

F5 Networks, Inc.
Consolidated Statements of Cash Flows
(unaudited, in thousands)

| | Three Months Ended December 31, | |
|--|------------------------------------|------------|
| | 2019 | 2018 |
| Operating activities | | |
| Net income..... | \$ 98,527 | \$ 130,905 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Stock-based compensation..... | 47,661 | 38,689 |
| Depreciation and amortization..... | 18,979 | 14,001 |
| Non-cash operating lease costs..... | 8,703 | - |
| Other..... | (31) | 251 |
| Deferred income taxes..... | (1,714) | 2,714 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable..... | (32,683) | (28,921) |
| Inventories..... | 2,020 | (991) |
| Other current assets..... | (5,494) | (26,777) |
| Other assets..... | 2,011 | (157) |
| Accounts payable and accrued liabilities..... | (23,606) | 2,022 |
| Deferred revenue..... | 39,856 | 66,122 |
| Lease liabilities..... | (10,217) | - |
| Net cash provided by operating activities..... | 144,012 | 197,858 |
| Investing activities | | |
| Purchases of investments..... | (180,557) | (190,884) |
| Maturities of investments..... | 150,697 | 151,537 |
| Sales of investments..... | 22,764 | - |
| Purchases of property and equipment..... | (22,304) | (21,046) |
| Net cash used in investing activities..... | (29,400) | (60,393) |
| Financing activities | | |
| Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan..... | 20,959 | 18,900 |
| Repurchase of common stock..... | - | (101,032) |
| Net cash provided by (used in) financing activities..... | 20,959 | (82,132) |
| Net increase in cash, cash equivalents and restricted cash..... | 135,571 | 55,333 |
| Effect of exchange rate changes on cash and cash equivalents..... | 820 | 46 |
| Cash, cash equivalents and restricted cash, beginning of period..... | 602,254 | 425,894 |
| Cash, cash equivalents and restricted cash, end of period..... | \$ 738,645 | \$ 481,273 |
| Supplemental disclosures of cash flow information | | |
| Cash paid for amounts included in the measurement of lease liabilities..... | \$ 12,707 | \$ - |
| Supplemental disclosures of non-cash activities | | |
| Right-of-use assets obtained in exchange for lease obligations..... | \$ 394,315 | \$ - |
| Capitalized leasehold improvements paid directly by landlord..... | \$ - | \$ 15,384 |