

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

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
<b>Net revenues</b>				
Products (1).....	\$ 309,929	\$ 253,331	\$ 907,163	\$ 747,405
Services.....	341,586	329,921	1,014,256	988,601
Total.....	<u>651,515</u>	<u>583,252</u>	<u>1,921,419</u>	<u>1,736,006</u>
<b>Cost of net revenues (2)(3)(4)(5)(6)</b>				
Products.....	68,974	57,437	209,301	152,641
Services.....	51,930	48,603	155,167	143,279
Total.....	<u>120,904</u>	<u>106,040</u>	<u>364,468</u>	<u>295,920</u>
<b>Gross profit.....</b>	<u>530,611</u>	<u>477,212</u>	<u>1,556,951</u>	<u>1,440,086</u>
<b>Operating expenses (2)(3)(4)(5)(6)</b>				
Sales and marketing.....	237,375	211,808	696,829	622,799
Research and development.....	133,283	115,991	387,927	321,024
General and administrative.....	63,541	61,792	204,534	194,809
Restructuring charges.....	-	-	-	7,800
Total.....	<u>434,199</u>	<u>389,591</u>	<u>1,289,290</u>	<u>1,146,432</u>
<b>Income from operations.....</b>	<u>96,412</u>	<u>87,621</u>	<u>267,661</u>	<u>293,654</u>
<b>Other income, net.....</b>	<u>(2,163)</u>	<u>141</u>	<u>(4,223)</u>	<u>5,220</u>
<b>Income before income taxes.....</b>	<u>94,249</u>	<u>87,762</u>	<u>263,438</u>	<u>298,874</u>
<b>Provision for income taxes.....</b>	<u>4,645</u>	<u>17,890</u>	<u>42,915</u>	<u>69,096</u>
<b>Net income.....</b>	<u><u>\$ 89,604</u></u>	<u><u>\$ 69,872</u></u>	<u><u>\$ 220,523</u></u>	<u><u>\$ 229,778</u></u>
<b>Net income per share - basic.....</b>	<u><u>\$ 1.49</u></u>	<u><u>\$ 1.15</u></u>	<u><u>\$ 3.63</u></u>	<u><u>\$ 3.78</u></u>
<b>Weighted average shares - basic.....</b>	<u><u>60,186</u></u>	<u><u>60,978</u></u>	<u><u>60,768</u></u>	<u><u>60,831</u></u>
<b>Net income per share - diluted.....</b>	<u><u>\$ 1.46</u></u>	<u><u>\$ 1.14</u></u>	<u><u>\$ 3.55</u></u>	<u><u>\$ 3.76</u></u>
<b>Weighted average shares - diluted.....</b>	<u><u>61,351</u></u>	<u><u>61,415</u></u>	<u><u>62,064</u></u>	<u><u>61,182</u></u>
<b>Non-GAAP Financial Measures</b>				
<b>Net income as reported.....</b>	<u><u>\$ 89,604</u></u>	<u><u>\$ 69,872</u></u>	<u><u>\$ 220,523</u></u>	<u><u>\$ 229,778</u></u>
Acquisition-related write-downs of assumed deferred revenue.....	-	2,670	1,283	4,861
Stock-based compensation expense.....	61,468	50,868	182,757	149,751
Amortization of purchased intangible assets.....	12,931	10,676	35,843	23,884
Facility-exit costs.....	4,472	2,545	10,873	5,556
Acquisition-related charges.....	23,584	13,443	69,227	45,162
Impairment charges.....	-	-	33,825	-
Restructuring charges.....	-	-	-	7,800
Tax effects related to above items.....	(22,943)	(16,044)	(68,604)	(41,450)
<b>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.....</b>	<u><u>\$ 169,116</u></u>	<u><u>\$ 134,030</u></u>	<u><u>\$ 485,727</u></u>	<u><u>\$ 425,342</u></u>
<b>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.....</b>	<u><u>\$ 2.76</u></u>	<u><u>\$ 2.18</u></u>	<u><u>\$ 7.83</u></u>	<u><u>\$ 6.95</u></u>
<b>Weighted average shares - diluted.....</b>	<u><u>61,351</u></u>	<u><u>61,415</u></u>	<u><u>62,064</u></u>	<u><u>61,182</u></u>
<b>(1) GAAP net product revenues.....</b>	<u><u>\$ 309,929</u></u>	<u><u>\$ 253,331</u></u>	<u><u>\$ 907,163</u></u>	<u><u>\$ 747,405</u></u>
Acquisition-related write-downs of assumed deferred revenue.....	-	2,670	1,283	4,861
Non-GAAP net product revenues.....	<u><u>309,929</u></u>	<u><u>256,001</u></u>	<u><u>908,446</u></u>	<u><u>752,266</u></u>
GAAP net service revenues.....	341,586	329,921	1,014,256	988,601
Acquisition-related write-downs of assumed deferred revenue.....	-	-	-	-
Non-GAAP net service revenues.....	<u><u>341,586</u></u>	<u><u>329,921</u></u>	<u><u>1,014,256</u></u>	<u><u>988,601</u></u>
<b>Total non-GAAP net revenues.....</b>	<u><u>\$ 651,515</u></u>	<u><u>\$ 585,922</u></u>	<u><u>\$ 1,922,702</u></u>	<u><u>\$ 1,740,867</u></u>
<b>(2) Includes stock-based compensation expense as follows:</b>				
Cost of net revenues.....	\$ 7,209	\$ 6,771	\$ 21,903	\$ 18,694
Sales and marketing.....	26,399	21,784	78,682	66,188
Research and development.....	17,342	13,145	50,046	36,904
General and administrative.....	10,518	9,168	32,126	27,965
	<u><u>61,468</u></u>	<u><u>50,868</u></u>	<u><u>182,757</u></u>	<u><u>149,751</u></u>
<b>(3) Includes amortization of purchased intangible assets as follows:</b>				
Cost of net revenues.....	\$ 9,507	\$ 7,382	\$ 25,688	\$ 16,432
Sales and marketing.....	2,849	2,749	8,430	5,863
General and administrative.....	575	545	1,725	1,589
	<u><u>12,931</u></u>	<u><u>10,676</u></u>	<u><u>35,843</u></u>	<u><u>23,884</u></u>
<b>(4) Includes facility-exit costs as follows:</b>				
Cost of net revenues.....	\$ 770	\$ 342	\$ 1,926	\$ 843
Sales and marketing.....	1,188	751	3,051	1,828
Research and development.....	1,474	776	3,352	1,929
General and administrative.....	1,040	676	2,544	956
	<u><u>4,472</u></u>	<u><u>2,545</u></u>	<u><u>10,873</u></u>	<u><u>5,556</u></u>
<b>(5) Includes acquisition-related charges as follows:</b>				
Cost of net revenues.....	\$ -	\$ -	\$ 2,522	\$ 13
Sales and marketing.....	8,525	5,675	23,213	9,448
Research and development.....	11,681	547	25,120	1,327
General and administrative.....	3,378	7,221	18,372	34,374
	<u><u>23,584</u></u>	<u><u>13,443</u></u>	<u><u>69,227</u></u>	<u><u>45,162</u></u>
<b>(6) Includes impairment charges as follows:</b>				
Cost of net revenues.....	\$ -	\$ -	\$ 4,388	\$ -
Sales and marketing.....	-	-	10,256	-
Research and development.....	-	-	9,845	-
General and administrative.....	-	-	9,336	-
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,825</u></u>	<u><u>\$ -</u></u>