## F5 Networks, Inc.

### Consolidated Income Statements

**(unaudited, in thousands, except per share amounts)**

Three Months Ended June 30, \[2019\] \[2018\] \[2019\] \[2018\]

<table>
<thead>
<tr>
<th>Net revenues</th>
<th>$248,929</th>
<th>$238,835</th>
<th>$720,665</th>
<th>$703,696</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>314,465</td>
<td>303,368</td>
<td>931,394</td>
<td>895,002</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>563,384</td>
<td>542,203</td>
<td>1,652,059</td>
<td>1,598,698</td>
</tr>
</tbody>
</table>

### Cost of net revenues (1)(2)(3)

<table>
<thead>
<tr>
<th>Products</th>
<th>44,336</th>
<th>45,164</th>
<th>130,293</th>
<th>132,556</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>46,431</td>
<td>45,845</td>
<td>135,366</td>
<td>135,485</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>90,767</td>
<td>91,009</td>
<td>265,659</td>
<td>268,041</td>
</tr>
</tbody>
</table>

### Gross profit

<table>
<thead>
<tr>
<th>Sales and marketing</th>
<th>196,852</th>
<th>165,806</th>
<th>531,065</th>
<th>503,710</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and development</td>
<td>116,894</td>
<td>94,061</td>
<td>305,246</td>
<td>271,006</td>
</tr>
<tr>
<td>General and administrative</td>
<td>57,141</td>
<td>39,374</td>
<td>146,340</td>
<td>118,634</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>369,887</td>
<td>299,241</td>
<td>982,651</td>
<td>893,350</td>
</tr>
</tbody>
</table>

### Operating expenses (1)(2)(3)(4)

<table>
<thead>
<tr>
<th>Cost of net revenues (1)(2)(3)</th>
<th>40,999</th>
<th>38,739</th>
<th>119,182</th>
<th>121,007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and marketing</td>
<td>3,712</td>
<td>2,803</td>
<td>7,260</td>
<td>8,413</td>
</tr>
<tr>
<td>Acquisition-related charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,712</td>
<td>2,803</td>
<td>7,260</td>
<td>8,413</td>
</tr>
</tbody>
</table>

### Non-GAAP Financial Measures

Net income as reported: $85,905 | $122,743 | $332,897 | $320,808 |

Weighted average shares - diluted: 60,186 | 61,833 | 60,372 | 62,214 |

Net income per share excluding stock-based compensation expense, amortization of purchased intangible assets, facility-exit costs, acquisition-related charges and non-recurring tax expenses and benefits (non-GAAP) - diluted: $2,552 | $2,44 | $7,78 | 6,99 |

Non-GAAP Financial Measures:

- **Net income**:
  - Reported: $85,905 | $122,743 | $332,897 | $320,808 |
  - Adjustments: $40,999 | $38,739 | $119,182 | $121,007 |
  - **Total**: $151,534 | $150,146 | $469,013 | $435,024 |

- **Weighted average shares**: 60,186 | 61,833 | 60,372 | 62,214 |

- **(1) Includes stock-based compensation expense as follows:**
  - Cost of net revenues: $5,118 | $4,947 | $15,152 | $15,940 |
  - Sales and marketing: 17,767 | 16,153 | 49,645 | 47,316 |
  - Research and development: 10,037 | 11,532 | 30,598 | 36,435 |
  - General and administrative: 8,077 | 6,107 | 23,787 | 21,446 |
  - **Total**: 40,999 | 38,739 | 119,182 | 121,007 |

- **(2) Includes amortization of purchased intangible assets as follows:**
  - Cost of net revenues: $2,471 | $2,027 | $4,557 | $6,083 |
  - Sales and marketing: 710 | 251 | 1,122 | 755 |
  - Research and development: 3,655 | - | 5,591 | - |
  - General and administrative: 531 | 525 | 1,581 | 1,575 |
  - **Total**: 3,712 | 2,803 | 7,260 | 8,413 |

- **(3) Includes facility-exit costs as follows:**
  - Cost of net revenues: $1,026 | - | 1,714 | - |
  - Sales and marketing: 2,021 | - | 3,632 | - |
  - Research and development: 3,655 | - | 5,591 | - |
  - General and administrative: 2,026 | - | 2,815 | - |
  - **Total**: 8,704 | - | 13,752 | - |

- **(4) Includes acquisition-related charges as follows:**
  - Sales and marketing: 6,106 | - | 6,106 | - |
  - Research and development: 16,116 | - | 16,116 | - |
  - General and administrative: 7,911 | - | 11,441 | - |
  - **Total**: 30,133 | - | 33,663 | - |

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(1) Includes stock-based compensation expense as follows:

(2) Includes amortization of purchased intangible assets as follows:

(3) Includes facility-exit costs as follows:

(4) Includes acquisition-related charges as follows: