

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

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2022	2021	2022	2021
Net revenues				
Products (1).....	\$ 297,518	\$ 309,189	\$ 640,667	\$ 597,234
Services.....	336,706	336,098	680,657	672,670
Total.....	<u>634,224</u>	<u>645,287</u>	<u>1,321,324</u>	<u>1,269,904</u>
Cost of net revenues (2)(3)(4)(5)(6)				
Products.....	71,234	73,289	152,896	140,327
Services.....	55,125	55,296	108,536	103,237
Total.....	<u>126,359</u>	<u>128,585</u>	<u>261,432</u>	<u>243,564</u>
Gross profit.....	<u>507,865</u>	<u>516,702</u>	<u>1,059,892</u>	<u>1,026,340</u>
Operating expenses (2)(3)(4)(5)(6)				
Sales and marketing.....	228,826	244,908	462,861	459,454
Research and development.....	135,838	140,453	266,109	254,644
General and administrative.....	68,554	77,840	134,215	140,993
Restructuring charges.....	-	-	7,909	-
Total.....	<u>433,218</u>	<u>463,201</u>	<u>871,094</u>	<u>855,091</u>
Income from operations.....	<u>74,647</u>	<u>53,501</u>	<u>188,798</u>	<u>171,249</u>
Other expense, net.....	(1,934)	(1,377)	(4,365)	(2,060)
Income before income taxes.....	<u>72,713</u>	<u>52,124</u>	<u>184,433</u>	<u>169,189</u>
Provision for income taxes.....	16,477	8,883	34,638	38,270
Net income.....	<u>\$ 56,236</u>	<u>\$ 43,241</u>	<u>\$ 149,795</u>	<u>\$ 130,919</u>
Net income per share - basic.....	<u>\$ 0.93</u>	<u>\$ 0.71</u>	<u>\$ 2.47</u>	<u>\$ 2.14</u>
Weighted average shares - basic.....	<u>60,573</u>	<u>60,667</u>	<u>60,693</u>	<u>61,058</u>
Net income per share - diluted.....	<u>\$ 0.92</u>	<u>\$ 0.70</u>	<u>\$ 2.43</u>	<u>\$ 2.10</u>
Weighted average shares - diluted.....	<u>61,405</u>	<u>62,158</u>	<u>61,661</u>	<u>62,292</u>
Non-GAAP Financial Measures				
Net income as reported.....	\$ 56,236	\$ 43,241	\$ 149,795	\$ 130,919
Acquisition-related write-downs of assumed deferred revenue.....	-	-	-	1,283
Stock-based compensation expense.....	64,129	63,220	127,886	121,289
Amortization and impairment of purchased intangible assets.....	12,850	12,206	32,287	22,912
Facility-exit costs.....	3,518	5,065	6,260	6,401
Acquisition-related charges.....	12,966	27,978	29,857	45,643
Impairment charges.....	-	33,825	-	33,825
Restructuring charges.....	-	-	7,909	-
Tax effects related to above items.....	(18,896)	(30,388)	(44,160)	(45,661)
Net income excluding acquisition-related write-downs of assumed deferred revenue, stock-based compensation expense, amortization and impairment of purchased intangible assets, facility-exit costs, acquisition-related charges, impairment charges and restructuring charges (non-GAAP) - diluted.....	<u>\$ 130,803</u>	<u>\$ 155,147</u>	<u>\$ 309,834</u>	<u>\$ 316,611</u>
Net income per share excluding acquisition-related write-downs of assumed deferred revenue, stock-based compensation expense, amortization and impairment of purchased intangible assets, facility-exit costs, acquisition-related charges, impairment charges and restructuring charges (non-GAAP) - diluted.....	<u>\$ 2.13</u>	<u>\$ 2.50</u>	<u>\$ 5.02</u>	<u>\$ 5.08</u>
Weighted average shares - diluted.....	<u>61,405</u>	<u>62,158</u>	<u>61,661</u>	<u>62,292</u>
(1) GAAP net product revenues.....	\$ 297,518	\$ 309,189	\$ 640,667	\$ 597,234
Acquisition-related write-downs of assumed deferred revenue.....	-	-	-	1,283
Non-GAAP net product revenues.....	<u>297,518</u>	<u>309,189</u>	<u>640,667</u>	<u>598,517</u>
GAAP net service revenues.....	336,706	336,098	680,657	672,670
Acquisition-related write-downs of assumed deferred revenue.....	-	-	-	-
Non-GAAP net service revenues.....	<u>336,706</u>	<u>336,098</u>	<u>680,657</u>	<u>672,670</u>
Total non-GAAP net revenues.....	<u>\$ 634,224</u>	<u>\$ 645,287</u>	<u>\$ 1,321,324</u>	<u>\$ 1,271,187</u>
(2) Includes stock-based compensation expense as follows:				
Cost of net revenues.....	\$ 7,341	\$ 7,352	\$ 14,886	\$ 14,694
Sales and marketing.....	27,613	27,040	54,366	52,283
Research and development.....	18,233	17,717	36,816	32,704
General and administrative.....	10,942	11,111	21,818	21,608
Total.....	<u>\$ 64,129</u>	<u>\$ 63,220</u>	<u>\$ 127,886</u>	<u>\$ 121,289</u>
(3) Includes amortization and impairment of purchased intangible assets as follows:				
Cost of net revenues.....	\$ 9,959	\$ 8,799	\$ 19,918	\$ 16,181
Sales and marketing.....	2,476	2,832	11,391	5,581
General and administrative.....	415	575	978	1,150
Total.....	<u>\$ 12,850</u>	<u>\$ 12,206</u>	<u>\$ 32,287</u>	<u>\$ 22,912</u>
(4) Includes facility-exit costs as follows:				
Cost of net revenues.....	\$ 611	\$ 984	\$ 1,093	\$ 1,156
Sales and marketing.....	888	1,457	1,637	1,863
Research and development.....	1,216	1,544	2,128	1,878
General and administrative.....	803	1,080	1,402	1,504
Total.....	<u>\$ 3,518</u>	<u>\$ 5,065</u>	<u>\$ 6,260</u>	<u>\$ 6,401</u>
(5) Includes acquisition-related charges as follows:				
Cost of net revenues.....	\$ 108	\$ 32	\$ 195	\$ 2,522
Sales and marketing.....	3,609	9,917	9,773	14,688
Research and development.....	5,697	9,046	11,691	13,439
General and administrative.....	3,552	8,983	8,198	14,994
Total.....	<u>\$ 12,966</u>	<u>\$ 27,978</u>	<u>\$ 29,857</u>	<u>\$ 45,643</u>
(6) Includes impairment charges as follows:				
Cost of net revenues.....	\$ -	\$ 4,388	\$ -	\$ 4,388
Sales and marketing.....	-	10,256	-	10,256
Research and development.....	-	9,845	-	9,845
General and administrative.....	-	9,336	-	9,336
Total.....	<u>\$ -</u>	<u>\$ 33,825</u>	<u>\$ -</u>	<u>\$ 33,825</u>