

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

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2021	2020	2021	2020
Net revenues				
Products (1).....	\$ 309,189	\$ 259,538	\$ 597,234	\$ 494,074
Services.....	336,098	323,911	672,670	658,680
Total.....	<u>645,287</u>	<u>583,449</u>	<u>1,269,904</u>	<u>1,152,754</u>
Cost of net revenues (2)(3)(4)(5)(6)				
Products.....	73,289	53,086	140,327	95,204
Services.....	55,296	48,152	103,237	94,676
Total.....	<u>128,585</u>	<u>101,238</u>	<u>243,564</u>	<u>189,880</u>
Gross profit.....	<u>516,702</u>	<u>482,211</u>	<u>1,026,340</u>	<u>962,874</u>
Operating expenses (2)(3)(4)(5)(6)				
Sales and marketing.....	244,908	215,472	459,454	410,991
Research and development.....	140,453	109,028	254,644	205,033
General and administrative.....	77,840	74,013	140,993	133,017
Restructuring charges.....	-	-	-	7,800
Total.....	<u>463,201</u>	<u>398,513</u>	<u>855,091</u>	<u>756,841</u>
Income from operations.....	53,501	83,698	171,249	206,033
Other income, net.....	(1,377)	(141)	(2,060)	5,079
Income before income taxes.....	52,124	83,557	169,189	211,112
Provision for income taxes.....	8,883	22,178	38,270	51,206
Net income.....	<u>\$ 43,241</u>	<u>\$ 61,379</u>	<u>\$ 130,919</u>	<u>\$ 159,906</u>
Net income per share - basic.....	\$ 0.71	\$ 1.01	\$ 2.14	\$ 2.63
Weighted average shares - basic.....	<u>60,667</u>	<u>60,869</u>	<u>61,058</u>	<u>60,758</u>
Net income per share - diluted.....	\$ 0.70	\$ 1.00	\$ 2.10	\$ 2.62
Weighted average shares - diluted.....	<u>62,158</u>	<u>61,084</u>	<u>62,292</u>	<u>61,017</u>
Non-GAAP Financial Measures				
Net income as reported.....	\$ 43,241	\$ 61,379	\$ 130,919	\$ 159,906
Acquisition-related write-downs of assumed deferred revenue.....	-	2,191	1,283	2,191
Stock-based compensation expense.....	63,220	51,222	121,289	98,883
Amortization of purchased intangible assets.....	12,206	8,620	22,912	13,208
Facility-exit costs.....	5,065	1,254	6,401	3,011
Acquisition-related charges.....	27,978	23,453	45,643	31,719
Impairment charges.....	33,825	-	33,825	-
Restructuring charges.....	-	-	-	7,800
Tax effects related to above items.....	(30,388)	(12,172)	(45,661)	(25,406)
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 and restructuring charges (non-GAAP) - diluted.....	<u>\$ 155,147</u>	<u>\$ 135,947</u>	<u>\$ 316,611</u>	<u>\$ 291,312</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 and restructuring charges (non-GAAP) - diluted.....	\$ 2.50	\$ 2.23	\$ 5.08	\$ 4.77
Weighted average shares - diluted.....	<u>62,158</u>	<u>61,084</u>	<u>62,292</u>	<u>61,017</u>
(1) GAAP net product revenues.....	\$ 309,189	\$ 259,538	\$ 597,234	\$ 494,074
Acquisition-related write-downs of assumed deferred revenue.....	-	2,191	1,283	2,191
Non-GAAP net product revenues.....	<u>309,189</u>	<u>261,729</u>	<u>598,517</u>	<u>496,265</u>
GAAP net service revenues.....	336,098	323,911	672,670	658,680
Acquisition-related write-downs of assumed deferred revenue.....	-	-	-	-
Non-GAAP net service revenues.....	<u>336,098</u>	<u>323,911</u>	<u>672,670</u>	<u>658,680</u>
Total non-GAAP net revenues.....	<u>\$ 645,287</u>	<u>\$ 585,640</u>	<u>\$ 1,271,187</u>	<u>\$ 1,154,945</u>
(2) Includes stock-based compensation expense as follows:				
Cost of net revenues.....	\$ 7,352	\$ 6,434	\$ 14,694	\$ 11,923
Sales and marketing.....	27,040	22,638	52,283	44,404
Research and development.....	17,717	12,557	32,704	23,759
General and administrative.....	11,111	9,593	21,608	18,797
	<u>63,220</u>	<u>\$ 51,222</u>	<u>\$ 121,289</u>	<u>\$ 98,883</u>
(3) Includes amortization of purchased intangible assets as follows:				
Cost of net revenues.....	\$ 8,799	\$ 5,953	\$ 16,181	\$ 9,050
Sales and marketing.....	2,832	2,153	5,581	3,114
General and administrative.....	575	514	1,150	1,044
	<u>12,206</u>	<u>\$ 8,620</u>	<u>\$ 22,912</u>	<u>\$ 13,208</u>
(4) Includes facility-exit costs as follows:				
Cost of net revenues.....	\$ 984	\$ 180	\$ 1,156	\$ 501
Sales and marketing.....	1,457	391	1,863	1,077
Research and development.....	1,544	408	1,878	1,153
General and administrative.....	1,080	275	1,504	280
	<u>5,065</u>	<u>\$ 1,254</u>	<u>\$ 6,401</u>	<u>\$ 3,011</u>
(5) Includes acquisition-related charges as follows:				
Cost of net revenues.....	\$ 32	\$ 13	\$ 2,522	\$ 13
Sales and marketing.....	9,917	3,364	14,688	3,773
Research and development.....	9,046	746	13,439	780
General and administrative.....	8,983	19,330	14,994	27,153
	<u>27,978</u>	<u>\$ 23,453</u>	<u>\$ 45,643</u>	<u>\$ 31,719</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>33,825</u>	<u>\$ -</u>	<u>\$ 33,825</u>	<u>\$ -</u>