

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

	Three Months Ended		Nine Months Ended	
	June 30,	2022	June 30,	2021
Net revenues				
Products (1).....	\$ 326,482	\$ 309,929	\$ 967,149	\$ 907,163
Services.....	348,006	341,586	1,028,663	1,014,256
Total.....	<u>674,488</u>	<u>651,515</u>	<u>1,995,812</u>	<u>1,921,419</u>
Cost of net revenues (2)(3)(4)(5)(6)				
Products.....	73,558	68,974	226,454	209,301
Services.....	57,175	51,930	165,711	155,167
Total.....	<u>130,733</u>	<u>120,904</u>	<u>392,165</u>	<u>364,468</u>
Gross profit.....	<u>543,755</u>	<u>530,611</u>	<u>1,603,647</u>	<u>1,556,951</u>
Operating expenses (2)(3)(4)(5)(6)				
Sales and marketing.....	226,731	237,375	689,592	696,829
Research and development.....	138,737	133,283	404,846	387,927
General and administrative.....	70,823	63,541	205,038	204,534
Restructuring charges.....	-	-	7,909	-
Total.....	<u>436,291</u>	<u>434,199</u>	<u>1,307,385</u>	<u>1,289,290</u>
Income from operations.....	107,464	96,412	296,262	267,661
Other income, net.....	(6,221)	(2,163)	(10,586)	(4,223)
Income before income taxes.....	101,243	94,249	285,676	263,438
Provision for income taxes.....	18,224	4,645	52,862	42,915
Net income.....	<u>\$ 83,019</u>	<u>\$ 89,604</u>	<u>\$ 232,814</u>	<u>\$ 220,523</u>
Net income per share - basic.....	<u>\$ 1.38</u>	<u>\$ 1.49</u>	<u>\$ 3.85</u>	<u>\$ 3.63</u>
Weighted average shares - basic.....	<u>59,965</u>	<u>60,186</u>	<u>60,450</u>	<u>60,768</u>
Net income per share - diluted.....	<u>\$ 1.37</u>	<u>\$ 1.46</u>	<u>\$ 3.80</u>	<u>\$ 3.55</u>
Weighted average shares - diluted.....	<u>60,460</u>	<u>61,351</u>	<u>61,345</u>	<u>62,064</u>
Non-GAAP Financial Measures				
Net income as reported.....	\$ 83,019	\$ 89,604	\$ 232,814	\$ 220,523
Acquisition-related write-downs of assumed deferred revenue.....	-	-	-	1,283
Stock-based compensation expense.....	61,875	61,468	189,761	182,757
Amortization and impairment of purchased intangible assets.....	12,701	12,931	44,988	35,843
Facility-exit costs.....	1,750	4,472	8,010	10,873
Acquisition-related charges.....	10,224	23,584	40,081	69,227
Impairment charges.....	-	-	-	33,825
Restructuring charges.....	-	-	7,909	-
Tax effects related to above items.....	(14,427)	(22,943)	(58,587)	(68,604)
Net income excluding acquisition-related write-downs of assumed deferred revenue, stock-based compensation expense, amortization and impairment of purchased intangible assets, facility-exit costs, acquisition-related charges, impairment charges and restructuring charges (non-GAAP) - diluted.....	<u>\$ 155,142</u>	<u>\$ 169,116</u>	<u>\$ 464,976</u>	<u>\$ 485,727</u>
Net income per share excluding acquisition-related write-downs of assumed deferred revenue, stock-based compensation expense, amortization and impairment of purchased intangible assets, facility-exit costs, acquisition-related charges, impairment charges and restructuring charges (non-GAAP) - diluted.....	<u>\$ 2.57</u>	<u>\$ 2.76</u>	<u>\$ 7.58</u>	<u>\$ 7.83</u>
Weighted average shares - diluted.....	<u>60,460</u>	<u>61,351</u>	<u>61,345</u>	<u>62,064</u>
(1) GAAP net product revenues.....	\$ 326,482	\$ 309,929	\$ 967,149	\$ 907,163
Acquisition-related write-downs of assumed deferred revenue.....	-	-	-	1,283
Non-GAAP net product revenues.....	<u>326,482</u>	<u>309,929</u>	<u>967,149</u>	<u>908,446</u>
GAAP net service revenues.....	348,006	341,586	1,028,663	1,014,256
Acquisition-related write-downs of assumed deferred revenue.....	-	-	-	-
Non-GAAP net service revenues.....	<u>348,006</u>	<u>341,586</u>	<u>1,028,663</u>	<u>1,014,256</u>
Total non-GAAP net revenues.....	<u>\$ 674,488</u>	<u>\$ 651,515</u>	<u>\$ 1,995,812</u>	<u>\$ 1,922,702</u>
(2) Includes stock-based compensation expense as follows:				
Cost of net revenues.....	\$ 7,203	\$ 7,209	\$ 22,089	\$ 21,903
Sales and marketing.....	25,572	26,399	79,938	78,682
Research and development.....	17,502	17,342	54,318	50,046
General and administrative.....	11,598	10,518	33,416	32,126
	<u>\$ 61,875</u>	<u>\$ 61,468</u>	<u>\$ 189,761</u>	<u>\$ 182,757</u>
(3) Includes amortization and impairment of purchased intangible assets as follows:				
Cost of net revenues.....	\$ 9,960	\$ 9,507	\$ 29,878	\$ 25,688
Sales and marketing.....	2,389	2,849	13,780	8,430
General and administrative.....	352	575	1,330	1,725
	<u>\$ 12,701</u>	<u>\$ 12,931</u>	<u>\$ 44,988</u>	<u>\$ 35,843</u>
(4) Includes facility-exit costs as follows:				
Cost of net revenues.....	\$ 62	\$ 770	\$ 1,155	\$ 1,926
Sales and marketing.....	546	1,188	2,183	3,051
Research and development.....	627	1,474	2,755	3,352
General and administrative.....	515	1,040	1,917	2,544
	<u>\$ 1,750</u>	<u>\$ 4,472</u>	<u>\$ 8,010</u>	<u>\$ 10,873</u>
(5) Includes acquisition-related charges as follows:				
Cost of net revenues.....	\$ 96	\$ -	\$ 291	\$ 2,522
Sales and marketing.....	2,493	8,525	12,266	23,213
Research and development.....	5,479	11,681	17,170	25,120
General and administrative.....	2,156	3,378	10,354	18,372
	<u>\$ 10,224</u>	<u>\$ 23,584</u>	<u>\$ 40,081</u>	<u>\$ 69,227</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
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,825</u>