

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

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2023	2022	2023	2022
Net revenues				
Products.....	\$ 340,581	\$ 297,518	\$ 681,139	\$ 640,667
Services.....	362,594	336,706	722,414	680,657
Total.....	<u>703,175</u>	<u>634,224</u>	<u>1,403,553</u>	<u>1,321,324</u>
Cost of net revenues (1)(2)(3)(4)				
Products.....	99,795	71,234	198,650	152,896
Services.....	55,859	55,125	112,011	108,536
Total.....	<u>155,654</u>	<u>126,359</u>	<u>310,661</u>	<u>261,432</u>
Gross profit.....	<u>547,521</u>	<u>507,865</u>	<u>1,092,892</u>	<u>1,059,892</u>
Operating expenses (1)(2)(3)(4)				
Sales and marketing.....	233,076	228,826	466,181	462,861
Research and development.....	141,363	135,838	283,686	266,109
General and administrative.....	67,036	68,554	137,027	134,215
Restructuring charges.....	-	-	8,740	7,909
Total.....	<u>441,475</u>	<u>433,218</u>	<u>895,634</u>	<u>871,094</u>
Income from operations.....	106,046	74,647	197,258	188,798
Other income (expense), net.....	2,737	(1,934)	7,439	(4,365)
Income before income taxes.....	108,783	72,713	204,697	184,433
Provision for income taxes.....	27,347	16,477	50,859	34,638
Net income.....	<u>\$ 81,436</u>	<u>\$ 56,236</u>	<u>\$ 153,838</u>	<u>\$ 149,795</u>
Net income per share - basic.....	<u>\$ 1.35</u>	<u>\$ 0.93</u>	<u>\$ 2.55</u>	<u>\$ 2.47</u>
Weighted average shares - basic.....	<u>60,330</u>	<u>60,573</u>	<u>60,211</u>	<u>60,693</u>
Net income per share - diluted.....	<u>\$ 1.34</u>	<u>\$ 0.92</u>	<u>\$ 2.54</u>	<u>\$ 2.43</u>
Weighted average shares - diluted.....	<u>60,691</u>	<u>61,405</u>	<u>60,537</u>	<u>61,661</u>
Non-GAAP Financial Measures				
Net income as reported.....	\$ 81,436	\$ 56,236	\$ 153,838	\$ 149,795
Stock-based compensation expense.....	64,039	64,129	126,913	127,886
Amortization and impairment of purchased intangible assets.....	12,569	12,850	25,254	32,287
Facility-exit costs.....	1,533	3,518	3,539	6,260
Acquisition-related charges.....	7,045	12,966	14,782	29,857
Restructuring charges.....	-	-	8,740	7,909
Tax effects related to above items.....	(12,994)	(18,896)	(30,164)	(44,160)
Net income excluding stock-based compensation expense, amortization and impairment of purchased intangible assets, facility-exit costs, acquisition-related charges, restructuring charges and non-recurring tax expenses and benefits (non-GAAP) - diluted.....	<u>\$ 153,628</u>	<u>\$ 130,803</u>	<u>\$ 302,902</u>	<u>\$ 309,834</u>
Net income per share excluding stock-based compensation expense, amortization and impairment of purchased intangible assets, facility-exit costs, acquisition-related charges, restructuring charges and non-recurring tax expenses and benefits (non-GAAP) - diluted.....	<u>\$ 2.53</u>	<u>\$ 2.13</u>	<u>\$ 5.00</u>	<u>\$ 5.02</u>
Weighted average shares - diluted.....	<u>60,691</u>	<u>61,405</u>	<u>60,537</u>	<u>61,661</u>
(1) Includes stock-based compensation expense as follows:				
Cost of net revenues.....	\$ 7,583	\$ 7,341	\$ 15,219	\$ 14,886
Sales and marketing.....	26,889	27,613	52,610	54,366
Research and development.....	18,689	18,233	37,231	36,816
General and administrative.....	10,878	10,942	21,853	21,818
Total.....	<u>\$ 64,039</u>	<u>\$ 64,129</u>	<u>\$ 126,913</u>	<u>\$ 127,886</u>
(2) Includes amortization and impairment of purchased intangible assets as follows:				
Cost of net revenues.....	\$ 9,959	\$ 9,959	\$ 19,918	\$ 19,918
Sales and marketing.....	2,390	2,476	4,779	11,391
General and administrative.....	220	415	557	978
Total.....	<u>\$ 12,569</u>	<u>\$ 12,850</u>	<u>\$ 25,254</u>	<u>\$ 32,287</u>
(3) Includes facility-exit costs as follows:				
Cost of net revenues.....	\$ 150	\$ 611	\$ 351	\$ 1,093
Sales and marketing.....	486	888	1,149	1,637
Research and development.....	537	1,216	1,178	2,128
General and administrative.....	360	803	861	1,402
Total.....	<u>\$ 1,533</u>	<u>\$ 3,518</u>	<u>\$ 3,539</u>	<u>\$ 6,260</u>
(4) Includes acquisition-related charges as follows:				
Cost of net revenues.....	\$ 74	\$ 108	\$ 167	\$ 195
Sales and marketing.....	849	3,609	2,164	9,773
Research and development.....	1,233	5,697	5,001	11,691
General and administrative.....	4,889	3,552	7,450	8,198
Total.....	<u>\$ 7,045</u>	<u>\$ 12,966</u>	<u>\$ 14,782</u>	<u>\$ 29,857</u>