

**F5 Networks, Inc.**  
**Condensed Consolidated Income Statements**  
(unaudited, in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2020	2019	2020	2019
Net revenues				
Products (1).....	\$ 259,538	\$ 237,859	\$ 494,074	\$ 471,736
Services.....	323,911	307,036	658,680	616,929
Total.....	<u>583,449</u>	<u>544,895</u>	<u>1,152,754</u>	<u>1,088,665</u>
Cost of net revenues (2)(3)(4)(5)				
Products.....	53,086	43,547	95,204	85,957
Services.....	48,152	44,631	94,676	88,935
Total.....	<u>101,238</u>	<u>88,178</u>	<u>189,880</u>	<u>174,892</u>
Gross profit.....	<u>482,211</u>	<u>456,717</u>	<u>962,874</u>	<u>913,773</u>
Operating expenses (2)(3)(4)(5)				
Sales and marketing.....	215,472	170,954	410,991	335,213
Research and development.....	109,028	96,314	205,033	188,352
General and administrative.....	74,013	46,656	133,017	89,199
Restructuring charges.....	-	-	7,800	-
Total.....	<u>398,513</u>	<u>313,924</u>	<u>756,841</u>	<u>612,764</u>
Income from operations.....	83,698	142,793	206,033	301,009
Other (loss) income, net.....	(141)	7,434	5,079	14,529
Income before income taxes.....	83,557	150,227	211,112	315,538
Provision for income taxes.....	22,178	34,140	51,206	68,546
Net income.....	<u>\$ 61,379</u>	<u>\$ 116,087</u>	<u>\$ 159,906</u>	<u>\$ 246,992</u>
Net income per share - basic.....	<u>\$ 1.01</u>	<u>\$ 1.94</u>	<u>\$ 2.63</u>	<u>\$ 4.12</u>
Weighted average shares - basic.....	<u>60,869</u>	<u>59,686</u>	<u>60,758</u>	<u>59,954</u>
Net income per share - diluted.....	<u>\$ 1.00</u>	<u>\$ 1.93</u>	<u>\$ 2.62</u>	<u>\$ 4.09</u>
Weighted average shares - diluted.....	<u>61,084</u>	<u>60,029</u>	<u>61,017</u>	<u>60,374</u>
<b>Non-GAAP Financial Measures</b>				
Net income as reported.....	\$ 61,379	\$ 116,087	\$ 159,906	\$ 246,992
Acquisition-related write-downs of assumed deferred revenue.....	2,191	-	2,191	-
Stock-based compensation expense.....	51,222	39,494	98,883	78,183
Amortization of purchased intangible assets.....	8,620	1,774	13,208	3,548
Facility-exit costs.....	1,254	2,592	3,011	5,048
Acquisition-related charges.....	23,453	3,530	31,719	3,530
Restructuring charges.....	-	-	7,800	-
Tax effects related to above items.....	(12,172)	(9,036)	(25,406)	(19,322)
Net income excluding acquisition-related write-downs of assumed deferred revenue, stock-based compensation expense, amortization of purchased intangible assets, facility-exit costs, acquisition-related charges, restructuring charges and non-recurring tax expenses and benefits (non-GAAP) - diluted.....	<u>\$ 135,947</u>	<u>\$ 154,441</u>	<u>\$ 291,312</u>	<u>\$ 317,979</u>
Net income per share excluding acquisition-related write-downs of assumed deferred revenue, stock-based compensation, expense amortization of purchased intangible assets, facility-exit costs, acquisition-related charges, restructuring charges and non-recurring tax expenses and benefits (non-GAAP) - diluted.....	<u>\$ 2.23</u>	<u>\$ 2.57</u>	<u>\$ 4.77</u>	<u>\$ 5.27</u>
Weighted average shares - diluted.....	<u>61,084</u>	<u>60,029</u>	<u>61,017</u>	<u>60,374</u>
(1) GAAP net product revenues.....	\$ 259,538	\$ 237,859	\$ 494,074	\$ 471,736
Acquisition-related write-downs of assumed deferred revenue.....	2,191	-	2,191	-
Non-GAAP net product revenues.....	<u>261,729</u>	<u>237,859</u>	<u>496,265</u>	<u>471,736</u>
GAAP net service revenues.....	323,911	307,036	658,680	616,929
Acquisition-related write-downs of assumed deferred revenue.....	-	-	-	-
Non-GAAP net service revenues.....	<u>323,911</u>	<u>307,036</u>	<u>658,680</u>	<u>616,929</u>
Total non-GAAP net revenues.....	<u>\$ 585,640</u>	<u>\$ 544,895</u>	<u>\$ 1,154,945</u>	<u>\$ 1,088,665</u>
(2) Includes stock-based compensation expense as follows:				
Cost of net revenues.....	\$ 6,434	\$ 4,946	\$ 11,923	\$ 10,034
Sales and marketing.....	22,638	16,359	44,404	31,878
Research and development.....	12,557	10,269	23,759	20,561
General and administrative.....	9,593	7,920	18,797	15,710
Total.....	<u>\$ 51,222</u>	<u>\$ 39,494</u>	<u>\$ 98,883</u>	<u>\$ 78,183</u>
(3) Includes amortization of purchased intangible assets as follows:				
Cost of net revenues.....	\$ 5,953	\$ 1,043	\$ 9,050	\$ 2,086
Sales and marketing.....	2,153	206	3,114	412
General and administrative.....	514	525	1,044	1,050
Total.....	<u>\$ 8,620</u>	<u>\$ 1,774</u>	<u>\$ 13,208</u>	<u>\$ 3,548</u>
(4) Includes facility-exit costs as follows:				
Cost of net revenues.....	\$ 180	\$ 345	\$ 501	\$ 688
Sales and marketing.....	391	743	1,077	1,611
Research and development.....	408	1,066	1,153	1,986
General and administrative.....	275	438	280	763
Total.....	<u>\$ 1,254</u>	<u>\$ 2,592</u>	<u>\$ 3,011</u>	<u>\$ 5,048</u>
(5) Includes acquisition-related charges as follows:				
Cost of net revenues.....	\$ 13	\$ -	\$ 13	\$ -
Sales and marketing.....	3,364	-	3,773	-
Research and development.....	746	-	780	-
General and administrative.....	19,330	3,530	27,153	3,530
Total.....	<u>\$ 23,453</u>	<u>\$ 3,530</u>	<u>\$ 31,719</u>	<u>\$ 3,530</u>