

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	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.....	<u>(1,934)</u>	<u>(1,377)</u>	<u>(4,365)</u>	<u>(2,060)</u>				
Income before income taxes.....	<u>72,713</u>	<u>52,124</u>	<u>184,433</u>	<u>169,189</u>				
Provision for income taxes.....	<u>16,477</u>	<u>8,883</u>	<u>34,638</u>	<u>38,270</u>				
Net income.....	<u><u>\$ 56,236</u></u>	<u><u>\$ 43,241</u></u>	<u><u>\$ 149,795</u></u>	<u><u>\$ 130,919</u></u>				
Net income per share - basic.....	<u><u>\$ 0.93</u></u>	<u><u>\$ 0.71</u></u>	<u><u>\$ 2.47</u></u>	<u><u>\$ 2.14</u></u>				
Weighted average shares - basic.....	<u><u>60,573</u></u>	<u><u>60,667</u></u>	<u><u>60,693</u></u>	<u><u>61,058</u></u>				
Net income per share - diluted.....	<u><u>\$ 0.92</u></u>	<u><u>\$ 0.70</u></u>	<u><u>\$ 2.43</u></u>	<u><u>\$ 2.10</u></u>				
Weighted average shares - diluted.....	<u><u>61,405</u></u>	<u><u>62,158</u></u>	<u><u>61,661</u></u>	<u><u>62,292</u></u>				
Non-GAAP Financial Measures								
Net income as reported.....	<u><u>\$ 56,236</u></u>	<u><u>\$ 43,241</u></u>	<u><u>\$ 149,795</u></u>	<u><u>\$ 130,919</u></u>				
Acquisition-related write-downs of assumed deferred revenue.....	-	-	-	-				
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><u>\$ 130,803</u></u>	<u><u>\$ 155,147</u></u>	<u><u>\$ 309,834</u></u>	<u><u>\$ 316,611</u></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><u>\$ 2.13</u></u>	<u><u>\$ 2.50</u></u>	<u><u>\$ 5.02</u></u>	<u><u>\$ 5.08</u></u>				
Weighted average shares - diluted.....	<u><u>61,405</u></u>	<u><u>62,158</u></u>	<u><u>61,661</u></u>	<u><u>62,292</u></u>				
(1) GAAP net product revenues.....	<u><u>\$ 297,518</u></u>	<u><u>\$ 309,189</u></u>	<u><u>\$ 640,667</u></u>	<u><u>\$ 597,234</u></u>				
Acquisition-related write-downs of assumed deferred revenue.....	-	-	-	-				
Non-GAAP net product revenues.....	<u><u>297,518</u></u>	<u><u>309,189</u></u>	<u><u>640,667</u></u>	<u><u>598,517</u></u>				
GAAP net service revenues.....	<u><u>336,706</u></u>	<u><u>336,098</u></u>	<u><u>680,657</u></u>	<u><u>672,670</u></u>				
Acquisition-related write-downs of assumed deferred revenue.....	-	-	-	-				
Non-GAAP net service revenues.....	<u><u>336,706</u></u>	<u><u>336,098</u></u>	<u><u>680,657</u></u>	<u><u>672,670</u></u>				
Total non-GAAP net revenues.....	<u><u>\$ 634,224</u></u>	<u><u>\$ 645,287</u></u>	<u><u>\$ 1,321,324</u></u>	<u><u>\$ 1,271,187</u></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				
	<u><u>\$ 64,129</u></u>	<u><u>\$ 63,220</u></u>	<u><u>\$ 127,886</u></u>	<u><u>\$ 121,289</u></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				
	<u><u>\$ 12,850</u></u>	<u><u>\$ 12,206</u></u>	<u><u>\$ 32,287</u></u>	<u><u>\$ 22,912</u></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				
	<u><u>\$ 3,518</u></u>	<u><u>\$ 5,065</u></u>	<u><u>\$ 6,260</u></u>	<u><u>\$ 6,401</u></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				
	<u><u>\$ 12,966</u></u>	<u><u>\$ 27,978</u></u>	<u><u>\$ 29,857</u></u>	<u><u>\$ 45,643</u></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				
	<u><u>\$ -</u></u>	<u><u>\$ 33,825</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,825</u></u>				