

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
Net revenues				
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>
Cost of net revenues (2)(3)(4)(5)(6)				
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>
Gross profit.....	<u>530,611</u>	<u>477,212</u>	<u>1,556,951</u>	<u>1,440,086</u>
Operating expenses (2)(3)(4)(5)(6)				
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>
Income from operations.....	<u>96,412</u>	<u>87,621</u>	<u>267,661</u>	<u>293,654</u>
Other income, net.....	(2,163)	141	(4,223)	5,220
Income before income taxes.....	<u>94,249</u>	<u>87,762</u>	<u>263,438</u>	<u>298,874</u>
Provision for income taxes.....	4,645	17,890	42,915	69,096
Net income.....	<u>\$ 89,604</u>	<u>\$ 69,872</u>	<u>\$ 220,523</u>	<u>\$ 229,778</u>
Net income per share - basic.....	<u>\$ 1.49</u>	<u>\$ 1.15</u>	<u>\$ 3.63</u>	<u>\$ 3.78</u>
Weighted average shares - basic.....	<u>60,186</u>	<u>60,978</u>	<u>60,768</u>	<u>60,831</u>
Net income per share - diluted.....	<u>\$ 1.46</u>	<u>\$ 1.14</u>	<u>\$ 3.55</u>	<u>\$ 3.76</u>
Weighted average shares - diluted.....	<u>61,351</u>	<u>61,415</u>	<u>62,064</u>	<u>61,182</u>
Non-GAAP Financial Measures				
Net income as reported.....	\$ 89,604	\$ 69,872	\$ 220,523	\$ 229,778
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)
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>\$ 169,116</u>	<u>\$ 134,030</u>	<u>\$ 485,727</u>	<u>\$ 425,342</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.....	<u>\$ 2.76</u>	<u>\$ 2.18</u>	<u>\$ 7.83</u>	<u>\$ 6.95</u>
Weighted average shares - diluted.....	<u>61,351</u>	<u>61,415</u>	<u>62,064</u>	<u>61,182</u>
(1) GAAP net product revenues.....	\$ 309,929	\$ 253,331	\$ 907,163	\$ 747,405
Acquisition-related write-downs of assumed deferred revenue.....	-	2,670	1,283	4,861
Non-GAAP net product revenues.....	<u>309,929</u>	<u>256,001</u>	<u>908,446</u>	<u>752,266</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>341,586</u>	<u>329,921</u>	<u>1,014,256</u>	<u>988,601</u>
Total non-GAAP net revenues.....	<u>\$ 651,515</u>	<u>\$ 585,922</u>	<u>\$ 1,922,702</u>	<u>\$ 1,740,867</u>
(2) Includes stock-based compensation expense as follows:				
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
Total.....	<u>\$ 61,468</u>	<u>\$ 50,868</u>	<u>\$ 182,757</u>	<u>\$ 149,751</u>
(3) Includes amortization of purchased intangible assets as follows:				
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
Total.....	<u>\$ 12,931</u>	<u>\$ 10,676</u>	<u>\$ 35,843</u>	<u>\$ 23,884</u>
(4) Includes facility-exit costs as follows:				
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
Total.....	<u>\$ 4,472</u>	<u>\$ 2,545</u>	<u>\$ 10,873</u>	<u>\$ 5,556</u>
(5) Includes acquisition-related charges as follows:				
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
Total.....	<u>\$ 23,584</u>	<u>\$ 13,443</u>	<u>\$ 69,227</u>	<u>\$ 45,162</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>