

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

	Three Months Ended		Years Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Net revenues				
Products (1).....	\$ 339,921	\$ 278,451	\$ 1,247,084	\$ 1,025,856
Services.....	342,076	336,365	1,356,332	1,324,966
Total.....	<u>681,997</u>	<u>614,816</u>	<u>2,603,416</u>	<u>2,350,822</u>
Cost of net revenues (2)(3)(4)(5)(6)				
Products.....	76,992	62,634	286,293	215,275
Services.....	51,686	49,333	206,853	192,612
Total.....	<u>128,678</u>	<u>111,967</u>	<u>493,146</u>	<u>407,887</u>
Gross profit.....	553,319	502,849	2,110,270	1,942,935
Operating expenses (2)(3)(4)(5)(6)				
Sales and marketing.....	233,154	220,379	929,983	843,178
Research and development.....	124,700	120,300	512,627	441,324
General and administrative.....	69,101	63,557	273,635	258,366
Restructuring charges.....	-	-	-	7,800
Total.....	<u>426,955</u>	<u>404,236</u>	<u>1,716,245</u>	<u>1,550,668</u>
Income from operations.....	126,364	98,613	394,025	392,267
Other income, net.....	(2,865)	(1,090)	(7,088)	4,130
Income before income taxes.....	123,499	97,523	386,937	396,397
Provision for income taxes.....	12,781	19,860	55,696	88,956
Net income.....	<u>\$ 110,718</u>	<u>\$ 77,663</u>	<u>\$ 331,241</u>	<u>\$ 307,441</u>
Net income per share - basic.....	\$ 1.83	\$ 1.27	\$ 5.46	\$ 5.05
Weighted average shares - basic.....	<u>60,526</u>	<u>61,149</u>	<u>60,707</u>	<u>60,911</u>
Net income per share - diluted.....	\$ 1.80	\$ 1.26	\$ 5.34	\$ 5.01
Weighted average shares - diluted.....	<u>61,606</u>	<u>61,636</u>	<u>62,057</u>	<u>61,378</u>
Non-GAAP Financial Measures				
Net income as reported.....	\$ 110,718	\$ 77,663	\$ 331,241	\$ 307,441
Acquisition-related write-downs of assumed deferred revenue.....	-	1,963	1,283	6,824
Stock-based compensation expense.....	60,522	52,198	243,279	201,949
Amortization of purchased intangible assets.....	12,879	10,720	48,722	34,604
Facility-exit costs.....	4,057	11,045	14,930	16,601
Acquisition-related charges.....	16,867	11,321	86,094	56,483
Impairment charges.....	-	-	33,825	-
Restructuring charges.....	-	-	-	7,800
Tax effects related to above items.....	(19,804)	(15,276)	(68,408)	(56,726)
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, impairment charges, restructuring charges and non-recurring tax expenses and benefits (non-GAAP) - diluted.....	<u>\$ 185,239</u>	<u>\$ 149,634</u>	<u>\$ 670,966</u>	<u>\$ 574,976</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, impairment charges, restructuring charges and non-recurring tax expenses and benefits (non-GAAP) - diluted.....	\$ 3.01	\$ 2.43	\$ 10.81	\$ 9.37
Weighted average shares - diluted.....	<u>61,606</u>	<u>61,636</u>	<u>62,057</u>	<u>61,378</u>
(1) GAAP net product revenues.....	\$ 339,921	\$ 278,451	\$ 1,247,084	\$ 1,025,856
Acquisition-related write-downs of assumed deferred revenue.....	-	1,963	1,283	6,824
Non-GAAP net product revenues.....	<u>339,921</u>	<u>280,414</u>	<u>1,248,367</u>	<u>1,032,680</u>
GAAP net service revenues.....	342,076	336,365	1,356,332	1,324,966
Acquisition-related write-downs of assumed deferred revenue.....	-	-	-	-
Non-GAAP net service revenues.....	<u>342,076</u>	<u>336,365</u>	<u>1,356,332</u>	<u>1,324,966</u>
Total non-GAAP net revenues.....	<u>\$ 681,997</u>	<u>\$ 616,779</u>	<u>\$ 2,604,699</u>	<u>\$ 2,357,646</u>
(2) Includes stock-based compensation expense as follows:				
Cost of net revenues.....	\$ 7,204	\$ 6,776	\$ 29,107	\$ 25,470
Sales and marketing.....	25,896	22,258	104,578	88,446
Research and development.....	17,109	13,367	67,155	50,271
General and administrative.....	10,313	9,797	42,439	37,762
Total.....	<u>\$ 60,522</u>	<u>\$ 52,198</u>	<u>\$ 243,279</u>	<u>\$ 201,949</u>
(3) Includes amortization of purchased intangible assets as follows:				
Cost of net revenues.....	\$ 9,468	\$ 7,382	\$ 35,156	\$ 23,814
Sales and marketing.....	2,836	2,749	11,266	8,612
General and administrative.....	575	589	2,300	2,178
Total.....	<u>\$ 12,879</u>	<u>\$ 10,720</u>	<u>\$ 48,722</u>	<u>\$ 34,604</u>
(4) Includes facility-exit costs as follows:				
Cost of net revenues.....	\$ 679	\$ 1,457	\$ 2,605	\$ 2,300
Sales and marketing.....	1,115	3,272	4,166	5,100
Research and development.....	1,309	3,328	4,661	5,257
General and administrative.....	954	2,988	3,498	3,944
Total.....	<u>\$ 4,057</u>	<u>\$ 11,045</u>	<u>\$ 14,930</u>	<u>\$ 16,601</u>
(5) Includes acquisition-related charges as follows:				
Cost of net revenues.....	\$ 10	\$ 114	\$ 2,532	\$ 127
Sales and marketing.....	6,513	4,255	29,726	13,703
Research and development.....	5,935	1,511	31,055	2,838
General and administrative.....	4,409	5,441	22,781	39,815
Total.....	<u>\$ 16,867</u>	<u>\$ 11,321</u>	<u>\$ 86,094</u>	<u>\$ 56,483</u>
(6) Includes impairment charges as follows:				
Cost of net revenues.....	\$ -	\$ -	\$ 4,388	\$ -
Sales and marketing.....	-	-	10,256	-
Research and development.....	-	-	9,845	-
General and administrative.....	-	-	9,336	-
Total.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,825</u>	<u>\$ -</u>