Q3FY26 Results

PERIOD ENDING June 30, 2026

Published July 27, 2026

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.

Today's speakers

François Locoh-Donou

Chairman, President, & CEO

Business Overview

Cooper Werner

EVP & Chief Financial Officer

Results & Business Outlook

Forward-looking statements

This presentation and the remarks that accompany it contain forward-looking statements including, among other things, that F5's eight consecutive quarters of double-digit product growth reflect the mission-critical role F5 plays at the application delivery and security layer of today's hybrid multicloud and AI-driven enterprise infrastructure, the world runs on applications and the threats targeting them have never been more sophisticated, AI has empowered attackers and compressed the time between vulnerability discovery and exploitation, F5's response is a continues defense model built for this new reality, F5 is using AI to empower our customers to stay ahead of threats across every environment they operate in by identifying risk earlier, protecting applications at runtime, and delivering hardened software faster, 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.

Business overview

François Locoh-Donou

GAAP & non-GAAP results

GAAP results

	Q3FY26	Q3FY25
Revenue	**$865M**	**$780M**
Gross profit	$712M	$632M
Gross margin	82.2%	81.0%
Operating profit	$213M	$196M
Operating margin	24.7%	25.2%
Tax rate	8.0%	10.8%
Net income	$208M	$190M
EPS	**$3.62**	**$3.25**

Non-GAAP results

	Q3FY26	Q3FY25
Revenue	**$865M**	**$780M**
Gross profit	$728M	$649M
Gross margin	84.2%	83.1%
Operating profit	$303M	$267M
Operating margin	35.0%	34.3%
Tax rate	12.4%	14.4%
Net income	$272M	$243M
EPS	**$4.73**	**$4.16**

See appendix for GAAP to non-GAAP reconciliation

Q3FY26 performance highlights

11%	Total revenue growth Y/Y	32%	Systems revenue growth Y/Y
19%	Product revenue growth Y/Y	7%	Software revenue growth Y/Y
8	Consecutive quarters of double-digit product revenue growth	14%	Non-GAAP EPS growth Y/Y

See appendix for GAAP to non-GAAP reconciliation.

F5 sits at the front door of the world’s most critical applications

AI is accelerating everything. More traffic. More APIs. More distributed architectures. And a dramatically larger attack surface.

The complexity our customers are navigating has never been greater.

> F5 targets this complexity, **simplifying and unifying application delivery and security across hybrid multicloud environments.** We sit at the front door of the world’s most critical applications, delivering and securing every app, every API.
>
> It’s a position we’ve earned over nearly three decades, and one we are strengthening every day.

F5 is at the intersection of three secular megatrends

Hybrid multicloud

accelerates workload distribution

Expanding threat landscape

accelerates demand for AI-powered security

AI inference

accelerates demand for app security and delivery

Our Q3FY26 results demonstrate F5 is delivering revenue growth while operating with discipline

Driving revenue growth

11%

Revenue growth

19%

Product growth

We are **converting hybrid multicloud adoption** into expansion opportunities, competitive displacements, digital sovereignty wins, and platform consolidation wins.

We are **capitalizing on heightened demand for best-in-class application and API security.**

We are **building AI momentum**, with another strong quarter of wins across AI data delivery, AI runtime security and AI factory load balancing.

Operating with discipline

35%

Non-GAAP operating margin

+14%

Non-GAAP EPS growth Y/Y

We are raising our FY26 outlook

Previous outlook	Updated outlook
+7% to 8% FY26 revenue growth Y/Y	Approximately **9% to 10%** FY26 revenue growth Y/Y

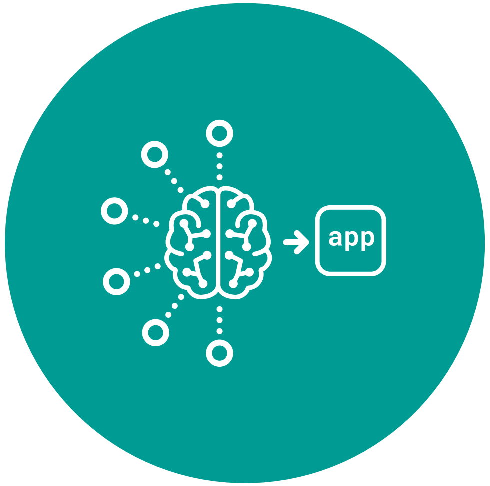
F5 is at the intersection of three secular megatrends

Hybrid multicloud adoption

Enterprises are building for flexibility across every environment

Threat landscape expansion

Attacks are increasingly AI- and agentic-powered translating to higher volumes with greater variation



AI inference inflection

Organizations are connecting apps and APIs to AI models and inference calls are becoming a part of how applications run

Hybrid multicloud adoption is fueling multiple growth drivers for F5

We are converting hybrid multicloud adoption into **expansion** opportunities, **digital sovereignty** wins, **competitive displacements**, and **platform consolidation** wins.

Data center buildout & sovereignty

- Refresh + expansion
- Capacity expansion & higher perf systems
- New use case attach, expanding footprint and wallet share
- Digital sovereignty

Competitive displacement

- Investment in hybrid multicloud translating into market share gains
- Unmatched breadth and depth across on-prem, software, and SaaS

Platform consolidation

- F5 replacing point products with a unified approach
- Improving performance and security
- Easier to operate at scale

Hybrid multicloud adoption is fueling multiple growth drivers for F5

We are converting hybrid multicloud adoption into **expansion** opportunities, **digital sovereignty** wins, **competitive displacements**, and **platform consolidation** wins.

Data center buildout

Energy & utilities

- Energy and utilities provider with 1,000+ mission critical apps on F5 scaled its BIG-IP footprint in a major overhaul of its cloud infrastructure spanning three regions and multiple data centers.
- Customer repatriated workloads on premises and onto BIG-IP after cloud instability threatened critical services.
- F5 reduced third-party dependency, and restored confidence in delivery infrastructure reliability.

Digital sovereignty

Government agency

- European government agency sought to standardize delivery and security across a growing multicloud environment while keeping select apps on-premises for privacy and compliance.
- F5 delivered a sovereign-by-design architecture with consistent delivery, stronger security, and simpler operations across their multi-cloud environment.
- Refreshed and expanded BIG-IP footprint and added Distributed Cloud Services, including AI-powered WAF to automate policy management and advance threat protection.

Competitive Displacement

Technology provider

- F5 displaced an incumbent at a Fortune 100 global enterprise technology provider looking to strengthen the delivery and security layer in front of its S3-compatible cloud storage service across 45 data centers worldwide.
- BIG-IP selected for its ability to deliver the availability, resilience, and security required to support their AI and data-intensive workloads at global scale.

F5 is at the intersection of three secular megatrends

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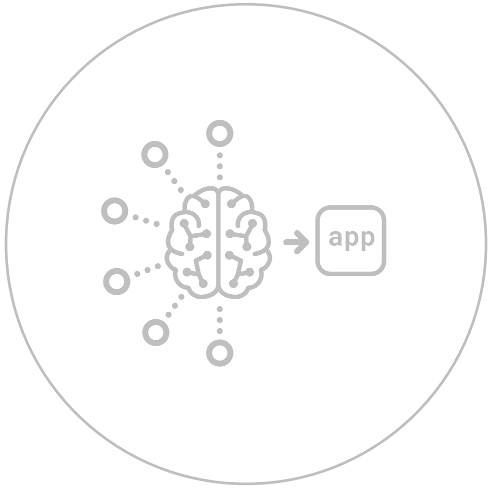
Attacks are increasingly AI- and agentic-powered translating to higher volumes with greater variation



AI inference inflection

Organizations are connecting apps and APIs to AI models and inference calls are becoming a part of how applications run

Threat landscape expansion is creating tailwinds for F5

As the **front lines of cyber defense shift** to the application layer — with app attacks surging 140% from 2022 to 2025 — the need for **F5's advanced application and API security** has never been greater

Telecommunications provider

- A multi-brand telecommunications provider replaced a fragmented collection of security tools with Distributed Cloud Services.
- The customer consolidated web application and API protection, bot defense, and DDoS mitigation on F5, displacing both a SaaS-only competitor and a cloud-native toolset.
- F5's automated API discovery aligned with the customer's shift to microservices, reducing latency and keeping sensitive traffic off the public internet.
- F5's unified management layer lowered operational overhead, supporting the customer's cost-reduction goals and establishing F5 as an always-on security layer across their digital operations.

Multinational healthcare company

- While pursuing a hybrid cloud strategy, a multinational healthcare company identified critical security gaps with their incumbent provider.
- Following a competitive evaluation, Distributed Cloud Services displaced the incumbent, providing web application and API protection, DDoS mitigation, and bot defense on a unified platform.
- Since deployment, threats that previously evaded detection are now being identified and blocked.
- F5 improved security outcomes while reducing operational costs by consolidating multiple functions.

Frontier AI models have escalated the threat level and early movers are already strengthening defenses

Frontier AI models are creating a new level of urgency that we are capitalizing on with
F5's advanced application and API security

Retail banking institution

- A major European retail banking institution accelerated plans to upgrade its application security infrastructure as the potential for AI-driven attacks escalated.
- F5's AI-powered approach, including machine learning-based threat detection, granular per-application policy controls, and behavioral bot defense, differentiated F5 from their incumbent provider.
- They are deploying Distributed Cloud Services as the front door to their application environments, creating a consistent, scalable on-premises bot defense architecture.
- This foundation can be extended to every new environment they deploy, mitigating both agentic and traditional bot attacks.

Financial institution

- A large financial institution and longstanding F5 customer, accelerated its application security strategy amidst rising AI-driven attacks and zero-day vulnerabilities.
- The customer doubled down on F5 as its strategic security vendor, deploying our AI-powered WAF to automate threat detection and accelerate virtual patching at scale.

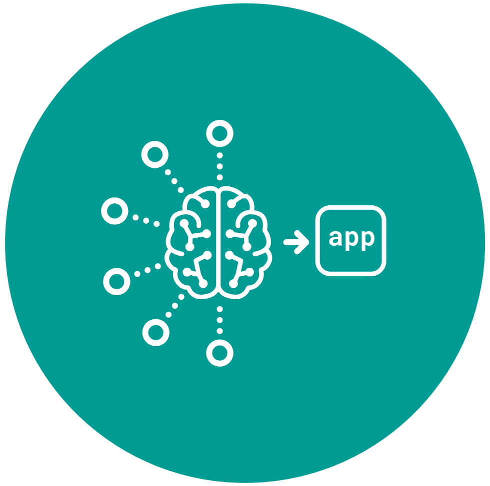
F5 is at the intersection of three secular megatrends

Hybrid multicloud adoption

Enterprises are building for flexibility across every environment

Threat landscape expansion

Attacks are increasingly AI- and agentic-powered translating to higher volumes with greater variation



AI inference inflection

Organizations are connecting apps and APIs to AI models and inference calls are becoming a part of how applications run

AI inference inflection is accelerating demand for application delivery and security across AI use cases

The **AI inference inflection** is driving demand for F5, both indirectly, as customers **expand hybrid multicloud deployments,** and directly, through our three AI use cases: **AI data delivery, AI runtime security and AI factory load balancing.**

AI DATA DELIVERY

F5 is accelerating secure AI data pipelines, ensuring storage, networking, and data delivery, and keeping AI clusters fully utilized across hybrid and multicloud deployments

Autonomous systems manufacturer

- A leading autonomous infrastructure had already repatriated AI training data from public cloud to on-premises data centers, with F5 deployed in front of their AI storage environment to improve latency.
- As data volumes and throughput demands grew, they selected F5 over a competitor, expanding our role as the trusted traffic layer between storage and compute and simplifying connectivity and storage sharing across their data centers.

AI RUNTIME SECURITY

F5 is safeguarding AI applications, APIs, and models from abuse, data leaks, and attacks like prompt injection and delivering real-time threat defense, red teaming models, and robust guardrails.

Professional sports league

- U.S.-based professional sports league was rolling out AI-powered apps to analyze highly sensitive data, including player health information and team strategy insights.
- They deployed AI Guardrails and AI Red Team to validate apps before launch and defend them at runtime, standardizing on F5 as their single trusted vendor.

AI FACTORY LOAD BALANCING

F5 is optimizing traffic and GPU utilization both *across* and *within* AI factories, increasing token throughput, reducing time-to-first token, and lowering per-token costs.

Service provider

- A service provider selected F5 to power its sovereign AI factory, purpose-built to deliver GPU as-a-Service and AI model as-a-Service.
- They deployed BIG-IP Next for Kubernetes, Distributed Cloud Services, and NGINX, enabling secure multi-tenancy, traffic segmentation, token governance, and large language model API endpoint protection.

Innovation at F5

Frontier AI has fundamentally altered both sides of the security equation

Attackers can use AI to discover vulnerabilities, develop exploits, and vary **attacks at a speed and scale that was previously impossible,** compressing the time between vulnerability discovery and exploitation and forcing every enterprise to rethink how to protect its applications.

Customers increasingly need runtime protection: the **ability to detect malicious behavior and stop attacks** while their applications, APIs, models, and agents are running.

We are innovating to lead the next generation of capabilities for customers

AI-powered capabilities in Distributed Cloud WAF

- Uses a layered detection engine to assess the intent and risk of each request
- Moving customers beyond static signatures and manual policy tuning

Hardened software releases

- New monthly cadence
- Applying advanced and preview frontier models to vulnerability discovery and remediation
- Finding and fixing issues faster

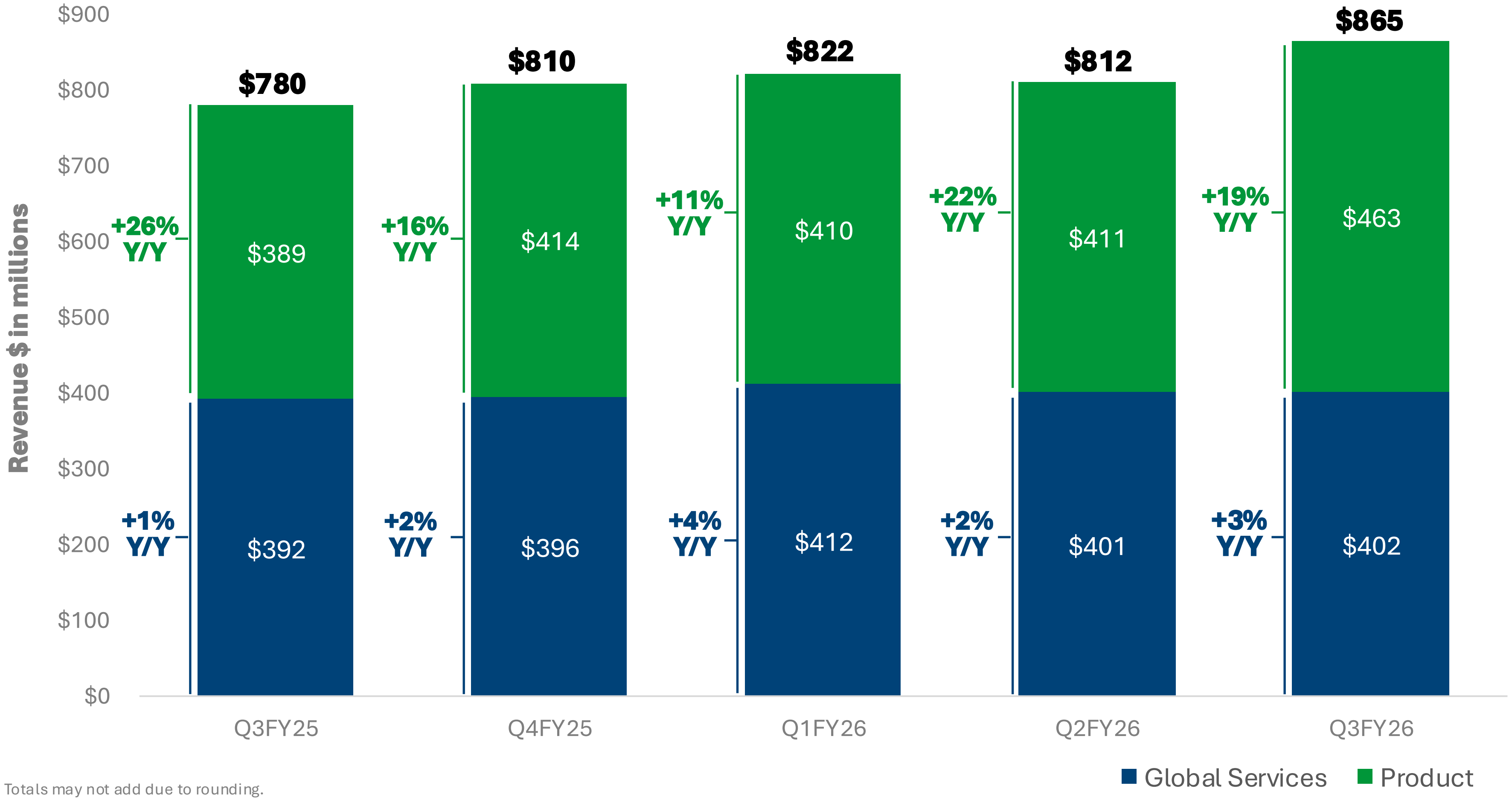
Fleet-management capabilities via F5 Insight

- F5 Insight gives customers visibility into software versions, security posture and update readiness across their BIG-IP estates
- Guided workflows simplify upgrades and patching

Q3FY26 results

Cooper Werner

Revenue mix



Year/Year change

11%

Total revenue growth

19%

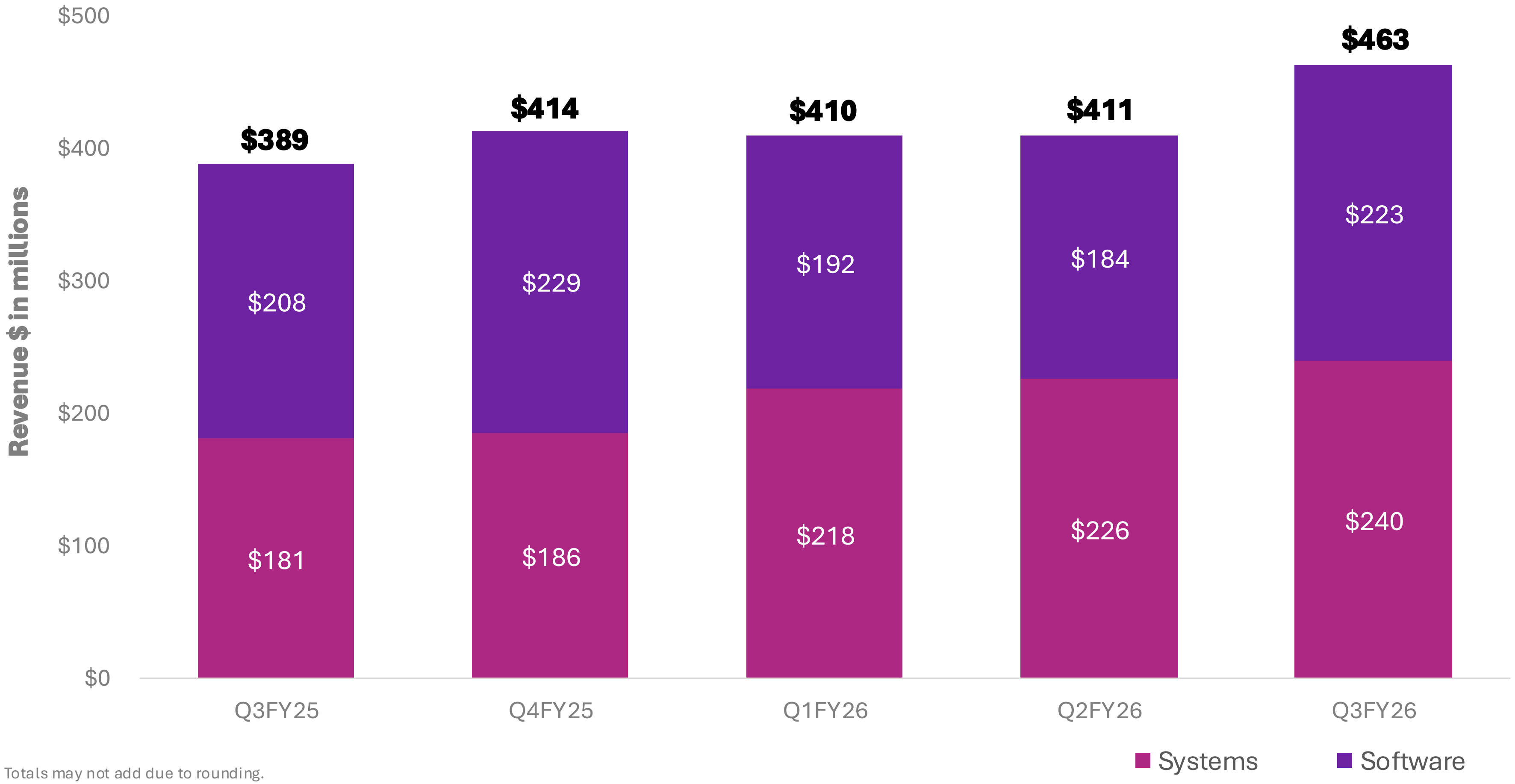
Product revenue growth

8

Consecutive quarters of double-digit product growth

Totals may not add due to rounding.

Product revenue mix



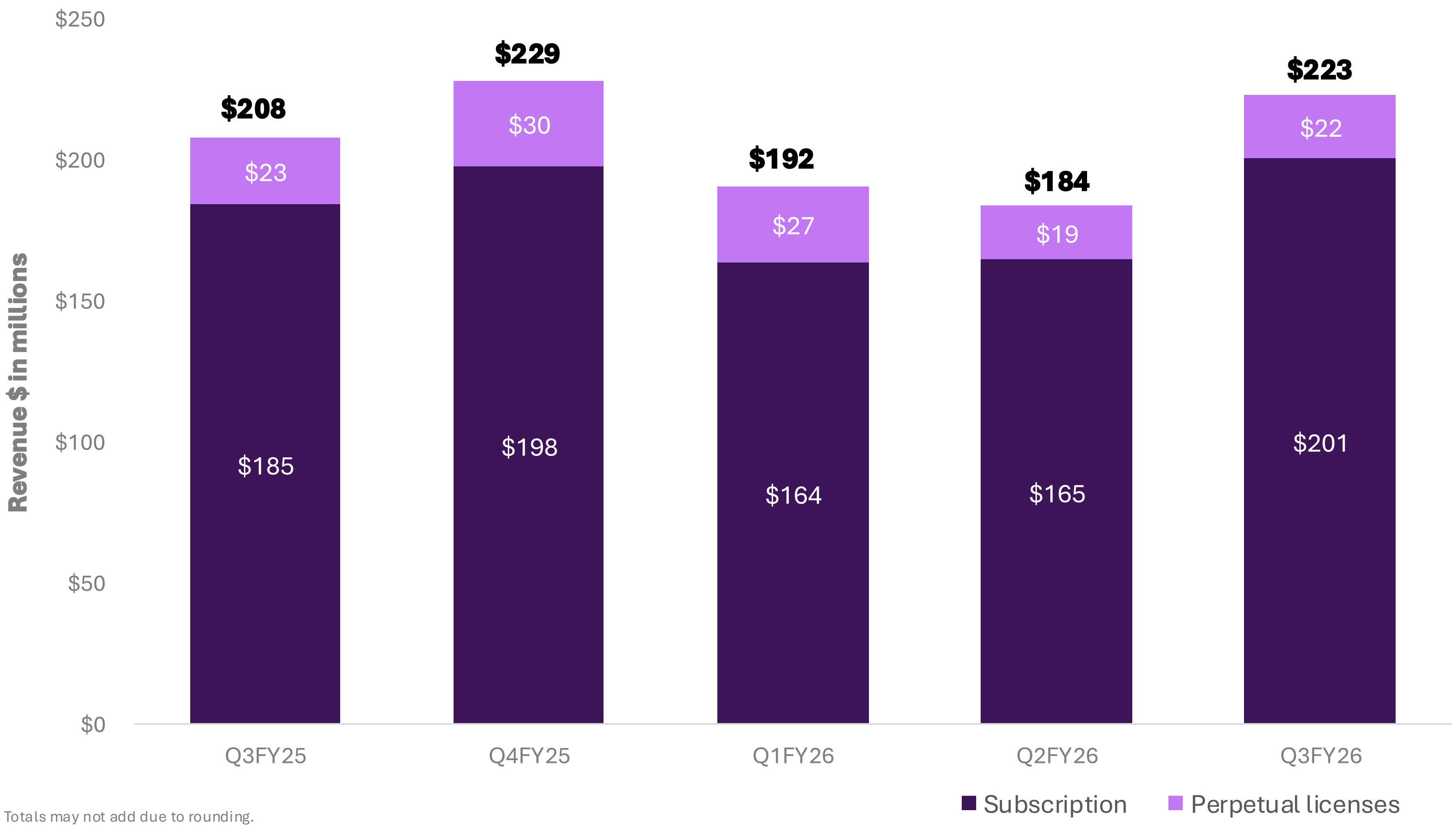
Year/Year change

+7%
Software

+32%
Systems

Totals may not add due to rounding.

Software revenue mix



Totals may not add due to rounding.

9%

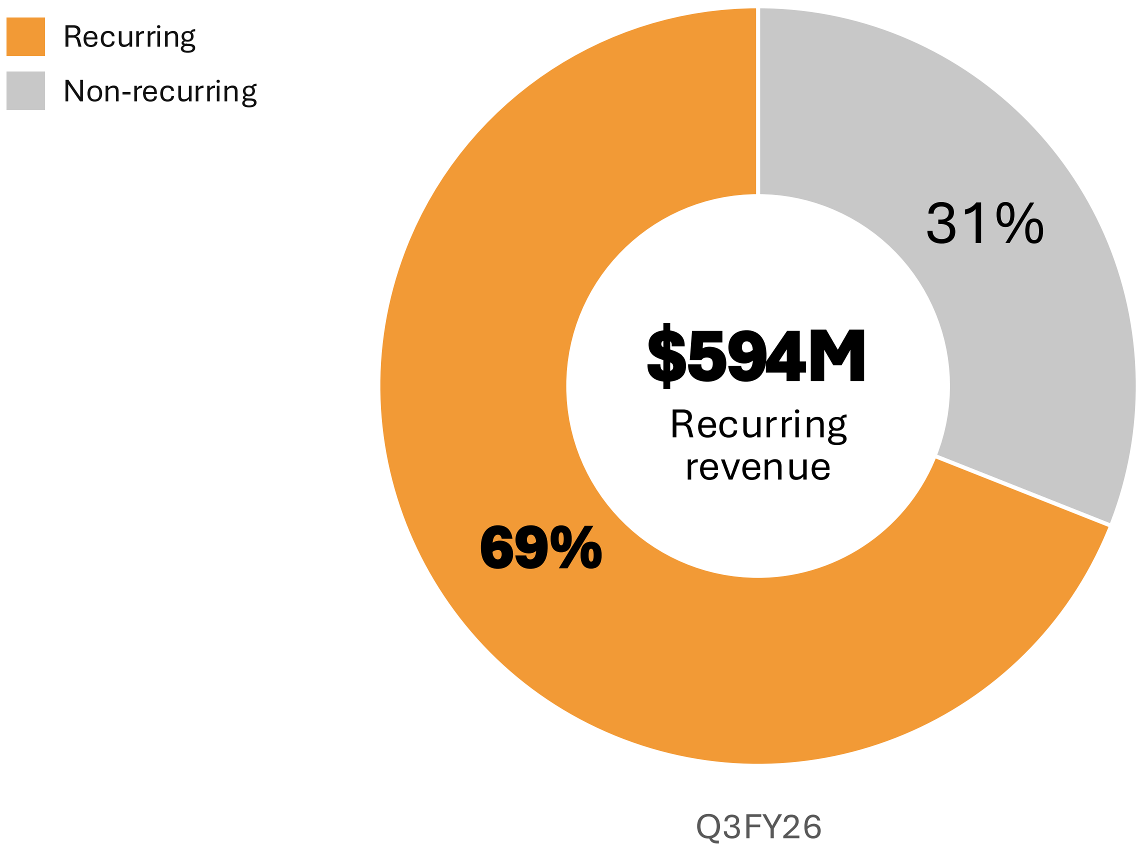
Software subscription revenue growth Y/Y

90%

of Q3FY26 total software revenue from subscriptions

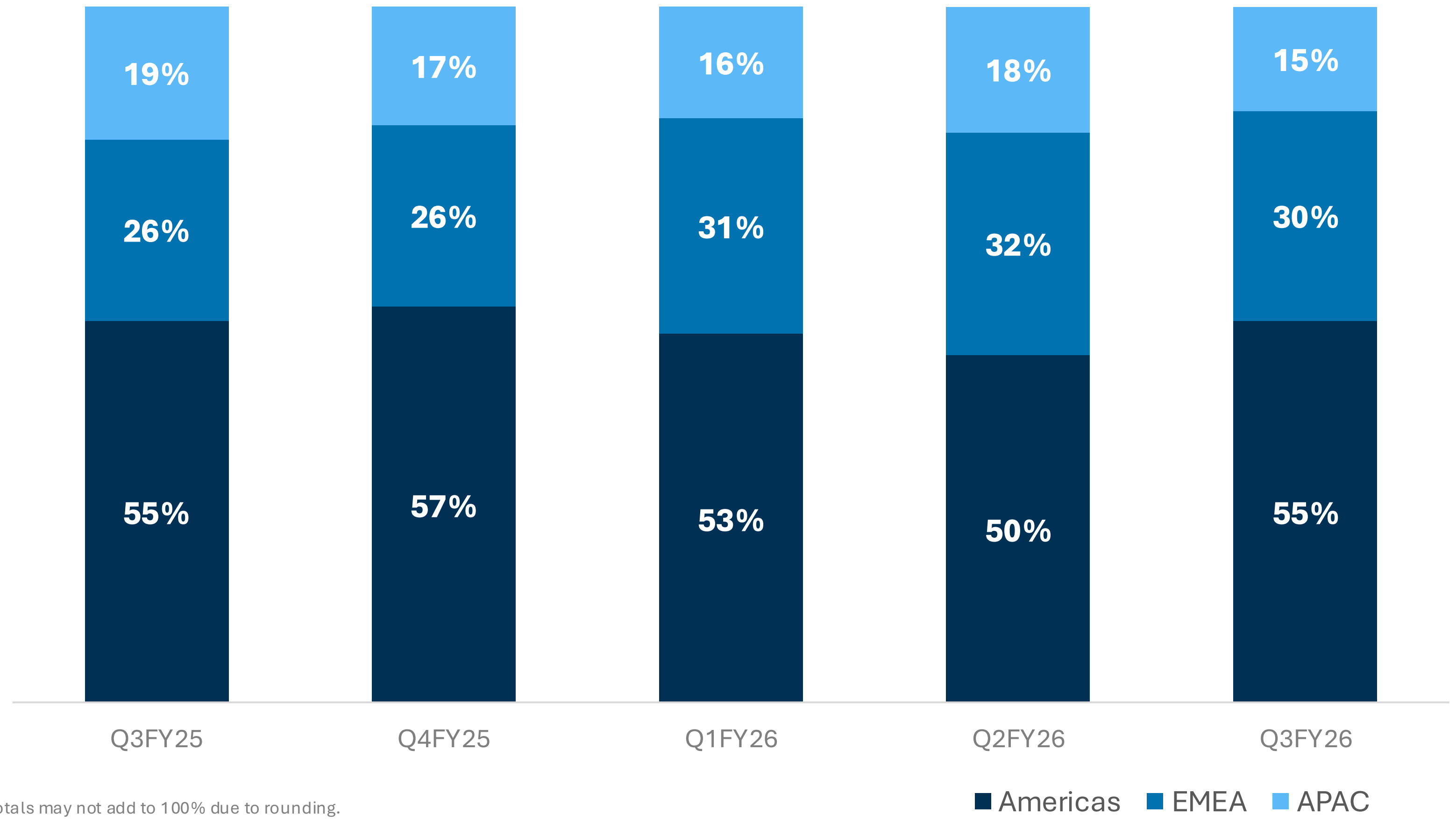
Subscription software revenue includes term subscriptions, both multi-year and annual, as well as SaaS & managed services and utility-based revenue..

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



Totals may not add to 100% due to rounding.

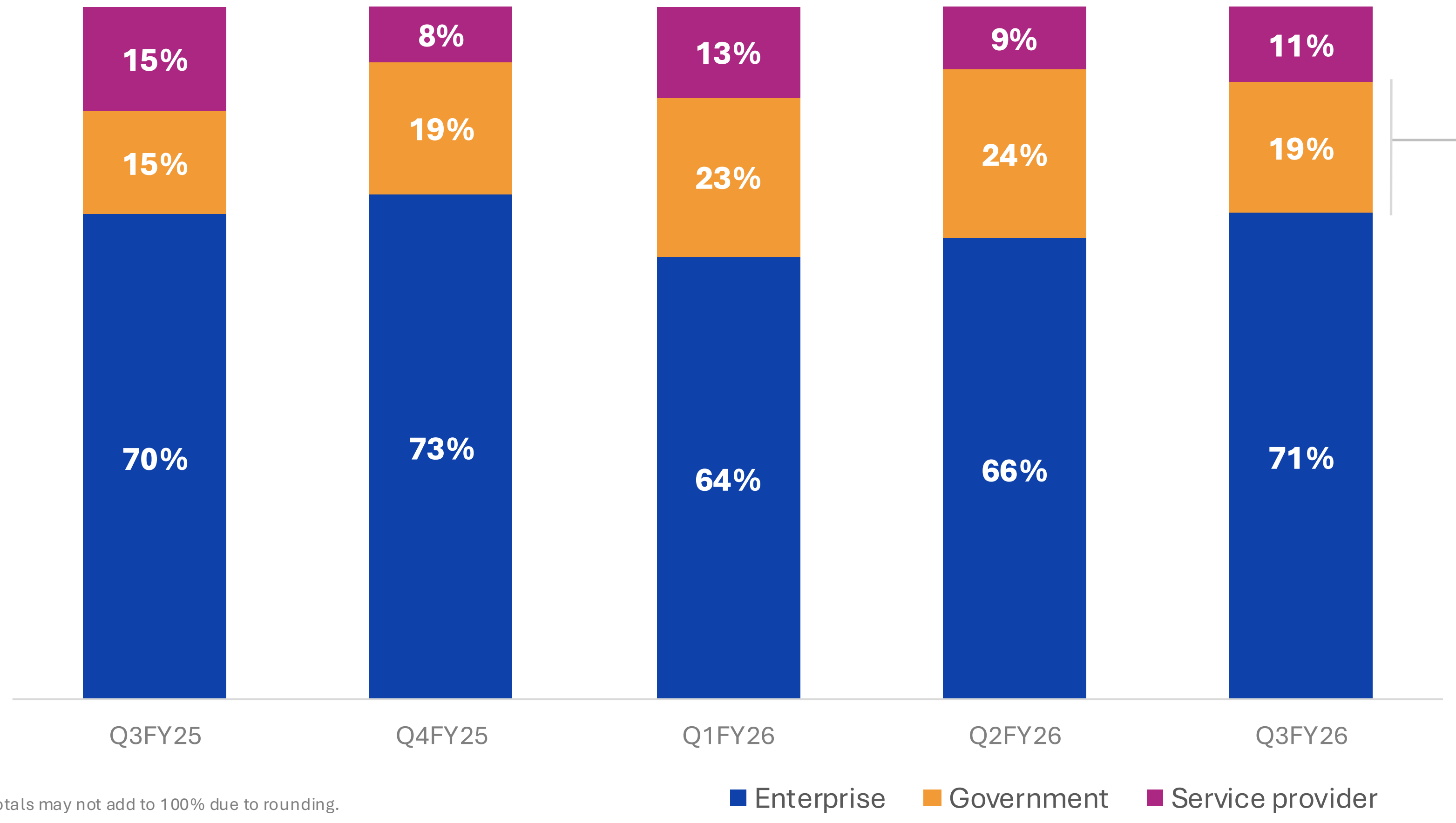
Y/Y growth by region Q3FY26

-11%
Growth APAC

+27%
Growth EMEA

+11%
Growth Americas

Customer verticals as a % of product bookings



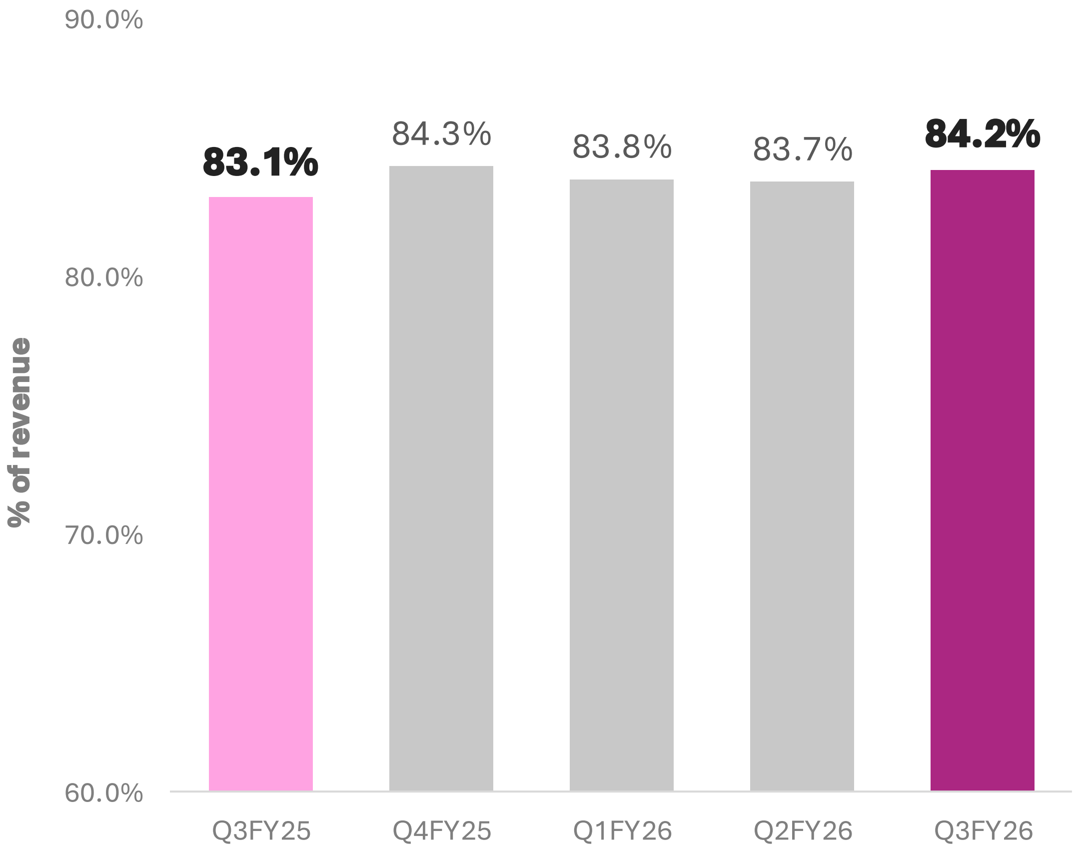
7%

from U.S. Federal included

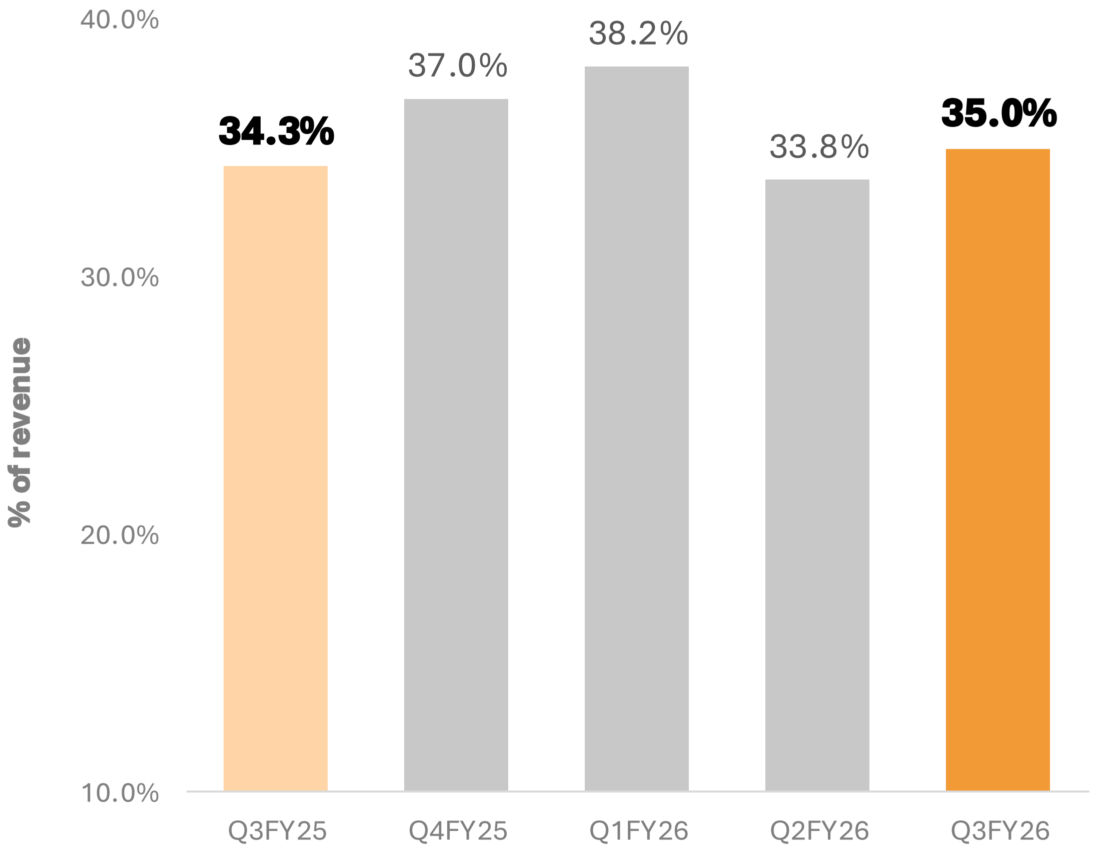
Totals may not add to 100% due to rounding.

Non-GAAP gross and operating margins

Non-GAAP gross margin



Non-GAAP operating margin

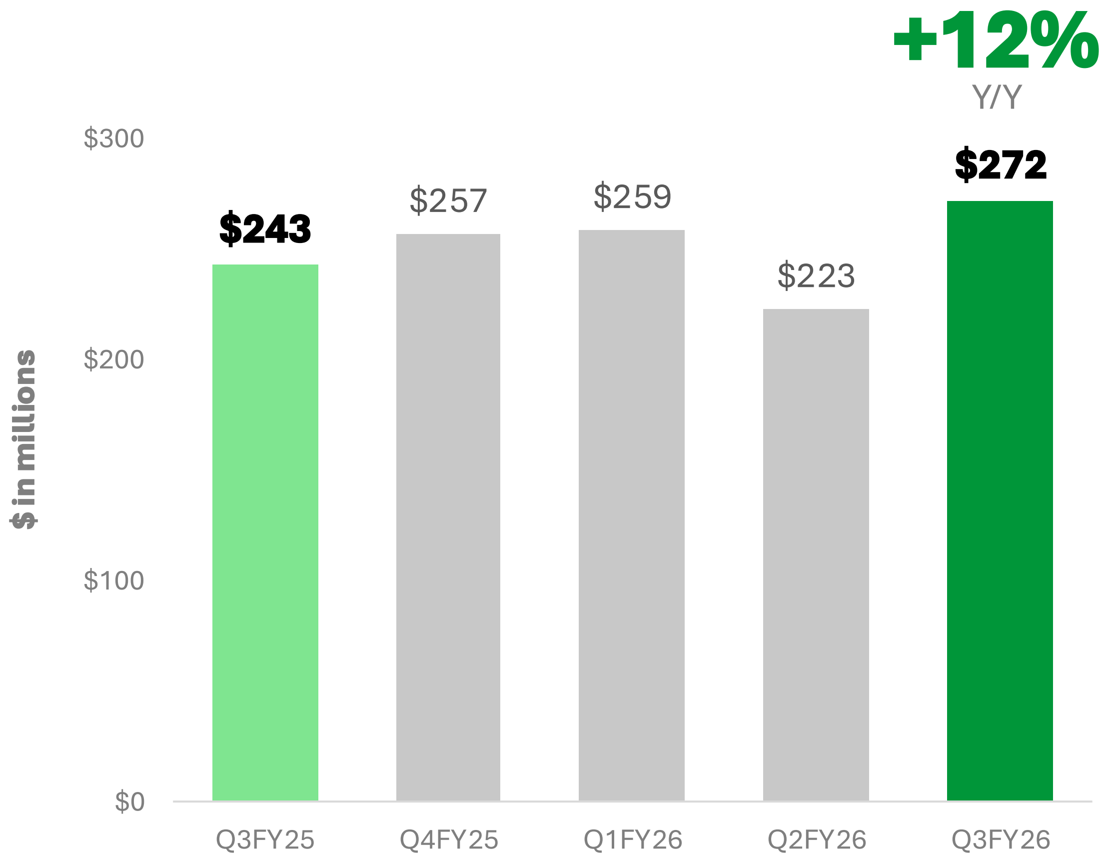


See appendix for GAAP to non-GAAP reconciliation

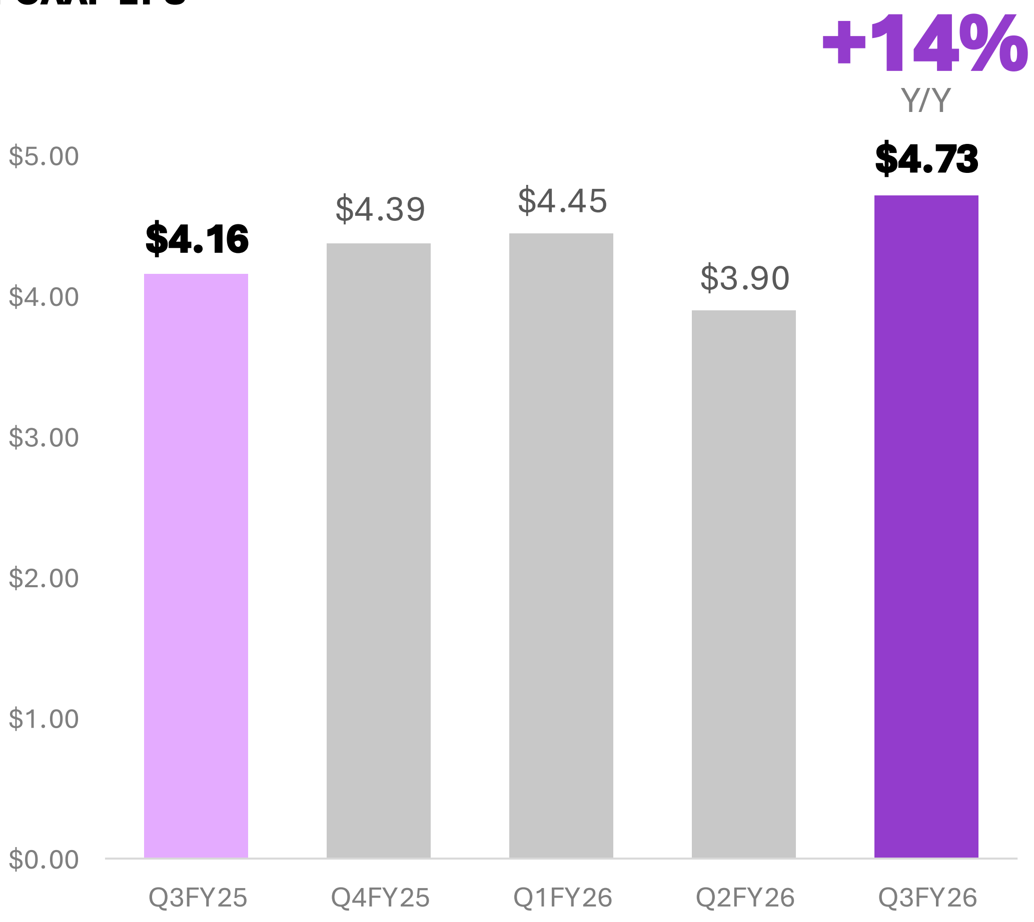
Non-GAAP net income and EPS

EPS reflects 12.4% Q3FY26 and 14.4% Q3FY25 non-GAAP effective tax rate

Non-GAAP net income



Non-GAAP EPS



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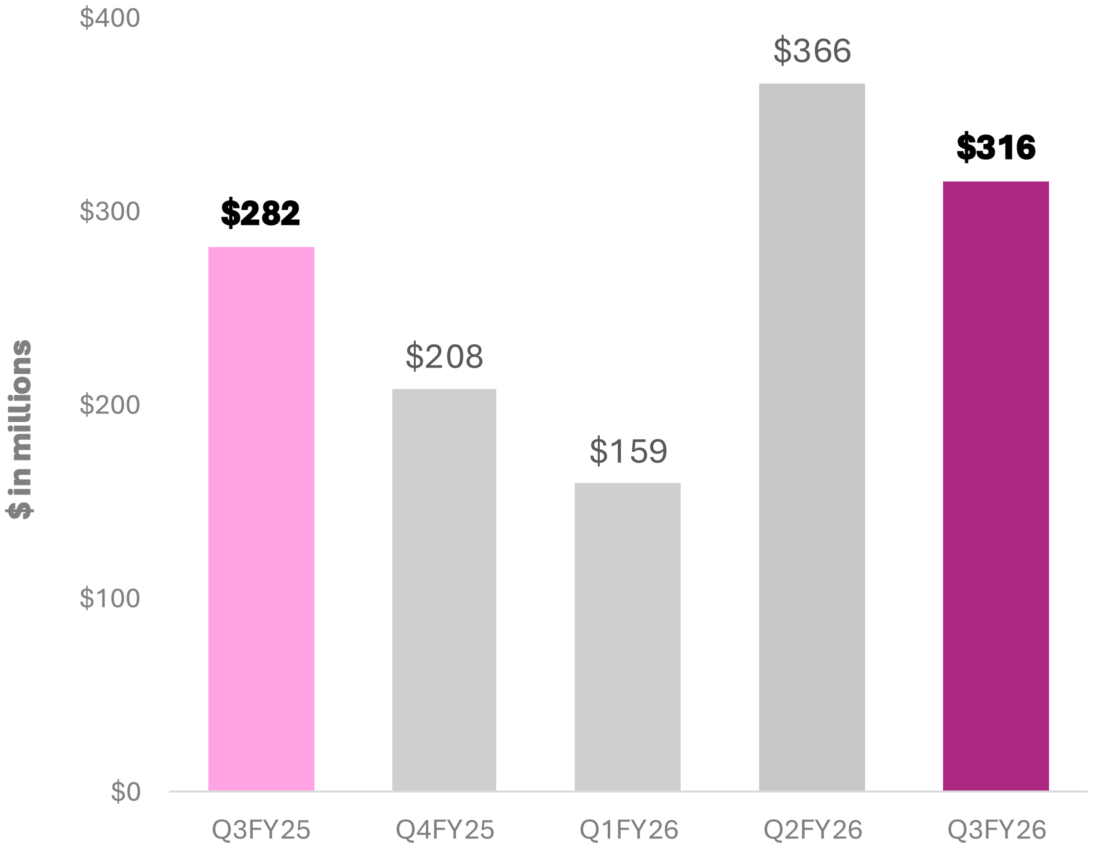
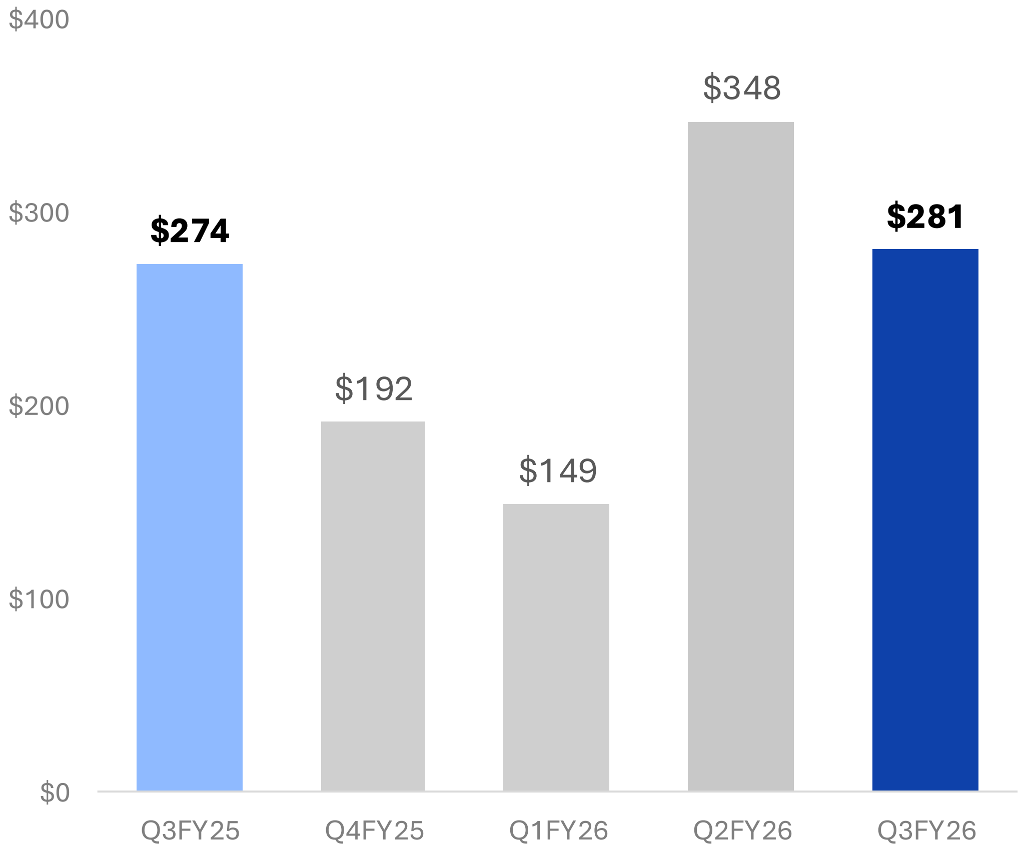
Cash flow from operations and free cash flow

Cash flow from operations



Free cash flow



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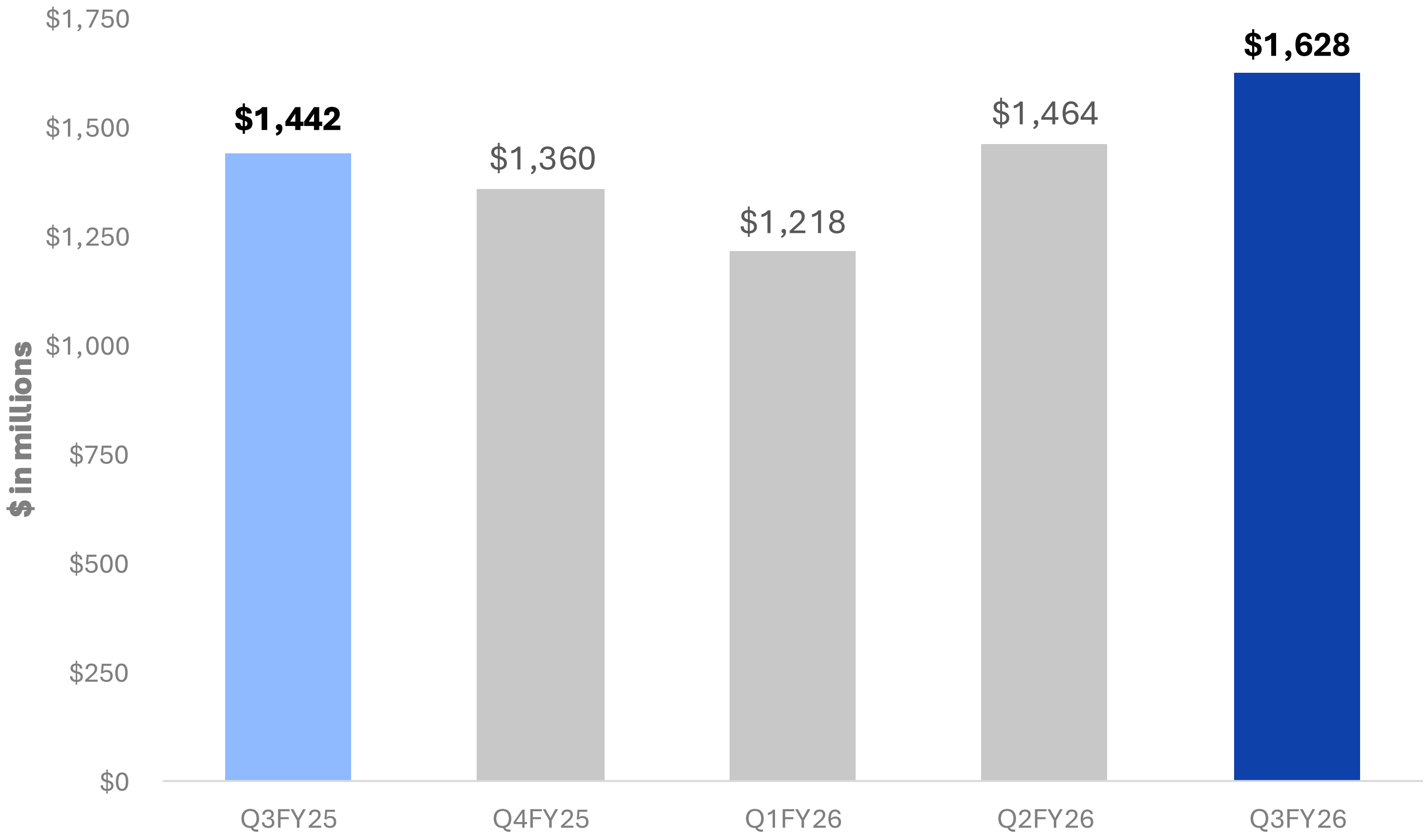
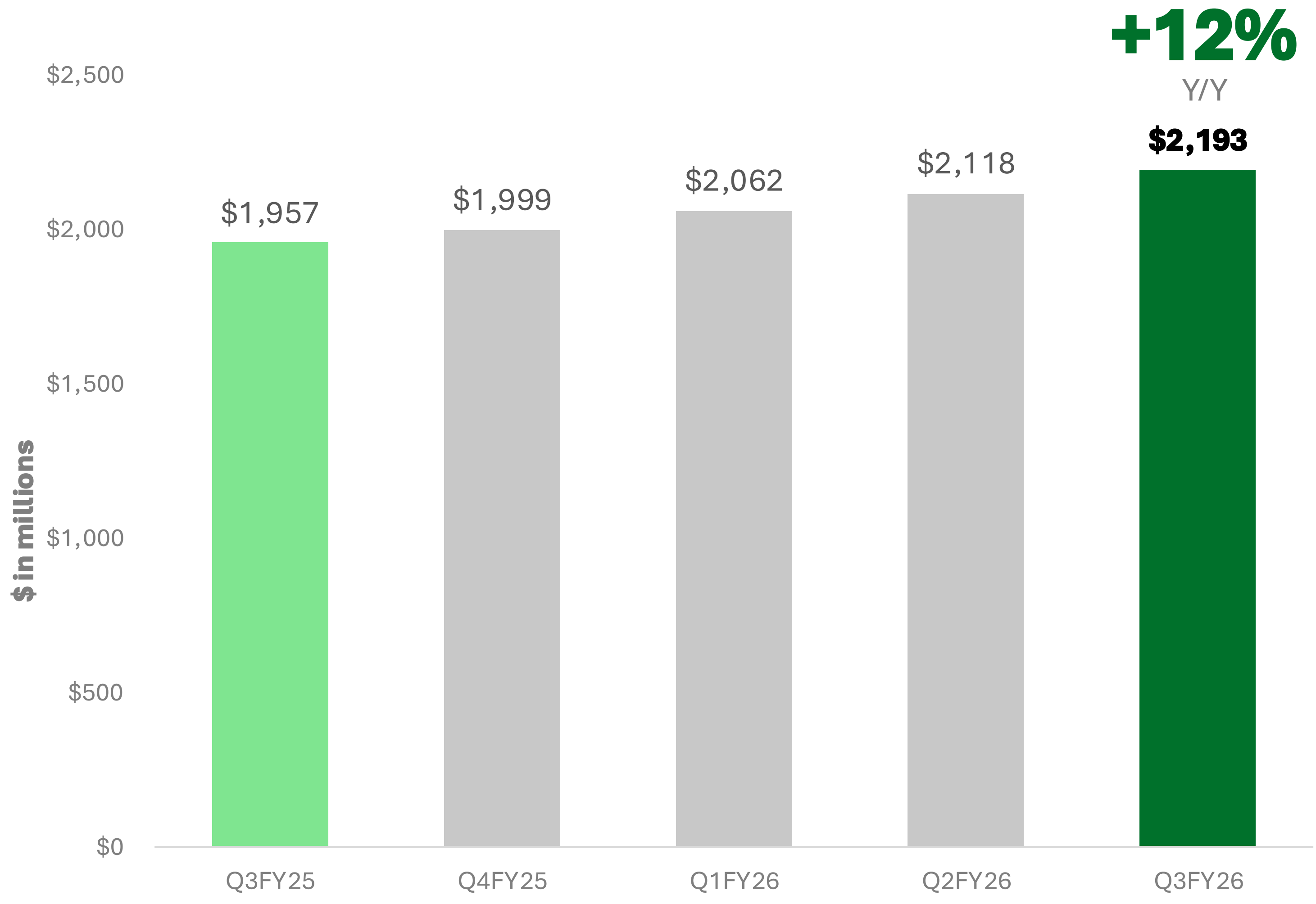
Cash and investments



Deferred revenue

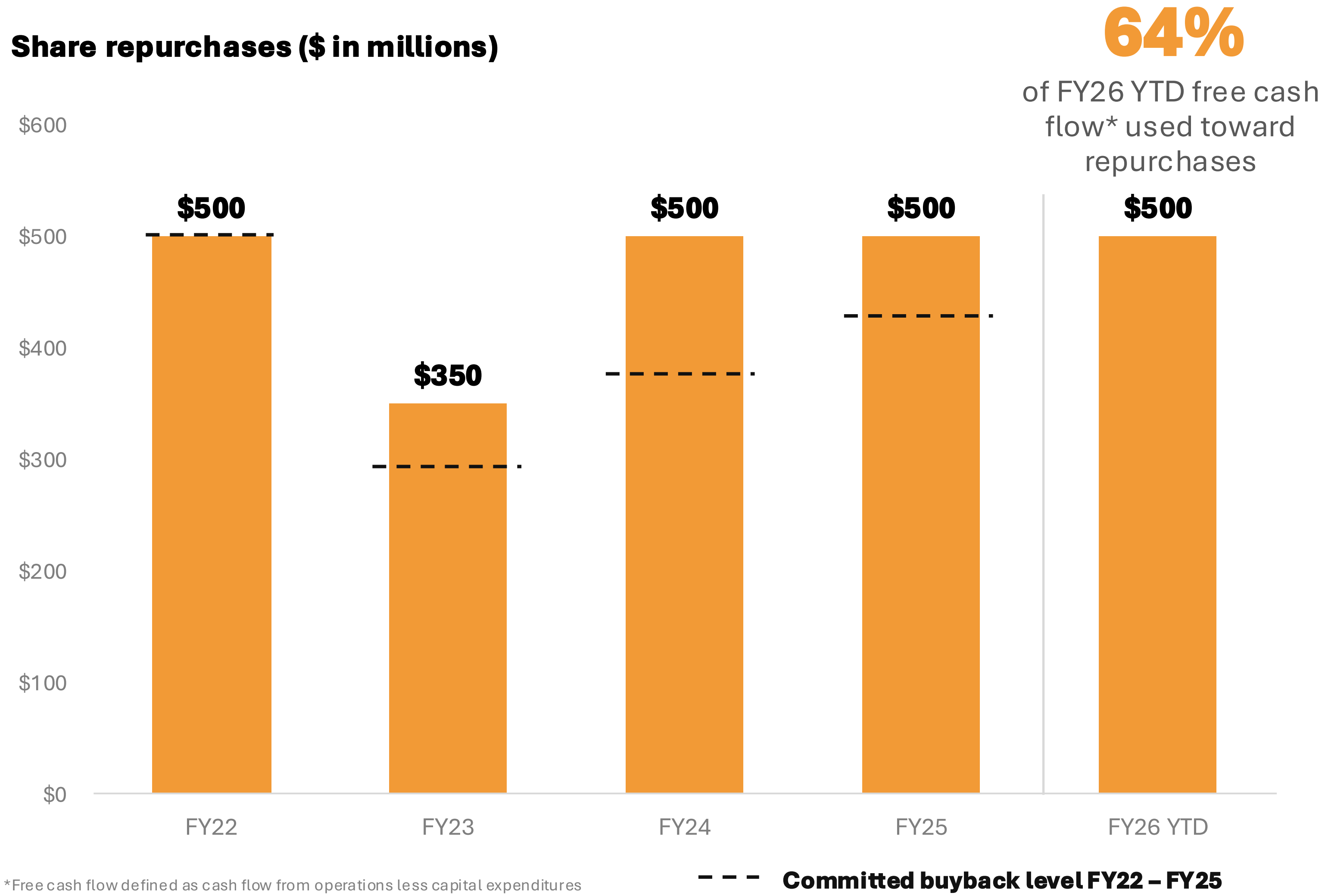


Key insights

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

We are consistently returning cash to shareholders via share repurchases

Share repurchases ($ in millions)



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

Key insights

- We repurchased $100 million in FFIV shares during Q3FY26.
- We have used 64% of our $778 million FY26 YTD free cash flow* for share repurchases.
- We are committed to using at least 50% of our annual free cash flow for share repurchases.
- As of June 30, 2026, there was $422 million remaining under our authorized stock repurchase program.

Business outlook

Cooper Werner

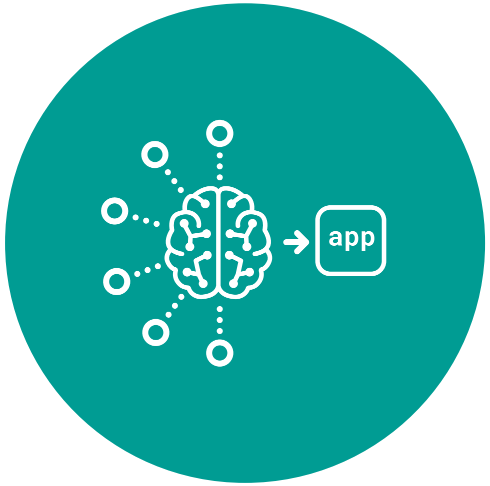
Three forces are reshaping how our customers operate

Hybrid multicloud adoption

Enterprises are building for flexibility across every environment

Threat landscape expansion

Attacks are increasingly AI- and agentic-powered translating to higher volumes with greater variation



AI inference inflection

Organizations are connecting apps and APIs to AI models and inference calls are becoming a part of how applications run

Our Q4FY26 outlook

	Q4FY26 outlook
Total revenue	**$870 to $890M**
Non-GAAP gross margin	83% to 84%
Non-GAAP operating expenses	$430 to $442M
Share-based compensation	$68 to $70M
Non-GAAP EPS	**$4.14 to $4.26**

Our updated FY26 outlook

	FY25A	FY26 outlook
Total revenue	$3.1B 10% growth	**~9% to 10% growth** (from 7% to 8% growth previously)
Non-GAAP gross margin	83.6%	83.5% to 84.0%
Non-GAAP operating margin	35.2%	34.5% to 35.5%
Effective non-GAAP tax rate	17.8%	18% to 19% (from 20% to 21% previously)
Non-GAAP EPS	$15.81 18% growth	**$17.21 to $17.33** (from $16.25 to $16.55 previously)
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

Conclusion

François Locoh-Donou

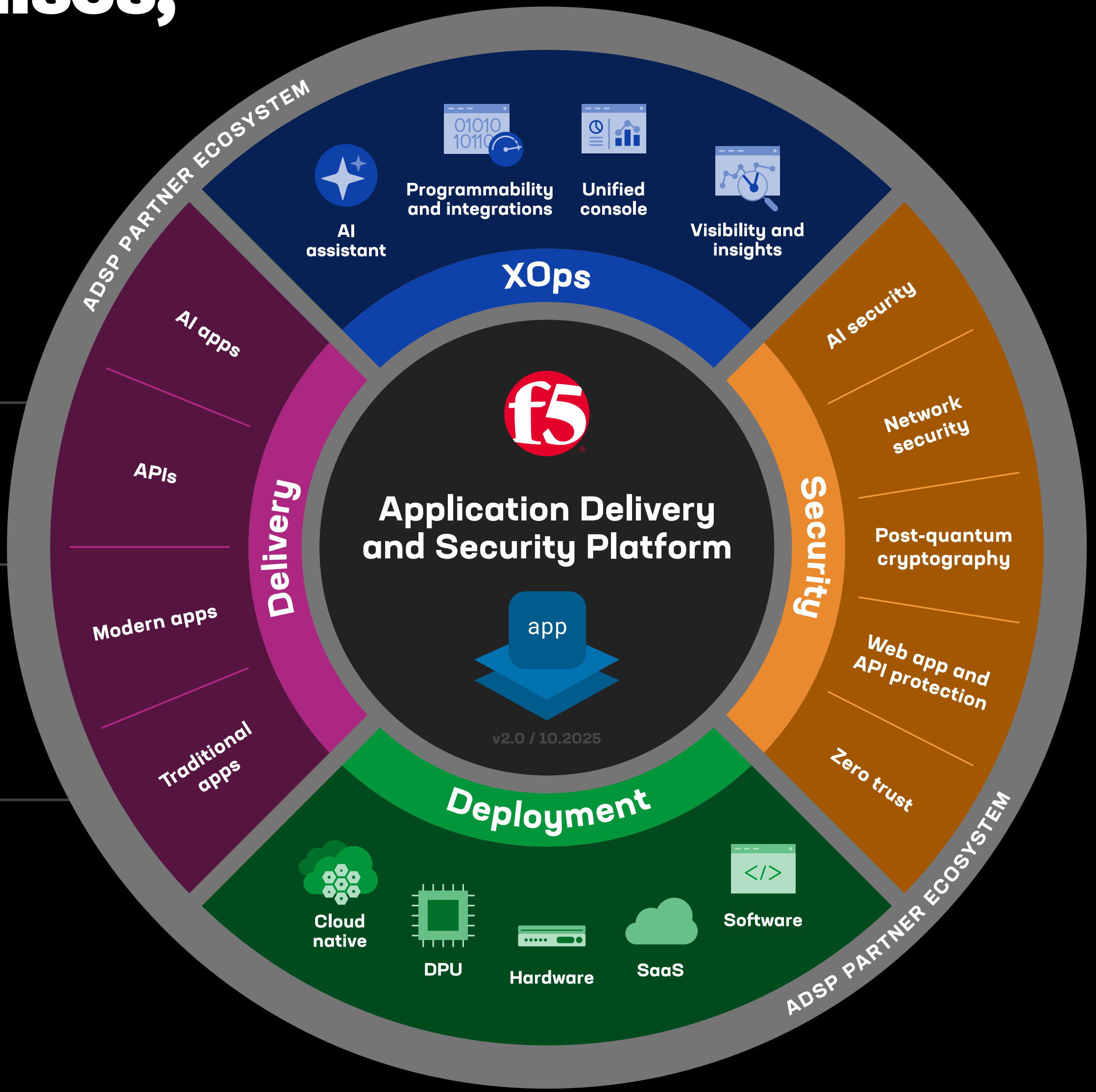
F5 ADSP delivers and secures every app and every API across on-premises, cloud and edge environments

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

Deployable anywhere and in any form factor

AI-enhanced **operations** with unified console cross NetOps, SecOps, DevOps and PlatOps

ADSP open partner ecosystem



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,				Nine Months Ended June 30,			
	2026		2025		2026		2025	
Net revenues	$ 865,077		$ 780,370		$ 2,499,242		$ 2,277,982	
Gross profit and gross margin:								
GAAP gross profit and gross margin	$ 711,513	82.2%	$ 631,742	81.0%	$ 2,042,993	81.7%	$ 1,847,885	81.1%
Adjustments to gross profit and gross margin:								
Stock-based compensation	$ 6,905	0.8%	$ 7,408	0.9%	$ 21,204	0.8%	$ 22,201	1.0%
Amortization and impairment of purchased intangible assets	9,152	1.1%	9,438	1.2%	30,432	1.2%	28,005	1.2%
Facility-exit costs	121	0.0%	118	0.0%	303	0.0%	679	0.0%
Acquisition-related charges	-	-	-	-	-	-		0.0%
Cyber incident costs	770	0.1%	-	-	2,416	0.1%	-	-
Non-GAAP gross profit and gross margin	$ 728,461	84.2%	$ 648,706	83.1%	$ 2,097,348	83.9%	$ 1,898,770	83.4%
Income from operations and operating margin:								
GAAP income from operations and operating margin	$ 213,267	24.7%	$ 196,317	25.2%	$ 606,472	24.3%	$ 560,296	24.6%
Adjustments to income from operations and operating margin:								
Stock-based compensation	$ 65,534	7.6%	$ 57,451	7.4%	$ 193,535	7.7%	$ 174,243	7.6%
Amortization and impairment of purchased intangible assets	9,619	1.1%	10,250	1.3%	32,523	1.3%	30,488	1.3%
Facility-exit costs	1,224	0.1%	1,243	0.2%	3,077	0.1%	6,727	0.3%
Acquisition-related charges	10,064	1.2%	2,032	0.3%	28,902	1.2%	3,937	0.2%
Cyber incident costs	2,978	0.3%	-	-	26,503	1.1%	-	-
Restructuring charges	(30)	0.0%	-	-	(388)	0.0%	11,321	0.5%
Non-GAAP income from operations and operating margin	$ 302,656	35.0%	$ 267,293	34.3%	$ 890,624	35.6%	$ 787,012	34.5%
Net income:								
GAAP net income	$ 208,208		$ 189,912		$ 536,017		$ 501,887	
Adjustments to net income:								
Stock-based compensation	$ 65,534		$ 57,451		$ 193,535		$ 174,243	
Amortization and impairment of purchased intangible assets	9,619		10,250		32,523		30,488	
Facility-exit costs	1,224		1,243		3,077		6,727	
Acquisition-related charges	10,064		2,032		28,902		3,937	
Cyber incident costs	2,978		-		26,503		-	
Insurance recoveries from cyber incident	(5,309)		-		(5,309)		-	
Restructuring charges	(30)		-		(388)		11,321	
Tax effects related to above items	(20,344)		(17,647)		(60,957)		(57,296)	
Non-GAAP net income	$ 271,944		$ 243,241		$ 753,903		$ 671,307	
Net income per share - diluted:								
GAAP net income per share — diluted	$ 3.62		$ 3.25		$ 9.29		$ 8.54	
Adjustments to GAAP net income per share — diluted:								
Stock-based compensation	$ 1.14		$ 0.98		$ 3.36		$ 2.96	
Amortization and impairment of purchased intangible assets	0.17		0.18		0.56		0.52	
Facility-exit costs	0.02		0.02		0.05		0.11	
Acquisition-related charges	0.17		0.03		0.50		0.07	
Cyber incident costs	0.05		-		0.46		-	
Insurance recoveries from cyber incident	(0.09)		-		(0.09)		-	
Restructuring charges	(0.00)		-		(0.01)		0.19	
Tax effects related to above items	(0.35)		(0.30)		(1.06)		(0.97)	
Non-GAAP net income per share — diluted	$ 4.73		$ 4.16		$ 13.07		$ 11.42	
Weighted average shares — diluted	57,550		58,492		57,674		58,773	

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.

Insurance recoveries from cyber incident. F5 has received insurance recoveries in connection with the cyber incident costs described above. Management believes it is useful to exclude these recoveries as they offset the cyber incident costs non-GAAP adjustment, 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.

