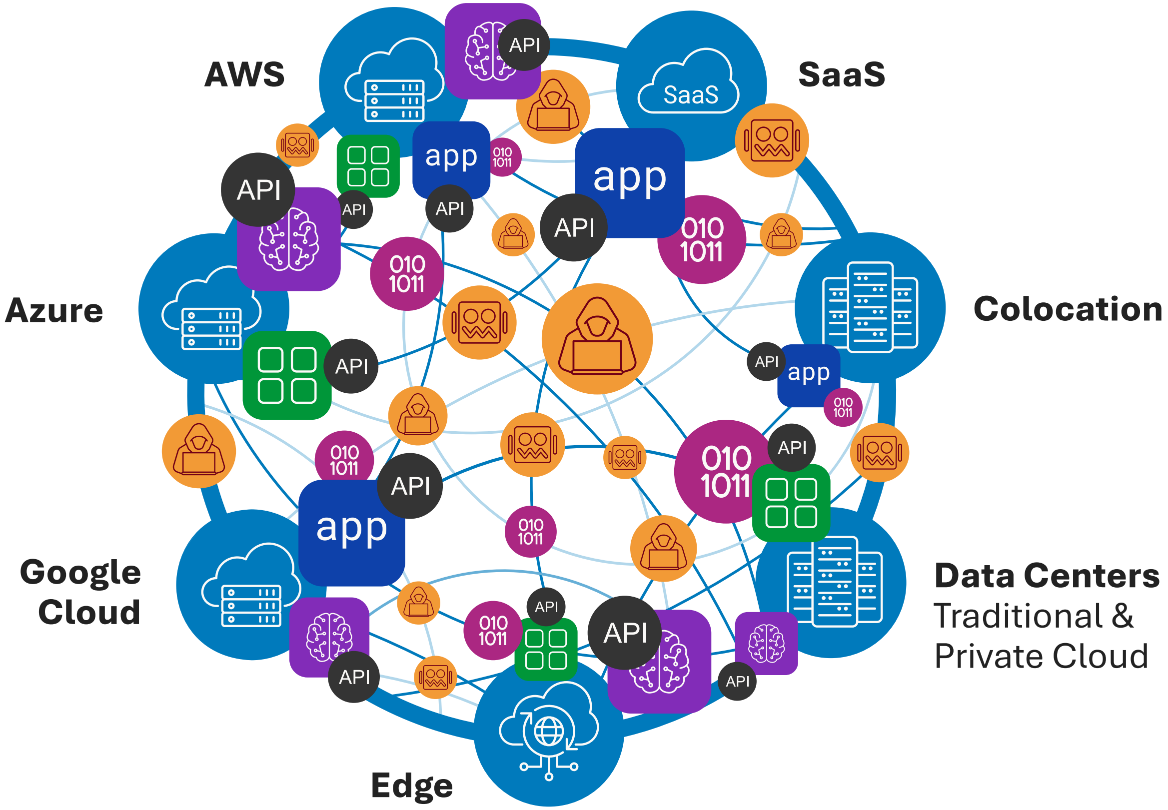
(from 6% to 7% previously)

8% to 10%

Non-GAAP EPS growth Y/Y

(from 6.5% to 8.5% previously)

At AppWorld, we showcased innovation addressing our customers' Ball of Fire challenges

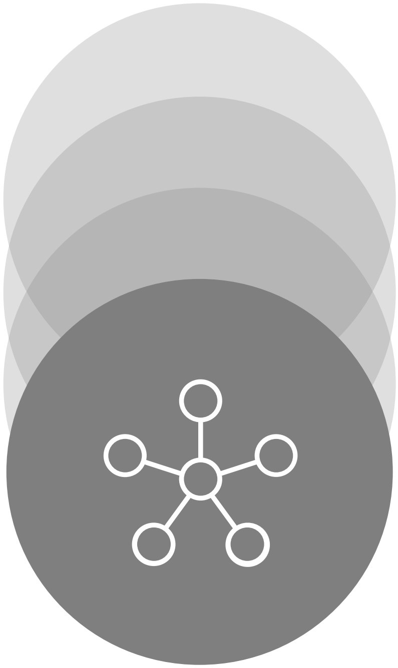


High costs

Crushing complexity

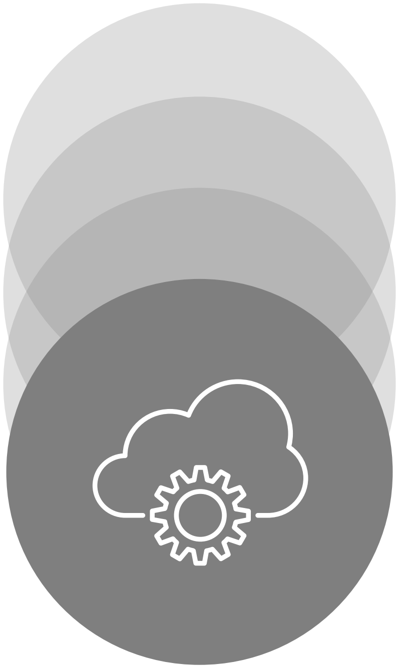
Escalating cyber risks

A platform for application delivery and security doesn’t exist



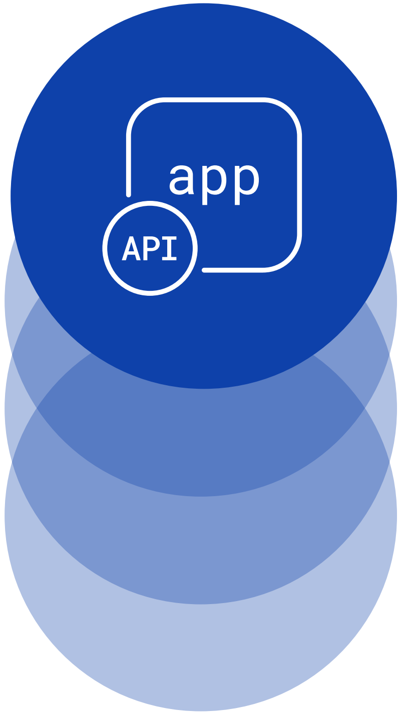
Endpoints
(EPP)

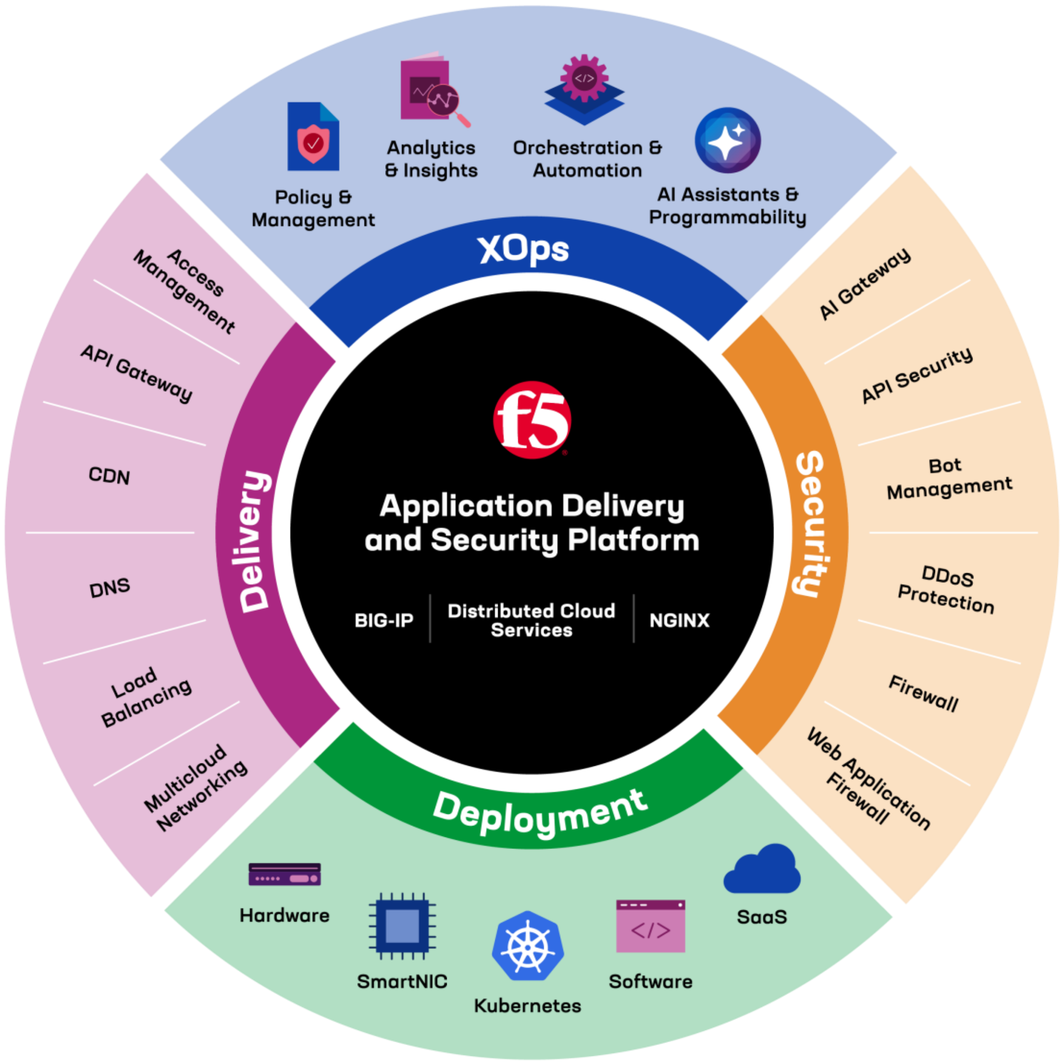
Network access
(SASE)



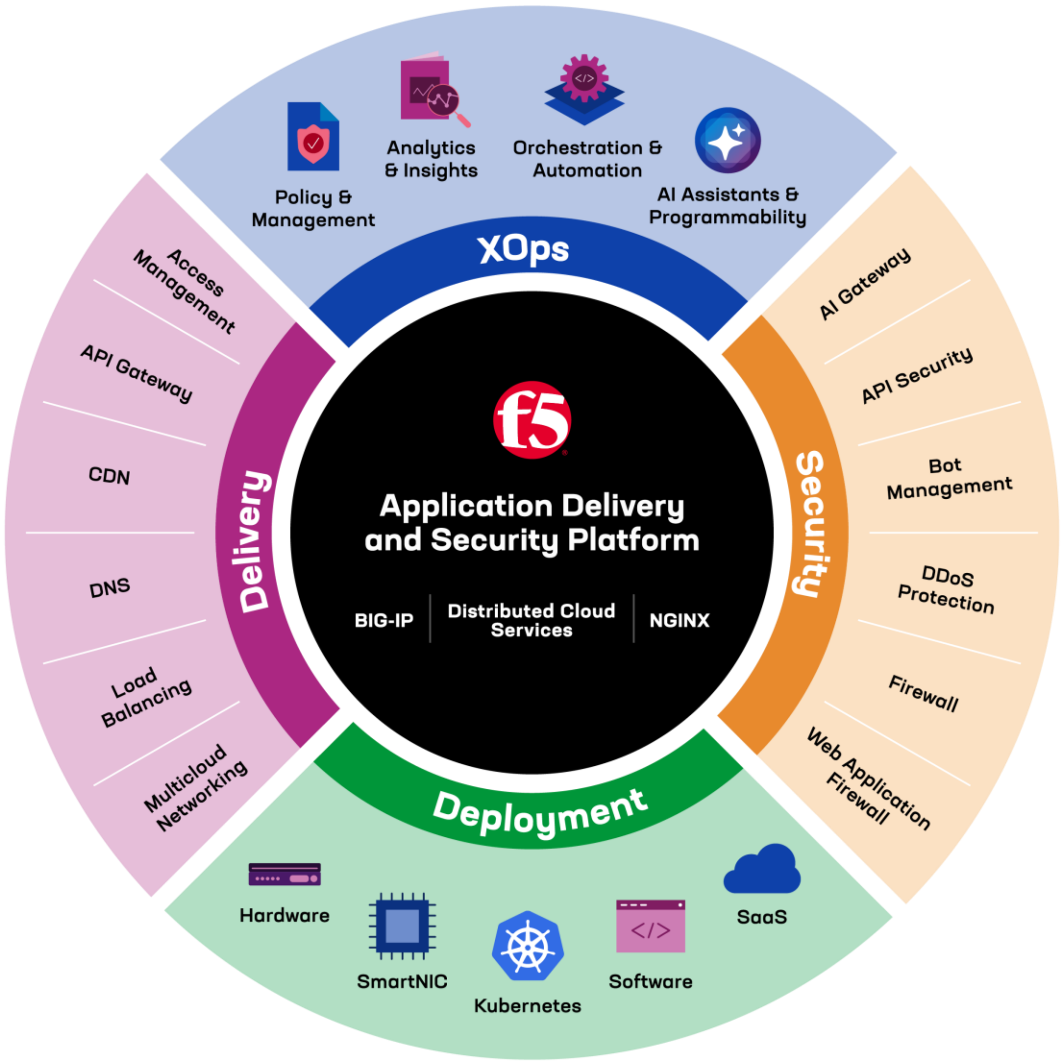
Cloud workloads
(CNAPP)

Until now...





The F5 Application Delivery and Security Platform uniquely address the Ball of Fire



1. Comprehensive delivery and security for every app and API
2. Seamless deployment across any environment and form factor
3. Unified management with a single, consistent policy framework
4. Deep analytics and actionable insights
5. Programmable data planes for maximum flexibility
6. End-to-end lifecycle automation

At AppWorld, we unveiled a suite of groundbreaking innovations

AI for ADC

Innovations that make it easier for customers to harness the power of F5.

ADC for AI

Innovations to enable AI-driven applications, particularly inference workloads and model interactions.

AI for ADC innovations

iRule Code Generator

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

- Available later this year
- Developed by F5 AI Center of Excellence
- Analyzes existing iRules and configurations to summarize their purpose, components, and structure
- Generates new iRules based on business or application requirements
- Optimizes existing iRules to boost performance, reduce resource usage, and accelerate delivery

AI Assistant Functionality

Contextual, intelligent guidance that reduces time to resolution, improves operational efficiency, enhances visibility

- +50% of F5 Distributed Cloud Services customers are leveraging AI Assistant today
- AI Assistant for NGINX One launched at AppWorld
- AI Assistant for BIG-IP coming later this year

Application Study Tool

Enables customers to monitor and optimize performance with unprecedented clarity and precision

- Available now
- Unmatched visibility into app and API behavior
- Deep insights into feature usage, app types, quality of service and system utilization

“ ”

This tool has given us insights we never thought possible. It's like turning on the lights in a room we've been navigating in the dark.

ADC for AI innovations

F5 is building the infrastructure foundation to support the next era of intelligent computing

F5 AI Gateway

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

- Generally available in Q2FY25
- Inspects prompts and responses to prevent data leakage, enforce policies, reduce risk of unpredictable model behavior
- Strong early interest with customers who need to scale AI adoption without compromising trust or compliance

Native Support for Model Context Protocol (MCP)

COMING SOON

- MCP is a foundational standard that enables agents and models to share memory, context and objectives across interactions, powering persistent multi-turn reasoning and coordination
- By bringing MCP support to BIG-IP, we are enabling our customers to route, observe, and enforce policy across agentic workflows — turning BIG-IP into a trusted control plane for AI agents operating at scale

F5's early AI opportunities are concentrated on three areas of high performance data delivery and security

Data delivery for AI models	**AI Model Training:** F5 BIG-IP moving incredible amounts of data at high speed to and from data stores, providing greater efficiency for training	**AI Inference:** F5 BIG-IP deployed in front of data stores to scale to handle vast and increasing amounts of queries related to RAG
AI app & model security	**AI applications:** F5 provides web app and API protection for all AI-powered apps	**AI models:** F5 protects sensitive data and secures AI model inferencing
AI factory load balancing	**Across AI factories:** F5 BIG-IP improving efficiency and performance of data going to/from GPU clusters	**Within AI factories:** F5 is partnering with Nvidia to provide improved performance, multi-tenancy, and observability

F5's early AI opportunities are concentrated on three areas of high performance data delivery and security

AI App & Model Security

Service provider

- Customer aims to establish central governance controls and robust security guardrails within their AI infrastructure
- F5 protects their ChatGPT interface from prompt injections and abuse
- F5 enables cost effecting scaling for multilingual customer support and government regulation compliance

AI Gateway

Distributed Cloud

AI Factory Load Balancing

Retailer

- F5 BIG-IP enabling responsive, real-time AI-powered consumer voice interactions at scale
- Ensuring fast, accurate, and low-latency performance by optimizing traffic and load balancing across the customer's GPUs
- Delivering robust security to protect consumer data and scalability to handle growing AI workloads

BIG-IP

Customers rely on F5 for their “Ball of Fire” challenges

App & API Security

F5 has the industry’s most effective and comprehensive app and API security platform in the industry

Consolidation

F5’s hybrid multicloud strategy enables consolidation on a single vendor for app security and delivery

Standardization & Automation

F5 streamlines operations with consistent policies, comprehensive automation, and rich analytics

Customers rely on F5 for their “Ball of Fire” challenges

App & API Security

F5 has the industry’s most comprehensive app and API security platform

Integrated and comprehensive suite of best-in-class app & API security capabilities

F5 enables customers to consolidate multiple point products onto a single, integrated platform

Insurance

- Customer required modern, flexible, scalable API security solution to support their rapidly growing API landscape
- F5 also ensures high availability between primary and secondary data centers
- Deployed F5 in combination of systems and SaaS

BIG-IP

Distributed Cloud

Consolidation

F5 enables consolidation on a single vendor for application security and delivery

F5 delivers solutions that extend from on-premises, across public clouds, to the edge

F5 simplifies connecting disparate infrastructure environments and the apps deployed in and across them

Health insurer

- Customer initially pursued a cloud-native strategy
- Selected F5 to consolidate and unify security posture across its hybrid on-premises and cloud environments
- F5 delivered greater operational efficiency and enhanced observability

BIG-IP

Distributed Cloud

Customers rely on F5 for their "Ball of Fire" challenges

Standardization & Automation

F5 streamlines operations with consistent policies, comprehensive automation, and rich analytics

F5 enables customers to simplify operational management across all environments

Financial institution

- Customer modernizing its network required scalability with enhanced security
- F5 automating using infrastructure as code, removing manual processes and lifecycle risk
- Leveraging F5 to support multi-cloud strategies

BIG-IP

Distributed Cloud

Customers rely on F5 for their "Ball of Fire" challenges

F5's differentiated hybrid multicloud approach continues to drive competitive displacement momentum

Insurance

- F5's superior ADC capabilities and exceptional responsiveness capitalized on growing concerns about the incumbent provider
- Supporting the customer's internal application and delivery solution

BIG-IP

Service provider

- Underscoring F5's value as a strategic provider, F5 replaced incumbent DDoS provider
- F5 selected for its robust DDoS capabilities
- F5's ability to consolidate multiple functionalities enabling the customer to streamline vendor management

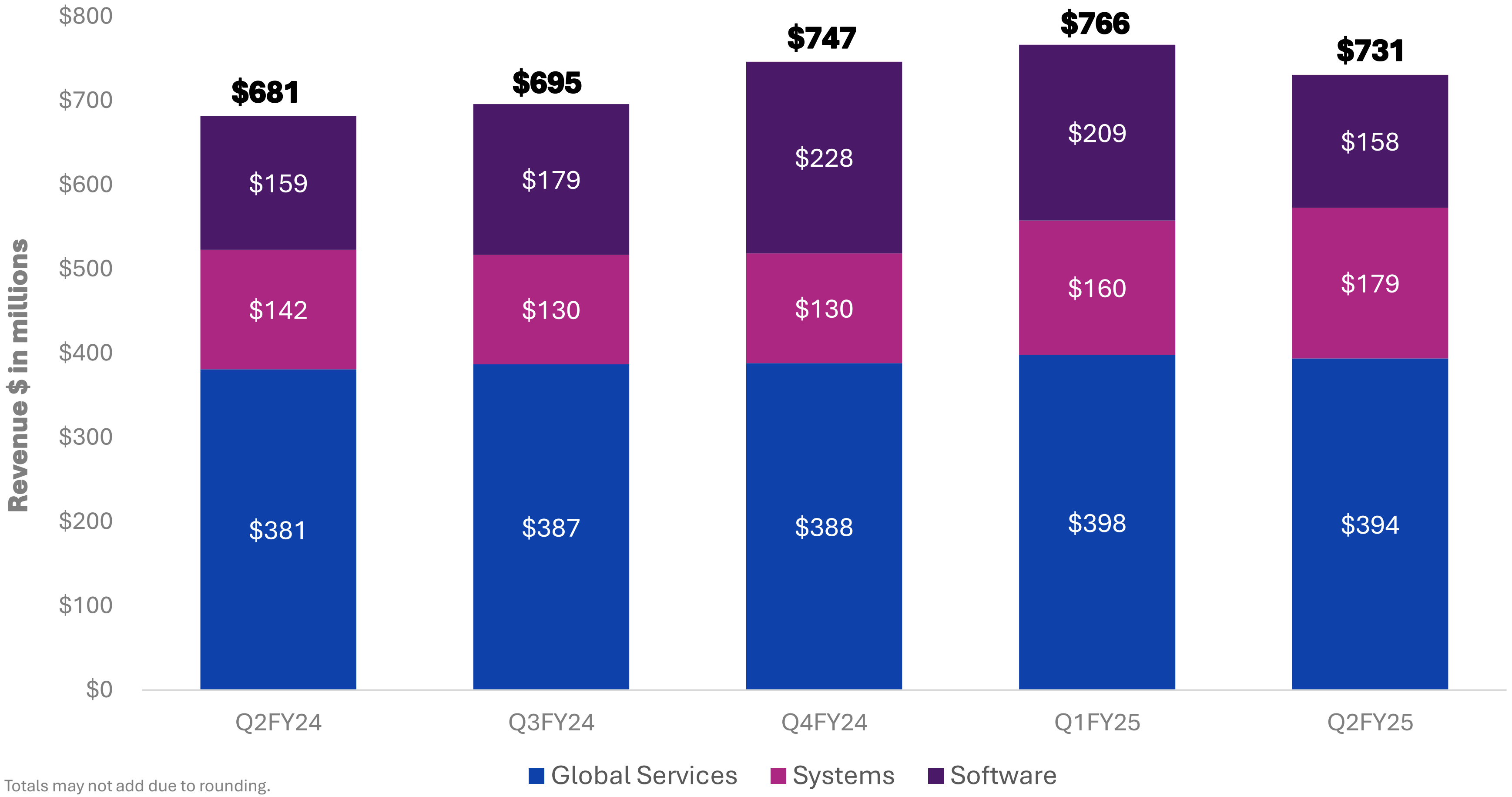
BIG-IP

Q2FY25 Results

Cooper Werner, CFO & EVP

Revenue mix and year-over-year change

Revenue mix



Totals may not add due to rounding.

Year/Year change

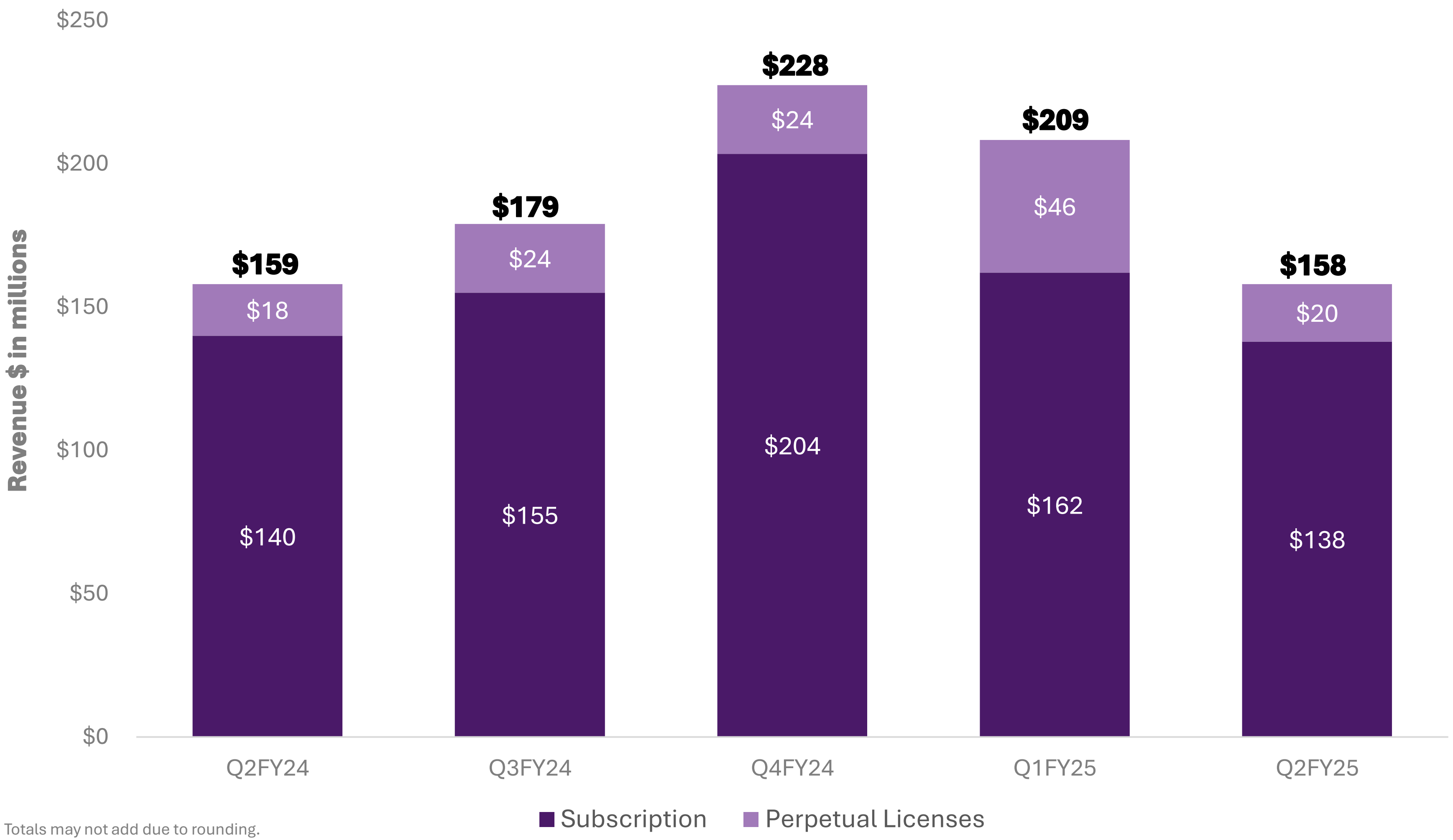
7%
Total revenue

0%
Software

27%
Systems

3%
Global services

Software revenue mix



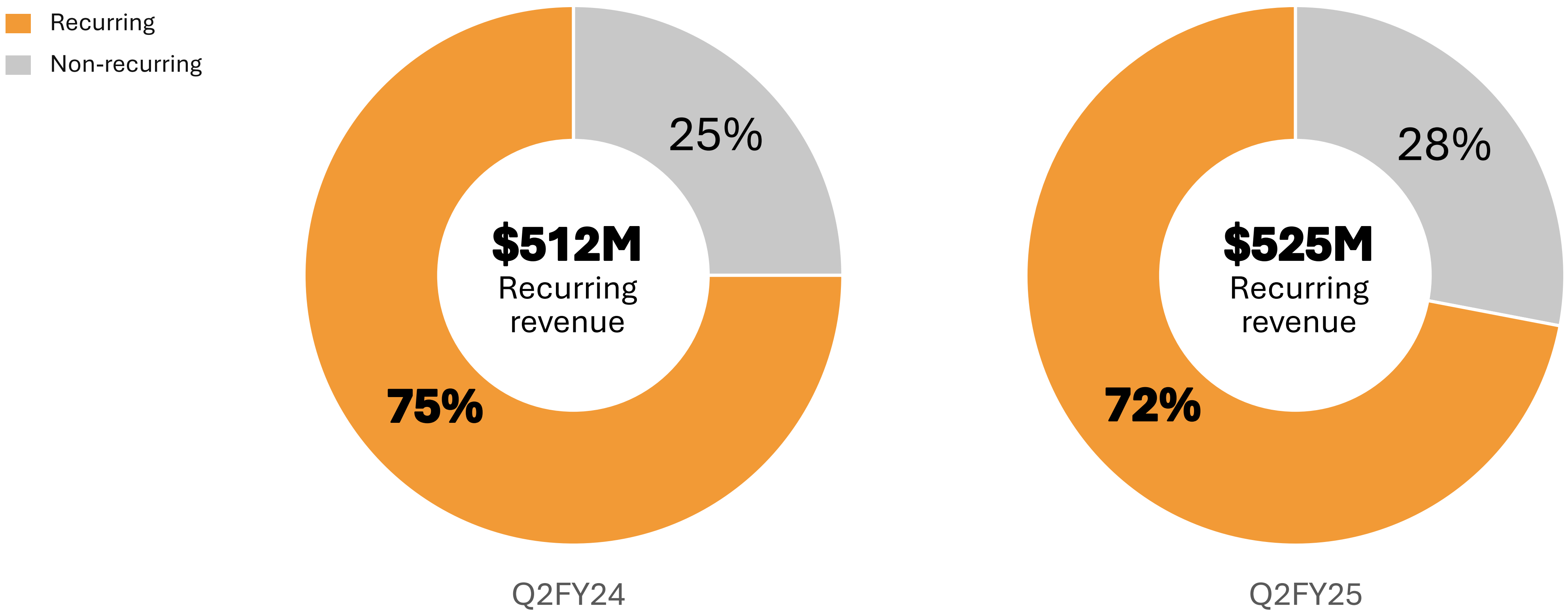
87%

of Q2FY25 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..

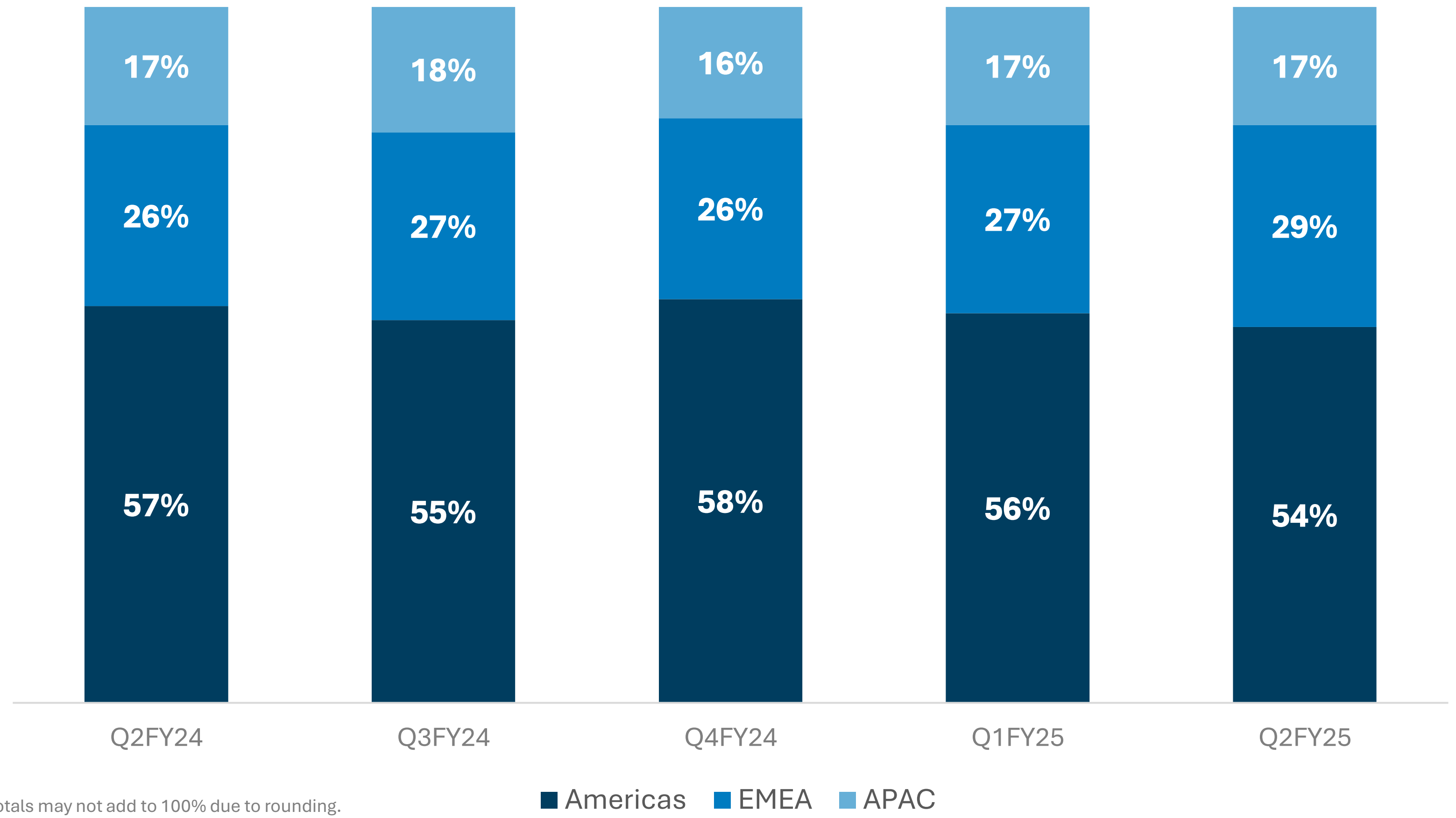
Recurring revenue (subscription, SaaS & managed services, and maintenance)



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.

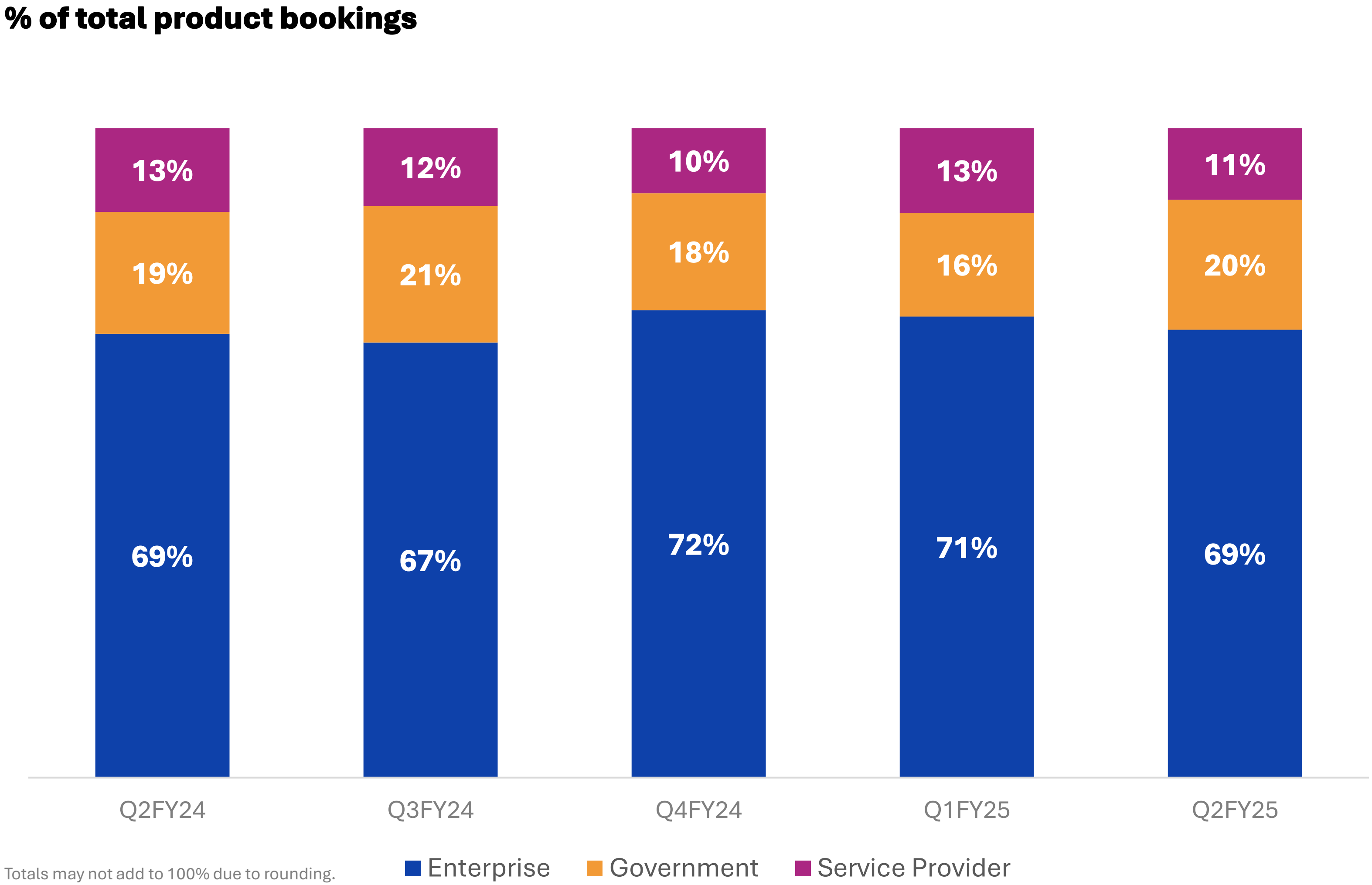
Y/Y growth by region Q2FY25

3%
Growth APAC

20%
Growth EMEA

3%
Growth AMER

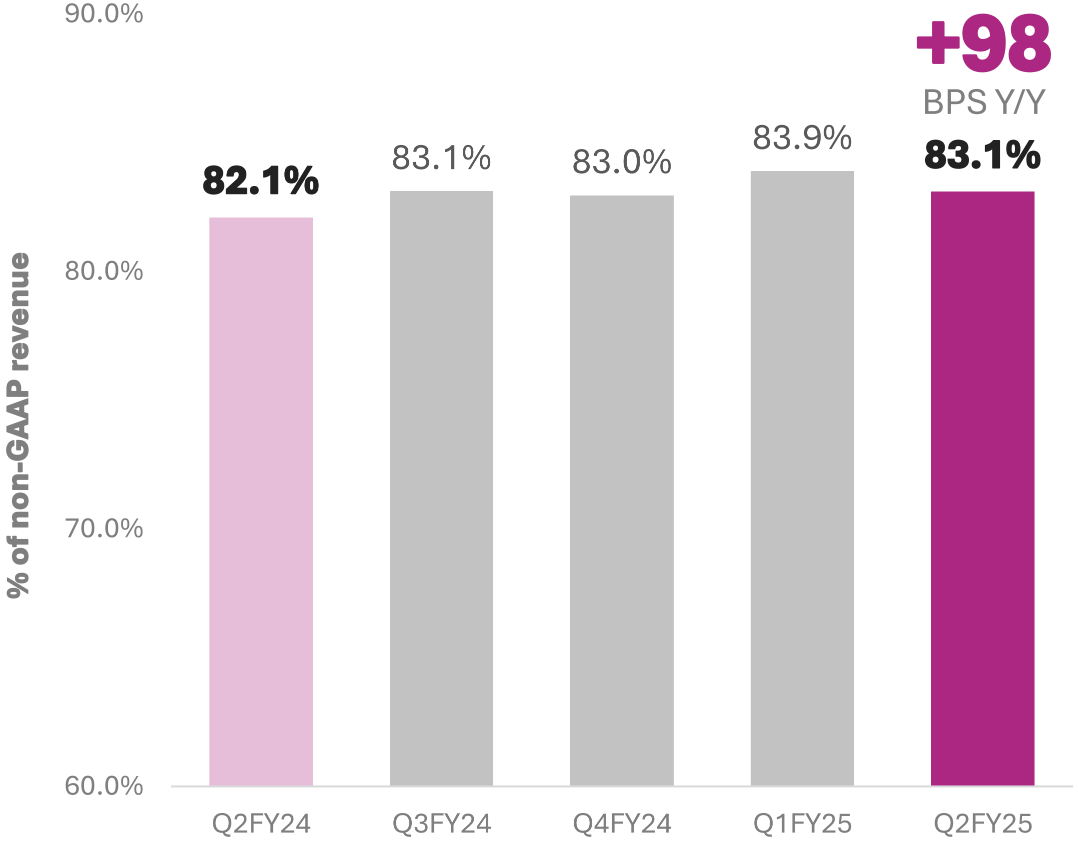
Customer verticals as a % of product bookings



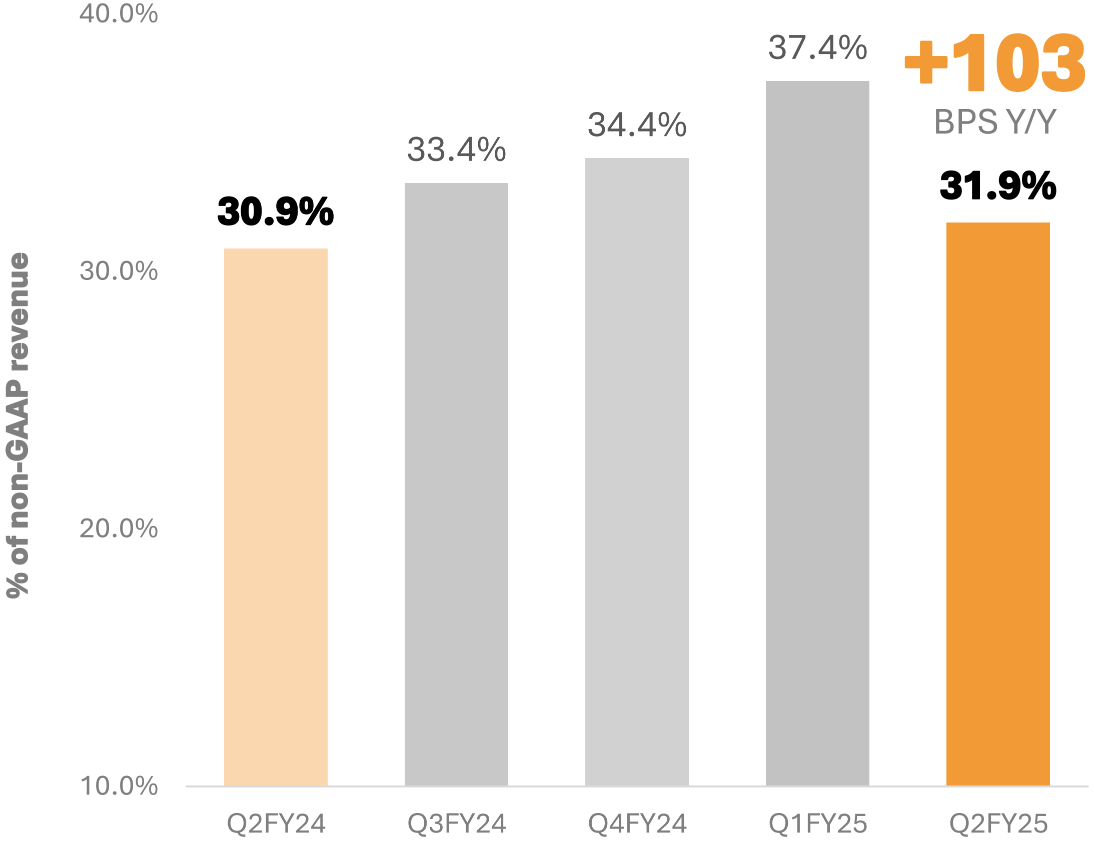
Totals may not add to 100% due to rounding.

Non-GAAP gross and operating margins

Non-GAAP gross margin



Non-GAAP operating margin

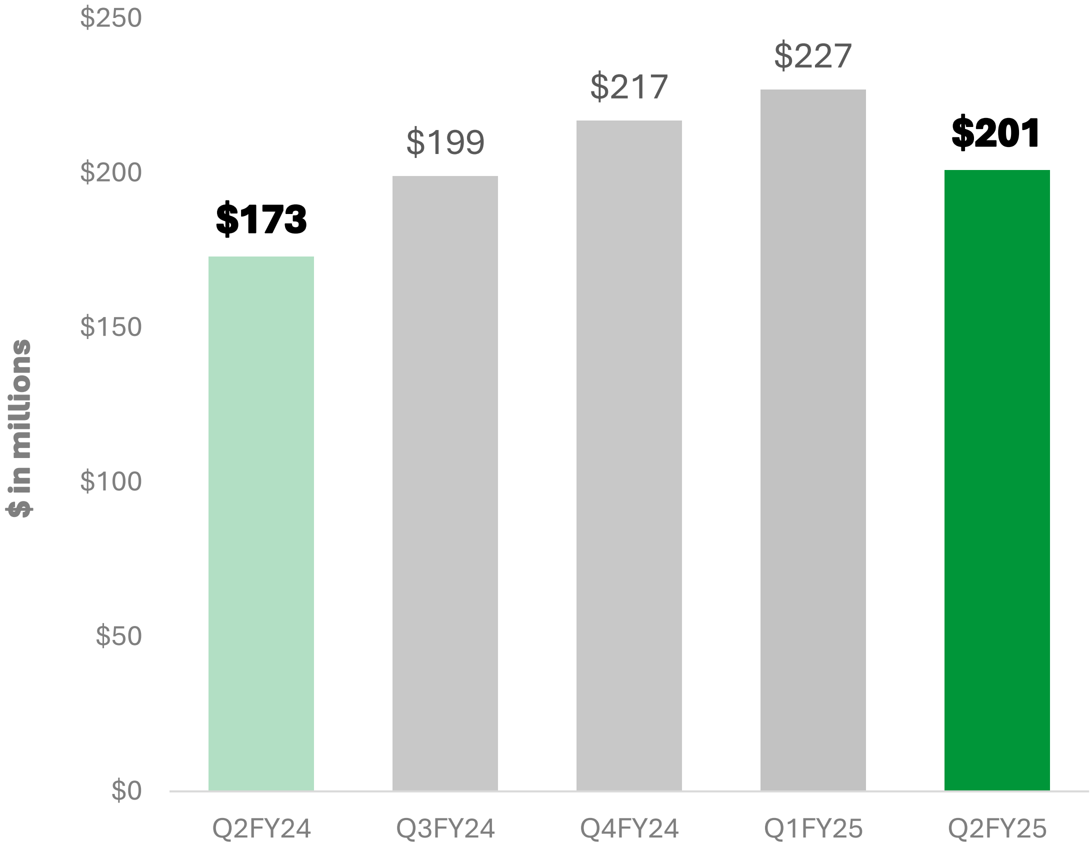


See appendix for GAAP to non-GAAP reconciliation

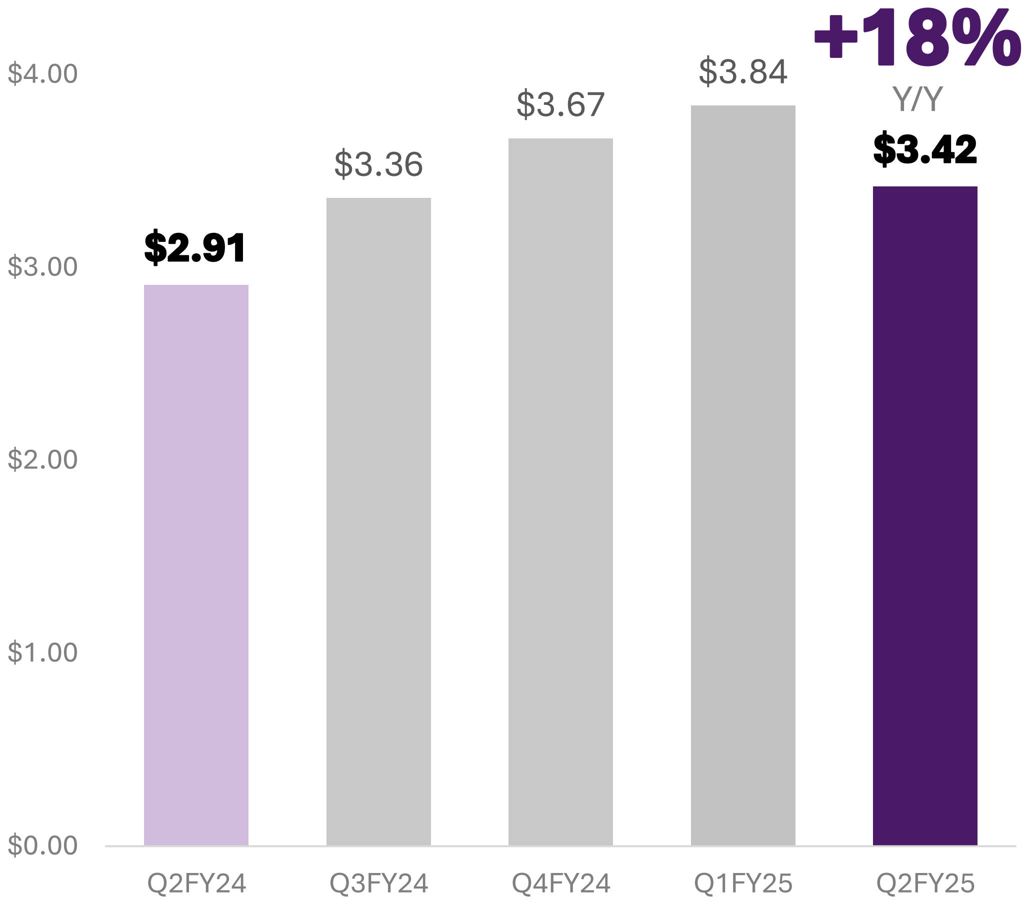
Non-GAAP net income and EPS

EPS reflects 18.1% Q2FY25 and 20.0% Q2FY24 non-GAAP effective tax rate

Non-GAAP net income

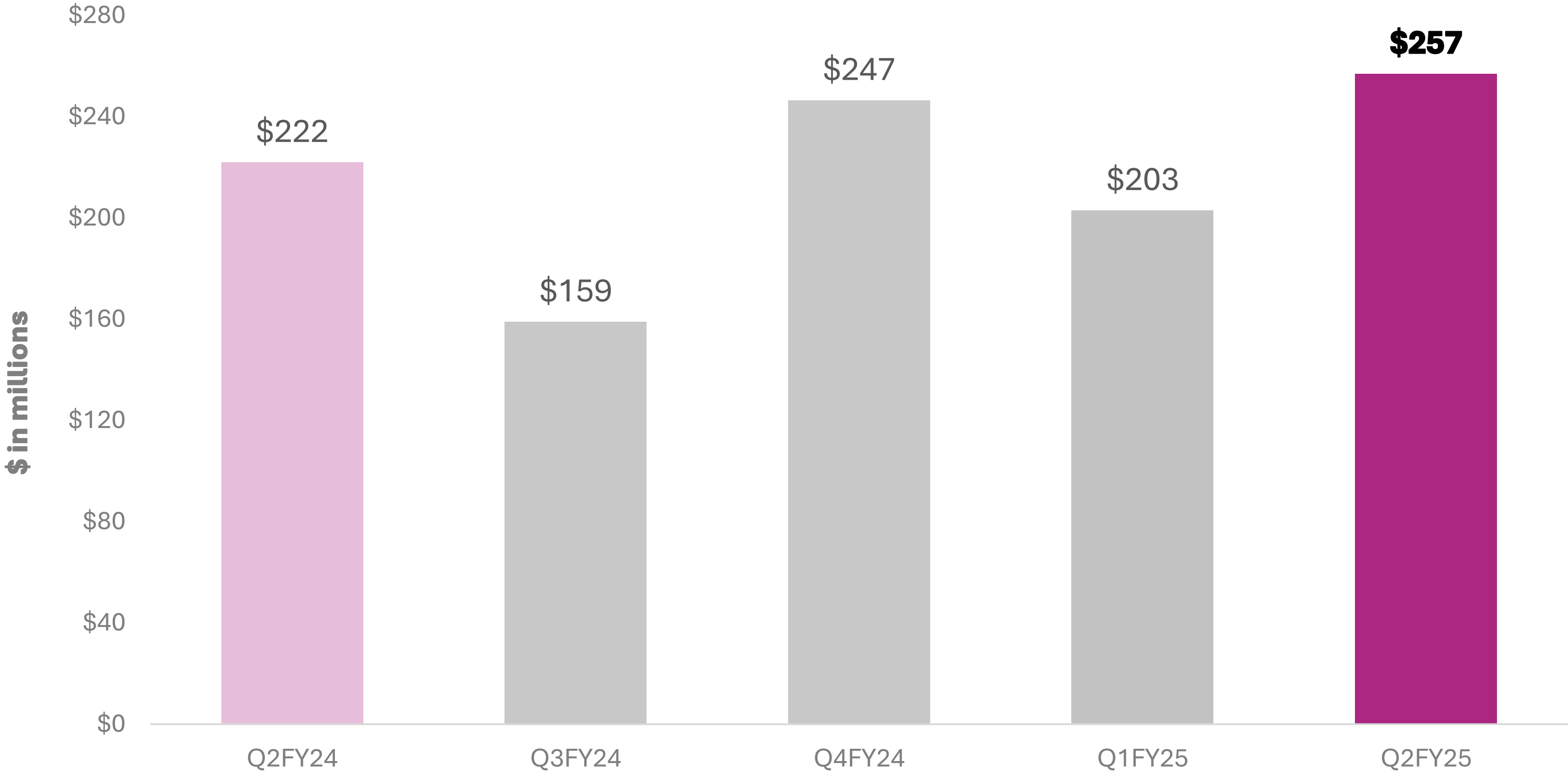


Non-GAAP EPS

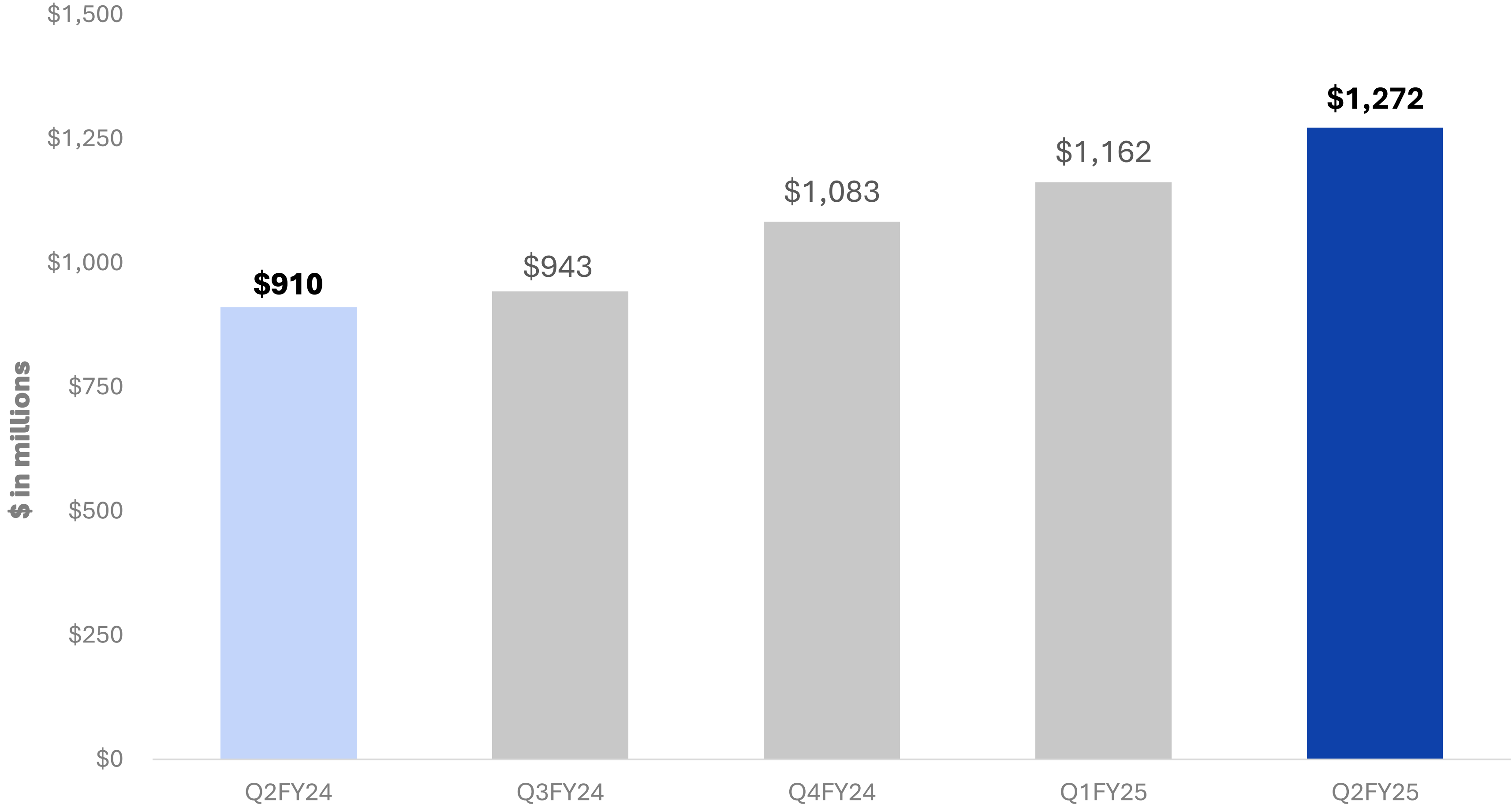


See appendix for GAAP to non-GAAP reconciliation

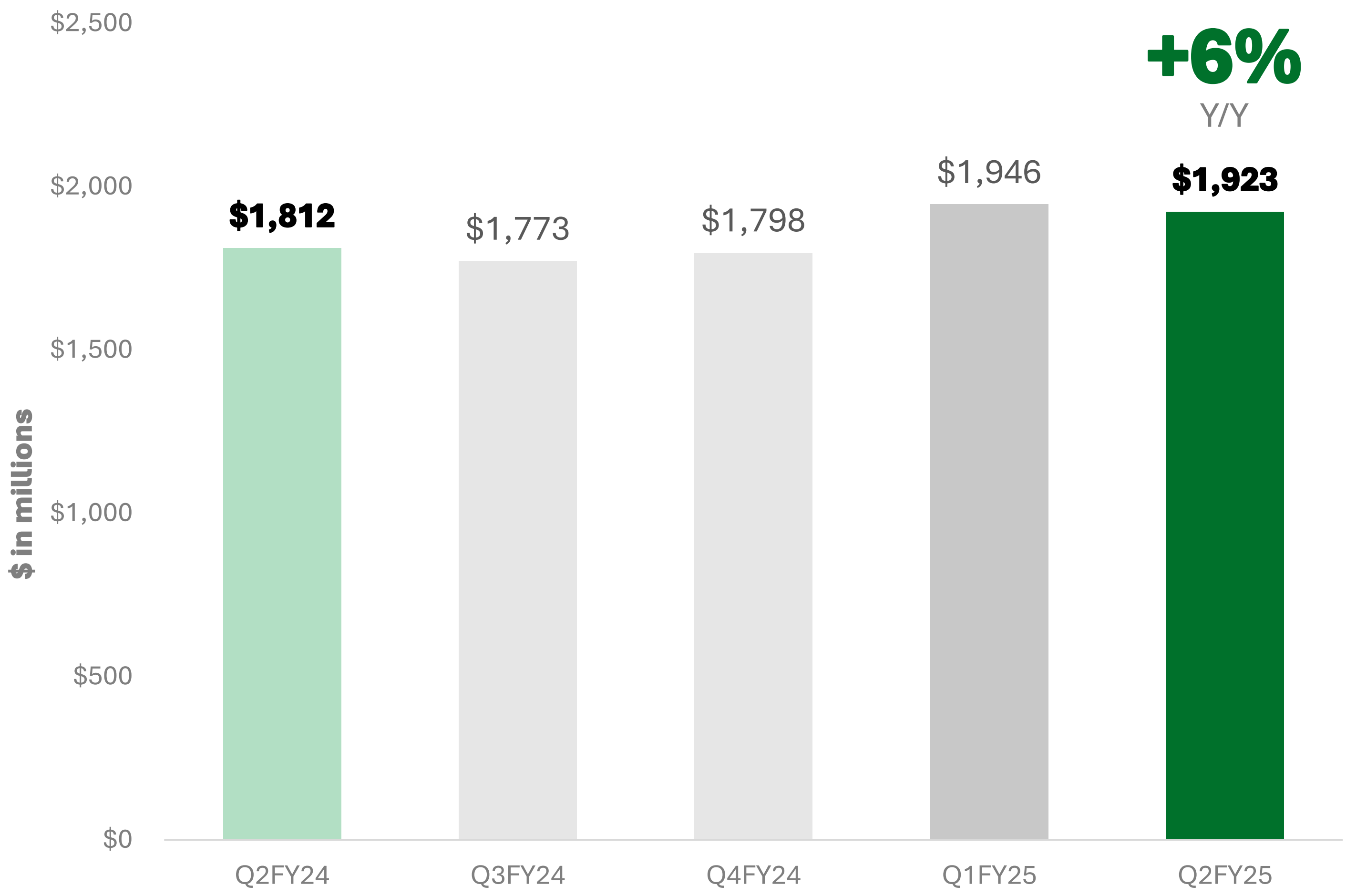
Cash flow from operations



Cash and investments



Deferred revenue



Key insights

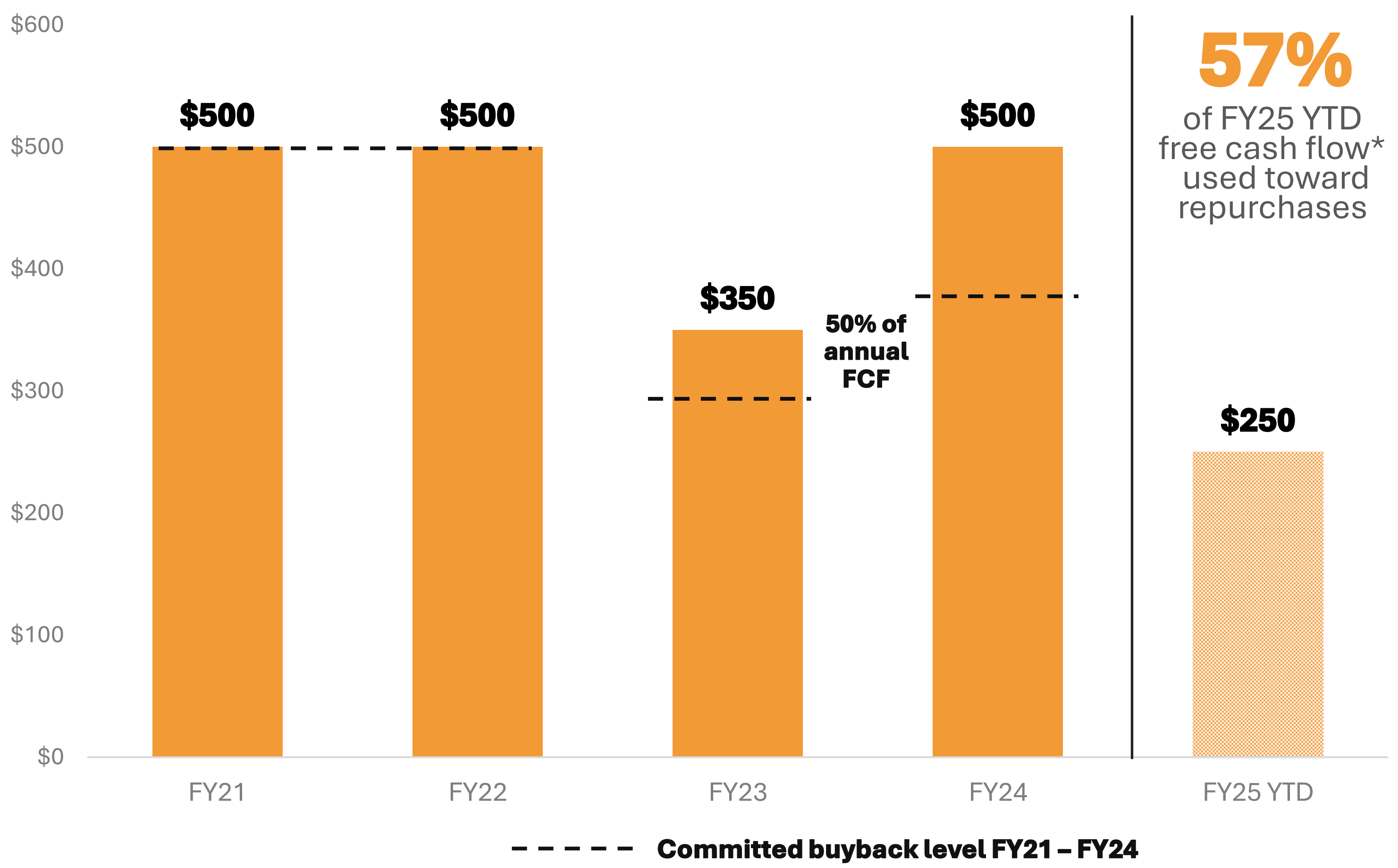
Deferred revenue consists predominantly of global services maintenance renewals and also includes term-based software subscriptions.

We are committed to returning cash to shareholders via share repurchases

Key insights

- We repurchased $125 million in FFIV shares during Q2FY25
- We have used 57% of our $441M 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 March 31, 2025, there was $1.2 billion remaining under our authorized stock repurchase program

Share repurchases ($ in millions)



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

Expect low tariff impact to costs and supply chain in FY25

Costs

Low tariff exposure across systems business

- Majority of finished goods are USMCA compliant and duty free on import into the U.S
- Small amount of tariff exposure related to peripherals and other internal-use goods imported from various countries

We estimate our FY25 tariff-related costs will be in the **low single-digit millions**, which we expect to offset through ongoing efficiency gains in our manufacturing and support operations

Supply

We do not expect any material impacts to lead times or availability as a result of our resilient and diversified global supply chain

Business Outlook

Our Q3FY25 outlook

	Q3FY25 outlook
Total revenue	**$740 to $760M**
Non-GAAP gross margin	83% to 83.5%
Non-GAAP operating expenses	$366 to $378M
Share-based compensation	$57 to $59M
Non-GAAP EPS	**$3.41 to $3.53**

Our FY25 outlook

	FY24A	FY25 outlook
Total revenue	**$2.82B**	**6.5% to 7.5% growth** (from 6% to 7% 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%	20% to 22% (from 21% to 23% previously)
Non-GAAP EPS	14% growth	**8% to 10% growth Y/Y** (from 6.5% to 8.5% previously) (On a tax-neutral basis, midpoint is >10% from FY24)
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

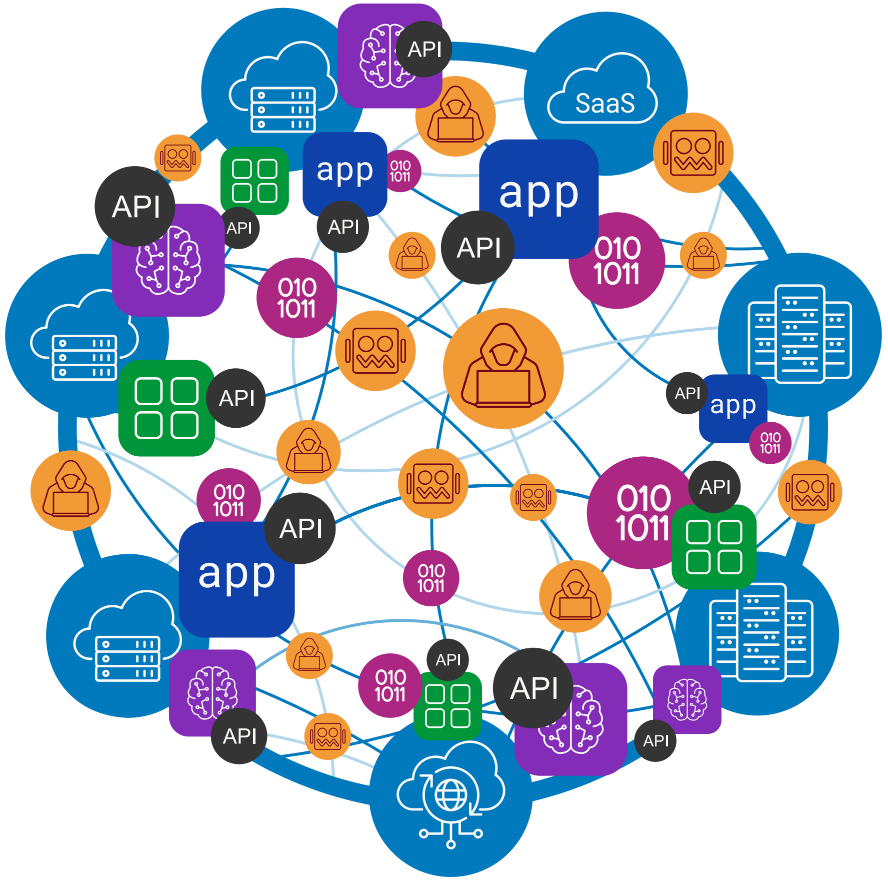
F5 is the only company that secures, delivers, and optimizes any app, any API, anywhere

Alleviating the high costs, crushing complexity, and escalating cyber risks IT teams face in an increasingly AI-driven hybrid multicloud world.

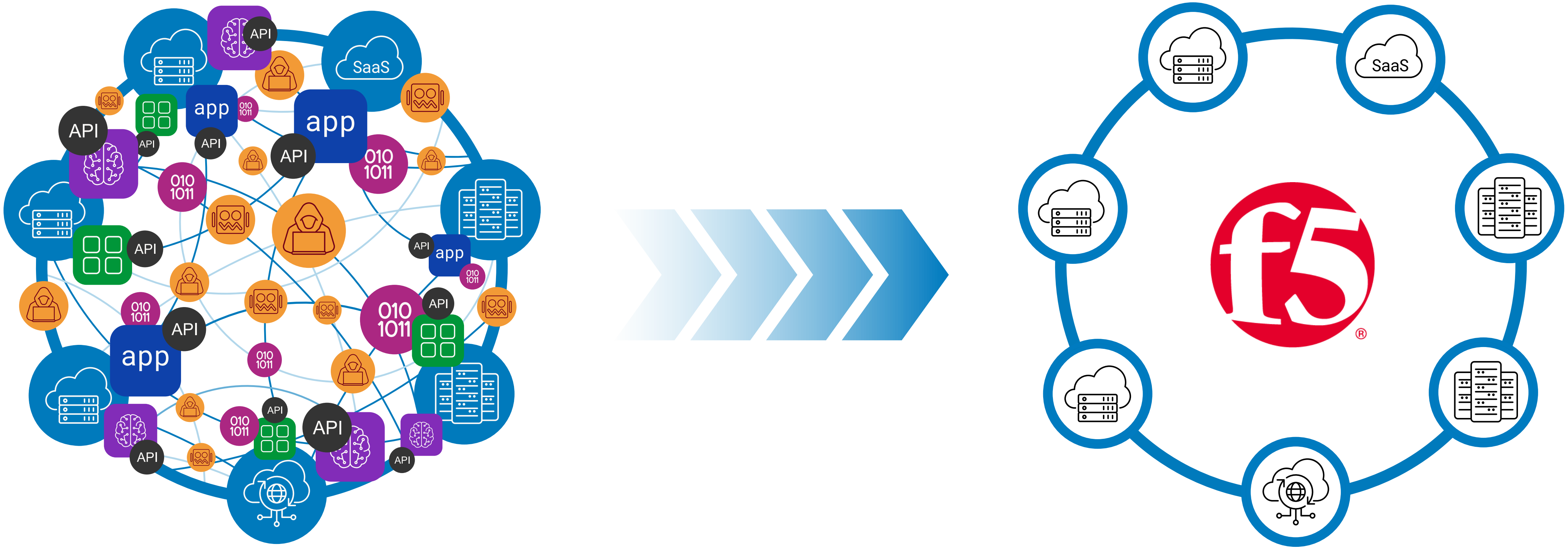
Enabling consistent policies, full visibility, and AI-driven insights from a single platform that is flexible to deploy.

Delivering new capabilities that give CISOs the visibility, compliance, and protection they need to deliver and secure any app, any API, anywhere.

Claiming a growing role across the broader hybrid multicloud landscape and building the infrastructure foundation to support the next era of intelligent computing.



F5 is the only company that secures, delivers, and optimizes any app, any API, anywhere.



Appendix

GAAP to non-GAAP reconciliation

(in thousands except percentages and per share amounts)

	Three Months Ended March 31,				Six Months Ended March 31,			
	2025		2024		2025		2024	
Net revenues	$ 731,123		$ 681,354		$ 1,497,612		$ 1,373,951	
Gross profit and gross margin:								
GAAP gross profit and gross margin	$ 590,164	80.7%	$ 540,241	79.3%	$ 1,216,143	81.2%	$ 1,096,449	79.8%
Adjustments to gross profit and gross margin:								
Stock-based compensation	$ 7,393	1.0%	$ 7,447	1.1%	$ 14,793	1.0%	$ 15,131	1.1%
Amortization and impairment of purchased intangible assets	9,283	1.3%	11,633	1.7%	18,567	1.2%	22,866	1.7%
Facility-exit costs	437	0.1%	(50)	0.0%	561	0.0%	106	0.0%
Acquisition-related charges	-	-	-	-	-	-	20	0.0%
Non-GAAP gross profit and gross margin	$ 607,277	83.1%	$ 559,271	82.1%	$ 1,250,064	83.5%	$ 1,134,572	82.6%
Income from operations and operating margin:								
GAAP income from operations and operating margin	$ 158,897	21.7%	$ 139,960	20.5%	$ 363,979	24.3%	$ 304,476	22.2%
Adjustments to income from operations and operating margin:								
Stock-based compensation	$ 58,884	8.1%	$ 55,141	8.1%	$ 116,792	7.8%	$ 111,143	8.1%
Amortization and impairment of purchased intangible assets	10,095	1.4%	13,622	2.0%	20,238	1.4%	27,937	2.0%
Facility-exit costs	4,264	0.6%	(732)	-0.1%	5,484	0.4%	806	0.1%
Acquisition-related charges	1,214	0.2%	2,390	0.4%	1,905	0.1%	3,191	0.2%
Restructuring charges	-	-	90	0.0%	11,321	0.8%	8,562	0.6%
Non-GAAP income from operations and operating margin	$ 233,354	31.9%	$ 210,471	30.9%	$ 519,719	34.7%	$ 456,115	33.2%
Net income:								
GAAP net income	$ 145,530		$ 119,021		$ 311,975		$ 257,403	
Adjustments to net income:								
Stock-based compensation	$ 58,884		$ 55,141		$ 116,792		$ 111,143	
Amortization and impairment of purchased intangible assets	10,095		13,622		20,238		27,937	
Facility-exit costs	4,264		(732)		5,484		806	
Acquisition-related charges	1,214		2,390		1,905		3,191	
Restructuring charges	-		90		11,321		8,562	
Tax effects related to above items	(18,893)		(16,369)		(39,649)		(31,152)	
Non-GAAP net income	$ 201,094		$ 173,163		$ 428,066		$ 377,890	
Net income per share - diluted:								
GAAP net income per share — diluted	$ 2.48		$ 2.00		$ 5.30		$ 4.32	
Adjustments to GAAP net income per share — diluted:								
Stock-based compensation	$ 1.00		$ 0.93		$ 1.98		$ 1.86	
Amortization and impairment of purchased intangible assets	0.17		0.23		0.34		0.47	
Facility-exit costs	0.07		(0.01)		0.09		0.01	
Acquisition-related charges	0.02		0.04		0.03		0.05	
Restructuring charges	-		0.00		0.19		0.14	
Tax effects related to above items	(0.32)		(0.27)		(0.67)		(0.52)	
Non-GAAP net income per share — diluted	$ 3.42		$ 2.91		$ 7.27		$ 6.34	
Weighted average shares — diluted	58,764		59,580		58,913		59,617	

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

GAAP to non-GAAP reconciliation (cont'd)

F5, Inc.
GAAP to Non-GAAP Reconciliation
(unaudited, in thousands)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	Six Months Ended March 31, 2025	Six Months Ended March 31, 2024
GAAP cost of net revenues	$ 140,959	$ 141,113	$ 281,469	$ 277,502
Adjustments to GAAP cost of net revenues:				
Stock-based compensation	7,393	7,447	14,793	15,131
Amortization and impairment of purchased intangible assets	9,283	11,633	18,567	22,866
Facility-exit costs	437	(50)	561	106
Acquisition-related charges	-	-	-	20
Non-GAAP cost of net revenues	$ 123,846	$ 122,083	$ 247,548	$ 239,379
GAAP sales and marketing expense	$ 218,061	$ 210,800	$ 424,096	$ 409,727
Adjustments to GAAP sales and marketing expense:				
Stock-based compensation	21,835	21,421	43,002	43,017
Amortization and impairment of purchased intangible assets	718	1,839	1,436	4,627
Facility-exit costs	1,503	111	1,917	594
Acquisition-related charges	-	(22)	-	43
Non-GAAP sales and marketing expense	$ 194,005	$ 187,451	$ 377,741	$ 361,446
GAAP research and development expense	$ 136,561	$ 122,207	$ 267,079	$ 241,782
Adjustments to GAAP research and development expense:				
Stock-based compensation	16,441	15,513	32,922	31,531
Amortization and impairment of purchased intangible assets	94	94	188	188
Facility-exit costs	1,147	(1,026)	1,511	(484)
Acquisition-related charges	500	174	1,000	327
Non-GAAP research and development expense	$ 118,379	$ 107,452	$ 231,458	$ 210,220
GAAP general and administrative expense	$ 76,645	$ 67,184	$ 149,668	$ 131,902
Adjustments to GAAP general and administrative expense:				
Stock-based compensation	13,215	10,760	26,075	21,464
Amortization and impairment of purchased intangible assets	-	56	47	256
Facility-exit costs	1,177	233	1,495	590
Acquisition-related charges	714	2,238	905	2,801
Non-GAAP general and administrative expense	$ 61,539	$ 53,897	$ 121,146	$ 106,791

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.

