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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 30, 2026

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to .

Commission File Number 000-26041

F5, Inc.

(Exact name of Registrant as specified in its charter)

Washington	**91-1714307**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

801 5th Avenue

Seattle, Washington 98104

(Address of principal executive offices, including zip code)

(206) 272-5555

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common stock, no par value	FFIV	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	☑	Accelerated Filer	☐
Non-accelerated Filer	☐ (Do not check if a smaller reporting company)	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of March 31, 2026, the aggregate market value of the Registrant's common stock held by non-affiliates of the Registrant was $15,784,718,557 based on the closing sales price of the Registrant's common stock on the NASDAQ Global Select Market on that date.

As of November 12, 2026, the number of shares of the Registrant's common stock outstanding was 56,936,090.

DOCUMENTS INCORPORATED BY REFERENCE

Information required in response to Part III of this Form 10-K (Items 10, 11, 12, 13 and 14) is hereby incorporated by reference to the specified portions of the Registrant's Definitive Proxy Statement for the Annual Shareholders Meeting for fiscal year 2026, which Definitive Proxy Statement shall be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days of the end of the fiscal year to which this Report relates.

F5, INC.

ANNUAL REPORT ON FORM 10-K

For the Fiscal Year Ended September 30, 2026

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Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. These statements include, but are not limited to, statements about our plans, objectives, expectations, strategies, intentions, or other characterizations of future events or circumstances, such as statements regarding our future operating results and financial position, our business strategy and plans, market growth and trends, our product strategy and anticipated future products and capabilities, our objectives for future operations, and the impact of such assumptions on our financial condition and results of operations, and are generally identified by the words "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and similar expressions. These forward-looking statements are based on current information and expectations and are subject to a number of risks and uncertainties. Our actual results could differ materially from those expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences 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 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 networks, products or services; cybersecurity attacks on 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 our share repurchase program, including the timing of any repurchases; future prices of F5's common stock; and other risks and uncertainties described more fully under "Item 1A. Risk Factors" below and in other documents we file from time to time with the Securities and Exchange Commission. We assume no obligation to revise or update any such forward-looking statements.

Unless the context otherwise requires, in this Annual Report on Form 10-K, the terms "F5," "the Company," "we," "us," and "our" refer to F5, Inc. and its subsidiaries. Our fiscal year ends on September 30, and fiscal years are referred to by the calendar year in which they end. For example, "fiscal year 2026" and "fiscal 2026" refer to the fiscal year ended September 30, 2026.

Item 1. *Business*

General

F5 is a global leader in delivering and securing every application and Application Programming Interface ("API"). Today, these business-critical workloads span a highly complex and distributed mix of on-premises data centers, private and public clouds, SaaS platforms, and edge environments. Artificial intelligence ("AI") is accelerating this complexity and fundamentally changing how applications are built and deployed while expanding both the attack surface and the velocity of threats. Through the F5 Application Delivery and Security Platform ("ADSP"), which unites our BIG-IP, NGINX, and Distributed Cloud product portfolios, F5 converges application delivery and security to keep applications and APIs fast, available, and secure wherever they run. By converging these capabilities in a single platform, F5 enables organizations to accelerate time-to-market, reduce operational complexity, and enforce zero-trust application security across traditional, modern, containerized, and AI-driven workloads. Backed by more than 30 years of mission-critical expertise, F5 provides the trusted foundation to deliver fast, available, and secure digital experiences.

Our application delivery and security solutions are available in a range of deployment and consumption models. We sell packaged software in perpetual, subscription, and usage-based consumption models. We also sell our solutions in software-as-a-service ("SaaS") and managed services deployment models with subscription and usage-based consumption models. In addition, we sell high-performance systems, or hardware, as well as a broad range of global services including maintenance, consulting, training, and other technical support services.

Our customers span a broad range of industries and sectors, including large enterprise organizations, public sector entities, government agencies, and service providers. We conduct our business globally and manage our business by geography. Our business is organized into three primary geographic regions: Americas; Europe, Middle East, and Africa ("EMEA"); and Asia Pacific ("APAC").

F5 was incorporated in 1996 and is headquartered in Seattle, Washington, with offices globally. Our website is www.f5.com and through a link on the Investor Relations section of our website, we make available the following filings as soon as reasonably possible after they are electronically filed with or furnished to the Securities and Exchange Commission ("SEC"): our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. All such filings are available free of charge. The information posted on our website is not incorporated into this report.

Cyber Incident

On October 15, 2025, we disclosed a security incident in which a threat actor maintained long-term, persistent access to F5 systems, and exfiltrated a limited number of certain files, referred to as the "Cyber Incident." For further information about the Cyber Incident, see "Risk Factors" included in Item 1A of Part I of this Annual Report on Form 10-K, and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Cyber Incident" included in Item 7 of Part II of this Annual Report on Form 10-K.

Strategy and Priorities

F5's strategy is built around a single, consistent requirement: applications and APIs must be fast, available, and secure everywhere they run. Enterprise infrastructure has become more distributed, spanning data centers, private clouds, public clouds, SaaS platforms, and edge environments. This evolution has come not by design, but through years of cloud migration, application modernization, and evolving business needs. AI is accelerating that complexity, introducing new traffic patterns, infrastructure requirements, and security risks as organizations move AI workloads into production. At the same time, attackers are moving faster, automating more, and increasingly targeting the applications, APIs, and AI systems that businesses depend on.

F5 addresses these challenges through the F5 ADSP, under which we are uniting our BIG-IP, NGINX, and Distributed Cloud portfolios to deliver unified policy, consistent management, and integrated services. Key components of our strategy include:

Converging application delivery and security. Performance, availability, and security can no longer be treated as separate priorities. F5 embeds traffic management, threat mitigation, and access control across our software, SaaS, and hardware offerings. F5's solutions enable organizations to enforce consistent policies, eliminate redundant point products, and reduce operational complexity across distributed IT environments.

Reducing complexity across hybrid multicloud. Most organizations manage applications and APIs across a fragmented mix of environments, each with its own tools, policies, and operations overhead. F5 provides a single operational framework, including unified policy enforcement, consistent management, and assured digital sovereignty, so organizations can deliver and secure applications across hybrid multicloud environments without adding complexity.

Building for the AI era. AI is moving from experimentation to production, creating new demands on infrastructure. AI factories require purpose-built traffic management. AI agents and automated workflows require reliable, low-latency access to APIs, models, and data. AI data flows require the right data in the right place at the right time. AI-enabled applications still require the same performance, availability, and security as mission-critical systems. F5 delivers the application delivery and security capabilities organizations need as AI workloads scale, without compromising reliability or control.

Protecting against an expanding and evolving threat landscape. Attackers are automating exploitation, targeting APIs and AI agents, and accelerating vulnerability discovery. The attack surface now extends across applications, APIs, bots, user interactions, AI agents, and the model endpoints and data pipelines they depend on. F5 delivers purpose-built protection, including bot-defense, API security, AI agent security, DDoS mitigation, and runtime enforcement, where traffic and interactions occur. For AI-specific risks, F5 provides AI guardrails to enforce policy and prevent misuse across AI-enabled interactions, and red-team testing capabilities to identify vulnerabilities in AI systems before they can be exploited.

F5 Products and Solutions

F5 delivers and secures applications and APIs across hybrid multicloud environments. Our solutions are powered by three core product families: F5 BIG-IP, F5 NGINX, and F5 Distributed Cloud. We are converging these offerings under the F5 ADSP, an evolving architectural framework designed to unify traffic management, advanced security, and automated operations. F5 ADSP supports a comprehensive set of customer use cases, including delivering and securing traditional and modern containerized applications, protecting and governing APIs, defending against web exploits and DDoS attacks, enforcing Zero Trust access, and optimizing and securing AI inference and data pipelines. By bringing these capabilities together under a unified platform, we enable organizations to enforce consistent policy, reduce operational complexity, and protect digital experiences across any environment.

Security Solutions. Our security solutions safeguard applications, APIs, and network infrastructure against the expanding threat landscape including automated exploitation, bot attacks, API abuse, AI agent threats, unauthorized access, and volumetric attacks. As AI moves into production, F5's security capabilities extend to protect AI-enabled applications, AI agents, and the model endpoints and data pipelines they depend on. F5 security solutions are available across data centers, public clouds, edge environments, and AI architectures. F5 security solutions include:

- ***Application Security***
  - ***F5 WAF for BIG-IP.*** Provides web application protection through behavioral analytics, bot defense, and application-layer encryption. This product can be leveraged through software, public cloud, or hardware and can be purchased as part of a bundle or on a standalone basis. The offering is available on F5 BIG-IP deployments as a perpetual license or a software subscription.
  - ***F5 WAF for Distributed Cloud.*** Provides web application firewall capabilities through a cloud-native platform with a common policy engine and management console. This solution can be leveraged through multiple deployment options, including F5's global points of presence, public or private clouds, and on-premises. The offering is available as a SaaS subscription.
  - ***F5 WAF for NGINX.*** Delivers behavior-based defenses and signatures to protect web applications and APIs from Layer 7 attacks. F5 WAF for NGINX can be added to subscriptions and is bundled into "advanced" offerings for F5 Ingress Controller for NGINX. The offering is available as a software subscription as part of F5 NGINX One subscriptions.
  - ***F5 API Security for Distributed Cloud.*** Uses machine learning, auto-discovery, and anomaly detection to discover APIs and monitor anomalous behavior. This solution can be leveraged through multiple deployment options including on-premises, public cloud, and through F5's global points of presence. The offering is available as a SaaS subscription.
  - ***F5 Distributed Cloud Web App Scanning.*** Enables customers to continuously monitor their organization’s external threat surface, including web apps, repositories, exposed servers, and other components. The solution uses automated crawling and penetration testing to identify vulnerabilities and provide information that can support virtual patching in production. This solution can be deployed as SaaS or on-premises and can be purchased as part of a bundle or on a standalone basis. The offering is available as a SaaS subscription.
  - ***F5 Distributed Cloud Client-Side Defense.*** Monitors customer web pages for suspicious code and sends telemetry to the Distributed Cloud Client-Side Defense Analysis Service, which generates alerts viewable in the dashboard. Mitigation controls can block browser network calls associated with attempted data exfiltration. The offering is available as a SaaS subscription.
  - ***F5 Distributed Cloud Bot Defense.*** Uses real-time behavioral analysis, client-side intelligence, and platform-wide telemetry to detect and control bots and AI agents at the application interaction layer. This solution can be leveraged through multiple deployment options including hybrid, multicloud, and on-premises. The offering is available as a SaaS subscription.
  - ***F5 Distributed Cloud Data Intelligence.*** Provides user behavior, device, and network information to support fraud detection and mitigation. This solution can be purchased as part of a bundle or on a standalone basis. The offering is available as a SaaS subscription.
  - ***F5 Distributed Cloud Distributed Denial of Service ("DDoS") Mitigation.*** Provides cloud-delivered mitigation and protects against volumetric and application-specific attacks. The offering is available as a SaaS subscription.

- ***F5 BIG-IP Advanced Firewall Manager.*** Protects networks and data centers against incoming threats that enter the network on the most widely deployed protocols. This solution can be leveraged through multiple deployment options including hardware, cloud, and software and can be purchased as part of a bundle or on a standalone basis. The offering is available on F5 BIG-IP deployments as a perpetual license or a software subscription.
- ***F5 Denial of Service ("DoS") for NGINX.*** Protects against DoS and DDoS attacks for applications and APIs with a multi-layered, adaptive, automated mitigation strategy for DevOps environments. Running natively on NGINX and F5 Ingress Controller for NGINX, F5 DoS for NGINX is platform-agnostic and supports deployment options ranging from edge load balancers to individual pods in Kubernetes clusters. The offering is available as a software subscription as part of F5 NGINX One subscriptions.
- ***F5 BIG-IP Secure Sockets Layer ("SSL") Orchestrator.*** Provides visibility into encrypted SSL/Transport Layer Security traffic and supports traffic inspection by security solutions. This solution can be leveraged through hardware or software deployment options and can be purchased as part of a bundle or on a standalone basis. Additionally, F5 Secure Web Gateway Services is available as an add-on module to deliver policy-driven web access control, URL filtering, and threat protection. The offering is available on F5 BIG-IP deployments as a perpetual license or a software subscription.
- ***F5 Zero Trust Access for BIG-IP (formerly F5 BIG-IP Access Policy Manager).*** Provides policy-based user authentication and application access across enterprise and hybrid infrastructures. The offering is available on F5 BIG-IP deployments as a perpetual license or a software subscription.

- *AI Security*
  - ***F5 AI Security Platform.*** The F5 AI Security Platform ("AISP") provides discovery, security testing, runtime protection, and governance for enterprise AI applications, models, and agents, and for the APIs and tools that connect them. It extends F5's ADSP solutions to AI traffic, enforcing policy inline between users, applications, and agents and the AI models and tools they access. The AISP and its components can be deployed on-premises, in the cloud, or in hybrid environments, including air-gapped deployments for customers with data sovereignty requirements. The platform includes the following offerings:
    - ***F5 AI Guardrails.*** Inspects prompts and responses exchanged between applications or agents and AI models, and applies customer-defined policies to block prompt injection and jailbreak attempts, prevent disclosure of sensitive data, and filter harmful outputs. The solution is deployable in third-party and customer-hosted models. The offering is available as either a SaaS subscription or a software subscription.
    - ***F5 AI Red Team.*** Performs automated adversarial testing of AI applications, models, and agents against a library of known attack techniques, and reports vulnerabilities that can be remediated through AI Guardrails policies. The offering is available as either a SaaS subscription or a software subscription.
    - ***F5 AI Gateway.*** Provides a control point for AI traffic that routes requests across models, enforces access and usage policy for agents and the tools they call, including Model Context Protocol ("MCP") servers, tracks token consumption and cost by team and model, and applies AI Guardrails to prompts and responses. The offering is available as a SaaS subscription or a software subscription.
    - ***F5 Workforce AI Security.*** Gives security teams visibility into and policy control over employee use of AI services and the actions AI agents take on employees' behalf, enforced in the network without software installed on employee devices. The offering is available as either a SaaS subscription or a software subscription.

Delivery Solutions. Our delivery solutions ensure applications are fast, available and resilient, wherever they run. F5 delivery solutions support traditional data centers, cloud-native clusters, multicloud environments, edge deployments, and AI architectures, including the high-throughput, low-latency requirements of AI factories and agent-driven workloads. F5 delivery solutions include:

- ***On-Premises Solutions***
  - ***F5 BIG-IP Systems.*** Enhances the performance of our software by leveraging a combination of custom field-programmable gate array logic and off-the-shelf silicon, providing customers a balance of cost and flexibility. All of our systems run all available F5 BIG-IP software modules. Our next-generation hardware, rSeries systems, and VELOS chassis and blades are designed to enable enhanced automation and multi-tenancy, a capability that enables running multiple versions of F5 BIG-IP software on the same system thereby making it easy to migrate from one version to another with minimal or no downtime. The offerings are sold as purpose-built hardware systems.
  - ***F5 Insight for ADSP.*** Provides centralized fleet management, visibility, and analytics across F5 BIG-IP deployments. The solution delivers dashboards and guided workflows enabling different teams to monitor application delivery performance, application security data, device health, and manage software lifecycles. F5 Insight for ADSP includes an AI Assistant that integrates with customer LLM and MCP tools, as well as an opt-in F5 AI Data Fabric integration for additional operational intelligence. The offering is available on F5 BIG-IP deployments as a software subscription.
  - ***F5 BIG-IP Local Traffic Manager.*** Manages traffic into and out of a data center by way of a pre-configured virtual server that points to a cluster. The solution selects host destinations based on server performance, security, and availability. This solution can be deployed across the range of F5 Appliances running BIG-IP Software and can be purchased as part of a bundle or on a standalone basis. The offering is available on F5 BIG-IP deployments as a perpetual license or a software subscription.
  - ***F5 BIG-IP Domain Name System ("DNS").*** Provides DNS services and security during high query volumes and DNS DDoS attacks. This solution can be purchased as part of a bundle or on a standalone basis. The offering is available on F5 BIG-IP deployments as a perpetual license or a software subscription.
  - ***F5 BIG-IP Next for Kubernetes.*** Provides ingress and egress traffic control, load balancing, security controls, and visibility for Kubernetes-native application delivery and traffic. It supports service provider and enterprise Kubernetes environments, including 5G networks and AI inference infrastructure. The solution is deployed in customer-managed Kubernetes environments, including on-premises and private-cloud infrastructure. The offering is available as a software subscription.
- ***Cloud and Hybrid Cloud Solutions***
  - ***F5 BIG-IP Virtual Edition.*** Provides BIG-IP software on virtual machines, extending BIG-IP application delivery and security capabilities to virtualized infrastructure, public and private clouds (including AWS, Azure, and Google Cloud), hybrid, and on-premises deployments. The offering is available as a perpetual license or a software subscription, including usage-based purchasing options.
  - ***F5 NGINX One.*** Brings together enterprise-grade NGINX data plane software and SaaS-based management capabilities in a single package. F5 NGINX One includes the NGINX One Console, a SaaS management platform designed to support the deployment, configuration, monitoring, and administration of NGINX instances across hybrid and multicloud environments. The Console provides centralized visibility, analytics, and tools to monitor traffic flows for NGINX instances. Its interface supports automated workflows, integration with Developer Operations ("DevOps") pipelines, and role-based access controls. F5 NGINX One also includes NGINX Instance Manager for managing and monitoring NGINX Open Source and NGINX Plus instances outside of the public cloud. F5 NGINX One supports management of containerized and microservices-based applications in distributed environments. The offering is available as a software subscription.
  - ***F5 NGINX Plus.*** Provides application delivery capabilities for cloud-native and Kubernetes environments including servicing as a load balancer, web server, content cache, and API gateway for modern applications. F5 NGINX Plus can be integrated into enterprise application workflows and CI/CD pipelines, as well as automation frameworks and ecosystems. The offering is available as a software subscription.

- ***F5 NGINX Ingress Controller.*** Provides traffic management for Kubernetes clusters and is deployed at the central point of entry into a Kubernetes cluster to manage inbound application traffic. The offering is available as a software subscription.
- ***F5 Distributed Cloud DNS and DNS Load Balancer.*** Offers DNS delivery across multicloud environments and modern applications. F5 Distributed Cloud DNS can be distributed globally as either a primary or secondary DNS, providing authoritative DDoS protection and DNS Security Extensions. This offering is designed to scale with application demand. The offering is available as a SaaS subscription.
- ***F5 Distributed Cloud Content Delivery Network ("CDN").*** Enables customers to connect, secure, and optimize applications and workloads across multi- and hybrid-cloud environments using capabilities within the F5 Distributed Cloud Platform. The offering is available as a SaaS subscription.
- ***F5 Distributed Cloud Synthetic Monitoring.*** Sources user traffic data from global regions for analytics and insight into the health, uptime, and performance of customers' web applications. The resulting analytics can be used to establish baseline digital experience metrics and assess the scope of application issues and outages. The offering is available as a SaaS subscription.
- ***F5 Distributed Cloud Network Connect.*** Offers secure and consolidated connectivity across public and hybrid clouds, data centers, and edge sites. It provides unified policies and centralized management, reducing complexity and increasing efficiency, including full multi-tenancy and segmentation, enabling self-service capabilities for DevOps, Network Operations ("NetOps"), and Security Operations ("SecOps"). Network Connect automates the configuration of native public cloud networking resources and connects multiple clouds using site-to-site connectivity over a private backbone or the F5 Global Network. This solution can be leveraged through SaaS, public cloud, or on-premises deployment. The offering is available as a SaaS subscription.
- ***F5 Distributed Cloud Console.*** Manages infrastructure and apps across multicloud and edge, with a customizable dashboard that provides app visibility and reporting of security services, network performance, and system health. This solution can be leveraged through public cloud or on-premises deployment. The offering is available as a SaaS subscription.
- ***F5 Distributed Cloud App Connect.*** Offers orchestrated awareness for API endpoints on all connected clusters, allowing cross-cluster service discovery and advertisement for app-to-app communication with fine-grained API control. The solution manages connections between sites and can reduce manual configuration of Virtual Private Networks and routing. App Connect provides visibility for customers, who can choose their underlying transport, including the F5 Global Network. The offering is available as a SaaS subscription.
- ***F5 Distributed Cloud App Stack.*** Provides our customers the ability to deploy and orchestrate applications on a managed Kubernetes platform with centralized management of distributed applications through a centralized management interface. The solution manages application deployments across on-premises, cloud, and edge locations. The offering is available as a SaaS subscription.

Competition

As F5 expands its reach and role into a broader set of hybrid multicloud application delivery and security solutions, our competitive set evolves. Our competitors include vendors with capabilities associated with application delivery, application security, and multicloud networking, as well as providers focused on protecting organizations from AI-powered threats and securing the infrastructure and APIs used for AI workloads.

The principal competitive factors in the markets in which we compete include features and performance, deployment model, consumption model, ecosystem integrations, customer support, brand recognition, scope of distribution and sales channels, and pricing. We believe we generally compete favorably on the basis of these factors because of our innovative solutions and comprehensive services, our ability to deliver and secure any application, and any API, anywhere, including AI inference infrastructure, and our unified approach through F5 ADSP. We address our market opportunities and face competition across two primary solution categories:

- ***Security Solutions Competition.*** In application and API security, we compete with vendors offering web application firewalls, bot detection and mitigation, API protection, SSL orchestration, access policy management, and DDoS mitigation. Key competitors include Akamai, Cisco, Cloudflare, Fortinet, Hewlett Packard Enterprise (Juniper Networks), Palo Alto Networks, Radware, and Thales (Imperva). In addition, in AI security, we compete with emerging startups, traditional cybersecurity vendors offering AI guardrails (such as Palo Alto Networks and Cisco), and native offerings from cloud hyperscalers (including AWS, Microsoft Azure, and Google Cloud) providing native AI workload routing, inference security, and governance tooling.

- ***Delivery Solutions Competition.*** In application delivery and multicloud networking:
  - ***Traditional Enterprise Application Delivery.*** Our F5 BIG-IP software and purpose-built hardware offerings compete primarily against Citrix and Broadcom.
  - ***Modern Cloud-Native Delivery and Ingress.*** For lightweight application delivery, API connectivity, and Kubernetes traffic management, our F5 NGINX offerings compete against public cloud-native services and open-source or commercial proxies such as Envoy and HAProxy.
  - ***Multicloud Networking and SaaS Delivery.*** For SaaS-delivered connectivity, edge services, and multicloud networking, F5 Distributed Cloud Services competes against traditional edge platforms and CDNs (such as Akamai, Cloudflare, and Fastly), networking hardware and software leaders (such as Cisco and Broadcom), pure-play multicloud networking specialists (such as Aviatrix), and public cloud hyperscalers.
  - ***AI Infrastructure and AI Factory Delivery.*** For high-performance AI data delivery (optimizing data ingestion across storage pipelines) and AI factory load balancing (maximizing GPU cluster utilization and accelerating inference performance), we compete against specialized networking providers, high-performance data pipeline solutions, and public cloud infrastructure services.

Manufacturing

We outsource the manufacturing of our products to various manufacturing partners, including our primary third-party manufacturer service provider, Flex Ltd. ("Flex"), to manufacture our hardware systems according to our specifications. Assembly, quality control, and systems testing are carried out at Flex's facilities in Guadalajara, Mexico and Zhuhai, China. Additionally, Flex manages material procurement and fulfillment activities on our behalf, ensuring we maintain high standards of efficiency and scalability across our operations. Systems built in Guadalajara are shipped to the Flex fulfillment center in Memphis, Tennessee for distribution primarily to distributors, value-added resellers, or end-users in the Americas and EMEA. Systems built and fulfilled in Zhuhai are distributed to partners and customers in APAC. Title to the products transfers from Flex to us and then to our customers upon shipment from a designated fulfillment location.

Our sales and operations planning cadence provides Flex and other partners with a rolling demand forecast. This approach enables our manufacturing partners to plan for the appropriate stock levels of raw materials and manufacturing line capacity, resulting in the right finished goods inventories to meet our end-user demand. The components for our hardware products consist of commodity parts and custom components. The component parts within our products are either sourced by our manufacturing partners or by us from various component suppliers. F5 has established a robust and resilient global hardware supply chain. We continuously monitor areas of potential impact within our supply chain, such as geopolitical, supplier, and other risk factors, as well as proactively take steps to minimize disruptions, including securing alternate supply when applicable.

Acquisitions

We evaluate opportunities to acquire complementary businesses, technologies, services, and intellectual property to complement our organic innovation and research and development efforts, advance the development of our platforms, and enable further investment in our key priority areas. Our evaluation of acquisition opportunities seeks to confirm that any potential transaction would accelerate our strategy, represent an attractive customer opportunity, address a customer need, align with our customer base and go-to-market strategy, and present a clear timeline and path for value accretion. Our acquisitions enable us to gain access to talent, technology, products, and features, and can range in size and complexity, from those that enhance or complement existing products and accelerate development of features to those that result in new offerings.

In June 2026, we completed the acquisition of SurePath AI, Inc., a provider of network-based AI discovery, intent classification, and shadow AI detection, which is expected to integrate into the F5 AI Security Platform to safeguard enterprise AI deployments. Additionally, we completed several other acquisitions in prior years to enhance various aspects of our platform.

Backlog

Backlog is primarily systems-based and represents orders confirmed with a purchase order for products to be fulfilled and invoiced to customers with approved credit status. Orders are subject to cancellation, rescheduling by customers, or product specification changes by customers. Although we believe that the backlog orders are firm, purchase orders may be canceled by the customer prior to fulfillment without significant penalty. For this reason, we believe that our product backlog at any given date is not a reliable indicator of future revenues.

Human Capital Management

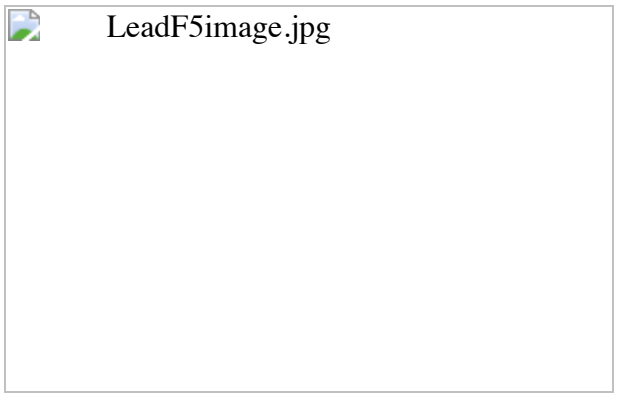
F5's commitment to its employees is to be a human-first and high-performing team equipped with the tools and expertise to deliver extraordinary impact on what matters most to F5, our customers, and our partners. This commitment is delivered through our culture and engagement, our investment in employees' growth and development, our compensation, benefits, and wellbeing offerings.

As of September 30, 2026, we had 6,645 employees – over 99.8% of whom were full-time employees. Our employees are based in 48 countries with 46% of employees based in the United States. None of our employees in the United States are represented by a labor union. We have experienced no work stoppages and believe that our employee relations are in good standing, as evidenced by our annual employee engagement survey results, described in the section below entitled "Culture and Engagement."

Culture and Engagement

We have been able to sustain our strong company culture because BeF5 and LeadF5 behaviors are key to executing our strategy.





We measure the success of and identify areas of improvement for our company culture through global surveys of employee experience and sentiment at least once each year. As of June 2026, employees reported high satisfaction with F5's culture on several key questions:

- 88% of employees favorably rate "I would recommend F5 as a great place to work."
- 89% of employees favorably rate "My manager fosters a culture of belonging where everyone can thrive."
- 78% of employees favorably rate "I see myself still working at F5 in two years' time."

One survey measure that F5 tracks closely as a gauge of our culture increased from fiscal year 2025. As of June 2026, 84% of employees favorably rate "I feel a sense of belonging at F5." This increase in Belonging, compared to 80% a year prior, is critical to F5's efforts to foster the culture that is so important to our employees' and our company's performance.

Growth and Development

We provide employees with opportunities to improve their technical and professional knowledge, nurture our innovation ecosystem, strengthen management and leadership, as well as maintain our high standards of business integrity through ongoing compliance training. These development opportunities are available through both live employee events and third-party on-demand tools and are led by a mix of individual and AI coaches. In fiscal year 2026, F5 invested in tailored coaching and skills-building for its people managers to help continuously raise the bar on performance at F5.

Inclusion

F5 is steadfast in its commitment to create an inclusive workplace. We believe our differences—when embraced with humility and respect—drive smarter decisions, increased innovation, stronger performance, and a culture where everyone can be themselves and reach their full potential.

The most critical drivers of our inclusion efforts year after year are represented in our seven Employee Inclusion Groups ("EIGs") – F5 Ability, F5 Asian and Pacific Islanders, F5 Appreciates Blackness, F5 Connects Women, F5 Latinx e Hispanos Unidos, F5 Military Veterans, and F5 Pride. Since our first EIG was established in 2013, these global communities represent a space for all F5 employees to collaborate, share experiences, and learn.

Compensation, Benefits, and Wellbeing

F5 aims to attract, reward, and retain extraordinary talent from diverse backgrounds by offering a total compensation package that is equitable, flexible, and market competitive.

This includes the pay, incentive plans, restricted stock unit grants ("RSUs"), Employee Stock Purchase Plan, retirement plans, healthcare, paid time off, and family leave F5 provides to employees, as well as the programs that support the diverse needs of our employees' overall health and wellbeing. In fiscal year 2026, F5 also renewed our popular Wellness Weekends to provide one weekend a quarter when all employees have a set four days off to reset and refresh.

Environmental, Social, and Governance

F5's Environmental, Social, and Governance ("ESG") programs are guided by our fundamental principle to "do the right thing" for each other, our customers, our shareholders, and our communities.

Environmental. F5's 2030 climate target, verified by the Science Based Target Initiative, is to reduce both absolute Scope 1 and 2 emissions by 50% and absolute Scope 3 emissions by 43% from a 2021 baseline. We plan to meet this climate target by optimizing our energy use, sourcing more renewable energy, and enhancing the sustainability of our products and supply chain processes.

As evidence of our progress towards our climate target, F5's most recent annual ESG report in March 2026 disclosed a reduction in our total emissions from fiscal year 2024 to fiscal year 2025. This was driven by a 9% year-over-year reduction in Scope 3 emissions. To ensure the integrity of our emissions reporting, F5 also secured third-party verification for our Scope 1 and 2 emissions data from fiscal year 2025. The auditor's verification letter is available on page 23 of F5's 2025 ESG report at f5.com under the ''Company — Investor Relations — ESG'' section.

Social. In addition to the employee programs and benefits outlined in the Human Capital Management section above, F5 remains deeply committed to F5 Global Good, our corporate social impact program that empowers employees to make a meaningful difference through workplace giving, volunteerism, grant-making, and emergency relief initiatives.

F5 Global Good is uniquely employee-directed, with F5ers determining how all donations are allocated through the Company's matching program and grant selection committees. In fiscal year 2026, 72% of employees worldwide participated, volunteering over 14,000 hours, and together with F5, donated over $4.3 million to nearly 4,000 nonprofit organizations globally.

Governance. F5 continues to strengthen governance over ESG data and disclosures through enhanced processes, controls, quality assurance activities, and third-party validation of selected environmental metrics. ESG information is developed through a cross-functional review process involving subject matter experts, business stakeholders, and executive leadership to support the accuracy, consistency, and reliability of reporting. These efforts improve readiness for evolving regulatory requirements and stakeholder expectations while reinforcing accountability across the organization.

Executive Officers of the Registrant

The following table sets forth certain information with respect to our executive officers as of November 17, 2026:

Name	Age	Position
François Locoh-Donou	55	President, Chief Executive Officer, and Chairman
Edward C. Werner	52	Executive Vice President and Chief Financial Officer
Thomas Fountain	50	Executive Vice President and Chief Operating Officer
Chad Whalen	55	Executive Vice President and Chief Revenue Officer
Kunal Anand	43	Executive Vice President and Chief Product Officer
John Maddison	63	Executive Vice President and Chief Marketing Officer
Angelique Okeke	51	Executive Vice President and General Counsel
Michael Montoya	55	Executive Vice President and Chief Technology Operations Officer
Cathy Peterman	43	Executive Vice President and Chief People Officer

François Locoh-Donou has served as our President, Chief Executive Officer, and Chairman of our Board of Directors since April 2017. Prior to joining F5, Mr. Locoh-Donou served as Senior Vice President and Chief Operating Officer of Ciena Corporation. During his more than 15 years at Ciena, Mr. Locoh-Donou served in several leadership positions. From August 2011 to October 2015, he served as Ciena's Senior Vice President, Global Products Group. Previously, he served as Ciena's Vice President and General Manager, Europe, Middle East and Africa from June 2005 to August 2011. He holds an M.B.A. from Stanford University, a 'Mastere' in Optical Telecommunications from the National Institute of Telecommunications of Paris, and a 'Diplome d'Ingenieur' in Physics Engineering from the National Institute of Physics in Marseille, France. Mr. Locoh-Donou serves on the board of Capital One Financial Corporation. He is also the co-founder of Cajou Espoir, a cashew-processing facility that employs several hundred people in rural Togo, 80 percent of whom are women. Cajou Espoir exports more than 400 tons of cashew kernels annually to the U.S. and Europe.

Edward C. Werner has served as our Executive Vice President and Chief Financial Officer since November 2024. Mr. Werner joined F5 in 2001, and progressively took on roles of increasing responsibility. He served as F5's Senior Vice President, Finance from 2012 until November 2024. He oversees F5's worldwide financial planning, analysis, accounting, reporting, and internal auditing procedures, as well as investor relations. Mr. Werner holds a B.A. in Business Administration with an Accounting Concentration from the Foster School of Business at the University of Washington.

Thomas Fountain has served as our Executive Vice President and Chief Operating Officer since September 2024. From June 2020 through August 2024, he served as Executive Vice President of Global Services and Chief Strategy Officer. Mr. Fountain joined F5 in January 2018 as Executive Vice President and Chief Strategy Officer. Mr. Fountain is responsible for overseeing F5's global services organization, including global support, consulting, and services teams. He is also responsible for leading F5's digital transformation to accelerate critical solution delivery to customers and for driving execution, productivity, and efficiency company wide. From November 2012 to January 2018, Mr. Fountain served as Senior Vice President for Strategy and Corporate Development at McAfee LLC, Vice President of Strategy and Operations at Intel Corporation, and Senior Vice President for Strategy and Corporate Development at McAfee Incorporated. Previously, Mr. Fountain served as Vice President and General Manager of the Content and Media Business Unit at Juniper Networks from December 2011 to November 2012 and Vice President of Corporate Strategy at Juniper Networks from February 2009 to December 2011. Earlier in his career, Mr. Fountain was a venture capitalist at Mayfield Fund from June 2003 to February 2009 and co-founder and engineering leader at Ingrian Networks from December 1999 to June 2004. He holds an M.B.A., an M.S. in Computer Science, an M.S. in Electrical Engineering, and a B.S. in Computer Systems Engineering, each from Stanford University.

Chad Whalen has served as our Executive Vice President and Chief Revenue Officer since September 2024. He is responsible for F5's global sales go-to-market strategy and brings over 20 years of experience leading global teams across Europe, Asia, and North and South America in network infrastructure, security, and SaaS. From July 2018 to August 2024, he was Executive Vice President of Worldwide Sales. Mr. Whalen joined F5 in 2017 to lead the Cloud Sales team. Prior to joining F5, he ran strategic alliances at Fortinet, worldwide sales and services at Jasper, Americas sales and field operations at Ciena, and global sales and marketing at World Wide Packets. He holds a B.A. in Business Administration and Management from Eastern Washington University.

Kunal Anand has served as our Executive Vice President and Chief Product Officer since October 2025. From October 2024 to October 2025, he served as our Chief Innovation Officer. He joined F5 in April 2024 as Chief Technology Officer. He is responsible for driving the Company's technology and AI vision and innovation, with a focus on incorporating rapid AI adoption across F5's product solutions. Prior to F5, Mr. Anand held the dual role of Chief Technology Officer and Chief Information Security Officer at Imperva. He joined Imperva in 2018 with the acquisition of Prevoty, an application security startup he co-founded in 2013. Before joining Prevoty, he was the Director of Technology at BBC Worldwide. Mr. Anand has a deep history of innovation and technical expertise, and has held roles leading security, data, technology, and engineering teams at Gravity, MySpace, and the NASA Jet Propulsion Lab. He holds a B.S. degree from Babson College.

John Maddison has served as our Executive Vice President and Chief Marketing Officer since October 2025. He joined F5 in December 2024 as Chief Product Marketing and Technology Alliances Officer. Mr. Maddison is responsible for overseeing F5's global marketing, business development, and corporate communications teams. He is also responsible for increasing F5's market impact and delivering on the Company's brand promise through its products and partnerships. Prior to joining F5, Mr. Maddison spent twelve years at Fortinet, most recently as Chief Marketing Officer and EVP of Product Strategy. He previously held leadership positions at Trend Micro, Vina Communications, and Octel Communications. Mr. Maddison holds a B.S. in Engineering from Plymouth University in Devon, England.

Angelique Okeke has served as our Executive Vice President and General Counsel since March 2025. She is responsible for leading F5's legal, regulatory, compliance, and corporate governance functions. Ms. Okeke brings more than 20 years of legal and operational leadership experience to F5. Prior to joining F5, she spent eight years at Nike, Inc., most recently as Global Vice President where she led strategic legal counsel on enterprise-wide initiatives that transformed Nike's retail business model and accelerated its digital commerce strategy. Ms. Okeke has held legal leadership roles at AWS and Lotame. Ms. Okeke holds a B.A. in Political Science and Communications from Boston College, an M.A. in Public Communication from American University, and a Juris Doctor from Howard University School of Law.

Michael Montoya has served as our Executive Vice President and Chief Technology Operations Officer since October 2025. He previously served on our Board of Directors from 2021 to 2025. Prior to joining F5, Mr. Montoya served as Chief Operating Officer at BlueVoyant, overseeing Product, Engineering, and Operations. He previously held Chief Information Security Officer roles at Equinix and Digital Realty, leading enterprise, product, and physical security, as well as compliance. Mr. Montoya holds a B.A. in Economics from The University of New Mexico.

Cathy Peterman has served as our Executive Vice President and Chief People Officer since July 2026. Prior to joining F5, she was Chief People Officer, Technology at Wayfair, where she architected the people strategy for a global technology organization of over 3,000 and drove AI transformation and talent development across the company's 11,000 employees worldwide. Prior to Wayfair, Ms. Peterman spent six years at Amazon driving talent strategy across three distinct businesses supporting more than 40,000 employees. She led enterprise-wide initiatives spanning organizational design, executive development, people analytics, and performance transformation, with additional HR leadership roles in Amazon Advertising, Amazon Devices, Prime Video & Studios, and Physical Stores. Ms. Peterman holds a B.A. from Villanova University and an M.A. from the University of Denver.

Item 1A. *Risk Factors*

In addition to the other information in this report, the following risk factors should be carefully considered in evaluating our company and operations.

Risk Factor Summary

Operational and Execution Risks

- Security vulnerabilities or control failures in our IT infrastructure or multicloud application delivery and security products and services as well as unforeseen product errors could have a material adverse impact on our business, results of operations, financial condition, and reputation;
- The Cyber Incident has had and may continue to have an adverse effect on our business, reputation, customer, employee, and partner relations, results of operations, financial condition, and cash flows;
- We are dependent on various information technology systems, and failures of or interruptions to those systems could harm our business;
- Our success depends on our key personnel and our ability to hire, retain, and motivate qualified executives, sales and marketing, operations, product development, and professional services personnel;
- Cloud-based and SaaS computing trends present competitive and execution risks;
- Our success depends upon our ability to effectively plan and manage our resources and restructure our business;
- Our business may be harmed if our contract manufacturers are not able to provide us with adequate supplies of our products or if a single source of hardware assembly is lost or impaired;
- Our business could suffer if there are any interruptions or delays in the supply of hardware components from our third-party sources;
- It is difficult to predict our future operating results because we have an unpredictable sales cycle;
- We may not be able to sustain or develop new distribution relationships, and a reduction or delay in sales to significant distribution partners could hurt our business;
- Reliance on fulfillment at the end of the quarter could cause our revenue for the applicable period to fall below expected levels;
- Our operating results are exposed to risks associated with international commerce;
- The average selling price of our products may decrease and our costs may increase, which may negatively impact revenues and profits; and

- Acquisitions present many risks and we may not realize the financial and strategic goals that are contemplated at the time of the transaction.

Strategic and Industry Risks

- Our success depends on our timely development of new software and systems products and features, market acceptance of new software and systems product offerings and proper management of the timing of the life cycle of our software and systems products;
- Our success depends on sales and continued innovation of our application delivery and security product lines;
- Risks related to the development, deployment, and use of AI could give rise to legal and/or regulatory action, damage our reputation, or otherwise materially harm our business;
- Our business could be adversely impacted by conditions affecting the markets in which we compete;
- Industry consolidation may result in increased competition;
- We may not be able to compete effectively in the application delivery and security market; and
- Misuse of our products could harm our reputation.

Legal and Regulatory Risks

- Our failure to adequately protect personal information could have a material adverse effect on our business;
- A portion of our revenue is generated by sales to government entities, which are subject to a number of challenges and risks;
- We face litigation risks;
- We may not be able to adequately protect our intellectual property, and our products may infringe on the intellectual property rights of third parties;
- We are subject to governmental export and import controls that could subject us to liability or impair our ability to compete in international markets; and
- Changes in governmental regulations could negatively affect our revenues.

Financial Risks

- We may have exposure to greater than anticipated tax liabilities;
- We are exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations;
- Changes in financial accounting standards may cause adverse unexpected revenue fluctuations and affect our reported results of operations; and
- If we are unable to maintain effective internal control over financial reporting, the accuracy and timeliness of our financial reporting may be adversely affected.

Risks Related to our Common Stock

- Our quarterly and annual operating results may fluctuate in future periods, which may cause our stock price to fluctuate;
- Anti-takeover provisions could make it more difficult for a third party to acquire us;
- Our stock price could be volatile, particularly during times of economic uncertainty and volatility in domestic and international stock markets; and
- If securities or industry analysts publish inaccurate or unfavorable research about our business, or discontinue publishing research about our business, the price and trading volume of our securities could decline.

General Risks

- Macroeconomic downturns or uncertainties may harm our industry, business, and results of operations;
- We face risks associated with having operations and employees located in Israel;
- Our business is subject to the risks of earthquakes, fire, power outages, floods, and other catastrophic events, and to interruption by man-made problems such as terrorism; and
- Climate change and associated regulation may have an impact on our business.

Operational and Execution Risks

Security vulnerabilities or control failures in our IT infrastructure or multicloud application delivery and security products and services as well as unforeseen product errors could have a material adverse impact on our business, results of operations, financial condition, and reputation

In the ordinary course of business, we store sensitive data, including intellectual property, personal data, our proprietary business information and that of our customers, suppliers, and business partners on our networks. In addition, we store sensitive data through cloud-based services that may be hosted by third parties and in data center infrastructure maintained by third parties. The secure maintenance of this information is critical to our operations and business strategy. Our IT infrastructure and those of our partners and customers are subject to the increasing threat of intrusions by a wide range of bad actors and malicious parties including computer programmers, hackers, or sophisticated nation-state and nation-state supported actors, or they may be compromised due to employee error or wrongful conduct, malfeasance, or other disruptions. Despite our security measures, and those of our third-party vendors, our IT infrastructure has experienced breaches or disruptions, including the Cyber Incident, and may be vulnerable in the future to breach, attacks, or disruptions. If any breach or attack, compromises our IT infrastructure, creates system disruptions or slowdowns or exploits security vulnerabilities therein, the information stored on our networks or those of our customers could be accessed and modified, publicly disclosed, or lost or stolen, and we may be subject to liability to our customers, individuals, suppliers, business partners, and others, and may suffer reputational and financial harm.

Our multicloud application delivery and security products and services are used by our customers to manage their critical applications and data. Bad actors and other malicious parties, have in the past and may attempt in the future to exploit security vulnerabilities and control weaknesses in our internal IT infrastructure or cloud environments that support our SaaS-based and managed solutions and services as well as our products that may be deployed in a customer environment. Despite our efforts to harden our IT infrastructure, our delivery and security products and services against these risks, those efforts may not be successful, and from time to time, those systems and products could be compromised. Threat actors can seek to exploit, among other things, known or unknown vulnerabilities and control weaknesses in technology included in our IT infrastructure, delivery and security products and services, and failure to quickly identify, patch, or mitigate security vulnerabilities or strengthen security controls could render our IT infrastructure, delivery, and security products and services susceptible to a cyber-attack which may subject the Company to liability to our customers, suppliers, business partners, and others, as well as reputational and financial harm. Moreover, like many complex global enterprises, any limitations or delays in security monitoring, logging, asset management, or internal reporting and escalation, or gaps in coverage of security tools in our environment, could impact our ability to detect and respond to threats early and efficiently, giving threat actors an opportunity to gain or maintain access to our environment undetected. Finally, we rely on a number of third parties who connect to our network or with whom we share data, to support our business and operations, and to the extent that these third parties have weaknesses or deficiencies in their security program or vulnerabilities, they present business, operational, reputational, financial, and legal risk. If any one or more of these vendors' security is compromised, it could have similar consequences as if we experienced a security event ourselves.

Our products may also contain undetected errors, defects, or vulnerabilities when first introduced or as new versions are released. We have experienced these issues in the past in connection with new products and product upgrades. Our products also must successfully operate with products from other vendors. As our products and customer IT infrastructures become increasingly complex, customers may also experience unforeseen errors in implementing our products into their IT environments or integrating them with other vendor products. We expect that these errors, defects, or vulnerabilities will be found from time to time in new or enhanced products after commencement of commercial shipments. Any of these may temporarily or permanently disable our end-customers' networks, information technology infrastructure or other systems, or expose our end-customers' networks to attacks or compromise from security threats. These problems may cause us to incur significant warranty and repair costs, divert the attention of our engineering personnel from our product development efforts, cause significant customer relations problems, result in legal claims or liability, and impact demand for our products and services. We may also be subject to liability claims for damages. We carry insurance policies covering these types of liabilities, but these policies may not provide sufficient protection should a claim be asserted. A material product liability claim may harm our business and results of operations.

Advances in AI capabilities, including increasingly sophisticated AI models and coding agents capable of autonomously creating, discovering, and exploiting vulnerabilities and other security issues, are becoming more broadly accessible, including to nation-state actors and other well-resourced threat actors. These tools can enable faster identification and exploitation and more significant impact by threat actors, shortening the time to detect attacks and expanding the time and resources required to respond to them. These tools may be leveraged against the AI infrastructure of the Company and our third-party vendors, our multicloud application delivery and security products and services, and our other products. Threat actors may also target our AI models and supporting systems for our products and services in ways that we cannot yet anticipate.

Any errors, defects, control failures, or vulnerabilities in our products or IT infrastructure could result in:

- expenditures of significant financial and product development resources in efforts to analyze, correct, eliminate, or work-around errors and defects or to address and eliminate vulnerabilities;
- remediation costs, such as liability for stolen assets or information, repairs, or system damage;
- increased cybersecurity protection costs which may include systems and technology changes, training, and engagement of third-party experts and consultants;
- increased insurance premiums;
- loss of existing or potential customers or channel partners;
- loss of proprietary information leading to lost competitive positioning and lost revenues;
- inaccessibility to certain data or systems necessary to operate the business;
- negative publicity and damage to our reputation;
- delayed or lost revenue;
- delay or failure to attain market acceptance or decrease in demand for our products and services;
- an increase in warranty claims compared with our historical experience, or an increased cost of servicing warranty claims, either of which would adversely affect our gross margins; and
- litigation, regulatory inquiries, or investigations that may be costly and harm our reputation.

The Cyber Incident has had and may continue to have an adverse effect on our business, reputation, customer, employee, and partner relations, results of operations, financial condition, and cash flows

The Cyber Incident may harm our reputation, our customers, employees, and partners, and our operations and business. Customers may in the future defer purchasing or choose to cancel or not renew their agreements or subscriptions with us.

We have incurred and may continue to expend significant costs and expenses related to the Cyber Incident including in connection with our investigations, remediation, legal proceedings, and regulatory inquiries, and to address any potential damage to our reputation, customer, employee, and partner relations. If we are unable to maintain the trust of our current and prospective customers and partners, or our personnel continue to have to devote significant time to the Cyber Incident, our business, market share, results of operations, and financial condition could be negatively affected.

As a result of the Cyber Incident and market forces beyond our control, the cost of our insurance may increase substantially, and we may not be able to obtain additional or comparable insurance coverage on commercially reasonable terms. In addition, governmental authorities that have made inquiries regarding, or may in the future investigate the Cyber Incident may seek to impose undertakings, injunctive relief, consent decrees, or other civil or criminal penalties, which could, among other things, materially increase our software development and related expenses or otherwise require us to alter how we operate our business. Further, any legislative or regulatory changes adopted in reaction to the Cyber Incident could require us to make modifications to the operation of our business that could have an adverse effect or increase or accelerate our compliance costs.

Based on our investigation to date, we have not seen any evidence of modification to our software supply chain, including our source code and our build release pipelines. We have confirmed that the threat actor exfiltrated files from our BIG-IP product development environment and engineering knowledge management platform. The discovery of new or different information regarding the Cyber Incident, including with respect to its scope and impact on our systems, products, or customers, could increase our costs and liabilities related to the Cyber Incident and result in further damage to our business, reputation, intellectual property, results of operations, and financial condition. The Cyber Incident also may embolden other threat actors to further target our systems, which could result in additional harm to our business. We cannot ensure that our steps to secure our systems, our product development environments and protect the security and integrity of the products that we deliver will be successful to protect against threat actors or cyberattacks or perceived by existing and prospective customers as sufficient to address the harm caused by the Cyber Incident.

We are dependent on various information technology systems, and failures of or interruptions to those systems could harm our business

Many of our business processes depend upon our IT systems, the systems and processes of third parties, including cloud hosting service providers, and on interfaces with the systems of third parties. For example, our order entry system provides information to the systems of our contract manufacturers, which enables them to build and ship our products. If those systems fail or are interrupted, or if our ability to connect to or interact with one or more networks is interrupted, our processes may function at a diminished level or not at all. This could harm our ability to ship products or our ability to deliver cloud-based services used in our operations, which could harm our financial results.

Further, our Distributed Cloud Services infrastructure is dependent on our IT systems and related software interfaces, including third-party cloud hosting providers, in order to maintain a reliable and consistent level of performance for our customers. If those systems experience an outage, fail, or are otherwise interrupted, or if our ability to connect to or interact with one or more networks is interrupted, platform services may function at a diminished level or not at all. This could harm our ability to deliver services to our customers, which could harm our customers and our financial results.

In addition, reconfiguring our IT systems or other business processes in response to changing business needs may be time-consuming and costly. To the extent this impacted our ability to react timely to specific market or business opportunities, our financial results may be harmed.

Our success depends on our key personnel and our ability to hire, retain, and motivate qualified executives, sales and marketing, operations, product development, and professional services personnel

Our success depends, in large part, on our ability to attract, engage, retain, and integrate qualified executives and other key employees throughout all areas of our business. In order to attract and retain executives and other key employees in a competitive marketplace, we must provide a competitive compensation package, including cash- and equity-based compensation. If we do not obtain the stockholder approval needed to continue granting equity compensation in a competitive manner, our ability to attract, retain, and motivate executives and key employees could be weakened. Failure to successfully hire executives and key employees or the loss of any executives and key employees could have a significant impact on our operations. We have recently experienced changes in our senior leadership team, and we expect to continue to see changes as we build the team that is needed to execute our strategy. Changes in our management team may be disruptive to our business and any failure to successfully integrate key new hires or promoted employees could adversely affect our business and results of operations. The complexity of our products and their integration into existing networks and ongoing support, as well as the sophistication of our sales and marketing effort, requires us to retain highly trained developers, professional services, customer support, and sales personnel. Competition for qualified developers, professional services, customer support, and sales personnel in our industry is intense, especially in Silicon Valley and Seattle where we have substantial operations and a need for highly skilled personnel, because of the limited number of people available with the necessary technical skills and understanding of our products. Also, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited, that they have divulged proprietary or other confidential information, that they have violated non-compete obligations to their prior employers, or that their former employers own their inventions or other work product. Our ability to hire and retain these personnel may be adversely affected by volatility or reductions in the price of our common stock or our ability to get approval from shareholders to offer additional common stock to our employees, since these employees are generally granted restricted stock units. The loss of services of any of our key personnel, the inability to retain and attract qualified personnel in the future, or delays in hiring qualified personnel may harm our business and results of operations. In addition, restructuring plans to better align strategic and financial objectives, optimize operations, and drive efficiencies for long-term growth and profitability, may include a reduction in force of the Company's workforce. These restructuring activities could lead to increased attrition amongst those employees who were not directly affected by the reduction in force program.

Cloud-based and SaaS computing trends present competitive and execution risks

Customers are transitioning to a hybrid computing environment utilizing various cloud-based software and services accessed via various smart client devices. Pricing and delivery models are evolving, and our competitors are developing and deploying cloud-based services for customers. In addition, new cloud infrastructures are enabling the emergence of new competitors including large cloud providers who offer their own application delivery and security functionality as well as smaller companies targeting the growing numbers of "born in the cloud" applications. We devote significant resources to develop and deploy our cloud-based and SaaS software and services strategies. While we believe our expertise and investments in software and infrastructure for cloud-based services provides us with a strong foundation to compete, it is uncertain whether our strategies will continue to attract the customers or generate the revenue required to be successful. In addition to software development costs, we are incurring costs to build and maintain infrastructure to support cloud-computing and SaaS services to secure our customers' data. These costs may reduce the gross and operating margins we have previously achieved. Whether we are successful in this new business model depends on our execution in a number of areas, including:

- continuing to innovate and bring to market compelling cloud-based and SaaS services through consumption models that generate increasing traffic and market share;
- maintaining the utility, compatibility and performance of our software on the growing array of cloud and SaaS computing platforms and the enhanced interoperability requirements associated with orchestration of cloud computing environments; and
- implementing the infrastructure and securitization of our customers' data to deliver our own cloud-based and SaaS services.

These new business models may reduce our revenues or gross and operating margins and could have a material adverse effect on our business, results of operations, and financial condition.

Our success depends upon our ability to effectively plan and manage our resources and restructure our business

Our ability to successfully offer our products and services in a rapidly evolving market requires an effective planning, forecasting, and management process to enable us to effectively scale and adjust our business and business models in response to fluctuating market opportunities and conditions. From time to time, we have increased investment in our business by increasing headcount, acquiring companies, and increasing our investment in research and development, sales and marketing, and other parts of our business. Conversely, in the last few years, we have initiated restructuring plans to better align strategic and financial objectives, optimize operations, and drive efficiencies for long-term growth and profitability, which resulted in restructuring charges. Our ability to achieve the anticipated cost savings and other benefits from these initiatives is subject to many estimates and assumptions, which are subject to uncertainties. If our estimates and assumptions are incorrect, if we are unsuccessful at implementing changes, or if other unforeseen events occur, our business and results of operations could be adversely affected.

Our business may be harmed if our contract manufacturers are not able to provide us with adequate supplies of our products or if a single source of hardware assembly is lost or impaired

We outsource the manufacturing of our hardware platforms to third party contract manufacturers who assemble these hardware platforms to our specifications. We have experienced minor delays in shipments from contract manufacturers in the past. However, if we experience major delays in the future or other problems, such as inferior quality and insufficient quantity of product, any one or a combination of these factors may harm our business and results of operations. The inability of our contract manufacturers to provide us with adequate supplies of our products or the loss of one or more of our contract manufacturers may cause a delay in our ability to fulfill orders while we obtain a replacement manufacturer and may harm our business and results of operations. In particular, we currently subcontract manufacturing of our products to a single contract manufacturer. If our arrangement with this single source of hardware assembly was terminated or otherwise impaired, and we were not able to engage another contract manufacturer in a timely manner, our business, financial condition, and results of operation could be adversely affected.

If the demand for our products grows, we will need to increase our raw material and component purchases, contract manufacturing capacity, and internal test and quality control functions. Any disruptions in product flow may limit our revenue, may harm our competitive position, and may result in additional costs or cancellation of orders by our customers.

Our business could suffer if there are any interruptions or delays in the supply of hardware components from our third-party sources

We currently purchase several hardware components used in the assembly of our products from a number of single or limited sources. Lead times for these components vary significantly, and certain components, including memory and semiconductors, may be subject to industry-wide shortages, extended lead times, price fluctuations, and supplier allocation decisions. Increased demand for these components, including demand associated with the expansion of AI infrastructure, could further constrain available supply and increase costs. Our suppliers may experience capacity constraints, prioritize other customers, delay shipments, increase prices, impose additional fees, discontinue components, or otherwise fail to deliver components in the quantities or within the time frames we require.

The unavailability of suitable components, any interruption or delay in the supply of any of these hardware components or the inability to procure a similar component from alternate sources at acceptable prices within a reasonable time, may delay or halt the assembly and delivery of our products and our ability to fulfill customer orders. Developing alternate sources, qualifying new components or redesigning our products may be costly and time-consuming and could result in additional delays or product quality or performance issues. Our supply of components may also be adversely affected by industry consolidation, geopolitical tensions, international conflicts, trade restrictions, tariffs, sanctions, import or export controls, transportation disruptions, cybersecurity incidents, natural disasters, power outages, public health events, and other circumstances beyond our control. Any resulting shortages or delays could cause us to incur increased component, manufacturing, or shipping costs, lose sales opportunities, or damage our customer relationships.

To address actual or anticipated supply constraints and extended lead times, we may increase our inventory or enter into purchase commitments in advance of our anticipated requirements, including commitments that may be non-cancelable. If actual demand is lower than forecasted, customer requirements change, technology transitions occur more rapidly than anticipated, or our product plans change, we could have excess or obsolete inventory or purchase commitments exceeding our needs. This could result in inventory write-downs, losses on purchase commitments, increased storage and logistics costs, or the sale of products at discounted prices. Conversely, insufficient inventory could result in product shortages, delayed revenues, or lost sales opportunities. We also may be unable to increase the prices of our products sufficiently or in a timely manner to offset higher component and logistics costs, and any price increases may reduce demand for our products. Any of these circumstances could adversely affect our revenues, gross margins, business, and results of operations.

It is difficult to predict our future operating results because we have an unpredictable sales cycle

Our products have a lengthy sales cycle and the timing of our revenue is difficult to predict. Historically, our sales cycle has tended to lengthen as our products become increasingly complex. Also, as our distribution strategy is focused on a channel model, utilizing value-added resellers, distributors, and systems integrators, the level of variability in the length of sales cycle across transactions has increased and made it more difficult to predict the timing of many of our sales transactions. Sales of our products require us to educate potential customers in their use and benefits. Sales of our products are subject to delays from the lengthy internal budgeting, approval, and competitive evaluation processes that large enterprises and governmental entities may require. For example, customers frequently begin by evaluating our products on a limited basis and devote time and resources to testing our products before they decide whether or not to purchase. Customers may also defer orders as a result of anticipated releases of new products or enhancements by our competitors or us. As a result, our products have an unpredictable sales cycle that contributes to the uncertainty of our future operating results.

We may not be able to sustain or develop new distribution relationships, and a reduction or delay in sales to significant distribution partners could hurt our business

We sell our products and services through multiple distribution channels in the United States and internationally, including leading industry distributors, value-added resellers, systems integrators, service providers, and other indirect channel partners. We have a limited number of agreements with companies in these channels, and we may not be able to increase our number of distribution relationships or maintain our existing relationships. Recruiting and retaining qualified channel partners and training them in our technologies requires significant time and resources. These channel partners may also market, sell, and support products and services that are competitive with ours and may devote more resources to the marketing, sales, and support of such competitive products. Our indirect sales channel structure could subject us to lawsuits, potential liability, and reputational harm if, for example, any of our channel partners misrepresent the functionality of our products or services to customers or violate laws or our corporate policies. If we are unable to establish or maintain our indirect sales channels, our business, and results of operations will be harmed. In addition, three worldwide distributors of our products accounted for 42.2% of our total net revenue for fiscal year 2026. A substantial reduction or delay in sales of our products to these distribution partners, if not replaced by sales to other indirect channel partners and distributors, could harm our business, operating results, and financial condition.

Reliance on fulfillment at the end of the quarter could cause our revenue for the applicable period to fall below expected levels

As a result of customer buying patterns and the efforts of our sales force and channel partners to meet or exceed their sales objectives, we have historically received a substantial portion of sales orders and generated a substantial portion of revenue during the last few weeks of each fiscal quarter. In addition, any significant interruption in our information technology systems, which manage critical functions such as order processing, revenue recognition, financial forecasts, inventory, and supply chain management, and trade compliance reviews, could result in delayed order fulfillment and decreased revenue for that fiscal quarter. If expected revenue at the end of any fiscal quarter is delayed for any reason, including the failure of anticipated purchase orders to materialize, our third party contract manufacturers' inability to manufacture and ship products prior to fiscal quarter-end to fulfill purchase orders received near the end of the fiscal quarter, our failure to manage inventory to meet demand, our inability to release new products on schedule, any failure of our systems related to order review and processing, or any delays in shipments based on trade compliance requirements, our revenue for that quarter could fall below our expectations, resulting in a decline in the trading price of our common stock.

Our operating results are exposed to risks associated with international commerce

As our international sales increase, our operating results become more exposed to international operating risks. Additionally, our international sales and operations are subject to a number of risks, including the following:

- greater difficulty in enforcing contracts and accounts receivable collection and longer collection periods;
- the uncertainty of protection for intellectual property rights in some countries;
- greater risk of unexpected changes in regulatory practices, tariffs, and tax laws and treaties;
- risks associated with trade restrictions and foreign legal requirements, including the importation, certification, and localization of our products required in foreign countries;
- greater risk of a failure of foreign employees, partners, distributors, and resellers to comply with both U.S. and foreign laws, including antitrust regulations, the U.S. Foreign Corrupt Practices Act, and any trade regulations ensuring fair trade practices;
- heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of, or irregularities in, financial statements;
- increased expenses incurred in establishing and maintaining office space and equipment for our international operations;
- greater difficulty in recruiting local experienced personnel, and the costs and expenses associated with such activities;
- management communication and integration problems resulting from cultural and geographic dispersion;
- fluctuations in exchange rates between the U.S. dollar and foreign currencies in markets where we do business;
- economic uncertainty around the world, including geopolitical, trade, economic and diplomatic relations may result in regulatory, operational, and cost challenges to our global operations; and
- general economic and political conditions in these foreign markets.

We must hire and train experienced personnel to staff and manage our foreign operations. To the extent that we experience difficulties in recruiting, training, managing, and retaining an international staff, and specifically staff related to sales management and sales personnel, we may experience difficulties in sales productivity in foreign markets. We also enter into strategic distributor and reseller relationships with companies in certain international markets where we do not have a local presence. If we are not able to maintain successful strategic distributor relationships internationally or recruit additional companies to enter into strategic distributor relationships, our future success in these international markets could be limited. Business practices in the international markets that we serve may differ from those in the United States and may require us in the future to include terms other than our standard terms in customer contracts. We intend to continue expanding into international markets.

These factors and other factors could harm our ability to gain future international revenues and, consequently, materially impact our business, operating results, and financial condition. The expansion of our existing international operations and entry into additional international markets will require significant management attention and financial resources. Our failure to successfully manage our international operations and the associated risks effectively could limit the future growth of our business.

The average selling price of our products may decrease and our costs may increase, which may negatively impact revenues and profits

It is possible that the average selling prices of our products will decrease in the future in response to competitive pricing pressures, increased sales discounts, including responses to inflationary pressures, new product introductions by us or our competitors, or other factors. Therefore, in order to maintain our profits, we must develop and introduce new products and product enhancements on a timely basis and continually reduce our product costs. Our failure to do so could cause our revenue and profits to decline, which would harm our business and results of operations. In addition, we may experience substantial period-to-period fluctuations in future operating results due to the erosion of our average selling prices.

Acquisitions present many risks and we may not realize the financial and strategic goals that are contemplated at the time of the transaction

With respect to our past acquisitions, as well as any other future acquisitions we may undertake, we may find that the acquired businesses, products or technologies do not further our business strategy as expected, that we paid more than what the assets are later worth or that economic conditions change, all of which may generate future impairment charges. Our acquisitions may be viewed negatively by customers, financial markets, or investors. There may be difficulty integrating the operations and personnel of the acquired business, and we may have difficulty retaining the key personnel of the acquired business. We may have difficulty in integrating the acquired technologies or products with our existing product lines. Our ongoing business and management's attention may be disrupted or diverted by transition or integration issues and the complexity of managing geographically and culturally diverse locations. We may have difficulty maintaining uniform standards, controls, procedures, and policies across locations. We may experience significant problems or liabilities associated with product quality, technology, and other matters.

Our inability to successfully operate and integrate newly-acquired businesses appropriately, effectively, and in a timely manner, or to retain key personnel of any acquired business, could have a material adverse effect on our ability to take advantage of further growth in demand for application delivery and security solutions and other advances in technology, as well as on our revenues, gross margins, and expenses.

Strategic and Industry Risks

Our success depends on our timely development of new software and systems products and features, market acceptance of new software and systems product offerings, and proper management of the timing of the life cycle of our software and systems products

The markets for our products and services are characterized by:

- rapid technological change;
- evolving industry standards;
- consolidation of network and application functions into existing network infrastructure products;
- requirements that our products interoperate with technologies from other vendors to enable ease of management;
- fluctuations in customer demand;
- changes in customer requirements; and

- frequent new product and service introductions and enhancements.

Our continued success depends on our ability to identify and develop new software and systems products and new features for our existing software and systems products, to meet the demands of these changes, and the acceptance of those products and features by our existing and target customers. In addition, our software and systems products must interoperate with our end customers' IT infrastructure, including the rapid adoption of AI-enabled software and systems, expanding use of the cloud and hybrid cloud environments, which often have different specifications, deploy products from multiple vendors, and utilize multiple protocol standards. Our customers' IT infrastructure is becoming more complex and we may be reliant on orchestration and interoperability with third party vendors on whom we are reliant for testing and support of new software and systems product versions and configurations. If we are unable to identify, develop, and deploy new software and systems products and new product features on a timely basis, our business and results of operations may be harmed.

The current development cycle for our software and systems products varies and has become increasingly complex due to the sophistication and the addressing of our customers' needs. The development timetable to commercial release and availability to our customers is uncertain, and the introduction of new products or product enhancements may shorten the life cycle of our existing products, or replace sales of some of our current products, thereby offsetting the benefit of even a successful product introduction, and may cause customers to defer purchasing our existing products in anticipation of the new products. This could harm our operating results by decreasing sales of our software and systems products, or increasing our inventory levels of older systems products and exposing us to greater risk of product obsolescence. We have also experienced, and may in the future experience, delays in developing and releasing new software and systems products and related product enhancements. This has led to, and may in the future lead to, delayed sales, increased expenses, and lower quarterly revenue than anticipated. Also, in the development of our systems products, we have experienced delays in the prototyping, which in turn has led to delays in product introductions. In addition, complexity and difficulties in managing product transitions at the end-of-life stage of a product can create excess inventory of components associated with the outgoing product that can lead to increased expenses. Any or all of the above problems could materially harm our business and results of operations.

Our success depends on sales and continued innovation of our application delivery and security product lines

We expect to derive a significant portion of our net revenues from the sale of our cloud, software and hardware application delivery and security product lines in the future. Implementation of our strategy depends upon these products being able to solve critical network availability, performance, and security problems for our customers. If our products are unable to solve these problems for our customers or if we are unable to sustain the high levels of innovation in product feature sets needed to maintain leadership in what will continue to be a competitive market environment, our business and results of operations will be harmed.

We operate in an industry of evolving standards and rapid technological advancements. If our competitors are able to develop and implement compelling technological innovations or features into their product offerings or services more rapidly or successfully than we do in the future, our ability to compete effectively may be impacted which could negatively impact our business and results of operations.

Risks related to the development, deployment, and use of AI could give rise to legal and/or regulatory action, damage our reputation or otherwise materially harm our business

We currently incorporate AI technology in certain of our products and services and in our business operations and our research and development efforts in this area are ongoing. The development and deployment of AI involve inherent risks, technical challenges, and potential unintended consequences that could adversely affect our and our customers' adoption and use of these technologies. For example, AI solutions may use algorithms, datasets, or training methodologies that are incomplete, reflect biases, or contain other flaws or deficiencies.

Additionally, AI technologies are complex and rapidly evolving, and we face significant competition in the market and from other companies regarding such technologies. There is a risk that AI technologies could automate or simplify functions currently performed by our application delivery and security solutions. If customers or investors believe that AI tools can replicate or replace aspects of our offerings, demand for our products and services could decline, and our competitive position could be weakened. Market sentiment regarding AI's potential to disrupt the application delivery and security industry could negatively affect our stock price and business, regardless of whether such disruption actually materializes or impacts our competitive position.

While we aim to develop and use AI responsibly and attempt to identify and mitigate ethical and legal issues presented by its use, we may be unsuccessful in identifying or resolving issues before they arise. The rapid pace of AI development and the emergence of new regulations require us to commit substantial resources to ensure our AI-enabled products and services meet evolving legal and technical standards. The AI-related legal and regulatory landscape remains uncertain and may be inconsistent from jurisdiction to jurisdiction. Our obligations to comply with the evolving legal and regulatory landscape could entail significant costs or limit our ability to incorporate certain AI capabilities into our offerings.

AI-related issues, deficiencies and/or failures could (i) give rise to legal and/or regulatory action, including with respect to proposed legislation regulating AI in jurisdictions such as the European Union and others, and as a result of new applications of existing data protection, privacy, intellectual property, and other laws; (ii) damage our reputation; or (iii) otherwise materially harm our business.

Our business could be adversely impacted by conditions affecting the markets in which we compete

A substantial portion of our business depends on the demand for information technology by large enterprise customers and service providers. We are dependent upon the overall economic health of our current and prospective customers. International, national, regional, and local economic conditions, such as recessionary economic cycles, protracted economic slowdown, or further deterioration of the economy could adversely impact demand for our products. Demand for our products and services depends substantially upon the general demand for application delivery and security solutions, which fluctuates based on numerous factors, including capital spending levels and growth of our current and prospective customers, as well as general economic conditions. Moreover, the purchase of our products is often discretionary and may involve a significant commitment of capital and other resources. Future economic projections for the information technology sector are uncertain as companies continue to reassess their spending for technology projects and embrace a range of consumption models from physical systems to software, SaaS-based, and managed services solutions. As a result, spending priorities for our current and future customers may vary and demand for our products and services may be impacted. In addition, customer buying patterns are changing over time and more customers seek to rent software on a subscription basis and to reduce their total cost of ownership. These evolving business models could lead to changes in demand and licensing strategies, which could have a material adverse effect on our business, results of operations, and financial condition.

Industry consolidation may result in increased competition

Some of our competitors have made acquisitions or entered into partnerships or other strategic relationships to offer a more comprehensive solution than they had previously offered. We have also entered into large, strategic partnerships to enhance our competitive position in the marketplace. As technology companies attempt to strengthen or maintain their market positions in the evolving application delivery, mobility, cloud networking, and cloud platform markets, these companies continue to seek to deliver comprehensive solutions to end users and combine enterprise-level hardware and software solutions that may compete with our solutions and which could negatively impact our partnerships. These consolidators or potential consolidators may have significantly greater financial, technical, and other resources than we do and may be better positioned to acquire and offer complementary products and services. The companies resulting from these possible combinations may create more compelling product and service offerings and be able to offer greater pricing flexibility or sales and marketing support for such offerings than we can. These heightened competitive pressures could result in a loss of customers or a reduction in our revenues or revenue growth rates, all of which could adversely affect our business, results of operations, and financial condition.

We may not be able to compete effectively in the application delivery and security market

The markets we serve are rapidly evolving and highly competitive, and we expect competition to persist and intensify in the future. As we expand our reach and role into a broader set of multicloud solutions, the companies that we consider competitors evolves as well. In addition to server load balancing, traffic management, and other functions normally associated with application delivery, our suite of solutions has expanded our addressable market into security, and policy management, where we compete with a number of companies focused on niche areas of application security. Similarly, as we continue building AI functionality into our offerings, we expect competition to increase in the future, from established competitors and new market entrants, as AI technologies are integrated into the markets in which we compete.

We expect to continue to face additional competition as new participants enter our markets. As we continue to expand globally, we may see new competitors in different geographic regions. In addition, larger companies with significant resources, brand recognition, and sales channels may form alliances with or acquire competing application services solutions from other companies and emerge as significant competitors. Potential competitors may bundle their products or incorporate an Internet traffic management or security component into existing products in a manner that discourages users from purchasing our products. Any of these circumstances may limit our opportunities for growth and negatively impact our financial performance.

Misuse of our products could harm our reputation

Our products may be misused by end-customers or third parties that obtain access to our products. For example, our products could be used to censor private access to certain information on the Internet. Such use of our products for censorship could result in negative publicity and damage to our reputation. In addition, as many of our products are subject to export control regulations, diversion of our products to restricted third parties by others could result in investigations, penalties, fines, trade restrictions, and negative publicity that could damage our reputation and materially impact our business, operating results, and financial condition.

Legal and Regulatory Risks

Our failure to adequately protect personal information could have a material adverse effect on our business

A wide variety of local, state, national, and international laws, directives, and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal data. These data protection and privacy-related laws and regulations continue to evolve and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions and increased costs of compliance. Certain safe-harbor exemptions upon which the Company relies for data transfers have been challenged and may no longer be available to us in the future. Our failure to comply with applicable laws and regulations, or to protect such data, could result in enforcement action against us, including fines, imprisonment of company officials, and public censure, claims for damages by end-customers and other affected individuals, damage to our reputation, and loss of goodwill (both in relation to existing end-customers and prospective end-customers), any of which could have a material adverse effect on our operations, financial performance, and business. Changing definitions of personal data and personal information, within the European Union, the United States, and elsewhere, especially relating to classification of IP addresses, machine identification, location data, and other information, may limit or inhibit our ability to operate or expand our business, including limiting strategic partnerships that may involve the sharing of data. The evolving data protection regulatory environment may require significant management attention and financial resources to analyze and modify our IT infrastructure to meet these changing requirements all of which could reduce our operating margins and impact our operating results and financial condition.

A portion of our revenue is generated by sales to government entities, which are subject to a number of challenges and risks

Sales to U.S. and foreign, federal, state, and local governmental agency end-customers account for a significant portion of our revenues and we may in the future increase sales to government entities. Sales to government entities are subject to a number of risks. Selling to government entities can be highly competitive, expensive, and time consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. The substantial majority of our sales to date to government entities have been made indirectly through our channel partners. Government certification requirements for products like ours may change, thereby restricting our ability to sell into the federal government sector until we have attained the revised certification. Government demand and payment for our products and services may be impacted by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our products and services. Government entities may have statutory, contractual, or other legal rights to terminate contracts with our distributors and resellers for convenience or due to a default, and any such termination may adversely impact our future operating results. Governments routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government refusing to continue buying our products and services, a reduction of revenue or fines or civil or criminal liability if the audit uncovers improper or illegal activities, which could adversely impact our operating results in a material way. Finally, for purchases by the U.S. government, the government may require certain products to be manufactured in the United States and other relatively high cost manufacturing locations, and we may not manufacture all products in locations that meet the requirements of the U.S. government, affecting our ability to sell these products to the U.S. government.

We face litigation risks

We are a party to lawsuits in the normal course of our business. Litigation in general, and intellectual property and securities litigation in particular, can be expensive, lengthy, and disruptive to normal business operations. Further, we could face litigation in connection with the Cyber Incident. Moreover, the results of complex legal proceedings are difficult to predict. Responding to lawsuits has been, and will likely continue to be, expensive and time-consuming for us. An unfavorable resolution of these lawsuits could adversely affect our business, results of operations, or financial condition.

We may not be able to adequately protect our intellectual property, and our products may infringe on the intellectual property rights of third parties

We rely on a combination of patent, copyright, trademark, and trade secret laws, and restrictions on disclosure of confidential and proprietary information to protect our intellectual property rights. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our products or technology. Monitoring unauthorized use of our products is difficult, and we cannot be certain that the steps we have taken will prevent misappropriation of our technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States.

Our industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patent and other intellectual property rights. In the ordinary course of our business, we are involved in disputes and licensing discussions with others regarding their claimed proprietary rights and cannot provide assurance that we will always successfully defend ourselves against such claims and such matters are subject to many uncertainties and outcomes are not predictable with assurance. We expect that infringement claims may increase as the number of products and competitors in our market increases and overlaps occur. Also, as we have gained greater visibility, market exposure and competitive success, we face a higher risk of being the subject of intellectual property infringement claims. If we are found to infringe the proprietary rights of others, or if we otherwise settle such claims, we could be compelled to pay damages or royalties and either obtain a license to those intellectual property rights or alter our products so that they no longer infringe upon such proprietary rights. Any license could be very expensive to obtain or may not be available at all or may require us to make royalty payments which could adversely affect gross margins in future periods. The actual liability in any such matters may be materially different from our estimate, if any, which could result in the need to adjust the liability and record additional expenses. Similarly, changing our products or processes to avoid infringing upon the rights of others may be costly or impractical. In addition, we have initiated, and may in the future initiate, claims or litigation against third parties for infringement of our proprietary rights, or to determine the scope and validity of our proprietary rights or those of our competitors. Any of these claims, whether claims that we are infringing the proprietary rights of others, or vice versa, with or without merit, may be time-consuming, result in costly litigation and diversion of technical and management personnel or require us to cease using infringing technology, develop non-infringing technology or enter into royalty or licensing agreements. Further, our license agreements typically require us to indemnify our customers, distributors, and resellers for infringement actions related to our technology, which could cause us to become involved in infringement claims made against our customers, distributors, or resellers. Any of the above-described circumstances relating to intellectual property rights disputes could result in our business and results of operations being harmed.

We incorporate open source software into our products. Although we monitor our use of open source closely, the terms of many open source licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products. We could also be subject to similar conditions or restrictions should there be any changes in the licensing terms of the open source software incorporated into our products. In either event, we could be required to seek licenses from third parties in order to continue offering our products, to re-engineer our products or to discontinue the sale of our products in the event re-engineering cannot be accomplished on a timely or successful basis, any of which could adversely affect our business, operating results, and financial condition.

Many of our products include intellectual property licensed from third parties. In the future, it may be necessary to renew licenses for third party intellectual property or obtain new licenses for other technology. These third party licenses may not be available to us on acceptable terms, if at all. The inability to obtain certain licenses, or litigation regarding the interpretation or enforcement of license rights and related intellectual property issues, could have a material adverse effect on our business, operating results, and financial condition. Furthermore, we license some third party intellectual property on a non-exclusive basis and this may limit our ability to protect our intellectual property rights in our products.

We are subject to governmental export and import controls that could subject us to liability or impair our ability to compete in international markets

Our products are subject to U.S. export controls and may be exported outside the U.S. only with the required level of export license or through an export license exception because we incorporate encryption technology into our products. In addition, various countries regulate the import of certain encryption technology and have enacted laws that could limit our ability to distribute our products or our customers' ability to implement our products in those countries. Changes in our products or changes in export and import regulations may create delays in the introduction of our products in international markets, prevent our customers with international operations from deploying our products throughout their global systems or, in some cases, prevent the export or import of our products to certain countries altogether. Any change in export or import regulations or related legislation, shift in approach to the enforcement or scope of existing regulations or change in the countries, persons, or technologies targeted by such regulations, could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential customers with international operations. Any decreased use of our products or limitation on our ability to export or sell our products would likely adversely affect our business, operating results, and financial condition.

Changes in governmental regulations could negatively affect our revenues

Many of our products are subject to various regulations promulgated by the United States and various foreign governments including, but not limited to, environmental regulations and regulations implementing export license requirements and restrictions on the import or export of some technologies, especially encryption technology. Changes in governmental regulation and our inability or failure to obtain required approvals, permits or registrations could harm our international and domestic sales and adversely affect our revenues, business, and operations.

The SEC requires us, as a public company that uses certain raw materials considered to be "conflict minerals" in our products, to report publicly on the extent to which "conflict minerals" are in our supply chain. As a provider of hardware end-products, we are several steps removed from the mining, smelting, or refining of any conflict minerals. Accordingly, our ability to determine with certainty the origin and chain of custody of these raw materials is limited. Our relationships with customers, suppliers, and investors could suffer if we are unable to describe our products as "conflict-free." We may also face increased costs in complying with conflict minerals disclosure requirements.

Financial Risks

We may have exposure to greater than anticipated tax liabilities

Our provision for income taxes is subject to volatility and could be affected by changes in our business operations, including acquisitions, new offerings, and changes in the jurisdictions in which we operate. The provision for income taxes may also be impacted by changes in stock-based compensation, changes in the research and development tax credit laws, earnings being lower than anticipated in jurisdictions where we have lower statutory rates and being higher than anticipated in jurisdictions where we have higher statutory rates, transfer pricing adjustments, not meeting the terms and conditions of tax holidays or incentives, changes in the valuation of our deferred tax assets and liabilities, changes in actual results versus our estimates, or changes in tax laws, regulations, accounting principles, or interpretations thereof, including changes to the tax laws applicable to corporate multinationals. In addition, we may be subject to examination of our income tax returns by the U.S. Internal Revenue Service and other tax authorities. While we regularly assess the likelihood of adverse outcomes from such examinations and the adequacy of our provision for income taxes, there can be no assurance that such provision is sufficient and that a determination by a tax authority will not have an adverse effect on our results of operations and cash flows. The Company operates in countries that have enacted, or have committed to enact, a minimum tax in accordance with the Organisation for Economic Co-operation and Development's Pillar Two framework, which may increase our tax liability in future years.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations

Our sales contracts are denominated in U.S. dollars, and therefore, substantially all of our revenue is not subject to foreign currency risk. However, a strengthening of the U.S. dollar could increase the real cost of our solutions to our end customers outside of the United States, which could adversely affect our financial condition and operating results. In addition, an increasing portion of our operating expenses is incurred outside the United States, is denominated in foreign currencies, and is subject to fluctuations due to changes in foreign currency exchange rates. If we become more exposed to currency fluctuations and are not able to successfully hedge

against the risks associated with currency fluctuations, our operating results could be adversely affected. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative instruments.

Changes in financial accounting standards may cause adverse unexpected revenue fluctuations and affect our reported results of operations

A change in accounting policies can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. New pronouncements and varying interpretations of existing pronouncements have occurred with frequency and may occur in the future. Changes to existing rules, or changes to the interpretations of existing rules, could lead to changes in our accounting practices, and such changes could adversely affect our reported financial results or the way we conduct our business.

If we are unable to maintain effective internal control over financial reporting, the accuracy and timeliness of our financial reporting may be adversely affected

As a public company, we are required to design and maintain proper and effective internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act of 2002 requires that we evaluate and determine the effectiveness of our internal controls over financial reporting and provide a management report on the internal controls over financial reporting, which must be attested to by our independent registered public accounting firm. We have an ongoing program to review the design of our internal controls framework in keeping with changes in business needs, implement necessary changes to our controls design and test the system and process controls necessary to comply with these requirements. If in the future, our internal controls over financial reporting are determined to be not effective resulting in a material weakness, investor perceptions regarding the reliability of our financial statements may be adversely affected which could cause a decline in the market price of our stock and otherwise negatively affect our liquidity and financial condition.

Risks Related to our Common Stock

Our quarterly and annual operating results may fluctuate in future periods, which may cause our stock price to fluctuate

Our quarterly and annual operating results have varied significantly in the past and could vary significantly in the future, which makes it difficult for us to predict our future operating results. Our operating results may fluctuate due to a variety of factors, many of which are outside of our control, including the changing and recently volatile U.S. and global economic environment, which may cause our stock price to fluctuate. In particular, we anticipate that the size of customer orders may increase as we continue to focus on larger business accounts. A delay in the recognition of revenue, even from just one account, may have a significant negative impact on our results of operations for a given period. In the past, a majority of our sales have been realized near the end of a quarter. Accordingly, a delay in an anticipated sale past the end of a particular quarter may negatively impact our results of operations for that quarter, or in some cases, that fiscal year. Additionally, we have exposure to the credit risks of some of our customers. Although we have programs in place that are designed to monitor and mitigate the associated risk, there can be no assurance that such programs will be effective in reducing our credit risks adequately. We monitor individual payment capability in granting credit arrangements, seek to limit the total credit to amounts we believe our customers can pay, and maintain reserves we believe are adequate to cover exposure for potential losses. If there is a deterioration of a major customer's creditworthiness or actual defaults are higher than expected, future losses, if incurred, could harm our business and have a material adverse effect on our operating results. Further, our operating results may be below the expectations of securities analysts and investors in future quarters or years. Our failure to meet these expectations will likely harm the market price of our common stock. Such a decline could occur, and has occurred in the past, even when we have met our publicly stated revenue and/or earnings guidance.

Anti-takeover provisions could make it more difficult for a third party to acquire us

Our Board of Directors has the authority to issue up to 10,000,000 shares of preferred stock and to determine the price, rights, preferences, privileges, and restrictions, including voting rights, of those shares without any further vote or action by the shareholders. The rights of the holders of common stock may be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change of control of our company without further action by our shareholders and may adversely affect the voting and other rights of the holders of common stock. Further, certain provisions of our bylaws, including a provision limiting the ability of shareholders to raise matters at a meeting of shareholders without giving advance notice, may have the effect of delaying or preventing changes in control or management of our company, which could have an adverse effect on the market price of our common stock. Similarly, state anti-takeover laws in the State of Washington related to corporate takeovers may prevent or delay a change of control of our company.

Our stock price could be volatile, particularly during times of economic uncertainty and volatility in domestic and international stock markets

Our stock price has been volatile and has fluctuated significantly in the past. The trading price of our stock is likely to continue to be volatile and subject to fluctuations in the future. Some of the factors that could significantly affect the market price of our stock include:

- Actual or anticipated variations in operating and financial results;
- Analyst reports or recommendations;
- Rumors, announcements, or press articles regarding our competitors' operations, management, organization, financial condition, or financial statements; and
- Other events or factors, many of which are beyond our control.

The stock market in general and the market for technology companies in particular, have experienced extreme price and volume fluctuations. These fluctuations have often been unrelated or disproportionate to operating performance. The fluctuations may continue in the future and this could significantly impact the value of our stock and your investment.

If securities or industry analysts publish inaccurate or unfavorable research about our business, or discontinue publishing research about our business, the price and trading volume of our securities could decline

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us, our business, our market or our competitors. If one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, the price of our securities would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our securities could decrease, which might cause the price and trading volume of our securities to decline.

General Risks

Macroeconomic downturns or uncertainties may harm our industry, business, and results of operations

We operate globally and as a result, our business, revenues, and profitability may be impacted by global macroeconomic conditions. Adverse macroeconomic conditions both in the U.S. and abroad, including, but not limited to, rising interest rates, inflationary pressures on goods and services, challenges in the financial and credit markets, labor shortages, supply chain disruptions, trade uncertainty, adverse changes in global taxation and tariffs, sanctions, outbreaks of pandemic diseases, political unrest and social strife, armed conflicts, or other impacts from the macroeconomic environment could adversely affect our business, financial condition, results of operations, and cash flows through, among others, softer demand of our products and services as well as unfavorable increases to our operating costs, which could negatively impact our profitability.

We face risks associated with having operations and employees located in Israel and across the Middle East

We have offices and employees located in Israel. As a result, political, economic, and military conditions in Israel and the surrounding region directly affect our operations. The future of peace efforts between Israel and its neighbors in the Middle East remains uncertain. There has been a significant increase in hostilities and political unrest in Israel and the surrounding region. The effects of these hostilities and violence on the Israeli economy and our operations in Israel are unclear, and we cannot predict the effect on us of further increases in these hostilities or future armed conflict, political instability, or violence in the region. In addition, many of our employees in Israel are obligated to perform annual reserve duty in the Israeli military and are subject to being called for active duty under emergency circumstances. We cannot predict the full impact of these conditions on us in the future, particularly if emergency circumstances or an escalation in the political situation occurs. If many of our employees in Israel are called for active duty for a significant period of time, our operations and our business could be disrupted and may not be able to function at full capacity. Current or future tensions and conflicts in the Middle East could adversely affect our business, operating results, financial condition, and cash flows.

Our business is subject to the risks of earthquakes, fire, power outages, floods, and other catastrophic events, and to interruption by man-made problems such as terrorism

A significant natural disaster, such as an earthquake, a fire, a flood, or a significant power outage could have a material adverse impact on our business, operating results, and financial condition. We have an administrative and product development office and a third party contract manufacturer located in the San Francisco Bay Area, a region known for seismic activity. In addition, natural disasters could affect our supply chain, manufacturing vendors, or logistics providers' ability to provide materials and perform services such as manufacturing products or assisting with shipments on a timely basis. In the event our or our service providers' information technology systems or manufacturing or logistics abilities are hindered by any of the events discussed above, shipments could be delayed, resulting in missed financial targets, such as revenue and shipment targets, for a particular quarter. In addition, cyber-attacks, acts of terrorism, or other geopolitical unrest could cause disruptions in our business or the business of our supply chain, manufacturers, logistics providers, partners, or end-customers or the economy as a whole. Any disruption in the business of our supply chain, manufacturers, logistics providers, partners, or end-customers that impacts sales at the end of a fiscal quarter could have a significant adverse impact on our quarterly results. All of the aforementioned risks may be further increased if the disaster recovery plans for us and our suppliers prove to be inadequate. To the extent that any of the above should result in delays or cancellations of customer orders, or the delay in the manufacture, deployment or shipment of our products, our business, financial condition, and operating results would be adversely affected.

Climate change and associated regulation may have an impact on our business

Risks related to climate change are increasing in both impact and type of risk. We believe there will not be significant near-term impacts to our offices worldwide due to climate change, but long-term impacts remain unknown. However, there may be business operational risk due to the significant impacts climate change could pose to our employees' lives, our supply chain, or electrical power availability from climate-related weather events. Rapidly changing customer requirements to reduce carbon emissions also presents a risk of loss of business if we are not able to meet criteria.

In addition, we are subject to a range of new and anticipated climate-related and sustainability-focused laws and regulations, including the E.U.'s Corporate Sustainability Reporting Directive. To meet the compliance requirements of these new regulations, we may incur extra costs to implement more internal controls, processes, and procedures, in order to assist in the oversight responsibilities for our management and board of directors. Failure to comply with these regulations or requirements could result in investigations, sanctions, enforcement actions, fines, or litigation, potentially harming our business, operating results, or financial condition.

In addition to other risks listed in this "Risk Factors" section, factors that may affect our operating results include, but are not limited to:

- fluctuations in demand for our products and services due to changing market conditions, pricing conditions, technology evolution, seasonality, or other changes in the global economic environment;
- changes or fluctuations in sales and implementation cycles for our products and services;
- changes in the mix of our products and services, including increases in SaaS and other subscription-based offerings;
- changes in the growth rate of the application delivery market;
- reduced visibility into our customers' spending and implementation plans;
- reductions in customers' budgets for data center and other IT purchases or delays in these purchases;
- changes in end-user customer attach rates and renewal rates for our services;
- fluctuations in our gross margins, including the factors described herein, which may contribute to such fluctuations;
- our ability to control costs, including operating expenses, the costs of hardware and software components, and other manufacturing costs;
- our ability to develop, introduce, and gain market acceptance of new products, technologies and services, and our success in new and evolving markets;
- any significant changes in the competitive environment, including the entry of new competitors or the substantial discounting of products or services;
- the timing and execution of product transitions or new product introductions, and related inventory costs;
- variations in sales channels, product costs, or mix of products sold;

- our ability to establish and manage our distribution channels, and the effectiveness of any changes we make to our distribution model;

- the ability of our contract manufacturers and suppliers to provide component parts, hardware platforms, and other products in a timely manner;
- benefits anticipated from our investments in sales, marketing, product development, manufacturing, or other activities;
- impacts on our overall tax rate caused by any reorganization in our corporate structure;
- changes in tax laws or regulations, or other accounting rules; and
- general economic conditions, both domestically and in our foreign markets.

Item 1B. ***Unresolved Staff Comments***

Not applicable.

Item 1C. ***Cybersecurity***

Risk Management and Strategy

We recognize the importance of identifying, assessing, and managing material risks associated with cybersecurity threats. These risks include, among other things: operational risks; intellectual property theft; fraud; extortion; harm to employees or customers; violation of privacy or security laws and other litigation and legal risks; and reputational risks. Our process for identifying and assessing material risks from cybersecurity threats operates in conjunction with our overall risk management systems and processes, covering all company risks.

Our cybersecurity risk management program is led by our Chief Information Security Officer ("CISO"), who manages our security team and is principally responsible for our cybersecurity risk assessment processes, our security controls, and our detection and response to cybersecurity incidents. Our program includes protocols for preventing, monitoring, detecting, and responding to cybersecurity events and incidents, and cross-functional coordination and governance of business continuity and disaster recovery plans. Components of our program include:

- risk assessments designed to help identify and mitigate cybersecurity threats to our products and related supportive infrastructure, critical IT systems, information, and our broader enterprise IT environment;
- monitoring, detection, and collection and analysis of information regarding evolving, ongoing, and emerging threats and vulnerabilities, and corresponding actions to assess, remediate, and mitigate corresponding risks;
- regular testing and assessments to identify vulnerabilities;
- the periodic engagement of independent security firms and other third-party experts, where appropriate, to assess, test, and certify components of our cybersecurity program, and to otherwise assist with aspects of our cybersecurity processes and controls;
- annual cybersecurity awareness training for our employees;
- regular assessments of the design and operational effectiveness of the program’s key processes and controls by our internal audit team as well as external consultants; and
- a risk management process for third-party service providers and vendors that includes due diligence in the selection process and periodic monitoring regarding adherence to applicable cybersecurity standards.

We also have a cybersecurity incident response plan to assess and manage cybersecurity incidents, which includes escalation procedures based on the nature and severity of the incident, including, where appropriate, escalation to the Risk Committee and the Board. We periodically perform tabletop exercises to test our incident response procedures, identify gaps and improvement opportunities, and assess team preparedness.

As part of our overall risk mitigation strategy, we maintain insurance coverage that is intended to address certain aspects of cybersecurity risks; however, such insurance may not be sufficient in type or amount to cover us against claims related to cybersecurity breaches, cyberattacks, and other related breaches. We periodically review our cybersecurity insurance program.

As of the date of this report, other than with respect to the Cyber Incident, we do not believe that any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect our Company, including our business strategy, results of operations, or financial condition. For more information on the Cyber Incident, see Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Cyber Incident". Despite our security measures, however, there can be no assurance that we, or third parties with whom we interact, will not experience a cybersecurity incident in the future that will materially affect us. For more information on our cybersecurity related risks, see Part I, Item 1A. "Risk Factors," including "Security vulnerabilities or control failures in our IT infrastructure or multicloud application delivery and security products and services as well as unforeseen product errors could have a material adverse impact on our business, results of operations, financial condition, and reputation," and "The Cyber Incident has had and may continue to have an adverse effect on our business, reputation, customer, employee, and partner relations, results of operations, financial condition, and cash flows."

Governance

Our Board of Directors is actively involved in overseeing risks from cybersecurity threats and is assisted in that oversight by its Risk Committee. The Risk Committee reviews and assesses the Company’s cybersecurity risk exposure and evaluates the adequacy and effectiveness of related risk management processes and policies.

As part of the oversight process, the Risk Committee has the following responsibilities, among others:

- reviews and advises on our cybersecurity and operational risk strategy, resiliency, crisis and incident management, and security-related information technology planning processes, and reviews strategy and implementation for investing in related systems, controls, and procedures with management;
- reviews our compliance with applicable global data protection and security laws and regulations, and the Company’s adoption and implementation of systems, controls, and procedures designed to comply with such laws and regulations;
- reviews plans for periodic assessments and related findings and remediation of our cybersecurity and operational risk and incident response and disaster recovery programs by outside professionals;
- reviews analyses of our cybersecurity and operational risks by management and third parties, as applicable; and
- evaluates our controls and procedures related to cybersecurity to ensure timely and accurate reporting and disclosure of cybersecurity and operational risks and incidents, as appropriate.

The Risk Committee meets at least four times a year and regularly reports to the full Board, including regarding its review and assessment of cybersecurity risk oversight matters and related recommendations. The Board of Directors discusses our programs and policies related to cybersecurity and risk initiatives and considers them closely both from a risk management perspective and as part of F5’s business strategy.

The Risk Committee receives periodic updates from our CISO, and other persons the Risk Committee deems appropriate, on a range of cybersecurity matters, including those referenced above as well as on the status of the Company’s cybersecurity posture and risk mitigation efforts. If cyber-related issues arise between Risk Committee meetings of sufficient severity under our incident response escalation protocols, the CISO, or another appropriate risk management leader, will report to the Chair of the Risk Committee.

At the management level, our CISO leads our enterprise-wide cybersecurity program in partnership with other business leaders, including our Chief Technology Operations Officer and General Counsel. These members of management are informed about and monitor the prevention, mitigation, detection, and remediation of cybersecurity incidents through their management of, and participation in, the cybersecurity risk management and strategy processes described above. Our CISO has over 25 years of experience in technology and information security operations across a diverse range of business sectors.

Item 2. *Properties*

In May 2017, we entered into a lease agreement for the building in Seattle, Washington that now serves as our corporate headquarters and consists of approximately 515,000 square feet. Our corporate headquarters serves as our principal administrative, sales, marketing, and research and development facilities. This lease will expire in 2033 with an option for renewal.

We believe that our existing properties are in good condition and suitable for the conduct of our business. We also lease additional office space for product development and sales and support personnel in the United States and internationally. We believe that our future growth can be accommodated by our current facilities or by leasing additional space if necessary.

Corporate Functions

Customer Services and Technical Support

We believe that our ability to provide consistent, high-quality customer service and technical support is a key factor in attracting and retaining customers. Accordingly, we offer a broad range of support services that includes technical support, hardware repair and replacement, software updates, online tools, consulting, and training services.

We provide these services directly to customers and also utilize a multi-tiered support model, leveraging the capabilities of our broad base of channel partners. Our technical support staff is strategically located in regional service centers to support our global customer base.

Product Development

We believe our future success depends on our ability to maintain technology leadership by continuing to innovate and to improve our products and by developing new products to meet the changing needs of our customers and partners. Our engineering organization uses standard processes for the development, documentation, and quality control of services, software, and systems that are designed to meet these goals. These processes include working with our business development and marketing teams, customers, and partners to identify technology innovation opportunities to better meet the evolving needs of our addressable markets. We have had dedicated teams focused on testing new disruptive innovations in technology, business models, or customer segments. We expect innovations resulting from the work of these teams will be complementary to our goal of delivering the broadest and most consistent portfolio of solutions across cloud and on-premises environments.

We rely on a combination of patent, copyright, trademark, and trade secret laws and restrictions on disclosure to protect our intellectual property rights. F5 holds various patents in the United States and internationally (with applications pending for various aspects of our technology). We file patent applications to protect our intellectual property and believe that the duration of our issued patents is sufficient when considering the expected lives of our products. Our future success depends in part on our ability to protect our proprietary rights to the technologies used in our principal products. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or to obtain and use trade secrets or other information that we regard as proprietary. In addition, the laws of some foreign countries do not protect our proprietary rights as fully as the laws of the United States. Any issued patent may not preserve our proprietary position, and competitors or others may develop technologies similar to or superior to our technology.

In addition to our own proprietary software, we incorporate software licensed from several third-party sources into our products. These are generally term licenses which may renew annually and that generally provide for certain rights and licenses to support our customers post termination. While we may not be able to renew all of these licenses in the future, we believe that alternative technologies for these licenses are available both domestically and internationally.

Sales and Marketing

Our customers include a wide variety of large enterprise businesses, public sector institutions, governments, and service providers, including many among Fortune 1000 and Business Week Global 1000 companies. Our customers include businesses in technology, telecommunications, financial services, transportation, education, manufacturing, healthcare, and government. In fiscal year 2026, sales outside of the Americas represented 46.9% of our net revenues. Refer to Note 14. Segment Information of our Consolidated Financial Statements included in this Annual Report on Form 10-K for additional information regarding our revenues by geographic area.

Sales

Our sales teams sell our products and services directly to customers working closely with our channel partners including distributors, value-added resellers ("VARs"), managed service providers ("MSPs"), and systems integrators.

F5 sales teams. Our inside sales team generates and qualifies leads from marketing and helps manage accounts by serving as a liaison between the field and internal corporate resources. Our outside sales team works directly with partners and customers across the globe. Our field sales personnel are located in major cities across our three sales regions. Field sales personnel work closely with our channel partners to sell our products and services to their customers. We reward partners that identify new business and provide sales expertise for our portfolio of products and solutions through various incentive programs. Systems engineers, with deep technical domain expertise, support our regional sales account managers and channel partners providing pre-sale technical solution engineering and support, as needed.

Distributors, VARs, and MSPs. As a key component of our sales strategy, we have established relationships with a number of large national and international distributors, local and specialized distributors, VARs, and MSPs. We derive a majority of our product sales from VARs and MSPs, relying on our large distributors for fulfillment, training, and partner enablement.

Our agreements with our channel partners are not exclusive and do not prevent them from selling competitive products. These agreements typically have one-year terms with no obligation to renew, and typically do not provide for exclusive sales territories or minimum purchase requirements.

Our agreements with distributors are standard, non-exclusive distribution agreements that renew automatically on an annual basis and generally can be terminated by either party with 90 days written notice prior to the start of any renewal term. The agreements grant certain distributors the right to distribute our products to resellers, with no minimum purchase requirements.

Systems integrators. We also market our products through strategic relationships with systems integrators who include our products as core components of application deployments or network-based solutions they deploy for their customers. In most cases, systems integrators do not directly purchase our products for resale to their customers. Instead, they typically recommend and/or manage our products as a part of broader solutions supporting enterprise applications and internet facing systems that incorporate our technology for security, high availability, and enhanced performance.

Resellers and technology partners. Historically, our ability to compete with much larger companies has been strengthened through partnerships with large systems and software vendors. Currently, we partner with many technology partners and public cloud providers who resell our products. We have ongoing partnerships with the major cloud providers such as AWS, Microsoft Azure, and Google Cloud Platform and have expanded our reseller routes to market to include their public cloud marketplaces. We are actively engaged with AWS, Microsoft Azure, and Google Cloud Platform on private offers leveraging our software on all three cloud providers. We have an ongoing partnership with NVIDIA to accelerate and secure AI inference at scale with NVIDIA Cloud Partner reference architecture. Our business development team manages these relationships and closely monitors adjacent and complementary markets for opportunities to partner with those whose solutions are complementary to ours and could enable us to expand our addressable market.

Marketing

As we continue to expand our offerings, we are focused on driving the compelling and unique value proposition of F5's solutions among our existing customers, including new buying centers within existing customers, as well as with new customers. To do so, we are revitalizing our brand, informing current customers about our expanded portfolio, and broadening our reach with new customers. We continue to focus on our core NetOps buying persona while seeking to expand our relationships with DevOps, SecOps, Chief Information Security Officer, and Cloud Architect audiences.

We are investing in driving brand, demand, and advocacy experiences, addressing touchpoints across the customer journey to ensure we do all we can to enable our customers to realize value in their investments with F5. To maximize our reach and impact, we continue to meet customers where they are by increasing our focus and investments in more digitally enabled, personalized, and frictionless experiences at scale.

Item 3. *Legal Proceedings*

See Note 11. Commitments and Contingencies of the Notes to the Consolidated Financial Statements (Part II, Item 8 of this Form 10-K) for information regarding legal proceedings in which we are involved.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Market Prices of Common Stock

Our common stock is traded on the Nasdaq Global Select Market under the symbol "FFIV." The following table sets forth the high and low sales prices of our common stock as reported on the Nasdaq Global Select Market.

	Fiscal Year 2026		Fiscal Year 2025	
	High	Low	High	Low
First Quarter	$ 346.00	$ 223.76	$ 264.50	$ 213.24
Second Quarter	304.00	254.21	313.00	249.68
Third Quarter	414.00	284.00	301.83	227.04
Fourth Quarter	462.00	366.93	337.39	288.76

The last reported sales price of our common stock on the Nasdaq Global Select Market on November 12, 2026 was $317.64.

As of November 12, 2026, there were 36 holders of record of our common stock. As many of our shares of common stock are held by brokers and other institutions on behalf of shareholders, we are unable to estimate the total number of beneficial holders of our common stock represented by these record holders.

Dividend Policy

Our policy has been to retain cash for use in our business, for investment in acquisitions and to repurchase shares of our common stock. Accordingly, we have not paid dividends and do not anticipate declaring dividends on our common stock in the foreseeable future.

Unregistered Securities Sold in 2026

We did not sell any unregistered shares of our common stock during the fiscal year 2026.

Issuer Purchases of Equity Securities

On October 27, 2026, we announced that our Board of Directors authorized an additional $1.5 billion for our common stock share repurchase program. This authorization is incremental to the existing $7.4 billion program, initially approved in October 2010 and expanded in subsequent fiscal years. Acquisitions for the share repurchase programs will be made from time to time in private transactions, accelerated share repurchase programs, or open market purchases as permitted by securities laws and other legal requirements. The programs can be terminated at any time.

During fiscal year 2026, we repurchased and retired 2,146,426 shares of common stock at an average price of $279.53 per share and as of September 30, 2026, we had $322.4 million remaining authorized to purchase shares.

Shares repurchased and retired during the fourth quarter of fiscal year 2026 are as follows (in thousands, except shares and per share data):

	Total Number of Shares Purchased[1]	Average Price Paid per Share	Total Number of Shares Purchased per the Publicly Announced Plan	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plan[2]
July 1, 2026 — July 31, 2026	236,758	$ 422.37	236,758	$ 322,422
August 1, 2026 — August 31, 2026	7,709	$ 406.35	—	$ 322,422
September 1, 2026 — September 30, 2026	—	$ —	—	$ 322,422

(1) Includes 7,709 shares withheld from restricted stock units that vested in the fourth quarter of fiscal 2026 to satisfy minimum tax withholding obligations that arose on the vesting of restricted stock units.

(2) Shares withheld from restricted stock units that vested to satisfy minimum tax withholding obligations that arose on the vesting of such awards do not deplete the dollar amount available for purchases under the repurchase program.

Performance Measurement Comparison of Shareholder Return

The following graph compares the annual percentage change in the cumulative total return on shares of our common stock, the Nasdaq Composite Index, the S&P 500 Index, and the S&P 500 Information Technology Index for the period commencing September 30, 2021, and ending September 30, 2026.

Comparison of Cumulative Total Return

On Investment Since September 30, 2021*



The Company's closing stock price on September 30, 2026, the last trading day of the Company's 2026 fiscal year, was $445.18 per share.

* Assumes that $100 was invested September 30, 2021 in shares of common stock and in each index, and that all dividends were reinvested. Shareholder returns over the indicated period should not be considered indicative of future shareholder returns.

Item 6. ***[Reserved]***

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following discussion of our financial condition and results of operations contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. These statements include, but are not limited to, statements about our plans, objectives, expectations, strategies, intentions, or other characterizations of future events or circumstances and are generally identified by the words "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and similar expressions. These forward-looking statements are based on current information and expectations and are subject to a number of risks and uncertainties. Our actual results could differ materially from those expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed under "Item 1A. Risk Factors" herein and in other documents we file from time to time with the Securities and Exchange Commission. We assume no obligation to revise or update any such forward-looking statements.

Overview

F5 is a global leader in application delivery and security solutions which enables its customers to deploy, operate, secure, optimize, and govern every application and API across on-premises architectures, in the cloud, and at the network edge. Our cloud, software, and hardware solutions enable our customers to deliver fast, available, and secure digital experiences to their customers at scale. Our application services are available as hardware, software, SaaS, and software-only solutions optimized for hybrid, multicloud environments, with modules that can run independently, or as part of an integrated solution on our high-performance appliances. We market and sell our products primarily through multiple indirect sales channels in our Americas; Europe, the Middle East, and Africa ("EMEA"); and Asia Pacific ("APAC") regions. Enterprise customers (Fortune 1000 or Business Week Global 1000 companies) in the technology, financial services, transportation, education, manufacturing, and health care industries, along with government customers, and service providers continue to make up the largest percentage of our customer base.

Our management team monitors and analyzes a number of key performance indicators in order to manage our business and evaluate our financial and operating performance on a consolidated basis. Those indicators include:

- *Revenues*. Our revenue is derived from the sales of both products and services. The majority of our product revenues are derived from sales of our application delivery and security solutions including our F5 BIG-IP software and systems, F5 NGINX software, and our F5 Distributed Cloud Services offerings. Our F5 BIG-IP software solutions are sold both on a subscription and perpetual license basis. We sell F5 NGINX on a subscription basis as deployable software or SaaS. F5 Distributed Cloud Services are offered on a subscription basis, under a unified SaaS platform and managed service platform. Our services revenue includes annual maintenance contracts, training, and consulting services.

  We monitor the sales mix of our revenues within each reporting period. We believe customer acceptance rates of our new products, feature enhancements and consumption models are indicators of future trends. We also consider overall revenue concentration by geographic region as an additional indicator of current and future trends.

- *Cost of revenues and gross margins.* Significant items impacting cost of revenues are hardware costs paid to our contract manufacturers, personnel costs, including the salaries, stock-based compensation and related benefits of our personnel, technology costs, including cloud hosting and software licenses expenses, depreciation of cloud infrastructure costs, software license expenses, and amortization in connection with developed technology from acquisitions. In addition, factors such as sales price, product and services mix, inventory obsolescence, returns, component price increases, warranty costs, and global supply chain constraints could significantly impact our gross margins.

- *Operating expenses.* Operating expenses are substantially driven by personnel and related overhead expenses. Our operating expenses also include shared costs, which consist of certain facilities, depreciation, amortization, technology, and security costs. Existing headcount and future hiring plans are the predominant factors in analyzing and forecasting future operating expense trends. Other significant operating expenses that we monitor include costs associated with cyber and enterprise-wide security, marketing and promotions, travel, professional fees, technology costs, including cloud hosting, token consumption costs, and software licenses expenses, related to the development of new products and provision of services, facilities, and depreciation expenses.

- *Liquidity and cash flows.* We continue to maintain a strong financial position, characterized by substantial cash and investment resources, which provide liquidity, support ongoing operations, and enable us to pursue strategic growth opportunities. The increase in cash and investments for fiscal year 2026 was primarily due to cash provided by operating activities of $959.5 million. This was partially offset by $601.1 million of cash used for the repurchase of outstanding common stock under our stock repurchase program, including the payment of related excise taxes, and $160.3 million of cash used for purchases of inventory. In addition, $47.6 million of cash was used for the acquisition of a business, and $90.5 million of cash was used for capital expenditures related to the expansion of our facilities to support our operations worldwide, as well as investments in technology, including cloud hosting, token consumption costs, and software licenses, security costs, and equipment purchases to support our core business activities. Going forward, we believe the primary driver of cash flows will continue to be net income from operations. We will continue to evaluate possible acquisitions of, or investments in businesses, products, or technologies that we believe are strategic, which may require the use of cash.
- *Balance sheet.* We view cash, short-term and long-term investments, deferred revenue, and accounts receivable balances as important indicators of our financial health. Deferred revenues continued to increase in fiscal 2026 due to an increase in maintenance contracts related to strong systems shipments, in addition to an increase in deferred revenues associated with our subscription offerings.

Cyber Incident

On October 15, 2025, we disclosed information about a Cyber Incident in which a highly sophisticated nation-state threat actor had gained unauthorized long-term, persistent access to certain Company systems, and exfiltrated a limited number of certain files, some of which contained certain portions of our BIG-IP source code and information about undisclosed vulnerabilities that our engineering teams were working on in BIG-IP. Upon identifying the threat, we immediately activated our incident response process and took extensive actions to contain and remediate the threat, which included engaging leading external cybersecurity experts and notifying relevant law enforcement and government authorities. Our investigation, monitoring, and related activities are ongoing. To date, we believe our containment actions have been successful, and since the initiation of these efforts, we have not observed any evidence of new unauthorized activity.

Based on our investigation to date, we are not aware of any undisclosed critical or remote code vulnerabilities, and we are not aware of active exploitation of any undisclosed vulnerabilities within our products. Further, to date, we have not identified evidence of modification to our software supply chain, including our source code and our build and release pipelines. This assessment has been validated through independent reviews by leading cybersecurity firms. Based on our investigation to date, we have no evidence that the threat actor accessed or modified the NGINX source code or product development environment, nor do we have evidence they accessed or modified our F5 Distributed Cloud Services or Silverline systems. In response to the incident, we have prioritized delivering software release updates to address undisclosed high severity vulnerabilities identified to date in BIG-IP source code, with a significant number of our largest customers having completed these updates with minimal disruption. We have, and will continue to prioritize steps to bolster our security posture and implementing further measures to strengthen our security environment and protect our customers.

To date, this incident has not had a material impact on our operations or financial condition. We have incurred $28.0 million of additional professional services and other expenses associated with incident response during fiscal year 2026. See Note 11. Commitments and Contingencies in the Notes to Consolidated Financial Statements included in Item 8 of Part II of this Annual Report on Form 10-K for more information.

Critical Accounting Estimates

Our Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

We believe that, of our significant accounting policies, which are described in Note 1. Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements, the following accounting policy involves a greater degree of judgment and complexity. Accordingly, we believe the following policy is the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Revenue Recognition. The majority of our contracts with our customers include various combinations of our products and subscriptions and support. Our hardware products and software licenses are distinct from our subscriptions and support services as the customer can benefit from the product without these services and such services are separately identifiable within the contract. We account for multiple agreements with a single customer as a single contract if the contractual terms and/or substance of those agreements indicate that they may be so closely related that they are, in effect, parts of a single contract. The amount of consideration we expect to receive in exchange for delivering on the contract is allocated to each performance obligation based on its relative standalone selling price.

When estimating standalone selling price, we first consider the prices charged for a deliverable when sold separately. If the standalone selling price is not observable through past transactions, we estimate it based on our pricing model and our go-to-market strategy, which include factors such as target gross margins, the geographies in which our offerings were sold, and offering type (products or services). As our business offerings evolve over time, we may be required to modify our estimated standalone selling prices, and as a result the timing and classification of our revenue could be affected.

Impact of Macroeconomic Conditions

Our overall performance depends in part on worldwide economic and geopolitical conditions and their impacts on customer behavior. Uncertain economic conditions, including inflation, tariffs and other duties, higher interest rates, slower growth, fluctuations in foreign exchange rates, and other changes in economic conditions, may adversely affect our results of operations and financial performance. For further discussion of the potential impacts of recent macroeconomic events on our business, financial condition, and operating results, see Part I, Item 1A titled "Risk Factors."

Results of Operations

The following discussion and analysis comparing our fiscal 2026 financial results to fiscal 2025 should be read in conjunction with our Consolidated Financial Statements, related notes, and risk factors included elsewhere in this Annual Report on Form 10-K. For discussion and analysis related to our financial results comparing fiscal 2025 to 2024, refer to Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for fiscal 2025, which was filed with the Securities and Exchange Commission on November 25, 2025.

	Years Ended September 30,		
	2026	2025	2024
	(in thousands, except percentages)		
Net revenues			
Products	$ 1,793,392	$ 1,508,640	$ 1,272,795
Services	1,623,277	1,579,432	1,543,325
Total	$ 3,416,669	$ 3,088,072	$ 2,816,120
Percentage of net revenues			
Products	52.5 %	48.9 %	45.2 %
Services	47.5	51.1	54.8
Total	100.0 %	100.0 %	100.0 %

Net Product Revenues. Net product revenues increased 18.9% in fiscal year 2026 from fiscal year 2025. The increase of $284.8 million in net product revenues for fiscal year 2026 was due to an increase in revenues associated with systems and software of $217.6 million and $67.2 million, respectively.

Net Service Revenues. Net service revenues increased 2.8% in fiscal year 2026 from fiscal year 2025. The increase of $43.8 million in service revenue for fiscal year 2026 was primarily the result of increased sales of maintenance contracts.

The following presents net product revenues by systems and software (in thousands):

	Years Ended September 30,		
	2026	2025	2024
Net product revenues			
Systems revenue	$ 923,134	$ 705,551	$ 537,318
Software revenue			
Subscription	577,992	507,585	430,474
SaaS and managed services	181,707	175,641	193,201
Perpetual licenses	110,559	119,863	111,802
Total net product revenue	$ 1,793,392	$ 1,508,640	$ 1,272,795
Percentage of net product revenues			
Systems revenue	51.5 %	46.8 %	42.2 %
Software revenue			
Subscription	32.2	33.7	33.8
SaaS and managed services	10.1	11.6	15.2
Perpetual licenses	6.2	7.9	8.8
Total net product revenue	100.0 %	100.0 %	100.0 %

Total systems revenue increased 30.8% in fiscal year 2026 from 2025 primarily due to increases in customer demand and pricing increases on system offerings. Total systems revenue increased 31.3% in fiscal year 2025 from 2024 primarily due to increases in customer demand and pricing increases on system offerings. Total software revenue was $870.3 million, $803.1 million, and $735.5 million for fiscal years 2026, 2025, and 2024, respectively. Total software revenue increased by 8.4% in fiscal year 2026 from 2025 primarily due to increases in renewals and initial purchases of subscription offerings. Total software revenue increased by 9.2% in fiscal year 2025 from 2024 primarily due to increases in renewals and initial purchases of subscription offerings. Total SaaS and managed services revenue did not account for 10% or more of total net revenues for any period presented.

The following distributor customers accounted for more than 10% of total net revenue:

	Years Ended September 30,		
	2026	2025	2024
Customer A	16.7 %	15.8 %	16.3 %
Customer B	13.6	17.5	15.9
Customer E	11.9	—	—

The following distributor customers accounted for more than 10% of total receivables:

	September 30,	
	2026	2025
Customer A	11.3 %	11.1 %
Customer B	—	17.8
Customer C	—	10.9
Customer D	10.8	11.4

No end-user customers accounted for more than 10% of total net revenue or receivables. No other distributor customers accounted for more than 10% of total net revenue or receivables, other than those noted above.

	Years Ended September 30,		
	2026	2025	2024
	(in thousands, except percentages)		
Cost of net revenues and gross profit			
Products	$ 378,092	$ 338,037	$ 336,237
Services	241,122	235,941	221,410
Total	619,214	573,978	557,647
Gross profit	$ 2,797,455	$ 2,514,094	$ 2,258,473
Percentage of net revenues and gross margin (as a percentage of related net revenue)			
Products	21.1 %	22.4 %	26.4 %
Services	14.9	14.9	14.3
Total	18.1	18.6	19.8
Gross margin	81.9 %	81.4 %	80.2 %

Cost of Net Product Revenues. Cost of net product revenues consist of finished products purchased from our contract manufacturers, personnel costs, including the salaries, stock-based compensation, and related benefits of our personnel, manufacturing overhead, freight, warranty, provisions for excess and obsolete inventory, technology costs, including cloud hosting and software licenses expenses, facilities and depreciation expenses, and amortization expenses in connection with developed technology from acquisitions. Cost of net product revenues increased primarily due to systems and software revenue growth.

Cost of Net Service Revenues. Cost of net service revenues consist of personnel costs, including the salaries, stock-based compensation, and related benefits of our professional services personnel, travel, technology costs, including cloud hosting and software licenses expenses, facilities, and depreciation expenses. Cost of net service revenues increased $5.2 million, or 2.2% in fiscal year 2026 from the prior year. The increase in cost of net service revenues was primarily due to an increase in personnel and technology costs.

	Years Ended September 30,		
	2026	2025	2024
	(in thousands, except percentages)		
Operating expenses			
Sales and marketing	$ 976,500	$ 860,506	$ 832,279
Research and development	621,420	539,815	490,120
General and administrative	374,308	322,340	268,828
Restructuring charges	7,012	25,484	8,655
Total	$ 1,979,240	$ 1,748,145	$ 1,599,882
Operating expenses (as a percentage of net revenue)			
Sales and marketing	28.6 %	27.9 %	29.6 %
Research and development	18.2	17.5	17.4
General and administrative	11.0	10.4	9.5
Restructuring charges	0.2	0.8	0.3
Total	57.9 %	56.6 %	56.8 %

Sales and Marketing. Sales and marketing expenses consist of personnel costs, including the salaries, commissions, stock-based compensation, and related benefits of our sales and marketing personnel, the costs of our marketing programs, including public relations, advertising and trade shows, travel, technology costs, including cloud hosting and software licenses expenses, security costs, facilities, and depreciation expenses. Sales and marketing expense increased $116.0 million, or 13.5% in fiscal year 2026 from the prior year. The increase in sales and marketing expense for fiscal year 2026 was primarily due to an increase of $89.0 million in personnel costs. Sales and marketing headcount at the end of fiscal year 2026 increased to 2,346 from 2,186 at the end of fiscal year 2025.

Research and Development. Research and development expenses consist of personnel costs, including the salaries, stock-based compensation, and related benefits of our product development personnel, prototype materials, and other expenses related to the development of new and improved products, technology costs, including cloud hosting, token consumption costs, and software licenses expenses, security costs, facilities, depreciation, and amortization expenses. Research and development expense increased $81.6 million, or 15.1% in fiscal year 2026 from the prior year. The increase in research and development expense for fiscal year 2026 was primarily due to an increase of $34.6 million in personnel costs. In addition, technology costs to support the research and development organization increased $31.6 million in fiscal year 2026 from the prior year.

General and Administrative. General and administrative expenses consist of personnel costs, including the salaries, stock-based compensation, and related benefits of our executive, finance, information technology, human resource, and legal personnel, third-party professional service fees, bad debt charges, technology costs, including cloud hosting and software licenses expenses, security costs, facilities, and depreciation expenses. General and administrative expense increased $52.0 million, or 16.1% in fiscal year 2026 from the prior year. The increase in general and administrative expense for fiscal year 2026 was primarily due to an increase of $33.8 million in personnel costs. General and administrative headcount at the end of fiscal year 2026 increased to 965 from 898 at the end of fiscal year 2025. In addition, fees paid for professional services increased $9.3 million in fiscal year 2026 from the prior year, driven by costs incurred in response to the Cyber Incident.

Restructuring charges. In the fourth quarter of 2026, the first and fourth fiscal quarters of 2025, and the first fiscal quarter of 2024, we completed restructuring plans to better align strategic and financial objectives, optimize operations, and drive efficiencies for long-term growth and profitability. As a result of the fourth quarter of fiscal 2026 restructuring initiative, we recorded charges of $7.4 million related to reductions in workforce that are reflected in our results for fiscal 2026. As a result of the first and fourth quarters of fiscal 2025 restructuring initiatives, we recorded charges of $11.3 million and $14.3 million, net of adjustments, related to reductions in workforce that are reflected in our results for fiscal 2025.

	Years Ended September 30,		
	2026	2025	2024
	(in thousands, except percentages)		
Other income and income taxes			
Income from operations	$ 818,215	$ 765,949	$ 658,591
Other income, net	49,702	42,387	36,874
Income before income taxes	867,917	808,336	695,465
Provision for income taxes	145,768	115,956	128,687
Net income	$ 722,149	$ 692,380	$ 566,778
Other income and income taxes (as percentage of net revenue)			
Income from operations	23.9 %	24.8 %	23.4 %
Other income, net	1.5	1.4	1.3
Income before income taxes	25.4	26.2	24.7
Provision for income taxes	4.3	3.8	4.6
Net income	21.1 %	22.4 %	20.1 %

Other Income, Net. The change in other income, net for the fiscal year ended September 30, 2026 was primarily driven by interest income and expense, investment income, and foreign currency transaction gains and losses compared to the same periods in the prior year.

Provision for Income Taxes. We recorded a 16.8% provision for income taxes for fiscal year 2026, compared to 14.3% in fiscal year 2025. The increase in effective tax rate from fiscal year 2025 to 2026 is primarily due to the tax impact of non-recurring benefits from foreign operations recorded in fiscal year 2025.

We record a valuation allowance to reduce our deferred tax assets to the amount we believe is more likely than not to be realized. In making these determinations we consider historical and projected taxable income, and ongoing prudent and feasible tax planning strategies in assessing the appropriateness of a valuation allowance. The net increase in the valuation allowance of $2.6 million for fiscal year 2026 was primarily related to tax net operating losses and credits incurred in certain foreign jurisdictions, and state tax carryforwards. Our net deferred tax assets as of September 30, 2026 and 2025 were $509.2 million and $444.5 million, respectively.

Our worldwide effective tax rate may fluctuate based on a number of factors, including variations in projected taxable income in the various geographic locations in which we operate, the impact of stock-based compensation, changes in the valuation of our net deferred tax assets, resolution of potential exposures, tax positions taken on tax returns filed in the various geographic locations in which we operate, and the introduction of new accounting standards or changes in tax laws or interpretations thereof in the various geographic locations in which we operate. We have recorded liabilities to address potential tax exposures related to business and income tax positions we have taken that could be challenged by taxing authorities. The ultimate resolution of these potential exposures may be greater or less than the liabilities recorded, which could result in an adjustment to our future tax expense.

Liquidity and Capital Resources

We have funded our operations with our cash balances and cash generated from operations.

	Years Ended September 30,		
	2026	2025	2024
		(in thousands)	
Cash and cash equivalents and investments	$ 1,616,347	$ 1,359,966	$ 1,083,182
Cash provided by operating activities	959,489	949,666	792,419
Cash used in investing activities	(143,937)	(219,491)	(59,214)
Cash used in financing activities	(567,262)	(464,815)	(457,002)

Cash and cash equivalents, short-term investments, and long-term investments totaled $1,616.3 million as of September 30, 2026, compared to $1,360.0 million as of September 30, 2025, representing an increase of $256.4 million. The increase was primarily due to cash provided by operating activities of $959.5 million for fiscal 2026, partially offset by cash used for the repurchase of outstanding common stock and the payment of related excise taxes of $601.1 million. In addition, $47.6 million of cash was used for the acquisition of a business during fiscal 2026, and $90.5 million of cash was used for capital expenditures related to the expansion of our facilities to support our operations worldwide, as well as investments in technology, including cloud hosting and software licenses, and equipment purchases to support our core business activities. As of September 30, 2026, 64.2% of our cash and cash equivalents and investment balances were outside of the U.S. The cash and cash equivalents and investment balances outside of the U.S. are subject to fluctuation based on the settlement of intercompany balances.

Cash provided by operating activities during fiscal year 2026 was $959.5 million compared to $949.7 million in fiscal year 2025. Cash provided by operating activities resulted primarily from cash generated from net income of $722.1 million, after adjusting for non-cash charges such as stock-based compensation, depreciation and amortization charges, and changes in operating assets and liabilities. Cash provided by operating activities for fiscal year 2026 increased from the prior year primarily due to growth of our business as reflected by increases in collections during fiscal 2026, partially offset by purchases of inventory and higher cash expenditure to support our business growth.

Cash from operations could be affected by various risks and uncertainties, including, but not limited to the risks detailed in Part I, Item 1A titled "Risk Factors." However, we anticipate our current cash, cash equivalents, and investment balances and anticipated cash flows generated from operations will be sufficient to meet our liquidity needs.

Cash used in investing activities during fiscal year 2026 was $143.9 million compared to cash used in investing activities of $219.5 million in fiscal year 2025. Investing activities include purchases, sales, and maturities of available-for-sale securities, business acquisitions, and capital expenditures. Cash used in investing activities for fiscal year 2026 was primarily the result of $47.6 million in cash paid for acquisition of a business and $90.5 million in capital expenditures related to maintaining our operations worldwide. Cash used in investing activities for fiscal year 2025 was primarily the result of $171.1 million in cash paid for acquisitions and $43.3 million in capital expenditures related to maintaining our operations worldwide.

Cash used in financing activities was $567.3 million for fiscal year 2026, compared to cash used in financing activities of $464.8 million for fiscal year 2025. Cash used in financing activities for fiscal year 2026 included $601.1 million of cash used for the repurchase of outstanding common stock and the payment of related excise taxes, as well as $25.8 million in cash used for taxes related to the net share settlement of equity awards. Cash used in financing activities was partially offset by cash received from the exercise of employee stock options and stock purchases under our employee stock purchase plan of $59.6 million. Cash used in financing activities for fiscal year 2025 included $502.1 million of cash used for the repurchase of outstanding common stock and the payment of related excise taxes, as well as $21.9 million in cash used for taxes related to the net share settlement of equity awards. Cash used in financing activities was partially offset by cash received from the exercise of employee stock options and stock purchases under our employee stock purchase plan of $59.2 million.

Based on our current operating and capital expenditure forecasts, we believe that our existing cash and investment balances, together with cash generated from operations should be sufficient to meet our operating requirements for the next twelve months. Our future capital requirements will depend on many factors, including our rate of revenue growth, the expansion of our sales and marketing activities, the timing and extent of expansion into new territories, the timing of introductions of new products and enhancements of existing products, the continuing market acceptance of our products, cash paid for future strategic initiatives such as our share repurchase program and acquisitions, and macroeconomic events or conditions.

Obligations and Commitments

As of September 30, 2026, we had approximately $89.0 million of tax liabilities, including interest and penalties, related to uncertain tax positions (See Note 7. Income Taxes to the Consolidated Financial Statements). Because of the high degree of uncertainty regarding the settlement of these liabilities, we are unable to estimate the years in which future cash outflows may occur.

As of September 30, 2026, our principal commitments consisted of obligations outstanding under operating leases and other non-cancelable long-term purchase commitments, as described in Note 11. Commitments and Contingencies to the Consolidated Financial Statements.

We have a contractual obligation to purchase inventory components procured by our primary contract manufacturer in accordance with our annual build forecast. The contractual terms of the obligation contain cancellation provisions, which reduce our liability to purchase inventory components for periods greater than one year. In order to support our build forecast, we will, from time-to-time prepay our primary contract manufacturer for inventory purchases.

Recently Issued Accounting Pronouncements

Refer to "Recently Issued Accounting Pronouncements" in Note 1. Summary of Significant Accounting Policies in Part II, Item 8 of this Annual Report on Form 10-K for a description of recent accounting pronouncements and our expectation of their impact, if any, on our results of operations and financial condition.

Item 7A. *Quantitative and Qualitative Disclosure About Market Risk*

Interest Rate Risk. Our current cash and cash equivalents consist of money market funds as allowed and specified in our investment policy guidelines. Due to the current nature of our investment portfolio, we do not believe an immediate 10% increase or decrease in interest rates would have a material effect on the fair market value of our portfolio. Therefore, we do not expect our operating results or cash flows to be materially affected by a sudden change in interest rates.

Inflation Risk. We are actively monitoring the macroeconomic inflationary environment, including the impact from changes in foreign trade policies, tariffs, and other duties, but we do not believe that inflation has had a material effect on our business, financial condition, or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations. If the inflationary environment constrains our customers' ability to procure goods and services from us, we may see customers reprioritize these investment decisions. These macroeconomic conditions could harm our business, financial condition, and results of operations.

Foreign Currency Risk. The majority of our sales, cost of net revenues, and operating expenses are denominated in U.S. dollars ("USD"). While we conduct transactions in foreign currencies and expect to continue to do so, to date we have not, and do not anticipate that related foreign currency transaction gains or losses will be significant at our current level of operations. However, as we operate in and continue to expand our operations internationally, fluctuations in foreign currency exchange rates relative to the USD, could impact our foreign currency-denominated costs and may result in operating margin volatility. To date, such fluctuations have not had a material impact on our financial results.

Item 8. ***Financial Statements and Supplementary Data***

F5, INC.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of F5, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of F5, Inc. and its subsidiaries (the "Company") as of September 30, 2026 and 2025, and the related consolidated statements of income, of comprehensive income, of shareholders' equity and of cash flows for each of the three years in the period ended September 30, 2026, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of September 30, 2026, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2026 and 2025, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2026 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2026, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audit of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition for Certain Products and Services

As described in Note 1 to the consolidated financial statements, the Company sells hardware and perpetual software products and offers several products by subscription, either through term-based license agreements or as SaaS offerings. Evidence of a contract generally consists of a purchase order issued pursuant to the terms and conditions of a distributor, reseller or end user agreement. The purchase price stated in an agreed upon purchase order is generally representative of the transaction price. The transaction price in a contract is allocated based upon the relative standalone selling price of each distinct performance obligation identified in the contract. Revenue is recognized at the time the related performance obligation is satisfied by transferring control of promised products and services to a customer. Revenue from the sale of the Company's hardware and perpetual software products is generally recognized at a point in time when the product has been fulfilled and the customer is obligated to pay for the product. Revenue for term-based license agreements is recognized at a point in time, when the Company delivers the software license to the customer and the subscription term has commenced. Revenue for SaaS offerings is recognized ratably as the services are provided. Revenue for post-contract customer support is recognized on a straight-line basis over the service contract term. The Company’s products and services revenue was $1,793 million and $1,623 million, respectively, for the year ended September 30, 2026, of which the majority relates to revenue recognition for certain products and services.

The principal considerations for our determination that performing procedures relating to revenue recognition for certain products and services is a critical audit matter are a high degree of auditor effort in performing procedures and evaluating audit evidence related to the Company’s revenue recognition.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process. These procedures also included, among others, (i) testing certain product and service revenue recognized for a sample of transactions by obtaining and inspecting source documents, such as purchase orders, invoices, and proof of shipments or delivery, where applicable; (ii) evaluating, on a test basis, manual adjustments made related to certain contracts; (iii) testing management’s process for determining and allocating standalone selling price to identified performance obligations and testing the completeness and accuracy of the underlying data used by management; (iv) testing the calculation of certain product and service revenue recognized; and (v) confirming a sample of outstanding customer invoice balances as of September 30, 2026 and, for confirmations not returned, obtaining and inspecting source documents, such as purchase orders, invoices, proof of shipment or delivery, and subsequent cash receipts.

/s/ PricewaterhouseCoopers LLP

Seattle, Washington

November 17, 2026

We have served as the Company’s auditor since 1996.

F5, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands)

	September 30,	
	2026	2025
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,590,528	$ 1,344,273
Accounts receivable, net of allowances of $4,062 and $2,877	448,753	414,433
Inventories	261,918	77,229
Other current assets	844,405	682,766
Total current assets	3,145,604	2,518,701
Property and equipment, net	213,356	156,947
Operating lease right-of-use assets	173,023	185,601
Long-term investments	25,819	15,693
Deferred tax assets	511,729	446,388
Goodwill	2,482,618	2,443,882
Other assets, net	509,979	552,280
Total assets	$ 7,062,128	$ 6,319,492
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 131,420	$ 83,972
Accrued liabilities	420,881	315,383
Deferred revenue	1,265,273	1,213,226
Total current liabilities	1,817,574	1,612,581
Deferred tax liabilities	2,496	1,921
Deferred revenue, long-term	939,164	786,011
Operating lease liabilities, long-term	212,451	230,749
Other long-term liabilities	85,192	96,231
Total long-term liabilities	1,239,303	1,114,912
Commitments and contingencies (Note 11)		
Shareholders' equity		
Preferred stock, no par value; 10,000 shares authorized, no shares issued and outstanding	—	—
Common stock, no par value; 200,000 shares authorized, 56,811 and 57,684 shares issued and outstanding	51,924	42,023
Accumulated other comprehensive loss	(19,942)	(18,324)
Retained earnings	3,973,269	3,568,300
Total shareholders' equity	4,005,251	3,591,999
Total liabilities and shareholders' equity	$ 7,062,128	$ 6,319,492

The accompanying notes are an integral part of these Consolidated Financial Statements.

F5, INC.

CONSOLIDATED INCOME STATEMENTS

(in thousands, except per share amounts)

	Years Ended September 30,		
	2026	**2025**	**2024**
Net revenues			
Products	$ 1,793,392	$ 1,508,640	$ 1,272,795
Services	1,623,277	1,579,432	1,543,325
Total	3,416,669	3,088,072	2,816,120
Cost of net revenues			
Products	378,092	338,037	336,237
Services	241,122	235,941	221,410
Total	619,214	573,978	557,647
Gross profit	2,797,455	2,514,094	2,258,473
Operating expenses			
Sales and marketing	976,500	860,506	832,279
Research and development	621,420	539,815	490,120
General and administrative	374,308	322,340	268,828
Restructuring charges	7,012	25,484	8,655
Total	1,979,240	1,748,145	1,599,882
Income from operations	818,215	765,949	658,591
Other income, net	49,702	42,387	36,874
Income before income taxes	867,917	808,336	695,465
Provision for income taxes	145,768	115,956	128,687
Net income	$ 722,149	$ 692,380	$ 566,778
Net income per share — basic	$ 12.68	$ 11.96	$ 9.65
Weighted average shares — basic	56,963	57,904	58,720
Net income per share — diluted	$ 12.52	$ 11.80	$ 9.55
Weighted average shares — diluted	57,670	58,684	59,359

The accompanying notes are an integral part of these Consolidated Financial Statements.

F5, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	Years Ended September 30,		
	2026	2025	2024
Net income	$ 722,149	$ 692,380	$ 566,778
Other comprehensive income:			
Foreign currency translation adjustment	(1,618)	2,588	2,227
Available-for-sale securities:			
Unrealized gains on securities, net of taxes of $0, $0, and $18 for the years ended September 30, 2026, 2025, and 2024, respectively	—	—	82
Net change in unrealized gains on available-for-sale securities, net of tax	—	—	82
Total other comprehensive (loss) income	(1,618)	2,588	2,309
Comprehensive income	$ 720,531	$ 694,968	$ 569,087

The accompanying notes are an integral part of these Consolidated Financial Statements.

F5, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands)

	Common Stock		Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity
	Shares	Amount			
Balances, September 30, 2023	59,207	$ 24,399	$ (23,221)	$ 2,799,054	$ 2,800,232
Exercise of employee stock options	50	1,475	—	—	1,475
Issuance of stock under employee stock purchase plan	437	53,604	—	—	53,604
Issuance of restricted stock	1,294	—	—	—	—
Repurchase of common stock, including excise taxes	(2,824)	(281,174)	—	(221,431)	(502,605)
Taxes paid related to net share settlement of equity awards	(70)	(11,523)	—	—	(11,523)
Stock-based compensation	—	219,108	—	—	219,108
Net income	—	—	—	566,778	566,778
Other comprehensive income	—	—	2,309	—	2,309
Balances, September 30, 2024	58,094	$ 5,889	$ (20,912)	$ 3,144,401	$ 3,129,378
Exercise of employee stock options	25	963	—	—	963
Issuance of stock under employee stock purchase plan	341	58,188	—	—	58,188
Issuance of restricted stock	1,190	—	—	—	—
Repurchase of common stock, including excise taxes	(1,879)	(232,627)	—	(268,481)	(501,108)
Taxes paid related to net share settlement of equity awards	(87)	(21,881)	—	—	(21,881)
Stock-based compensation	—	231,491	—	—	231,491
Net income	—	—	—	692,380	692,380
Other comprehensive income	—	—	2,588	—	2,588
Balances, September 30, 2025	57,684	$ 42,023	$ (18,324)	$ 3,568,300	$ 3,591,999
Exercise of employee stock options	9	271	—	—	271
Issuance of stock under employee stock purchase plan	279	59,352	—	—	59,352
Issuance of restricted stock	1,078	—	—	—	—
Repurchase of common stock, including excise taxes	(2,146)	(284,963)	—	(317,180)	(602,143)
Taxes paid related to net share settlement of equity awards	(93)	(25,772)	—	—	(25,772)
Stock-based compensation	—	261,013	—	—	261,013
Net income	—	—	—	722,149	722,149
Other comprehensive loss	—	—	(1,618)	—	(1,618)
Balances, September 30, 2026	56,811	$ 51,924	$ (19,942)	$ 3,973,269	$ 4,005,251

The accompanying notes are an integral part of these Consolidated Financial Statements.

F5, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Years Ended September 30,		
	2026	**2025**	**2024**
Operating activities			
Net income	$ 722,149	$ 692,380	$ 566,778
Adjustments to reconcile net income to net cash provided by operating activities:			
Stock-based compensation	261,013	231,491	219,108
Depreciation and amortization	96,531	92,399	106,991
Non-cash operating lease costs	29,675	31,503	33,041
Deferred income taxes	(62,679)	(72,176)	(68,523)
Other	(1,892)	5,615	(962)
Changes in operating assets and liabilities (excluding effects of the acquisition of businesses):			
Accounts receivable	(36,431)	(28,411)	63,953
Inventories	(160,295)	(851)	(40,504)
Other current assets	(184,838)	(103,628)	(14,038)
Other assets	(628)	(91,980)	(91,964)
Accounts payable and accrued liabilities	127,073	28,899	40,368
Deferred revenue	204,006	200,489	22,838
Lease liabilities	(34,195)	(36,064)	(44,667)
Net cash provided by operating activities	959,489	949,666	792,419
Investing activities			
Purchases of investments	(7,750)	(5,720)	(2,100)
Maturities of investments	402	548	6,237
Sales of investments	1,575	—	—
Acquisition of businesses, net of cash acquired	(47,619)	(171,059)	(32,939)
Purchases of property and equipment	(90,545)	(43,260)	(30,412)
Net cash used in investing activities	(143,937)	(219,491)	(59,214)
Financing activities			
Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan	59,623	59,151	55,079
Payments for repurchase of common stock, including excise taxes	(601,113)	(502,085)	(500,558)
Taxes paid related to net share settlement of equity awards	(25,772)	(21,881)	(11,523)
Net cash used in financing activities	(567,262)	(464,815)	(457,002)
Net increase in cash, cash equivalents, and restricted cash	248,290	265,360	276,203
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,954)	2,668	1,302
Cash, cash equivalents and restricted cash, beginning of year	1,346,368	1,078,340	800,835
Cash, cash equivalents and restricted cash, end of year	$ 1,592,704	$ 1,346,368	$ 1,078,340
Supplemental disclosures of cash flow information			
Cash paid for amounts included in the measurement of operating lease liabilities	$ 42,473	$ 44,592	$ 53,346
Supplemental disclosures of non-cash activities			
Right-of-use assets obtained in exchange for lease obligations	$ 18,088	$ 48,315	$ 12,927

The accompanying notes are an integral part of these Consolidated Financial Statements.

F5, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The Company

F5, Inc. (the "Company") is a global leader in application delivery and security solutions which enables its customers to deploy, operate, secure, optimize, and govern every application and API across any architecture—on-premises, in the cloud, or at the edge. The Company's cloud, software, and hardware solutions enable its customers to deliver fast, available, and secure digital experiences to their customers at scale. The Company's enterprise-grade application services are available as hardware, software, and SaaS solutions optimized for hybrid, multicloud environments, with modules that can run independently, or as part of an integrated solution on its high-performance appliances. In connection with its solutions, the Company offers a broad range of professional services, including consulting, training, maintenance, and other technical support services.

Accounting Principles

The Company’s Consolidated Financial Statements and accompanying notes are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("GAAP").

Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Examples of estimates and assumptions include: revenue recognition, identifying and evaluating the performance obligations of contracts, and the allocation of purchase consideration based on the relative fair value of standalone sales prices of these performance obligations; business combinations, including the determination of fair value for acquired developed technology assets and the evaluation and selection of significant assumptions such as revenue growth rate and technology migration curve; and the incremental borrowing rate for measuring lease obligations. Actual results may differ materially from management's estimates and assumptions.

Cash, Cash Equivalents, and Restricted Cash

The Company considers all highly liquid investments, including money market funds, with original maturities of three months or less to be cash equivalents. The Company invests its cash and cash equivalents in deposits with three major financial institutions, which, at times, exceed federally insured limits. The Company has not experienced any losses on its cash and cash equivalents. Amounts included in restricted cash represent those for which the Company's use is restricted by a contractual agreement.

Investments

Equity investments without readily determinable fair values are measured at cost with adjustments for observable changes in price or impairments, or measured using net asset value as a practical expedient to fair value and are classified as long-term investments on the Consolidated Balance Sheets. The Company performs a qualitative assessment on a periodic basis and recognizes an impairment if there are sufficient indicators that the fair value of the investment is less than carrying value. Changes in value are recorded in other income (expense) in the Consolidated Income Statements.

Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount, net of allowances for credit losses for any potential uncollectible amounts. The allowance for credit losses is based on the assessment of the collectability of accounts. Management regularly reviews the adequacy of the allowance for credit losses on a collective basis by considering the age of each outstanding invoice, each customer’s expected ability to pay and collection history, current market conditions, and reasonable and supportable forecasts of future economic conditions to determine whether the allowance is appropriate. Accounts receivable deemed uncollectible are charged against the

allowance for credit losses when identified. For fiscal years ended September 30, 2026 and 2025, the allowance for credit losses was not material.

Unbilled Receivables

Unbilled receivables represent amounts related to the Company's unconditional right to consideration associated with contracts with customers that have not yet been billed, net of allowances. Unbilled receivables are converted to accounts receivable at the point in time when the Company has the contractual right to invoice its customers. As of September 30, 2026, unbilled receivables that are expected to be reclassified to accounts receivable within the next 12 months are included in other current assets, with those expected to be transferred to accounts receivables in more than 12 months included in other assets.

Concentration of Credit Risk

The Company extends credit to customers and is therefore subject to credit risk. The Company performs initial and ongoing credit evaluations of its customers' financial condition and does not require collateral. An allowance for credit losses is recorded for any potential uncollectible amount. Estimates are used in determining the allowance for credit losses in accordance with the Accounts Receivable policy. See Note 14. Segment Information, for disaggregated accounts receivable by significant customer.

The Company maintains its cash and investment balances with high credit quality financial institutions.

Fair Value of Financial Instruments

In accordance with the authoritative guidance on fair value measurements and disclosure under GAAP, the Company determines fair value using a fair value hierarchy that distinguishes between market participant assumptions developed based on market data obtained from sources independent of the reporting entity, and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances and expands disclosure about fair value measurements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date, essentially the exit price.

The levels of fair value hierarchy are:

Level 1: Quoted prices in active markets for identical assets and liabilities at the measurement date that the Company has the ability to access.

Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Unobservable inputs for which there is little or no market data available. These inputs reflect management's assumptions of what market participants would use in pricing the asset or liability.

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Company. The Company considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Inventories

The Company outsources the manufacturing of its pre-configured hardware platforms to contract manufacturers, who assemble each product to the Company's specifications. As protection against component shortages and to provide replacement parts for its service teams, the Company also stocks limited supplies of certain key product components. The Company reduces inventory to net realizable value based on excess and obsolete inventories determined primarily by historical usage and forecasted demand. Inventories consist of hardware and related component parts and are recorded at the lower of cost and net realizable value (as determined by the first-in, first-out method).

Property and Equipment

Property and equipment are stated at net book value. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the assets, ranging from three to five years. Leasehold improvements are amortized over the lesser of the remaining lease term or the estimated useful life of the improvements. The cost of normal maintenance and repairs is

charged to expense as incurred, and expenditures for major improvements are capitalized at cost. Gains or losses on the disposition of assets are reflected in the Consolidated Income Statements at the time of disposal.

Business Combinations

The Company's business combinations are accounted for under the acquisition method. Management allocates the fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets.

Goodwill

Goodwill represents the excess purchase price over the estimated fair value of net assets acquired as of the acquisition date. The Company tests goodwill for impairment on an annual basis and between annual tests when impairment indicators are identified, and goodwill is adjusted when impaired. For its annual goodwill impairment test in all periods to date, the Company has operated under one reporting unit and the fair value of its reporting unit has been determined by the Company's enterprise value. The Company performs its annual goodwill impairment test during the second fiscal quarter.

For its annual impairment test performed in the second quarter of fiscal 2026, the Company completed a quantitative assessment and determined that there was no impairment of goodwill. The Company also considered potential impairment indicators of goodwill at September 30, 2026 and noted no indicators of impairment.

Intangible Assets

Intangible assets with finite lives consist of acquired developed technology, customer relationships, patents and trademarks, trade names, and non-compete covenants acquired through business combinations or asset acquisitions. Intangible assets acquired through business combinations are recorded at their respective estimated fair values upon acquisition close. Other intangible assets acquired through asset acquisitions are recorded at their respective cost. The Company determines the estimated useful lives for acquired intangible assets based on the expected future cash flows associated with the respective asset. The Company's intangible assets with finite lives are amortized using the straight-line method over their estimated useful lives, ranging from four to fifteen years. Amortization expense related to acquired developed technology is charged to cost of product revenues. Amortization expense related to customer relationships, trade names, and non-compete covenants is charged to sales and marketing activities. Amortization expense related to patents and trademarks is charged to general and administrative activities. The Company evaluates the recoverability of intangible assets periodically by taking into account events or circumstances that may warrant revised estimates of useful lives or that indicate the asset may be impaired.

Software Development Costs

The authoritative guidance requires certain internal software development costs related to software to be sold to be capitalized upon the establishment of technological feasibility. Capitalized software development costs are amortized over the remaining estimated economic life of the product. The Company's software development costs incurred subsequent to achieving technological feasibility have not been significant and, as a result, all software development costs have been expensed as research and development activities as incurred.

Internal-Use Software

The Company capitalizes costs incurred during the application development stage associated with the development of internal-use software systems. The capitalized costs are then amortized over the estimated useful life of the software, which is generally three to ten years, and are included in other assets, net in the accompanying Consolidated Balance Sheets.

Impairment of Long-Lived Assets

The Company assesses the impairment of long-lived assets whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be recoverable. When such events occur, management determines whether there has been impairment by comparing the anticipated undiscounted net future cash flows to the related asset's carrying value. If impairment exists, the asset is adjusted to its estimated fair value.

Revenue Recognition

The Company sells products through distributors, resellers, and directly to end users. Revenue related to the Company's contracts with customers is recognized by following a five-step process:

- *Identify the contract(s) with a customer.* Evidence of a contract generally consists of a purchase order issued pursuant to the terms and conditions of a distributor, reseller, or end user agreement.

- *Identify the performance obligations in the contract.* Performance obligations are identified in the Company's contracts and may include hardware, hardware-based software, software-only solutions, cloud-based subscription services as well as a broad range of service performance obligations including consulting, training, installation, and maintenance.
- *Determine the transaction price.* The purchase price stated in an agreed upon purchase order is generally representative of the transaction price. The Company offers several programs in which customers are eligible for certain levels of rebates if certain conditions are met. When determining the transaction price, the Company considers the effects of any variable consideration.
- *Allocate the transaction price to the performance obligations in the contract.* The transaction price in a contract is allocated based upon the relative standalone selling price of each distinct performance obligation identified in the contract.
- *Recognize revenue when (or as) the entity satisfies a performance obligation.* The Company satisfies performance obligations either over time or at a point in time as discussed in further detail below. Revenue is recognized at the time the related performance obligation is satisfied by transferring control of promised products and services to a customer.

Revenue is recognized net of any taxes collected, which are subsequently remitted to governmental authorities. Shipping and handling fees charged to the Company’s customers are recognized as product revenue in the period shipped and the related costs for providing these services are recorded as a cost of product revenues.

The following is a description of the principal activities from which the Company generates revenue:

Product

Revenue from the sale of the Company's hardware and perpetual software products is generally recognized at a point in time when the product has been fulfilled and the customer is obligated to pay for the product. The Company also offers several products by subscription, either through term-based license agreements or as SaaS offerings. Term-based license agreements include both a software license and post-contract customer support ("PCS"). For these offerings, product revenue is recognized at the point in time the software license is fulfilled to the customer, and services revenues for PCS is recognized over the subscription term. For the Company's SaaS offerings, revenue is recognized ratably as the services are provided. Hardware, including the software run on those devices, is considered systems revenue. Perpetual or subscription software offerings that are, or have the ability to be deployed on a standalone basis, along with the Company's SaaS offerings are considered software revenue. When rights of return are present and the Company cannot estimate returns, revenue is recognized when such rights of return lapse. Payment terms to customers are generally net 30 days to net 60 days.

Services

Revenues for PCS are recognized on a straight-line basis over the service contract term. PCS includes a limited period of telephone support, updates, repair or replacement of any failed product or component that fails during the term of the agreement, bug fixes and rights to upgrades, when and if available. Consulting services are customarily billed at fixed hourly rates, plus out-of-pocket expenses, and revenues are recognized as the consulting is delivered. Similarly, training revenue is recognized as the training is completed.

Flexible Consumption Program

The Company enters into certain contracts with customers, including flexible consumption programs and multi-year subscriptions, with non-standard terms and conditions. Management assesses contractual terms in these agreements to identify and evaluate performance obligations. Management allocates consideration to each performance obligation based on relative fair value using standalone selling price and recognizes associated revenue as control is transferred to the customer.

Contract Acquisition Costs

Sales commissions earned by the Company's sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions on fulfilled hardware, perpetual software, and fulfilled software from term-based subscription sales are expensed as incurred. Sales commissions on the initial PCS for systems, perpetual software, and term-based license subscription offerings are deferred and then amortized as an expense on a straight-line basis over the period of benefit. Sales commissions on SaaS subscription offerings are deferred and then amortized as an expense on a straight-line basis over the period of benefit. Management has determined the period of benefit to be 4.5 years for initial PCS on hardware and perpetual software offerings, and 3 years for subscription offerings.

Guarantees and Product Warranties

In the normal course of business to facilitate sales of its products, the Company indemnifies other parties, including customers, resellers, lessors, and parties to other transactions with the Company, with respect to certain matters. The Company has agreed to hold the other party harmless against losses arising from a breach of representations or covenants, or out of intellectual property infringement or other claims made against certain parties. These agreements may limit the time within which an indemnification claim can be made and the amount of the claim. The Company has entered into indemnification agreements with its officers and directors, and the Company's bylaws contain similar indemnification obligations to the Company's agents. It is not possible to determine the maximum potential amount under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement.

The Company offers warranties of one year for hardware for those customers without service contracts, with the option of purchasing additional warranty coverage in yearly increments. The Company accrues for warranty costs as part of its cost of net product revenues based on associated material product costs and technical support labor costs. Warranty expense and accrued warranty costs were not material for all periods presented.

Research and Development

Research and development expenses consist of salaries and related benefits of product development personnel, prototype materials and expenses related to the development of new and improved products, technology costs, including cloud hosting, token consumption costs, and software licenses expenses used to support development activities, and an allocation of security costs, facilities, depreciation, and amortization expense. Research and development expenses are reflected in the income statements as incurred.

Advertising

Advertising costs are expensed as incurred. The Company incurred $8.2 million, $6.2 million, and $5.4 million in advertising costs during the fiscal years 2026, 2025, and 2024, respectively.

Income Taxes

Deferred income tax assets and liabilities are determined based upon differences between the financial statements and income tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The realization of deferred tax assets is based on historical tax positions and estimates of future taxable income. A valuation allowance is recorded when it is more-likely-than-not that some of the deferred tax assets will not be realized.

The Company assesses whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized in the financial statements from such a position is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The Company adjusts these liabilities based on a variety of factors, including the evaluation of information not previously available. These adjustments are reflected as increases or decreases to income tax expense in the period in which new information is available.

Foreign Currency

The functional currency for the Company's foreign subsidiaries is either the U.S. dollar or the local currency depending on the assessment of management. An entity's functional currency is determined by the currency of the economic environment in which the majority of cash is generated and expended by the entity. The financial statements of all majority-owned subsidiaries and related entities, with a functional currency other than the U.S. dollar, have been translated into U.S. dollars. All assets and liabilities of the respective entities are translated at year-end exchange rates and all revenues and expenses are translated at average rates during the respective period. Translation adjustments are reported as other comprehensive income (loss) in the consolidated statements of comprehensive income.

Foreign currency transaction gains and losses are a result of the effect of exchange rate changes on transactions denominated in currencies other than the functional currency, including U.S. dollars. Gains and losses on those foreign currency transactions are included in determining net income or loss for the period of exchange and are recorded in other income, net. The net effect of foreign currency gains and losses was not material during the fiscal years ended September 30, 2026, 2025, and 2024.

Segments

Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision-maker, or decision-making group, in deciding how to allocate resources and in assessing performance. Management has determined that the Company is organized as, and operates in, one reportable operating segment.

Stock-based Compensation

The Company issues incentive awards to its employees through stock-based compensation consisting of restricted stock units ("RSUs"). RSUs are payable in shares of the Company's common stock as the periodic vesting requirements are satisfied, generally over one to four years. The value of an RSU is based upon the fair market value of the Company's common stock on the date of grant. The value of RSUs is determined using the intrinsic value method and is based on the number of shares granted and the quoted price of the Company's common stock on the date of grant.

The Company offers an Employee Stock Purchase Plan ("ESPP") that permits eligible employees to purchase shares of the Company's common stock at a discount. In determining the fair value of shares issued under the ESPP, the Company uses the Black-Scholes option pricing model. The assumptions within the option pricing model are based on management's best estimates at that time, which impact the fair value of the ESPP option calculated under the Black-Scholes methodology and, ultimately, the expense that will be recognized over the life of the ESPP option.

The Company has also issued stock options as replacement awards, most notably for those assumed as part of business combinations. The Company used the Black-Scholes option pricing model to determine the fair value of the stock option replacement awards. The assumptions within the option pricing model are based on management's best estimates at that time, which impact the fair value of the option calculated under the Black-Scholes methodology and, ultimately, the expense that will be recognized over the term of the option.

The Company accounts for stock-based compensation using the straight-line attribution method for recognizing compensation expense. The Company recognizes compensation expense for only the portion of stock-based awards that are expected to vest. Therefore, the Company applies estimated forfeiture rates that are derived from historical employee termination behavior. Based on historical differences with forfeitures of stock-based awards granted to the Company's executive officers and Board of Directors versus grants awarded to all other employees, the Company has developed separate forfeiture expectations for these two groups.

The Company issues incentive awards to certain current executive officers as part of its annual equity awards program. A portion of the aggregate number of RSUs issued to executive officers vest in equal quarterly increments, and a portion is subject to the Company achieving specified performance goals.

The Company's Talent and Compensation Committee has adopted a set of metrics for performance stock awards granted in fiscal years 2026 and 2025, including (1) 50% of the annual performance stock grant is based on achieving certain annual revenue targets; (2) 25% of the annual performance stock grant is based on achieving certain annual earnings per share targets; and (3) 25% of the annual performance stock grant is based on relative total shareholder return ("TSR") benchmarked to the S&P 500 index.

The Company's Talent and Compensation Committee has adopted a set of metrics for certain performance stock awards granted in fiscal years 2026, 2025, and 2024 for executive officers appointed prior to November 1, 2023, including (1) 42.9% of the annual performance stock grant is based on achieving certain annual revenue targets; (2) 21.4% of the annual performance stock grant is based on achieving certain annual earnings per share targets; and (3) 35.7% of the annual performance stock grant is based on relative TSR benchmarked to the S&P 500 index.

In each case, no vesting or payment with respect to a performance goal shall occur unless a minimum threshold is met for the applicable goal. Vesting and payment with respect to the performance goal is linear above the threshold of the applicable goal and is capped at achievement of 200% above target.

The Company recognizes compensation costs for awards with performance conditions and market conditions on a straight-line basis over the requisite service period for each separately vesting portion of the award and, for awards with performance conditions, when it concludes it is probable that the performance condition will be achieved. The Company reassesses the probability of vesting at each balance sheet date and adjusts compensation costs based on the probability assessment.

Comprehensive Income

Comprehensive income includes certain changes in equity that are excluded from net income, specifically, unrealized gains or losses on securities and foreign currency translation adjustments. These changes are included in accumulated other comprehensive income or loss.

Recently Adopted Accounting Standards

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). This ASU requires disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation, and modifies other income tax-related disclosures. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. The Company adopted ASU 2023-09 for the year ended September 30, 2026 on a prospective basis. The adoption of this new standard did not have a material impact on our consolidated financial statements. For additional information, see Note 7. Income Taxes.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU No. 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses ("ASU 2024-03"). This ASU requires new financial statement disclosures disaggregating prescribed expense categories within relevant income statement expense captions. In addition, in January 2025, the FASB issued ASU No. 2025-01, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date, which clarifies the effective date of ASU 2024-03. ASU 2024-03 will be effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this standard on its disclosures in the Consolidated Financial Statements.

In September 2025, the FASB issued ASU No. 2025-06, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software ("ASU 2025-06"). This ASU simplifies the capitalization guidance by removing all references to software development project stages. The revised guidance is neutral to different software development methods. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods, with early adoption permitted. The Company is currently evaluating the impact of this standard on the Consolidated Financial Statements.

2. Revenue from Contracts with Customers

Capitalized Contract Acquisition Costs

The table below shows significant movements in capitalized contract acquisition costs (current and noncurrent) for the years ended September 30, 2026, 2025, and 2024 (in thousands):

	2026	2025	2024
Balance, beginning of year	$ 76,552	$ 66,258	$ 66,468
Additional capitalized contract acquisition costs	61,375	48,532	35,173
Amortization of capitalized contract acquisition costs	(43,683)	(38,238)	(35,383)
Balance, end of year	$ 94,244	$ 76,552	$ 66,258

Amortization of capitalized contract acquisition costs was $43.7 million, $38.2 million, and $35.4 million for the years ended September 30, 2026, 2025, and 2024, respectively, and is recorded in sales and marketing expense in the Consolidated Income Statements. There was no impairment of any capitalized contract acquisition costs during any period presented.

Contract Balances

Timing may differ between the satisfaction of performance obligations and the invoicing and collection of amounts related to the Company's contracts with customers. Liabilities are recorded for amounts that are collected in advance of the satisfaction of performance obligations, or for contracts with customers that contain the Company's unconditional rights to consideration, for which the customer has not been billed. These liabilities are classified as current and non-current deferred revenue.

The table below shows significant movements in the deferred revenue balances (current and noncurrent) for the years ended September 30, 2026, 2025, and 2024 (in thousands):

	2026	2025	2024
Balance, beginning of year	$ 1,999,237	$ 1,797,959	$ 1,775,121
Amounts added but not recognized as revenues	1,427,807	1,344,094	1,179,350
Deferred revenue acquired through acquisition of businesses	1,195	789	—
Revenues recognized related to the opening balance of deferred revenue	(1,223,802)	(1,143,605)	(1,156,512)
Balance, end of year	$ 2,204,437	$ 1,999,237	$ 1,797,959

Remaining Performance Obligations

Remaining performance obligations represent the amount of the transaction price under contracts with customers that are attributable to performance obligations that are unsatisfied or partially satisfied at the reporting date. The composition of unsatisfied performance obligations consists mainly of deferred service revenue, and to a lesser extent, deferred product revenue, for which the Company has an obligation to perform, and has not yet recognized as revenue in the Consolidated Financial Statements. As of September 30, 2026, the total non-cancelable remaining performance obligations under the Company's contracts with customers was $2.2 billion and the Company expects to recognize revenues on 57.4% of these remaining performance obligations over the next 12 months, 25.3% in year two, and the remaining balance thereafter.

See Note 14. Segment Information, for disaggregated revenue by significant customer and geographic region, as well as disaggregated product revenue by systems and software.

3. Business Combinations

Fiscal Year 2026 Acquisition of SurePath AI, Inc.

On June 15, 2026, the Company closed on a transaction for the acquisition of SurePath AI, Inc. (“SurePath”), a provider of network-based AI discovery, intent classification, and shadow AI detection for $50.1 million, with SurePath immediately becoming a wholly-owned subsidiary of F5 upon the closing of the transaction. SurePath’s technologies will be integrated into the F5 AI Security Platform to safeguard enterprise AI deployments. The acquired assets and assumed liabilities of the acquisition were not material and the Company recorded $39.1 million of goodwill as a result of the acquisition. The acquisition did not have a material impact to the Company's operating results.

Fiscal Year 2025 Acquisition of CalypsoAI Corp

On September 26, 2025, the Company closed on a transaction for the acquisition of CalypsoAI Corp. ("CalypsoAI"), a provider in enterprise AI security for $145.2 million in cash, with CalypsoAI immediately becoming a wholly-owned subsidiary of F5 upon the closing of the transaction. The addition of CalypsoAI's platform brings real-time threat defense, red teaming at scale, and data security to enterprises racing to deploy generative and agentic AI. These capabilities will be integrated into the F5 AI Security Platform to create an enhanced solution for securing AI inference.

As a result of the acquisition, the Company acquired all the assets and assumed all the liabilities of CalypsoAI. The goodwill related to the CalypsoAI acquisition is comprised primarily of expected synergies from combining operations and the acquired intangible assets that do not qualify for separate recognition. Goodwill related to the CalypsoAI acquisition was not deductible for tax purposes. Transaction costs associated with the acquisition were not material.

The allocated purchase consideration to assets acquired and liabilities assumed based on preliminary estimated fair values is presented in the following table (in thousands):

Other net tangible assets acquired, at fair value	$ 14,151
Identifiable intangible assets, developed technology	16,900
Goodwill	114,156
Total net assets acquired	$ 145,207

The measurement period for the CalypsoAI acquisition lapsed during the fourth quarter of fiscal 2026. The Company recorded immaterial adjustments to consideration exchanged for the purchase of CalypsoAI within the post-close measurement period.

The developed technology intangible assets are amortized on a straight-line basis over the weighted average estimated useful life of 4.21 years and included in cost of net product revenues. The estimated useful lives for the acquired intangible assets were based on the expected future cash flows associated with the respective asset.

The pro forma financial information, as well as the revenue and earnings generated by CalypsoAI, were not material to the Company's operations for the periods presented.

Other Fiscal Year 2025 Acquisitions

During the second, third, and fourth quarters of fiscal 2025, the Company completed three additional acquisitions. The acquired assets and assumed liabilities of the acquisitions were not material and the Company recorded $17.4 million of goodwill as a result of the acquisitions. The acquisitions did not have a material impact to the Company's operating results.

Fiscal Year 2024 Acquisitions

During the second quarter of fiscal 2024, the Company completed two acquisitions. The acquired assets and assumed liabilities of the acquisitions were not material and the Company recorded $23.6 million of goodwill as a result of the acquisitions. The measurement period for the two acquisitions lapsed during the second quarter of fiscal 2025. The Company recorded an immaterial adjustment to consideration exchanged for the purchase of the acquired companies within the post-close measurement period. The acquisitions did not have a material impact to the Company's operating results.

4. Fair Value Measurements

Assets and Liabilities Measured and Recorded at Fair Value on a Recurring Basis

The Company's financial assets measured at fair value on a recurring basis subject to the disclosure requirements at September 30, 2026 and 2025, were as follows (in thousands):

			Gross Unrealized			Classification on Balance Sheet		
As of September 30, 2026	Fair Value Level	Cost or Amortized Cost	Gains	Losses	Aggregate Fair Value	Cash and Cash Equivalents	Short-Term Investments	Long-Term Investments
Changes in fair value recorded in other comprehensive income (loss):								
Money market funds	Level 1	$ 705,042	$ —	$ —	$ 705,042	$ 705,042	$ —	$ —
Total cash equivalents		$ 705,042	$ —	$ —	$ 705,042	$ 705,042	$ —	$ —
Changes in fair value recorded in other net income (expense):								
Equity investments	*				$ 25,819	$ —	$ —	$ 25,819
Total equity investments					25,819	—	—	25,819
Total					$ 730,861	$ 705,042	$ —	$ 25,819

* Equity investments presented in the table above include investments without readily determinable fair values that are measured at fair value using net asset value ("NAV") as a practical expedient, or are measured at cost with adjustments for observable changes in price or impairments. The equity investments are not classified within the fair value hierarchy.

As of September 30, 2025	Fair Value Level	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Aggregate Fair Value	Classification on Balance Sheet: Cash and Cash Equivalents	Classification on Balance Sheet: Short-Term Investments	Classification on Balance Sheet: Long-Term Investments
Changes in fair value recorded in other comprehensive income (loss):								
Money market funds	Level 1	$ 642,997	$ —	$ —	$ 642,997	$ 642,997	$ —	$ —
Total cash equivalents		$ 642,997	$ —	$ —	$ 642,997	$ 642,997	$ —	$ —
Changes in fair value recorded in other net income (expense):								
Equity investments	**				$ 15,693	$ —	$ —	$ 15,693
Total equity investments					15,693	—	—	15,693
Total					$ 658,690	$ 642,997	$ —	$ 15,693

** The fair value of this equity investment is measured at NAV which approximates fair value and is not classified within the fair value hierarchy.

The Company uses the fair value hierarchy for financial assets and liabilities. The carrying amounts of other current financial assets and other current financial liabilities approximate fair value due to their short-term nature.

Interest income from cash, cash equivalents, and investments was $37.8 million, $40.8 million, and $35.1 million for the years ended September 30, 2026, 2025, and 2024, respectively. Interest income is included in other income (expense), net on the Consolidated Income Statements. There were no unrealized losses on investments that were held for a period greater than 12 months at September 30, 2026 and 2025.

The Company determined that as of September 30, 2026, there were no credit losses on any investments within its portfolio.

Assets Measured and Recorded at Fair Value on a Non-Recurring Basis

The Company's non-financial long-lived assets, which include goodwill and other intangible assets, are not required to be carried at fair value on a recurring basis. These non-financial assets are measured at fair value on a non-recurring basis when there is an indicator of impairment, and they are recorded at fair value only when impairment is recognized. The Company reviews goodwill for impairment annually, during the second quarter of each fiscal year, or as circumstances indicate the possibility of impairment. The Company monitors the carrying value of tangible and intangible long-lived assets for impairment whenever events or changes in circumstances indicate its carrying amount may not be recoverable.

The Company did not recognize any material impairment charges related to non-financial long-lived assets for the years ended September 30, 2026, 2025, and 2024.

5. Balance Sheet Details

Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of the Company's cash and cash equivalents and restricted cash reported on the Consolidated Balance Sheets that sum to the total cash, cash equivalents, and restricted cash shown in the Company's Consolidated Statements of Cash Flows for the periods presented (in thousands):

	September 30, 2026	September 30, 2025
Cash and cash equivalents	$ 1,590,528	$ 1,344,273
Restricted cash included in other assets, net	2,176	2,095
Total cash, cash equivalents, and restricted cash	$ 1,592,704	$ 1,346,368

Inventories

Inventories consist of the following (in thousands):

	September 30,	
	2026	2025
Finished goods	$ 57,418	$ 26,933
Raw materials	204,500	50,296
Total inventory	$ 261,918	$ 77,229

Other Current Assets

Other current assets consist of the following (in thousands):

	September 30,	
	2026	2025
Unbilled receivables	$ 610,885	$ 498,288
Prepaid expenses	135,344	86,346
Capitalized contract acquisition costs	44,600	37,023
Other	53,576	61,109
Total other current assets	$ 844,405	$ 682,766

Property and Equipment

Property and equipment consist of the following (in thousands):

	September 30,	
	2026	2025
Computer equipment	$ 282,775	$ 228,514
Software	59,110	70,808
Office furniture and equipment	49,889	46,903
Leasehold improvements	207,358	190,637
Total property and equipment	599,132	536,862
Accumulated depreciation and amortization	(385,776)	(379,915)
Total property and equipment, net	$ 213,356	$ 156,947

Depreciation and amortization expense totaled approximately $45.9 million, $42.9 million, and $49.3 million for the fiscal years ended September 30, 2026, 2025, and 2024, respectively.

Goodwill

Changes in the carrying amount of goodwill during fiscal years 2026 and 2025 are summarized as follows (in thousands):

Balance, September 30, 2024	$ 2,312,362
Other business acquisitions	131,520
Balance, September 30, 2025	2,443,882
Other business acquisitions	38,736
Balance, September 30, 2026	$ 2,482,618

Other Assets

Other assets consist of the following (in thousands):

	September 30, 2026	September 30, 2025
Intangible assets	$ 59,955	$ 96,266
Unbilled receivables	309,636	340,153
Capitalized contract acquisition costs	49,644	39,529
Other	90,744	76,332
Total other assets	$ 509,979	$ 552,280

Intangible assets are included in other assets on the Consolidated Balance Sheets and consist of the following (in thousands):

	September 30, 2026			September 30, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	$ 226,054	$ (177,509)	$ 48,545	$ 280,954	$ (200,554)	$ 80,400
Customer relationships	12,000	(5,933)	6,067	12,000	(5,133)	6,867
Patents and trademarks	10,630	(5,287)	5,343	12,308	(4,517)	7,791
Trade names	—	—	—	14,500	(13,292)	1,208
Total	$ 248,684	$ (188,729)	$ 59,955	$ 319,762	$ (223,496)	$ 96,266

Amortization expense related to intangible assets was $43.9 million, $42.9 million, and $24.4 million for the fiscal years ended September 30, 2026, 2025, and 2024, respectively.

For intangible assets held as of September 30, 2026, amortization expense for the five succeeding fiscal years is as follows (in thousands):

2027	$ 26,869
2028	14,434
2029	9,772
2030	4,611
2031	2,179
Total	$ 57,865

Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	September 30, 2026	September 30, 2025
Payroll and benefits	$ 277,128	$ 189,337
Operating lease liabilities, current	33,134	31,042
Income and other tax accruals	76,361	44,051
Other	34,258	50,953
Total accrued liabilities	$ 420,881	$ 315,383

Other Long-term Liabilities

Other long-term liabilities consist of the following (in thousands):

	September 30,	
	2026	2025
Income taxes payable	$ 72,992	$ 85,278
Other	12,200	10,953
Total other long-term liabilities	$ 85,192	$ 96,231

6. Leases

The majority of the Company's operating lease payments relate to its corporate headquarters in Seattle, Washington, which includes approximately 515,000 square feet of office space. The lease commenced in April 2019 and expires in 2033 with an option for renewal. The Company also leases additional office and lab space for product development and sales and support personnel in the United States and internationally. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The components of the Company's operating lease expenses for the years ended September 30, 2026, 2025, and 2024 were as follows (in thousands):

	Fiscal year ended September 30,		
	2026	2025	2024
Operating lease expense	$ 38,393	$ 39,630	$ 40,655
Short-term lease expense	4,290	2,890	2,791
Variable lease expense	23,612	23,032	23,268
Total lease expense	$ 66,295	$ 65,552	$ 66,714

Variable lease expense primarily consists of common area maintenance, real estate taxes, and parking expenses.

Supplemental balance sheet information related to the Company's operating leases was as follows (in thousands, except lease term and discount rate):

	September 30,	
	2026	2025
Operating lease right-of-use assets, net	$ 173,023	$ 185,601
Operating lease liabilities, current [(1)]	33,134	31,042
Operating lease liabilities, long-term	212,451	230,749
Total operating lease liabilities	$ 245,585	$ 261,791
Weighted average remaining lease term (in years)	7.2	7.7
Weighted average discount rate	3.37 %	3.24 %

(1) Current portion of operating lease liabilities is included in accrued liabilities on the Consolidated Balance Sheets.

As of September 30, 2026, the future operating lease payments for each of the next five years and thereafter is as follows (in thousands):

Fiscal Years Ending September 30:	Operating Lease Payments
2027	$ 40,595
2028	39,652
2029	36,290
2030	35,808
2031	35,013
Thereafter	92,891
Total lease payments	280,249
Less: imputed interest	(34,664)
Total lease liabilities	$ 245,585

Operating lease liabilities above do not include sublease income. As of September 30, 2026, the Company expects to receive sublease income of approximately $5.2 million, which consists of $0.7 million to be received in fiscal year 2027 and $4.5 million to be received over the six fiscal years thereafter.

There were no material impairments against right-of-use assets for the years ended September 30, 2026, 2025, or 2024.

As of September 30, 2026, the Company had no significant operating leases that were executed but not yet commenced.

7. Income Taxes

The United States and international components of income before income taxes are as follows (in thousands):

	Years Ended September 30,		
	2026	2025	2024
United States	$ 551,770	$ 547,633	$ 430,532
International	316,147	260,703	264,933
Total	$ 867,917	$ 808,336	$ 695,465

The provision for income taxes consists of the following (in thousands):

	Years Ended September 30,		
	2026	2025	2024
Current			
U.S. federal	$ 83,741	$ 90,560	$ 99,745
State	17,647	20,937	17,957
Foreign	107,251	77,008	79,200
Total	208,639	188,505	196,902
Deferred			
U.S. federal	(60,731)	(45,160)	(51,968)
State	(900)	(10,476)	(11,100)
Foreign	(1,240)	(16,913)	(5,147)
Total	(62,871)	(72,549)	(68,215)
	$ 145,768	$ 115,956	$ 128,687

The Company adopted ASU 2023-09 for the year ended September 30, 2026 on a prospective basis. The effective tax rate differs from the U.S. federal statutory rate for the tax year ended September 30, 2026 as follows (in thousands, except percentages):

	Year Ended September 30, 2026	
U.S. federal statutory tax rate	$ 182,262	21.0 %
State taxes, net of federal benefit [1]	9,967	1.1 %
Foreign tax effects	36,957	4.3 %
Effects of cross-border tax laws		
Foreign-derived intangible income deduction	(36,657)	(4.2)%
Other [2]	6,558	0.8 %
Tax credits		
Research and development credits	(22,798)	(2.6)%
Foreign tax credits	(22,243)	(2.6)%
Non-taxable and non-deductible items		
Stock- based compensation	(11,072)	(1.3)%
Other	11,329	1.3 %
Changes in unrecognized tax benefits [3]	(7,386)	(0.9)%
Other adjustments	(1,149)	(0.1)%
Effective rate	$ 145,768	16.8 %

(1) State and local jurisdictions that contribute the majority of the tax effect in this category include Georgia, Illinois, New Jersey, and Tennessee.

(2) Under ASU 2023-09, the Company elected to present the effect of cross-border tax laws net of the foreign tax credits.

(3) The tax effects in this category are presented on an aggregated basis for all jurisdictions.

Prior to the adoption of ASU 2023-09, the effective tax rate differed from the U.S. federal statutory rate as follows (in thousands):

	Years Ended September 30, 2025	2024
Income tax provision at statutory rate	$ 169,750	$ 146,048
State taxes, net of federal benefit	11,724	10,548
Foreign-derived intangible income deduction	(32,192)	(28,036)
Tax impact of foreign earnings	(9,922)	7,359
Research and development and other credits	(24,467)	(14,748)
Stock-based and other compensation	(2,635)	8,145
Other	3,698	(629)
	$ 115,956	$ 128,687

The Company does not maintain an indefinite reinvestment assertion on unremitted foreign earnings and has recorded a deferred tax liability for any estimated foreign, federal, or state tax liabilities associated with a future repatriation of foreign earnings.

The Company benefits from tax incentive arrangements in certain foreign jurisdictions, which expire in fiscal years 2026 to 2034. The tax incentive agreements are conditional upon meeting certain operational, employment, and investment requirements. These arrangements decreased foreign taxes by $6.9 million, $9.4 million, and $7.2 million, and increased diluted earnings per common share by $0.12, $0.16, and $0.12 for the years ended September 30, 2026, 2025, and 2024, respectively.

The tax effects of the temporary differences that give rise to the deferred tax assets and liabilities are as follows (in thousands):

	Years Ended September 30,	
	2026	2025
Deferred tax assets		
Net operating loss carryforwards	$ 41,892	$ 47,028
Capitalized research and development costs	471,533	417,392
Payroll and benefits	35,339	14,444
Stock-based compensation	9,098	9,933
Deferred revenue	43,020	31,341
Lease liabilities	52,723	56,282
Other accruals and reserves	27,250	28,191
Tax credit carryforwards	27,672	27,398
Property and equipment	1,787	1,759
	710,314	633,768
Valuation allowance	(36,890)	(34,281)
	673,424	599,487
Deferred tax liabilities		
Purchased intangibles	(59,707)	(59,096)
Property and equipment	(43,862)	(32,269)
Capitalized contract acquisition costs	(13,293)	(11,728)
Right-of-use assets	(35,471)	(36,629)
Other accruals and reserves	(11,858)	(15,298)
	(164,191)	(155,020)
Net deferred tax assets	$ 509,233	$ 444,467

As of September 30, 2026, the Company had approximately $46.9 million foreign net operating loss carryforwards, of which $46.8 million can be carried forward indefinitely and $0.1 million will expire in fiscal year 2043. The Company had $103.2 million of federal net operating loss carryforwards, of which $93.2 million can be carried forward indefinitely and $10.0 million will expire in fiscal years 2033 to 2038. The annual utilization of the federal net operating loss carryforwards is limited under Internal Revenue Code Section 382. The Company also had $182.9 million of state net operating loss carryforwards, of which $14.5 million can be carried forward indefinitely and $168.4 million will expire in fiscal years 2029 to 2046. In addition, there are $0.5 million of foreign tax credit carryforwards that will expire in fiscal years 2027 to 2040, $0.7 million of foreign tax credit carryforwards that can be carried forward indefinitely, $4.1 million of federal tax credit carryforwards that will expire in fiscal years 2028 to 2046, $41.5 million of state tax credit carryforwards that can be carried forward indefinitely, and $3.3 million of state tax credit carryforwards that will expire in fiscal years 2032 to 2041. Management believes that it is more likely than not that the benefit from certain foreign net operating loss and credit carryforwards and state tax net operating loss and credit carryforwards will not be realized. In recognition of this risk, the Company has provided a valuation allowance on the deferred tax assets relating to these carryforwards. The net change in the total valuation allowance was an increase of $2.6 million and a decrease of $5.4 million for the years ended September 30, 2026 and 2025, respectively.

Cash paid for income taxes, net of refunds, by jurisdiction pursuant to the adoption of ASU 2023-09 for the year ended September 30, 2026 was as follows (in thousands):

	Year Ended September 30, 2026
U.S. federal	$ 74,386
U.S. state and local	17,847
Foreign	
United Kingdom	47,151
India	17,559
Singapore	16,124
Other	20,417
Cash paid for income taxes, net of refunds	$ 193,484

Income taxes paid, net of refunds, were $205.7 million and $181.6 million in fiscal years ended September 30, 2025 and 2024, respectively.

The Company recognizes the financial statement impact of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest impact that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

The following table provides a reconciliation of the beginning and ending amount of unrecognized tax benefits (in thousands):

	Years Ended September 30,		
	2026	2025	2024
Balance, beginning of period	$ 86,597	$ 86,877	$ 79,167
Gross increases related to prior period tax positions	7,031	5,292	7,939
Gross decreases related to prior period tax positions	—	(2,381)	(7,659)
Gross increases related to current period tax positions	11,345	10,244	8,494
Decreases relating to settlements with tax authorities	(500)	—	(50)
Reductions due to lapses of statute of limitations	(24,377)	(13,435)	(1,014)
Balance, end of period	$ 80,096	$ 86,597	$ 86,877

The total amount of gross unrecognized tax benefits was $80.1 million, $86.6 million, and $86.9 million as of September 30, 2026, 2025, and 2024, respectively, of which, $48.7 million, $54.7 million, and $56.2 million, if recognized, would affect the effective tax rate.

The Company recognizes interest and, if applicable, penalties (not included in the "unrecognized tax benefits" table above) for any uncertain tax positions. Interest and penalties are recorded as a component of income tax expense. In the years ended September 30, 2026, 2025, and 2024, the Company recorded a decrease of approximately $3.8 million, and an increase of approximately $0.9 million and $5.6 million, respectively, of interest and penalty expense related to uncertain tax positions. As of September 30, 2026 and 2025, the Company had a cumulative balance of accrued interest and penalties on unrecognized tax positions of $8.9 million and $12.7 million, respectively.

The Company and its subsidiaries are subject to U.S. federal income tax as well as the income tax of multiple state and foreign jurisdictions. The Company has concluded all U.S. federal income tax matters for fiscal years through September 30, 2022. Major jurisdictions where there are wholly owned subsidiaries of F5, Inc. which require income tax filings include the United Kingdom, Singapore, Israel, and India. The earliest periods open for review by local taxing authorities are fiscal years 2025 for the United Kingdom, 2024 for Singapore, 2021 for Israel, and 2019 for India. The Company is currently under audit by various states for fiscal years 2018 through 2024, and by various foreign jurisdictions including India for fiscal years 2019 to 2025, Israel for fiscal years 2021 to 2022, Saudi Arabia for fiscal years 2015 to 2021, and Singapore for fiscal year 2024.

8. Shareholders' Equity

Common Stock Repurchase

On October 27, 2026, we announced that our Board of Directors authorized an additional $1.5 billion for our common stock share repurchase program. This authorization is incremental to the existing $7.4 billion program, initially approved in October 2010 and expanded in subsequent fiscal years. Acquisitions for the share repurchase programs will be made from time to time in private transactions, accelerated share repurchase programs, or open market purchases as permitted by securities laws and other legal requirements. The programs can be terminated at any time.

The following table summarizes the Company's repurchases and retirements of its common stock under its Stock Repurchase Program (in thousands, except per share data):

	Years Ended September 30,		
	2026	2025	2024
Shares repurchased	2,146	1,879	2,824
Average price per share	$ 279.53	$ 266.04	$ 177.08
Amount repurchased	$ 600,042	$ 500,037	$ 500,056

As of September 30, 2026, the Company had $322.4 million remaining authorized under its share repurchase program.

9. Stock-based Compensation

The Company recognized $261.0 million, $231.5 million, and $219.1 million of stock-based compensation expense for the fiscal years ended September 30, 2026, 2025, and 2024, respectively. The income tax benefit recognized on stock-based compensation within income tax expense was $55.3 million, $49.9 million, and $44.4 million for the fiscal years ended September 30, 2026, 2025, and 2024, respectively. As of September 30, 2026, there was $284.0 million of total unrecognized stock-based compensation cost, the substantial majority of which will be recognized over approximately two years. Going forward, stock-based compensation expenses may increase as the Company issues additional equity-based awards to continue to attract and retain key employees. On October 29, 2026, the Company’s Board of Directors and Talent and Compensation Committee approved 66,210 RSUs to be granted to executive officers pursuant to the Company’s annual equity awards program.

The Company has adopted a number of stock-based compensation plans as discussed below.

2011 Employee Stock Purchase Plan. In April 2012, the Board of Directors amended and restated the Company’s 1999 Employee Stock Purchase Plan, or the Employee Stock Purchase Plan. A total of 12,000,000 shares of common stock have been reserved for issuance under the Employee Stock Purchase Plan. The Employee Stock Purchase Plan permits eligible employees to acquire shares of the Company’s common stock through periodic payroll deductions of up to 15% of base compensation. No employee may purchase more than 10,000 shares during an offering period. In addition, no employee may purchase more than $25,000 worth of stock, determined by the fair market value of the shares at the time such option is granted, in one calendar year. The Employee Stock Purchase Plan has been implemented in a series of offering periods, each 6 months in duration. The price at which the common stock may be purchased is 85% of the lesser of the fair market value of the Company’s common stock on the first day of the applicable offering period or on the last day of the respective purchase period. As of September 30, 2026 there were 1,387,897 shares available for awards under the Employee Stock Purchase Plan.

In determining the fair value of the right to purchase under the Employee Stock Purchase Plan, the Company uses the Black-Scholes option pricing model that employs the following key assumptions:

	Years Ended September 30,		
	2026	2025	2024
Volatility	29.45% - 38.29%	28.85% - 29.40%	18.19% - 20.32%
Expected term (in years)	0.5	0.5	0.5
Dividend yield	—	—	—
Risk-free interest rate	3.63% - 4.10%	4.28% - 4.98%	5.28% - 5.52%

The expected volatility is based on the historical volatility of our common stock. The expected term is based on the length of the period from the first day of the offering period to the purchase date. The expected dividend yield assumption is based on expectations

about the Company's anticipated dividend policy. The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues with maturities that approximate the expected term.

Acquisition Related Incentive Plans. In connection with the Company's acquisitions, the Company has adopted acquisition equity incentive plans and assumed equity incentive plans of certain acquired companies and equity awards granted under such assumed equity incentive plans with awards under such plans being settled in shares of the Company's common stock. All of these acquisition equity incentive plans and assumed equity incentive plans of acquired companies have been terminated and no additional equity awards will be issued under any of these plans. As of September 30, 2026, there were 19 and 1,769 stock units outstanding under the Nginx and Lilac Cloud acquisition plans, respectively. As of September 30, 2025, there were 19, 174, and 9,341 stock units outstanding under the Nginx, Threat Stack, and Lilac Cloud acquisition plans, respectively.

F5, Inc. Incentive Plan. In March 2026, the Company adopted the F5, Inc. 2026 Incentive Award Plan ("the 2026 Plan"), which replaced the Company's F5, Inc. Incentive Plan adopted in 2022 ("the Plan"), and provides for discretionary grants of stock options, stock units, and other equity and cash-based awards for employees, including officers, directors, and consultants. The 2026 Plan authorizes the issuance of up to 5.4 million shares of the Company's common stock, which includes 1.9 million shares that remained available for issuance under the Plan and were transferred to the 2026 Plan. In addition, shares subject to outstanding awards under the Plan that subsequently expire, are forfeited, cancelled, or are settled in cash will become available for issuance under the 2026 Plan. No further awards will be granted under the Plan. However, all outstanding awards previously granted under the Plan will continue to be governed by the terms and conditions of the Plan and their respective award agreements. During the fiscal year 2026, the Company issued no stock options, 136,684 performance stock units, and 1,210,967 restricted stock units. As of September 30, 2026, there were no options outstanding, 187,335 performance stock units outstanding, 1,274,301 restricted stock units outstanding, and 5,284,905 shares available for new awards.

A summary of restricted stock unit activity under the F5, Inc. incentive plans is as follows:

	Performance Stock Units		Restricted Stock Units	
	Outstanding Performance Stock Units	Weighted Average Grant Date Fair Value	Outstanding Restricted Stock Units	Weighted Average Grant Date Fair Value
Balance, September 30, 2025	183,723	$ 220.40	1,197,528	$ 234.22
Units granted	136,684	234.53	1,210,967	270.60
Units vested	(122,191)	200.93	(950,936)	224.87
Units cancelled	(10,881)	232.02	(183,258)	229.60
Balance, September 30, 2026	187,335	$ 242.73	1,274,301	$ 276.43

A majority of the restricted stock units the Company grants to its employees vest quarterly over a two-year period. The performance stock units, restricted stock units, and stock options under all plans that were granted during fiscal years 2026, 2025, and 2024 had a per-share weighted average fair value of $266.05, $251.46, and $155.99, respectively. The fair value of performance stock units and restricted stock units vested during fiscal years 2026, 2025, and 2024 was $328.7 million, $322.7 million, and $228.1 million, respectively. In determining the fair value of the portion of the performance awards based on Total Shareholder Return, the Company uses a Monte Carlo simulation model that employs the following key assumptions:

	Years Ended September 30,		
	2026	2025	2024
Volatility	26.96% - 29.14%	24.06% - 30.78%	22.60% - 32.35%
Expected term (in years)	1.91 - 2.91	0.91 - 2.91	0.91 - 2.91
Dividend yield	—	—	—
Risk-free interest rate	3.58% - 3.58%	4.14% - 4.26%	4.72% - 5.32%
Grant-date fair value per share	$216.00 - $243.28	$339.61 - $346.95	$192.58 - $210.37

The expected volatility is based on the historical volatility of our common stock and the common stock of the other members of the S&P 500 Index. The expected term is based on each tranche's performance period from the grant date. The expected dividend yield is based on expectations about the Company's anticipated dividend policy. The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues with maturities that approximate the expected term.

As of September 30, 2026, the following annual equity grants for executive officers or a portion thereof are outstanding:

Grant Date	RSUs Granted	Vesting Schedule	Vesting Period	Date Fully Vested
November 1, 2025	163,242	Quarterly, Annually	3 years	November 1, 2028
November 1, 2024	165,912	Quarterly, Annually	3 years	November 1, 2027
November 1, 2023	206,560	Quarterly, Annually	3 years	November 1, 2026

A summary of stock option activity under all of the Company's plans is as follows:

	Options Outstanding	
	Number of Shares	Weighted Average Exercise Price per Share
Balance, September 30, 2025	27,480	$ 41.69
Options exercised	(8,657)	31.31
Balance, September 30, 2026	18,823	$ 46.46

There were no stock options granted in fiscal years 2026 and 2025.

The total intrinsic value of options exercised during fiscal 2026, 2025, and 2024 was $2.3 million, $5.9 million, and $7.5 million, respectively.

A summary of options outstanding that are exercisable and that have vested and are expected to vest as of September 30, 2026 is as follows:

	Number of Shares	Weighted Average Remaining Contractual Life (in Years)	Weighted Average Exercise Price per Share	Aggregate Intrinsic Value [1]
				(In thousands)
Stock options outstanding	18,823	2.20	$ 46.46	$ 7,505
Exercisable	18,823	2.20	$ 46.46	$ 7,505
Vested and expected to vest	18,823	2.20	$ 46.46	$ 7,505

(1) Aggregate intrinsic value represents the difference between the fair value of the Company's common stock underlying these options at September 30, 2026 and the related exercise prices.

As of September 30, 2026, equity based awards (including stock options and restricted stock units) are available for future issuance as follows:

	Awards Available for Grant
Balance, September 30, 2025	2,922,335
Granted	(1,347,651)
Cancelled	196,320
Additional shares reserved, net	3,513,901
Balance, September 30, 2026	5,284,905

10. Net Income Per Share

Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per share is computed by dividing net income by the weighted average number of common and dilutive common stock equivalent shares outstanding during the period. The Company's nonvested restricted stock units do not have

nonforfeitable rights to dividends or dividend equivalents and are not considered participating securities that should be included in the computation of earnings per share under the two-class method.

The following table sets forth the computation of basic and diluted net income per share (in thousands, except per share data):

	Years Ended September 30,		
	2026	2025	2024
Numerator			
Net income	$ 722,149	$ 692,380	$ 566,778
Denominator			
Weighted average shares outstanding — basic	56,963	57,904	58,720
Dilutive effect of common shares from stock options and restricted stock units	707	780	639
Weighted average shares outstanding — diluted	57,670	58,684	59,359
Basic net income per share	$ 12.68	$ 11.96	$ 9.65
Diluted net income per share	$ 12.52	$ 11.80	$ 9.55

Anti-dilutive stock-based awards excluded from the calculations of diluted earnings per share were not material for the years ended September 30, 2026, 2025, and 2024.

11. Commitments and Contingencies

Purchase Obligations

In October 2022, the Company entered into an unconditional purchase commitment with one of its suppliers for the delivery of systems components. Under the terms of the agreement, the Company is obligated to purchase $10 million of component inventory annually, with a total committed amount of $40 million over a four-year term. As of September 30, 2026, the Company had no remaining purchase commitments under the agreement.

Litigation

Lynwood Investment CY Limited v. F5 Networks et al.

On June 8, 2020, Lynwood Investment CY Limited ("Lynwood") filed a lawsuit in the United States District Court for the Northern District of California ("District Court") against the Company and certain affiliates, along with other defendants. In its complaint, Lynwood claims to be the assignee of all rights and interests of Rambler Internet Holding LLC ("Rambler"), and alleges that the intellectual property in the NGINX software originally released by the co-founder of NGINX in 2004 belongs to Rambler (and therefore Lynwood, by assignment) because the software was created and developed while the co-founder was employed by Rambler. Lynwood asserted 26 causes of action against the various defendants, including copyright infringement, violation of trademark law, tortious interference, conspiracy, and fraud. The complaint sought damages, disgorgement of profits, declarations of copyright and trademark ownership, trademark cancellations, and injunctive relief. Lynwood also initiated several trademark opposition and cancellation proceedings before the Trademark Trial and Appeal Board of the United States Patent and Trademark Office, which have all since been suspended.

In August and October 2020, the Company and the other defendants filed motions to dismiss Lynwood’s case. On March 25 and 30, 2021, the District Court granted the Company’s and the other defendants’ motions to dismiss with leave to amend. Lynwood filed its amended complaint on April 29, 2021, seeking the same relief against the Company and other defendants. On May 27, 2021, the Company and other defendants filed a consolidated motion to dismiss.

The District Court granted the consolidated motion to dismiss without leave to amend on August 16, 2022 and entered final judgment against Lynwood on September 9, 2022. Following the District Court’s order granting the consolidated motion to dismiss and final judgment in the Company’s favor, the District Court subsequently granted the Company attorneys' fees of over $0.8 million, which Lynwood appealed to the Ninth Circuit Court of Appeals. The dismissal appeal and the fees appeal were heard by the Ninth Circuit Court of Appeals ("Court of Appeals") on December 7, 2023. On November 7, 2024, the Court of Appeals partially affirmed the dismissal by affirming dismissal of the state law claims and remanding a portion of the copyright claim to the District Court. The Court of Appeals also vacated the fees award because of the remand.

On December 2, 2024, the Court of Appeals issued its mandate returning the matter to the District Court for further proceedings on the remaining portion of the copyright claim. The parties are engaged in a first phase of discovery ordered by the Court in a March 7th case management conference that is focused on whether any NGINX Plus code was written by individuals employed by Rambler before the end of 2011. On May 19, 2025, the Company and the other defendants answered Lynwood’s second amended complaint filed

April 7, 2025, which was limited to the remaining portion of the copyright claim focused on NGINX Plus per the Court's March 7th order. The Company intends to continue vigorously defending the litigation.

Shareholder and Securities Litigation

On December 19, 2025, Matthew Smith filed a putative class action complaint against F5, Inc., and certain of its executives, captioned *Smith v. F5, Inc., et al.*, in the United States District Court for the Western District of Washington purportedly on behalf of individuals who purchased or otherwise acquired the Company's common stock between October 28, 2024 and October 27, 2025 ("Securities Class Action"). The complaint alleges that the Company and certain of its executives made false or misleading statements in violation of Sections 10(b) and 20(a) of the Exchange Act of 1934 regarding the Company's cybersecurity capabilities. The complaint requests monetary damages, including interest, reasonable attorney fees, expert fees, and other costs. On March 13, 2026, the court appointed Stichting Bedrijfspensioenfonds voor het Bakkersbedrijf and Stichting Bedrijfstakpensioenfonds voor de Zoetwarenindustrie ("Lead Plaintiffs") as lead plaintiffs. Lead Plaintiffs filed an amended complaint on May 20, 2026 asserting the same claims for the same putative class period. On July 22, 2026, the Company and certain of its executives filed a motion to dismiss the amended complaint. Plaintiffs filed an opposition to the motion to dismiss on September 23, 2026. F5 filed its reply in support of its motion to dismiss on October 29, 2026. The Company intends to vigorously defend these claims.

Two derivative lawsuits related to the Securities Class Action were filed in February 2026 in the U.S. District Court for the Western District of Washington. In the first lawsuit, a plaintiff filed a stockholder derivative complaint, purportedly on behalf of the Company against certain of the Company's officers and directors, which alleges claims for breach of fiduciary duty and unjust enrichment. The complaint requests restitution and money damages including reasonable attorneys' fees, expert fees, and other costs. In the second lawsuit, a plaintiff filed a verified stockholder derivative complaint, purportedly on behalf of the Company against certain of the Company's officers and directors, which alleges violations of federal securities laws, breaches of fiduciary duty, and related state law claims, as well as a claim for contribution under Sections 10(b), 14(a) and 21D of the Exchange Act for any liability the Company may incur as a result of the Securities Class Action. The complaint requests monetary damages, including interest, reasonable attorneys' fees, expert fees and other costs, and certain reforms to F5's corporate governance. On March 11, 2026, the U.S. District Court for the Western District of Washington consolidated the two stockholder derivative actions under the caption *In re F5 Inc. Derivative Litigation*. The derivative claims are stayed until all motions to dismiss the securities class action have been fully resolved.

In addition to the above matters, the Company is subject to a variety of legal proceedings, claims, investigations, and litigation arising in the ordinary course of business, including intellectual property litigation. Management believes that the Company has meritorious defenses to the allegations made in its pending cases and intends to vigorously defend these lawsuits; however, the Company is unable to currently determine if an unfavorable outcome is probable or estimate any potential amount or range of possible loss of these or similar matters. There are many uncertainties associated with any litigation and these actions or other third-party claims against the Company may cause it to incur costly litigation and/or substantial settlement charges that could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

The Company records an accrual for loss contingencies for legal proceedings when it believes that an unfavorable outcome is both (a) probable and (b) the amount or range of any possible loss is reasonably estimable. The Company has not recorded any accrual for loss contingencies associated with such legal proceedings or the investigations discussed above.

Cyber Incident

On October 15, 2025, we disclosed a security incident in which a threat actor maintained long-term, persistent access to F5 systems, and a limited number of certain files were exfiltrated, referred to as the "Cyber Incident." In connection with the Cyber Incident, some customers and third parties may assert claims against the Company and/or officers and directors of the Company. The Company has also received a small number of inquiries from governmental authorities. The Company is cooperating with and providing information in connection with these inquiries.

The Company may incur significant legal and professional services and other expenses associated with the incident in future periods. These expenses will be recognized as incurred. Certain costs may be recoverable under the Company's insurance policies. Any amounts recoverable under such policies will be reflected in future periods in which recovery is considered probable. The Company incurred $28.0 million of costs in response to the Cyber Incident for the year ended September 30, 2026. The Company received $10.0 million in insurance recoveries for claims related to the Cyber Incident for the year ended September 30, 2026. These recoveries are recorded in other income, net in the Consolidated Income Statements.

12. Restructuring Charges

In the fourth quarter of fiscal 2026, the Company initiated a restructuring plan to match strategic and financial objectives and optimize resources for long term growth, including a reduction in force program. In the fourth quarter of fiscal 2026, the Company recorded a restructuring charge of $7.4 million. For the year ended September 30, 2026, cash paid for severance benefits costs and related employer payroll taxes was $4.1 million. Remaining accrued expenses for the fourth quarter of fiscal 2026 restructuring plan were $3.3 million as of September 30, 2026.

In the fourth quarter of fiscal 2025 and the first quarters of fiscal 2025 and 2024, the Company initiated restructuring plans to match strategic and financial objectives and optimize resources for long term growth, including a reduction in force program. In the fourth quarter of fiscal 2025, the Company recorded a restructuring charge of $14.3 million. For the years ended September 30, 2026 and 2025, cash paid for severance benefits costs and related employer payroll taxes was $8.5 million and $5.5 million, respectively. Remaining accrued expenses for the fourth quarter of fiscal 2025 restructuring plan were not material and $8.8 million as of September 30, 2026, and 2025, respectively. In the first quarter of fiscal 2025, the Company recorded a restructuring charge of $11.3 million. There were no remaining accrued expenses for the first quarter of fiscal 2025 restructuring plan as of September 30, 2026.

In the first quarter of fiscal 2024, the Company recorded a restructuring charge of $9.8 million. There were no remaining accrued expenses for the first quarter of fiscal 2024 restructuring plan as of September 30, 2026, 2025, and 2024.

Charges related to employee severance, benefits, and related costs, as well as charges related to the reduction of the Company’s leased facilities are reflected in the restructuring charges line item in the Consolidated Income Statements.

13. Employee Benefit Plans

The Company has a 401(k) savings plan whereby eligible employees may voluntarily contribute a percentage of their compensation. The Company may, at its discretion, match a portion of the employees’ eligible contributions. Contributions by the Company to the plan during the years ended September 30, 2026, 2025, and 2024 were approximately $10.9 million, $10.8 million, and $12.2 million, respectively. Contributions made by the Company vest over four years.

The Company also contributes to other retirement plans covering eligible foreign employees within its international operations. The total expenses for these plans were not material in any period presented.

14. Segment Information

The Company's Chief Executive Officer, who is the chief operating decision maker ("CODM"), regularly assesses performance and decides how to allocate resources primarily based on consolidated net income reported in the Consolidated Income Statements. The CODM uses consolidated net income to assess performance and make operating decisions by monitoring consolidated net income actual results compared to forecasted results, as well as reviewing historical performance trends. The CODM also manages the Company’s operations by reviewing consolidated net revenues by products and services and consolidated expense information consistent with the financial statement line items reported in the Consolidated Income Statements. Significant expenses include cost of net revenues by products and services, sales and marketing expenses, research and development expenses, general and administrative expenses, restructuring charges, and provision for income taxes, all of which are presented in the Consolidated Income Statements. Other segment items primarily include interest income, interest expense, and foreign currency transactions gains and losses, which are presented in other income, net in the Consolidated Income Statements. The measure of segment assets is reported on the Consolidated Balance Sheets as total assets. The accounting policies and description of products and services are those described in Note 1. Summary of Significant Accounting Policies.

Revenues by Geographic Location and Other Information

The Company does business in three main geographic regions: the Americas (primarily the United States); Europe, Middle East, and Africa ("EMEA"); and Asia Pacific ("APAC"). The Company’s CODM reviews financial information presented on a consolidated basis accompanied by information about net product revenues and revenues by geographic region. The Company’s foreign offices conduct sales, marketing, research and development, and support activities. Revenues are attributed by geographic location based on the location of the end-user customer.

The following presents revenues by geographic region (in thousands):

	Years Ended September 30,		
	2026	2025	2024
Americas:			
United States	$ 1,709,334	$ 1,631,180	$ 1,488,413
Other	103,863	92,889	92,859
Total Americas	1,813,197	1,724,069	1,581,272
EMEA	1,042,114	827,168	755,934
APAC	561,358	536,835	478,914
Total net revenues	$ 3,416,669	$ 3,088,072	$ 2,816,120

The Company continues to offer its products through a range of consumption models, from physical systems to software solutions and managed services. The following presents net product revenues by systems and software (in thousands):

	Years Ended September 30,		
	2026	2025	2024
Net product revenues			
Systems revenue	$ 923,134	$ 705,551	$ 537,318
Software revenue	870,258	803,089	735,477
Total net product revenues	$ 1,793,392	$ 1,508,640	$ 1,272,795

The following distributor customers accounted for more than 10% of total net revenue:

	Years Ended September 30,		
	2026	2025	2024
Customer A	16.7 %	15.8 %	16.3 %
Customer B	13.6	17.5	15.9
Customer E	11.9	—	—

The following distributor customers accounted for more than 10% of total receivables:

	September 30,	
	2026	2025
Customer A	11.3 %	11.1 %
Customer B	—	17.8
Customer C	—	10.9
Customer D	10.8	11.4

No end-user customers accounted for more than 10% of total net revenue or receivables. No other distributor customers accounted for more than 10% of total net revenue or receivables, other than those noted above.

The Company tracks assets by physical location. Long-lived assets consist of property and equipment, net, and are shown below (in thousands):

	September 30,	
	2026	2025
Americas:		
United States	$ 171,671	$ 118,414
Other	1,696	1,696
Total Americas	173,367	120,110
EMEA	25,688	20,985
APAC	14,301	15,852
Total property and equipment, net	$ 213,356	$ 156,947

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

Item 9A. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that required information is recorded, processed, summarized, and reported within the required timeframe, as specified in the rules set forth by the Securities and Exchange Commission. Our disclosure controls and procedures are also designed to ensure that information required to be disclosed is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2026 and, based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2026.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management conducted an assessment of the effectiveness of our internal control over financial reporting as of September 30, 2026. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework (2013)*. Based on the results of this assessment and on those criteria, management concluded that our internal control over financial reporting was effective as of September 30, 2026.

The effectiveness of the Company's internal control over financial reporting as of September 30, 2026, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting

During the fourth fiscal quarter, there were no changes to our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. *Other Information*

Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

During the fiscal quarter ended September 30, 2026, certain of our officers or directors adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" as follows:

On September 15, 2026, Edward C. Werner, EVP, Chief Financial Officer, adopted a written plan intended to satisfy the affirmative defense of Rule 10b5-1(c) that is designed to be in effect until December 31, 2027, authorizing the sale of up to 5,949 Company shares from existing equity awards, plus an indeterminable number of shares representing 100% of the net shares vesting under future equity awards after shares are surrendered to cover withholding taxes.

On September 8, 2026, Thomas Fountain, Chief Operating Officer, adopted a written plan intended to satisfy the affirmative defense of Rule 10b5-1(c) that is designed to be in effect until February 11, 2028, authorizing the sale of up to 16,615 Company shares from existing equity awards, plus an indeterminable number of shares representing 100% of the net shares vesting under future equity awards after shares are surrendered to cover withholding taxes.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

Certain information required by this item regarding the Company's directors and executive officers is incorporated herein by reference to the sections entitled: "Board of Directors — Nominees and Continuing Directors" and "— Director Nomination;" and "Corporate Governance — Governance — Committees of the Board — Audit Committee," "— Insider and Derivatives Trading and Hedging Policies and Arrangements" and "— Code of Ethics for Senior Financial Officers" in the Company's definitive Proxy Statement that is expected to be furnished to the SEC no later than January 26, 2027 (the "Proxy Statement"). Additional information regarding the Company's executive officers is set forth in Item 1 of Part I of this Annual Report on Form 10-K under the caption "Business — Executive Officers of the Registrant."

Item 11. *Executive Compensation*

The information required by this item is incorporated by reference to the sections entitled "Executive Compensation" and "Corporate Governance — Governance — Committees of the Board — Talent and Compensation Committee" and "— Compensation Committee Interlocks and Insider Participation" and "Executive Compensation — Compensation Committee Report" in the Proxy Statement.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters*

The information required by this item is incorporated by reference to the section entitled "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required by this item is incorporated by reference to the sections entitled "Board of Directors — Director Independence" and "Corporate Governance — Related Person Transactions Policy and Procedures" and "— Certain Relationships and Related Person Transactions" in the Proxy Statement.

Item 14. *Principal Accountant Fees and Services*

The information required by this item is incorporated by reference to the section entitled "Audit Committee Report and Auditor Information — Fees Paid to PricewaterhouseCoopers LLP," "— Audit Committee Pre-Approval Procedures" and "— Annual Independence Determination" in the Proxy Statement.

PART IV

Item 15. *Exhibits and Financial Statement Schedules*

(a) Documents filed as part of this report are as follows:

1. *Consolidated Financial Statements:*

Our Consolidated Financial Statements are listed in the Index to Consolidated Financial Statements.

2. *Financial Statement Schedule:*

Financial statement schedules have been omitted because the information required to be set forth therein is not applicable, material, or is shown in the Consolidated Financial Statements or the notes hereto.

3. *Exhibits:*

The required exhibits are included at the end of this Annual Report on Form 10-K and are described in the Exhibit Index immediately preceding the first exhibit.

Item 16. *Form 10-K Summary*

Not applicable.

EXHIBIT INDEX

Exhibit Number		Exhibit Description
3.1	—	Fourth Amended and Restated Articles of Incorporation of the Registrant (1)
3.2	—	Eighth Amended and Restated Bylaws adopted November 12, 2021 (1)
4.1	—	Description of the Registrant's Securities (2)
4.2	—	Specimen Common Stock Certificate (3)
10.1	—	Office Lease Agreement between the Registrant and Fifth & Columbia Investors, LLC dated May 3, 2017 (4)
10.2	—	Form of Indemnification Agreement between the Registrant and each of its directors and certain of its officers (5) §
10.3	—	F5, Inc. Employee Stock Purchase Plan, as amended and restated (6) §
10.4	—	Form of Change of Control Agreement between the Registrant and the executive officers (7) §
10.5	—	F5, Inc. Incentive Plan, as amended and restated (6) §
10.6	—	Nginx, Inc. 2011 Share Plan (8) §
10.7	—	Nginx, Inc. Acquisition Equity Incentive Plan (8) §
10.8	—	Nginx, Inc. Acquisition Equity Incentive Plan Award Agreement (9) §
10.9	—	F5 Networks, Inc. Assumed Shape 2011 Stock Plan (10) §
10.10	—	Form of 2014 Incentive Plan Award Agreement (Accelerated Vesting) as revised November 2019 (11) §
10.11	—	F5 Networks, Inc. Assumed Volterra, Inc. Amended and Restated 2017 Stock Plan (12) §
10.12	—	F5 Networks, Inc. Assumed Volterra, Inc. 2019 Restricted Stock Unit Sub-Plan France (sub-plan to the F5 Networks, Inc. Assumed Volterra, Inc. Amended and Restated 2017 Stock Plan) (12) §
10.13	—	Offer Letter from the Registrant to François Locoh-Donou (13) §
10.14	—	F5, Inc. Assumed Lilac Cloud 2018 Equity Incentive Plan (14) §
10.15	—	F5, Inc. Lilac Acquisition Equity Incentive Plan (14) §
10.16	—	F5, Inc. 2026 Incentive Award Plan (15) §
10.17 *		F5, Inc. Non-Employee Director Compensation Program (16) §
10.18	—	Form of F5, Inc. 2026 Incentive Award Plan Award Agreement (Accelerated Vesting) (17) §
19.1 *	—	F5, Inc. Insider Trading Policy
21.1 *	—	Subsidiaries of the Registrant
23.1 *	—	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm
31.1 *	—	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2 *	—	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 *	—	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1	—	F5, Inc. Incentive Compensation Recovery Policy (19) §
101.INS *	—	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH *	—	Inline XBRL Taxonomy Extension Schema Document
101.CAL *	—	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF *	—	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB *	—	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE *	—	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104 *	—	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

§ Indicates a management contract or compensatory plan or arrangement.

(1) Incorporated by reference from Current Report on Form 8-K dated November 12, 2021 and filed with the SEC on November 15, 2021.

(2) Incorporated by reference from Annual Report on Form 10-K for the year ended September 30, 2022.

(3) Incorporated by reference from Exhibit 4.1 of Registration Statement on Form S-1, File No. 333-75817.

(4) Incorporated by reference from Current Report on Form 8-K dated May 3, 2017 and filed with the SEC on May 3, 2017.

(5) Incorporated by reference from Exhibit 10.1 of Registration Statement on Form S-1, File No. 333-75817.

(6) Incorporated by reference from Current Report on Form 8-K dated March 9, 2023 and filed with the SEC on March 10, 2023.

(7) Incorporated by reference from Current Report on Form 8-K dated April 29, 2009 and filed with the SEC on May 4, 2009.

(8) Incorporated by reference from Registration Statement on Form S-8 File No. 333-231802.

(9) Incorporated by reference from Quarterly Report on Form 10-Q for the quarter ended June 30, 2019.

(10) Incorporated by reference from Registration Statement on Form S-8 File No. 333-236228.

(11) Incorporated by reference from Annual Report on Form 10-K for the year ended September 30, 2020.

(12) Incorporated by reference from Registration Statement on Form S-8 File No. 333-252616.

(13) Incorporated by reference from Current Report on Form 8-K dated January 27, 2017 and filed with the SEC on January 30, 2017.

(14) Incorporated by reference from Registration Statement on Form S-8 File No. 333-269532.

(15) Incorporated by reference from Current Report on Form 8-K dated March 12, 2026 and filed with the SEC on March 13, 2026.

(16) Incorporated by reference from Quarterly Report on Form 10-Q for the quarter ended March 31, 2026.

(17) Incorporated by reference from Annual Report on Form 10-K for the year ended September 30, 2025.

(18) Incorporated by reference from Annual Report on Form 10-K for the year ended September 30, 2024.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

F5, INC.

By: /s/ FRANÇOIS LOCOH-DONOU
François Locoh-Donou
President, Chief Executive Officer, and Chairman

Dated: November 17, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
By: /s/ FRANÇOIS LOCOH-DONOU François Locoh-Donou	President, Chief Executive Officer, and Chairman (principal executive officer)	November 17, 2026
By: /s/ EDWARD C. WERNER Edward C. Werner	Executive Vice President, Chief Financial Officer (principal financial officer and principal accounting officer)	November 17, 2026
By: /s/ ANAND ESWARAN Anand Eswaran	Director	November 17, 2026
By: /s/ ELIZABETH L. BUSE Elizabeth L. Buse	Director	November 17, 2026
By: /s/ GAVIN MUNROE Gavin Munroe	Director	November 17, 2026
By: /s/ NIKHIL MEHTA Nikhil Mehta	Director	November 17, 2026
By: /s/ MARIANNE BUDNIK Marianne Budnik	Director	November 17, 2026
By: /s/ MICHEL COMBES Michel Combes	Director	November 17, 2026
By: /s/ TAMI ERWIN Tami Erwin	Director	November 17, 2026
By: /s/ JULIE GONZALEZ Julie Gonzalez	Director	November 17, 2026
By: /s/ MAYA MCREYNOLDS Maya McReynolds	Director	November 17, 2026