

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

	Three Months Ended September 30,		Years Ended September 30,	
	2020	2019	2020	2019
Net revenues				
Products (1).....	\$ 278,451	\$ 264,926	\$ 1,025,856	\$ 985,591
Services.....	336,365	325,462	1,324,966	1,256,856
Total.....	<u>614,816</u>	<u>590,388</u>	<u>2,350,822</u>	<u>2,242,447</u>
Cost of net revenues (2)(3)(4)(5)				
Products.....	62,634	44,693	215,275	174,986
Services.....	49,333	46,225	192,612	181,591
Total.....	<u>111,967</u>	<u>90,918</u>	<u>407,887</u>	<u>356,577</u>
Gross profit.....	<u>502,849</u>	<u>499,470</u>	<u>1,942,935</u>	<u>1,885,870</u>
Operating expenses (2)(3)(4)(5)(6)				
Sales and marketing.....	220,379	217,554	843,178	748,619
Research and development.....	120,300	102,812	441,324	408,058
General and administrative.....	63,557	64,390	258,366	210,730
Restructuring charges.....	-	-	7,800	-
Total.....	<u>404,236</u>	<u>384,756</u>	<u>1,550,668</u>	<u>1,367,407</u>
Income from operations.....	98,613	114,714	392,267	518,463
Other income, net.....	(1,090)	3,397	4,130	22,648
Income before income taxes.....	97,523	118,111	396,397	541,111
Provision for income taxes.....	19,860	23,274	88,956	113,377
Net income.....	<u>\$ 77,663</u>	<u>\$ 94,837</u>	<u>\$ 307,441</u>	<u>\$ 427,734</u>
Net income per share - basic.....	<u>\$ 1.27</u>	<u>\$ 1.57</u>	<u>\$ 5.05</u>	<u>\$ 7.12</u>
Weighted average shares - basic.....	<u>61,149</u>	<u>60,283</u>	<u>60,911</u>	<u>60,044</u>
Net income per share - diluted.....	<u>\$ 1.26</u>	<u>\$ 1.57</u>	<u>\$ 5.01</u>	<u>\$ 7.08</u>
Weighted average shares - diluted.....	<u>61,636</u>	<u>60,448</u>	<u>61,378</u>	<u>60,456</u>
<b>Non-GAAP Financial Measures</b>				
Net income as reported.....	\$ 77,663	\$ 94,837	\$ 307,441	\$ 427,734
Acquisition-related write-downs of assumed deferred revenue.....	1,963	-	6,824	-
Stock-based compensation expense.....	52,198	43,732	201,949	162,914
Amortization of purchased intangible assets.....	10,720	4,586	34,604	11,846
Facility-exit costs.....	11,045	15,048	16,601	28,800
Acquisition-related charges.....	11,321	8,079	56,483	41,742
Impairment charges.....	-	6,273	-	6,273
Restructuring charges.....	-	-	7,800	-
Tax effects related to above items.....	(15,276)	(15,807)	(56,726)	(53,048)
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>\$ 149,634</u>	<u>\$ 156,748</u>	<u>\$ 574,976</u>	<u>\$ 626,261</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.....	<u>\$ 2.43</u>	<u>\$ 2.59</u>	<u>\$ 9.37</u>	<u>\$ 10.36</u>
Weighted average shares - diluted.....	<u>61,636</u>	<u>60,448</u>	<u>61,378</u>	<u>60,456</u>
(1) GAAP net product revenues.....	\$ 278,451	\$ 264,926	\$ 1,025,856	\$ 985,591
Acquisition-related write-downs of assumed deferred revenue.....	1,963	-	6,824	-
Non-GAAP net product revenues.....	<u>280,414</u>	<u>264,926</u>	<u>1,032,680</u>	<u>985,591</u>
GAAP net service revenues.....	336,365	325,462	1,324,966	1,256,856
Acquisition-related write-downs of assumed deferred revenue.....	-	-	-	-
Non-GAAP net service revenues.....	<u>336,365</u>	<u>325,462</u>	<u>1,324,966</u>	<u>1,256,856</u>
Total non-GAAP net revenues.....	<u>\$ 616,779</u>	<u>\$ 590,388</u>	<u>\$ 2,357,646</u>	<u>\$ 2,242,447</u>
(2) Includes stock-based compensation expense as follows:				
Cost of net revenues.....	\$ 6,776	\$ 5,233	\$ 25,470	\$ 20,385
Sales and marketing.....	22,258	19,832	88,446	69,477
Research and development.....	13,367	10,288	50,271	40,886
General and administrative.....	9,797	8,379	37,762	32,166
	<u>\$ 52,198</u>	<u>\$ 43,732</u>	<u>\$ 201,949</u>	<u>\$ 162,914</u>
(3) Includes amortization of purchased intangible assets as follows:				
Cost of net revenues.....	\$ 7,382	\$ 3,096	\$ 23,814	\$ 7,653
Sales and marketing.....	2,749	961	8,612	2,083
General and administrative.....	589	529	2,178	2,110
	<u>\$ 10,720</u>	<u>\$ 4,586</u>	<u>\$ 34,604</u>	<u>\$ 11,846</u>
(4) Includes facility-exit costs as follows:				
Cost of net revenues.....	\$ 1,457	\$ 1,806	\$ 2,300	\$ 3,520
Sales and marketing.....	3,272	3,838	5,100	7,470
Research and development.....	3,328	4,403	5,257	9,994
General and administrative.....	2,988	5,001	3,944	7,816
	<u>\$ 11,045</u>	<u>\$ 15,048</u>	<u>\$ 16,601</u>	<u>\$ 28,800</u>
(5) Includes acquisition-related charges as follows:				
Cost of net revenues.....	\$ 114	\$ -	\$ 127	\$ -
Sales and marketing.....	4,255	445	13,703	6,551
Research and development.....	1,511	205	2,838	16,321
General and administrative.....	5,441	7,429	39,815	18,870
	<u>\$ 11,321</u>	<u>\$ 8,079</u>	<u>\$ 56,483</u>	<u>\$ 41,742</u>
(6) Includes impairment charges as follows:				
General and administrative.....	\$ -	\$ 6,273	\$ -	\$ 6,273
	<u>\$ -</u>	<u>\$ 6,273</u>	<u>\$ -</u>	<u>\$ 6,273</u>