A10 NETWORKS, INC.

Condensed Consolidated Statements of Operations

(unaudited, in thousands, except per share data)

	Three Months Ended									Years Ended	
	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2017	Dec. 31, 2018
Revenue:											
Products	$ 40,404	$ 32,973	$ 28,149	$ 39,224	$ 38,265	$ 39,044	$ 28,230	$ 26,785	$ 30,052	$ 149,903	$ 144,682
Services	21,601	22,544	21,034	21,489	22,237	22,781	22,060	22,404	22,781	85,526	87,541
Total revenue	62,005	55,517	49,183	60,713	60,502	61,825	50,290	49,189	52,833	235,429	232,223
Cost of revenue:											
Products	9,357	8,145	7,109	9,080	8,790	9,087	7,516	6,891	7,108	36,269	34,066
Services	4,510	3,763	4,775	4,107	4,224	4,724	4,734	4,380	4,812	17,049	17,830
Total cost of revenue	13,867	11,908	11,884	13,187	13,014	13,811	12,250	11,271	11,920	53,318	51,896
Gross profit	48,138	43,609	37,299	47,526	47,488	48,014	38,040	37,918	40,913	182,111	180,327
Gross margin	77.6 %	78.6 %	75.8 %	78.3 %	78.5 %	77.7 %	75.6 %	77.1 %	77.4 %	77.4 %	77.7 %
Operating expenses:											
Sales & marketing	26,930	22,606	26,904	25,788	24,539	25,983	24,483	23,626	22,056	101,360	103,214
Research & development	15,997	13,462	18,797	15,572	15,505	15,283	16,166	14,617	15,784	62,991	65,157
General & administrative	6,945	6,688	11,594	9,858	9,012	9,171	8,358	6,099	2,854	28,132	39,635
Total operating expenses	49,872	42,756	57,295	51,218	49,056	50,437	49,007	44,342	40,694	192,483	208,006
Income (loss) from operations	(1,734)	853	(19,996)	(3,692)	(1,568)	(2,423)	(10,967)	(6,424)	219	(10,372)	(27,679)
Non-operating income (expense):											
Interest expense	(20)	(34)	(33)	(32)	(34)	(30)	(155)	(37)	(30)	(162)	(129)
Interest and other income (expense), net	(37)	210	566	(429)	(131)	1,267	(633)	776	254	989	1,273
Total non-operating income (expense), net	(57)	176	533	(461)	(165)	1,237	(788)	739	224	827	1,144
Income (loss) before income taxes	(1,791)	1,029	(19,463)	(4,153)	(1,733)	(1,186)	(11,755)	(5,685)	443	(9,545)	(26,535)
Provision for income taxes	454	243	207	379	74	422	517	86	270	1,206	1,082
Net income (loss)	$ (2,245)	$ 786	$ (19,670)	$ (4,532)	$ (1,807)	$ (1,608)	$ (12,272)	$ (5,771)	$ 173	$ (10,751)	$ (27,617)
Net income (loss) per share, basic and diluted	$ (0.03)	$ 0.01	$ (0.27)	$ (0.06)	$ (0.02)	$ (0.02)	$ (0.16)	$ (0.08)	$ 0.00	$ (0.15)	$ (0.38)
Weighted-average shares used in computing net income (loss) per share:											
Basic	70,705	71,145	72,232	72,707	72,707	73,865	74,809	75,712	76,618	70,053	72,882
Diluted	70,705	74,559	72,232	72,707	72,707	73,865	74,809	75,712	79,093	70,053	72,882

A10 NETWORKS, INC.

Non-GAAP Condensed Consolidated Statements of Operations

(unaudited, in thousands, except per share data)

	Three Months Ended									Years Ended	
	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2017	Dec. 31, 2018
Revenue:											
Products	$ 40,404	$ 32,973	$ 28,149	$ 39,224	$ 38,265	$ 39,044	$ 28,230	$ 26,785	$ 30,052	$ 149,903	$ 144,682
Services	21,601	22,544	21,034	21,489	22,237	22,781	22,060	22,404	22,781	85,526	87,541
Total revenue	62,005	55,517	49,183	60,713	60,502	61,825	50,290	49,189	52,833	235,429	232,223
Cost of revenue:											
Products	9,313	8,123	6,978	9,073	8,777	9,060	7,482	6,855	7,070	36,135	33,888
Services	4,151	3,491	4,013	3,917	4,050	4,426	4,444	3,948	4,516	15,821	16,406
Total cost of revenue	13,464	11,614	10,991	12,990	12,827	13,486	11,926	10,803	11,586	51,956	50,294
Gross profit	48,541	43,903	38,192	47,723	47,675	48,339	38,364	38,386	41,247	183,473	181,929
Gross margin	78.3 %	79.1 %	77.7 %	78.6 %	78.8 %	78.2 %	76.3 %	78.0 %	78.1 %	77.9 %	78.3 %
Operating expenses:											
Sales & marketing	25,234	21,651	24,139	25,087	23,920	24,401	23,162	21,722	20,738	95,285	97,547
Research & development	14,207	11,891	15,163	14,316	14,292	13,745	14,582	12,718	13,980	55,638	57,516
General & administrative	6,036	5,877	6,265	5,906	6,914	6,916	6,562	4,895	4,702	24,709	26,001
Total operating expenses	45,477	39,419	45,567	45,309	45,126	45,062	44,306	39,335	39,420	175,632	181,064
Income (loss) from operations	3,064	4,484	(7,375)	2,414	2,549	3,277	(5,942)	(949)	1,827	7,841	865
Non-operating income (expense):											
Interest expense	(20)	(34)	(33)	(32)	(34)	(30)	(155)	(37)	(30)	(162)	(129)
Interest income and other income (expense), net	(37)	210	566	(429)	(131)	1,267	(633)	776	254	989	1,273
Total non-operating income (expense), net	(57)	176	533	(461)	(165)	1,237	(788)	739	224	827	1,144
Income (loss) before provision for income taxes	3,007	4,660	(6,842)	1,953	2,384	4,514	(6,730)	(210)	2,051	8,668	2,009
Provision for income taxes	454	243	207	379	74	422	517	86	270	1,206	1,082
Non-GAAP net income (loss)	$ 2,553	$ 4,417	$ (7,049)	$ 1,574	$ 2,310	$ 4,092	$ (7,247)	$ (296)	$ 1,781	$ 7,462	$ 927
Non-GAAP net income (loss) per share:											
Basic	$ 0.04	$ 0.06	$ (0.10)	$ 0.02	$ 0.03	$ 0.06	$ (0.10)	$ (0.00)	$ 0.02	$ 0.11	$ 0.01
Diluted	$ 0.03	$ 0.06	$ (0.10)	$ 0.02	$ 0.03	$ 0.05	$ (0.10)	$ (0.00)	$ 0.02	$ 0.10	$ 0.01
Weighted-average shares used in computing Non-GAAP net income (loss) per share:											
Basic	70,705	71,145	72,232	72,707	72,707	73,865	74,809	75,712	76,618	70,053	72,882
Diluted	73,572	74,559	72,232	74,634	74,940	75,737	74,809	75,712	79,093	74,270	75,222

A10 NETWORKS, INC.

Reconciliation of GAAP net income (loss) to EBITDA and Adjusted EBITDA

(unaudited, in thousands)

	Three Months Ended									Years Ended	
	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2017	Dec. 31, 2018
EBITDA & Adjusted EBITDA (Non-GAAP)											
GAAP net income (loss)	$ (2,245)	$ 786	$ (19,670)	$ (4,532)	$ (1,807)	$ (1,608)	$ (12,272)	$ (5,771)	$ 173	$ (10,751)	$ (27,617)
Exclude: Interest expense	20	34	33	32	34	30	155	37	30	162	129
Exclude: Interest income and other (income) expense, net	37	(210)	(566)	429	131	(1,267)	633	(776)	(254)	(989)	(1,273)
Exclude: Depreciation & amortization expense	1,890	2,289	2,134	1,969	1,917	1,860	2,447	2,535	2,451	8,511	7,880
Exclude: Provision for income taxes	454	243	207	379	74	422	517	86	270	1,206	1,082
EBITDA	156	3,142	(17,862)	(1,723)	349	(563)	(8,520)	(3,889)	2,670	(1,861)	(19,799)
Exclude: Stock-based compensation	4,545	3,379	8,151	2,571	2,333	3,983	3,896	5,049	3,513	17,203	17,038
Exclude: Litigation settlement and investigation expense	-	-	4,218	3,282	1,531	1,465	876	173	(2,158)	-	10,496
Adjusted EBITDA	$ 4,701	$ 6,521	$ (5,493)	$ 4,130	$ 4,213	$ 4,885	$ (3,748)	$ 1,333	$ 4,025	$ 15,342	$ 7,735

A10 NETWORKS, INC.

Revenue by Product Type, Geography and Vertical

(unaudited, in thousands)

	Three Months Ended									Years Ended	
	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2017	Dec. 31, 2018
Revenue by type:											
Product	$ 40,404	$ 32,973	$ 28,149	$ 39,224	$ 38,265	$ 39,044	$ 28,230	$ 26,785	$ 30,052	$ 149,903	$ 144,682
Service	21,601	22,544	21,034	21,489	22,237	22,781	22,060	22,404	22,781	85,526	87,541
Total revenue	$ 62,005	$ 55,517	$ 49,183	$ 60,713	$ 60,502	$ 61,825	$ 50,290	$ 49,189	$ 52,833	$ 235,429	$ 232,223
Revenue by geography:											
North America	$ 28,951	$ 23,396	$ 20,678	$ 30,443	$ 27,003	$ 25,667	$ 18,100	$ 15,278	$ 19,584	$ 115,536	$ 103,791
Japan	16,634	13,369	13,080	11,868	14,023	16,234	13,152	14,894	15,157	51,488	55,205
APAC excluding Japan	7,171	7,595	7,438	10,667	9,331	9,461	8,776	9,213	8,379	33,189	36,897
EMEA	6,117	9,324	6,499	5,420	8,119	7,577	7,229	6,570	6,546	27,859	27,615
Other	3,132	1,833	1,488	2,315	2,026	2,886	3,033	3,234	3,167	7,357	8,715
Total revenue	$ 62,005	$ 55,517	$ 49,183	$ 60,713	$ 60,502	$ 61,825	$ 50,290	$ 49,189	$ 52,833	$ 235,429	$ 232,223
Revenue by vertical:											
Enterprise	$ 23,687	$ 27,028	$ 21,307	$ 22,106	$ 23,553	$ 24,122	$ 22,863	$ 22,006	$ 20,346	$ 91,415	$ 91,088
Service Provider	35,151	21,889	20,962	25,168	25,319	28,067	23,771	19,249	26,234	110,932	99,516
Web Giant	3,167	6,600	6,914	13,439	11,630	9,636	3,656	7,934	6,253	33,082	41,619
Total revenue	$ 62,005	$ 55,517	$ 49,183	$ 60,713	$ 60,502	$ 61,825	$ 50,290	$ 49,189	$ 52,833	$ 235,429	$ 232,223

A10 NETWORKS, INC.

Reconciliation of Selected GAAP to Non-GAAP Financial Measures

(unaudited, in thousands, except per share data)

	Three Months Ended									Years Ended	
	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2017	Dec. 31, 2018
GAAP cost of revenue - products	$ 9,357	$ 8,145	$ 7,109	$ 9,080	$ 8,790	$ 9,087	$ 7,516	$ 6,891	$ 7,108	$ 36,269	$ 34,066
Stock-based compensation	(44)	(22)	(131)	(7)	(13)	(27)	(34)	(36)	(38)	(134)	(178)
Non-GAAP cost of revenue - products	$ 9,313	$ 8,123	$ 6,978	$ 9,073	$ 8,777	$ 9,060	$ 7,482	$ 6,855	$ 7,070	$ 36,135	$ 33,888
GAAP cost of revenue - services	$ 4,510	$ 3,763	$ 4,775	$ 4,107	$ 4,224	$ 4,724	$ 4,734	$ 4,380	$ 4,812	$ 17,049	$ 17,830
Stock-based compensation	(359)	(272)	(762)	(190)	(174)	(298)	(290)	(432)	(296)	(1,228)	(1,424)
Non-GAAP cost of revenue - services	$ 4,151	$ 3,491	$ 4,013	$ 3,917	$ 4,050	$ 4,426	$ 4,444	$ 3,948	$ 4,516	$ 15,821	$ 16,406
GAAP total cost of revenue	$ 13,867	$ 11,908	$ 11,884	$ 13,187	$ 13,014	$ 13,811	$ 12,250	$ 11,271	$ 11,920	$ 53,318	$ 51,896
Stock-based compensation	(403)	(294)	(893)	(197)	(187)	(325)	(324)	(468)	(334)	(1,362)	(1,602)
Non-GAAP total cost of revenue	$ 13,464	$ 11,614	$ 10,991	$ 12,990	$ 12,827	$ 13,486	$ 11,926	$ 10,803	$ 11,586	$ 51,956	$ 50,294
GAAP gross profit	$ 48,138	$ 43,609	$ 37,299	$ 47,526	$ 47,488	$ 48,014	$ 38,040	$ 37,918	$ 40,913	$ 182,111	$ 180,327
Stock-based compensation	403	294	893	197	187	325	324	468	334	1,362	1,602
Non-GAAP gross profit	$ 48,541	$ 43,903	$ 38,192	$ 47,723	$ 47,675	$ 48,339	$ 38,364	$ 38,386	$ 41,247	$ 183,473	$ 181,929
GAAP sales & marketing expense	$ 26,930	$ 22,606	$ 26,904	$ 25,788	$ 24,539	$ 25,983	$ 24,483	$ 23,626	$ 22,056	$ 101,360	$ 103,214
Stock-based compensation	(1,696)	(955)	(2,765)	(701)	(619)	(1,582)	(1,321)	(1,904)	(1,196)	(6,075)	(5,667)
Litigation settlement and investigation expense	—	—	—	—	—	—	—	—	(122)	—	—
Non-GAAP sales & marketing expense	$ 25,234	$ 21,651	$ 24,139	$ 25,087	$ 23,920	$ 24,401	$ 23,162	$ 21,722	$ 20,738	$ 95,285	$ 97,547
GAAP research & development	$ 15,997	$ 13,462	$ 18,797	$ 15,572	$ 15,505	$ 15,283	$ 16,166	$ 14,617	$ 15,784	$ 62,991	$ 65,157
Stock-based compensation	(1,537)	(1,319)	(3,382)	(1,003)	(960)	(1,286)	(1,331)	(1,646)	(1,551.09)	(6,343)	(6,631)
Amortization expense related to acquisition	(253)	(252)	(252)	(253)	(253)	(252)	(253)	(253)	(253)	(1,010)	(1,010)
Non-GAAP research & development	$ 14,207	$ 11,891	$ 15,163	$ 14,316	$ 14,292	$ 13,745	$ 14,582	$ 12,718	$ 13,980	$ 55,638	$ 57,516
GAAP general & administrative expense	$ 6,945	$ 6,688	$ 11,594	$ 9,858	$ 9,012	$ 9,171	$ 8,358	$ 6,099	$ 2,854	$ 28,132	$ 39,635
Stock-based compensation	(909)	(811)	(1,111)	(670)	(567)	(790)	(920)	(1,031)	(431.55)	(3,423)	(3,138)
Litigation settlement and investigation expense	-	-	(4,218)	(3,282)	(1,531)	(1,465)	(876)	(173)	2,280	-	(10,496)
Non-GAAP general & administrative expense	$ 6,036	$ 5,877	$ 6,265	$ 5,906	$ 6,914	$ 6,916	$ 6,562	$ 4,895	$ 4,702	$ 24,709	$ 26,001
GAAP total operating expenses	$ 49,872	$ 42,756	$ 57,295	$ 51,218	$ 49,056	$ 50,437	$ 49,007	$ 44,342	$ 40,694	$ 192,483	$ 208,006
Stock-based compensation	(4,142)	(3,085)	(7,258)	(2,374)	(2,146)	(3,658)	(3,572)	(4,581)	(3,179)	(15,841)	(15,436)
Amortization expense related to acquisition	(253)	(252)	(252)	(253)	(253)	(252)	(253)	(253)	(253)	(1,010)	(1,010)
Litigation settlement and investigation expense	—	—	(4,218)	(3,282)	(1,531)	(1,465)	(876)	(173)	2,158	—	(10,496)
Non-GAAP total operating expenses	$ 45,477	$ 39,419	$ 45,567	$ 45,309	$ 45,126	$ 45,062	$ 44,306	$ 39,335	$ 39,420	$ 175,632	$ 181,064

A10 NETWORKS, INC.

Reconciliation of Selected GAAP to Non-GAAP Financial Measures

(unaudited, in thousands, except per share data)

	Three Months Ended									Years Ended	
	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2017	Dec. 31, 2018
GAAP income (loss) from operations	$ (1,734)	$ 853	$ (19,996)	$ (3,692)	$ (1,568)	$ (2,423)	$ (10,967)	$ (6,424)	$ 219	$ (10,372)	$ (27,679)
Stock-based compensation	4,545	3,379	8,151	2,571	2,333	3,983	3,896	5,049	3,513	17,203	17,038
Amortization expense related to acquisition	253	252	252	253	253	252	253	253	253	1,010	1,010
Litigation settlement and investigation expense	—	—	4,218	3,282	1,531	1,465	876	173	(2,158)	—	10,496
Non-GAAP income (loss) from operations	3,064	4,484	(7,375)	2,414	2,549	3,277	(5,942)	(949)	1,827	7,841	865
GAAP net income (loss)	$ (2,245)	$ 786	$ (19,670)	$ (4,532)	$ (1,807)	$ (1,608)	$ (12,272)	$ (5,771)	$ 173	$ (10,751)	$ (27,617)
Stock-based compensation	4,545	3,379	8,151	2,571	2,333	3,983	3,896	5,049	3,513	17,203	17,038
Amortization expense related to acquisition	253	252	252	253	253	252	253	253	253	1,010	1,010
Litigation settlement and investigation expense	—	—	4,218	3,282	1,531	1,465	876	173	(2,158)	—	10,496
Non-GAAP net income (loss)	$ 2,553	$ 4,417	$ (7,049)	$ 1,574	$ 2,310	$ 4,092	$ (7,247)	$ (296)	$ 1,781	$ 7,462	$ 927
Non-GAAP net income (loss) per share:											
Basic	$ 0.04	$ 0.06	$ (0.10)	$ 0.02	$ 0.03	$ 0.06	$ (0.10)	$ (0.00)	$ 0.02	$ 0.11	$ 0.01
Diluted	$ 0.03	$ 0.06	$ (0.10)	$ 0.02	$ 0.03	$ 0.05	$ (0.10)	$ (0.00)	$ 0.02	$ 0.10	$ 0.01
Weighted-average shares used in computing Non-GAAP net income (loss) per share:											
Basic	70,705	71,145	72,232	72,707	72,707	73,865	74,809	75,712	76,618	70,053	72,882
Diluted	73,572	74,559	72,232	74,634	72,707	75,737	74,809	75,712	79,093	74,270	75,222

A10 NETWORKS, INC.

Condensed Consolidated Balance Sheets

(unaudited, in thousands)

	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019
ASSETS									
CURRENT ASSETS:									
Cash and cash equivalents	$ 39,919	$ 46,567	$ 46,964	$ 40,567	$ 36,162	$ 40,621	$ 33,967	$ 36,818	$ 36,067
Marketable securities	83,973	84,567	83,738	86,820	87,391	87,754	88,784	82,478	86,525
Accounts receivable, net of allowances	49,148	48,266	47,755	50,370	51,084	53,972	44,802	45,251	45,397
Inventory, net	15,994	17,577	16,189	14,965	15,102	17,930	20,952	22,522	21,081
Prepaid expenses and other current assets	7,045	6,825	14,352	12,977	13,266	14,662	17,113	14,746	14,509
Total current assets	196,079	203,802	208,998	205,699	203,005	214,939	205,618	201,815	203,579
Property and equipment, net	9,531	9,913	9,634	8,676	7,994	7,262	7,676	7,408	8,846
Goodwill	1,307	1,307	1,307	1,307	1,307	1,307	1,307	1,307	1,307
Intangible assets	5,551	5,190	4,829	4,469	4,108	3,748	3,387	3,026	2,666
Other non-current assets	4,837	4,646	7,229	8,555	8,380	8,620	13,989	13,256	12,549
TOTAL ASSETS	$ 217,305	$ 224,858	$ 231,997	$ 228,706	$ 224,794	$ 235,876	$ 231,977	$ 226,812	$ 228,947
LIABILITIES AND STOCKHOLDERS’ EQUITY									
CURRENT LIABILITIES:									
Accounts payable	8,509	9,033	7,632	6,234	9,630	8,202	8,136	7,749	5,488
Accrued liabilities	27,604	21,835	25,491	25,154	20,602	25,291	25,436	20,209	20,735
Deferred revenue	58,664	61,858	65,735	64,907	60,653	63,874	62,528	60,571	59,603
Total current liabilities	94,777	92,726	98,858	96,295	90,885	97,367	96,100	88,529	85,826
Deferred revenue, non-current	31,710	32,779	31,895	33,176	34,202	34,092	36,041	37,220	38,470
Other non-current liabilities	1,073	967	884	760	642	534	3,062	2,737	2,483
TOTAL LIABILITIES	127,560	126,472	131,637	130,231	125,729	131,993	135,203	128,486	126,779
STOCKHOLDERS’ EQUITY:									
Common stock and additional paid-in-capital	347,574	355,534	364,954	367,526	369,859	376,273	381,196	388,357	391,999
Accumulated other comprehensive income (loss)	(17)	(123)	(296)	(221)	(157)	(144)	96	258	285
Accumulated deficit	(257,812)	(257,025)	(264,298)	(268,830)	(270,637)	(272,246)	(284,518)	(290,289)	(290,116)
Total stockholders' equity	89,745	98,386	100,360	98,475	99,065	103,883	96,774	98,326	102,168
TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY	$ 217,305	$ 224,858	$ 231,997	$ 228,706	$ 224,794	$ 235,876	$ 231,977	$ 226,812	$ 228,947