A10 NETWORKS, INC.

Condensed Consolidated Statements of Operations

(unaudited, in thousands, except per share data, on a US GAAP basis)

	Three Months Ended								Year Ended	
	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	Jun. 30, 2020	Sep. 30, 2020	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020
Revenue:										
Products	$ 28,230	$ 26,785	$ 30,052	$ 36,853	$ 30,736	$ 29,214	$ 32,188	$ 37,738	$ 121,920	$ 129,876
Services	22,060	22,404	22,781	$ 23,463	23,028	23,286	24,420	24,917	90,708	95,651
Total revenue	50,290	49,189	52,833	60,316	53,764	52,500	56,608	62,655	212,628	225,527
Cost of revenue:										
Products	7,516	6,891	7,108	8,301	6,941	6,544	7,610	8,014	29,816	29,109
Services	4,734	4,380	4,812	5,139	5,201	4,878	5,513	5,447	19,065	21,039
Total cost of revenue	12,250	11,271	11,920	13,440	12,142	11,422	13,123	13,461	48,881	50,148
Gross profit	38,040	37,918	40,913	46,876	41,622	41,078	43,485	49,194	163,747	175,379
Gross margin	75.6 %	77.1 %	77.4 %	77.7 %	77.4 %	78.2 %	76.8 %	78.5 %	77.0 %	77.8 %
Operating expenses:										
Sales & marketing	24,483	23,626	22,056	22,618	20,621	18,476	18,556	20,079	92,783	77,732
Research & development	16,166	14,617	15,784	15,257	15,315	13,450	13,694	15,604	61,824	58,063
General & administrative	8,358	6,099	2,854	6,393	5,895	5,237	4,994	5,725	23,704	21,851
Restructuring expense	—	—	—	2,530	—	—	—	—	2,530	-
Total operating expenses	49,007	44,342	40,694	46,798	41,831	37,163	37,244	41,408	180,841	157,646
Income (loss) from operations	(10,967)	(6,424)	219	78	(209)	3,915	6,241	7,786	(17,094)	17,733
Non-operating income (expense):										
Interest expense	(155)	(37)	(30)	(15)	-	(1)	-	-	(237)	(1)
Interest and other income (expense), net	(633)	776	254	522	231	228	479	469	919	1,407
Total non-operating income (expense), net	(788)	739	224	507	231	227	479	469	682	1,406
Income (loss) before income taxes	(11,755)	(5,685)	443	585	22	4,142	6,720	8,255	(16,412)	19,139
Provision for income taxes	517	86	270	534	319	334	256	414	1,407	1,323
Net income (loss)	$ (12,272)	$ (5,771)	$ 173	$ 51	$ (297)	$ 3,808	$ 6,464	$ 7,841	$ (17,819)	$ 17,816
Net income (loss) per share:										
Basic	$ (0.16)	$ (0.08)	$ 0.00	$ 0.00	$ (0.00)	$ 0.05	$ 0.08	$ 0.10	$ (0.23)	$ 0.23
Diluted	$ (0.16)	$ (0.08)	$ 0.00	$ 0.00	$ (0.00)	$ 0.05	$ 0.08	$ 0.10	$ (0.23)	$ 0.22
Weighted-average shares used in computing net income (loss) per share:										
Basic	74,809	75,712	76,618	77,147	78,061	78,178	78,235	76,638	76,080	77,776
Diluted	74,809	75,712	79,093	79,248	78,061	79,982	80,424	78,775	76,080	80,019

A10 NETWORKS, INC.

Non-GAAP Condensed Consolidated Statements of Operations

(unaudited, in thousands, except per share data)

	Three Months Ended								Year Ended	
	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	Jun. 30, 2020	Sep. 30, 2020	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020
Revenue:										
Products	$ 28,230	$ 26,785	$ 30,052	$ 36,853	$ 30,736	$ 29,214	$ 32,188	$ 37,738	$ 121,920	$ 129,876
Services	22,060	22,404	22,781	23,463	23,028	23,286	24,420	24,917	90,708	95,651
Total revenue	50,290	49,189	52,833	60,316	53,764	52,500	56,608	62,655	212,628	225,527
Cost of revenue:										
Products	7,482	6,855	7,070	8,251	6,868	6,520	7,565	7,970	29,658	28,923
Services	4,444	3,948	4,516	4,723	4,774	4,605	5,099	4,799	17,631	19,277
Total cost of revenue	11,926	10,803	11,586	12,974	11,642	11,125	12,664	12,769	47,289	48,200
Gross profit	38,365	38,386	41,247	47,342	42,122	41,375	43,944	49,886	165,339	177,327
Gross margin	76.3 %	78.0 %	78.1 %	78.5 %	78.3 %	78.8 %	77.6 %	79.6 %	77.8 %	78.6 %
Operating expenses:										
Sales & marketing	23,162	21,722	20,737	21,123	19,570	17,797	17,558	19,364	86,745	74,289
Research & development	14,582	12,718	13,980	13,142	13,513	12,159	12,156	12,639	54,423	50,467
General & administrative	6,562	4,895	4,702	5,416	4,929	4,176	4,182	4,014	21,576	17,301
Total operating expenses	44,306	39,335	39,419	39,681	38,012	34,132	33,896	36,017	162,743	142,057
Income (loss) from operations	(5,942)	(949)	1,828	7,661	4,110	7,243	10,048	13,869	2,596	35,270
Non-operating income (expense):										
Interest expense	(155)	(37)	(30)	(15)	-	(1)	-	-	(237)	(1)
Interest income and other income (expense), net	(633)	776	254	522	231	228	479	469	919	1,407
Total non-operating income (expense), net	(788)	739	224	507	231	227	479	469	682	1,406
Income (loss) before provision for income taxes	(6,730)	(210)	2,052	8,168	4,341	7,470	10,527	14,338	3,278	36,676
Provision for income taxes	517	86	270	388	319	334	256	414	1,261	1,323
Non-GAAP net income (loss)	$ (7,247)	$ (296)	$ 1,782	$ 7,780	$ 4,022	$ 7,136	$ 10,271	$ 13,924	$ 2,018	$ 35,353
Non-GAAP net income (loss) per share:										
Basic	$ (0.10)	$ (0.00)	$ 0.02	$ 0.10	$ 0.05	$ 0.09	$ 0.13	$ 0.18	$ 0.03	$ 0.45
Diluted	$ (0.10)	$ (0.00)	$ 0.02	$ 0.10	$ 0.05	$ 0.09	$ 0.13	$ 0.18	$ 0.03	$ 0.44
Weighted-average shares used in computing Non-GAAP net income (loss) per share:										
Basic	74,809	75,712	76,618	77,147	78,061	78,178	78,235	76,638	76,080	77,776
Diluted	74,809	75,712	79,093	79,248	79,747	79,982	80,424	78,775	78,487	80,019

A10 NETWORKS, INC.

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

(unaudited, in thousands)

	Three Months Ended								Year Ended	
	Mar. 31, 2019	**Jun. 30, 2019**	**Sep. 30, 2019**	**Dec. 31, 2019**	**Mar. 31, 2020**	**Jun. 30, 2020**	**Sep. 30, 2020**	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**
EBITDA & Adjusted EBITDA (Non-GAAP)										
GAAP net income (loss)	$ (12,272)	$ (5,771)	$ 173	$ 51	$ (297)	$ 3,808	$ 6,464	$ 7,841	$ (17,819)	$ 17,816
Exclude: Interest expense	155	37	30	15	—	1	—	—	237	1
Exclude: Interest income and other (income) expense, net	633	(776)	(254)	(522)	(231)	(228)	(479)	(469)	(919)	(1,407)
Exclude: Depreciation & amortization expense	2,447	2,535	2,451	2,595	3,311	2,785	2,676	2,531	10,028	11,303
Exclude: Provision for income taxes	517	86	270	534	319	334	256	414	1,407	1,323
EBITDA	(8,520)	(3,889)	2,670	2,673	3,102	6,700	8,917	10,317	(7,066)	29,036
Exclude: Stock-based compensation	3,897	5,049	3,513	4,332	3,241	3,075	3,554	2,947	16,791	12,817
Exclude: Litigation settlement and investigation expense	876	173	(2,157)	43	30	—	—	—	(1,065)	30
Exclude: Restructuring expense	—	—	—	2,530	—	—	—	—	2,530	—
Exclude: Non-recurring facilities costs	—	—	—	425	795	—	—	2,884	425	3,679
Adjusted EBITDA	$ (3,747)	$ 1,333	$ 4,026	$ 10,003	$ 7,168	$ 9,775	$ 12,471	$ 16,148	$ 11,615	$ 45,562

A10 NETWORKS, INC.

Revenue by Product Type, Geography and Vertical

(unaudited, in thousands, on a US GAAP basis)

	Three Months Ended								Year Ended	
	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	Jun. 30, 2020	Sep. 30, 2020	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020
Revenue by type:										
Product	$ 28,230	$ 26,785	$ 30,052	$ 36,853	$ 30,736	$ 29,214	$ 32,188	$ 37,738	$ 121,920	$ 129,876
Service	22,060	22,404	22,781	23,463	23,028	23,286	24,420	24,917	90,708	95,651
Total revenue	$ 50,290	$ 49,189	$ 52,833	$ 60,316	$ 53,764	$ 52,500	$ 56,608	$ 62,655	$ 212,628	$ 225,527
Revenue by geography:										
Americas	$ 21,133	$ 18,512	$ 22,751	$ 27,548	$ 25,438	$ 23,962	$ 21,985	$ 26,764	$ 89,944	$ 98,149
Japan	13,152	14,894	15,157	16,251	17,641	12,854	18,015	18,541	59,454	67,051
APAC excluding Japan	8,776	9,213	8,379	9,321	4,882	8,005	8,701	8,172	35,689	29,760
EMEA	7,229	6,570	6,546	7,196	5,803	7,679	7,907	9,178	27,541	30,567
Total revenue	$ 50,290	$ 49,189	$ 52,833	$ 60,316	$ 53,764	$ 52,500	$ 56,608	$ 62,655	$ 212,628	$ 225,527
Revenue by vertical:										
Enterprise	$ 23,288	$ 22,053	$ 21,475	$ 21,475	$ 18,766	$ 22,127	$ 22,914	$ 25,045	$ 88,291	$ 88,852
Service Provider	27,002	27,136	31,358	38,841	34,998	30,373	33,694	37,610	124,337	136,675
Total revenue	$ 50,290	$ 49,189	$ 52,833	$ 60,316	$ 53,764	$ 52,500	$ 56,608	$ 62,655	$ 212,628	$ 225,527

A10 NETWORKS, INC.

Reconciliation of Selected GAAP to Non-GAAP Financial Measures

(unaudited, in thousands, except per share data)

	Three Months Ended								Years Ended	
	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	Jun. 30, 2020	Sep. 30, 2020	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020
GAAP cost of revenue - products	$ 7,516	$ 6,891	$ 7,108	$ 8,301	$ 6,941	$ 6,544	$ 7,610	$ 8,014	$ 29,816	$ 29,109
Stock-based compensation	(34)	(36)	(38)	(50)	(74)	(24)	(45)	(44)	(158)	(187)
Non-GAAP cost of revenue - products	$ 7,482	$ 6,855	$ 7,070	$ 8,251	$ 6,867	$ 6,520	$ 7,565	$ 7,970	$ 29,658	$ 28,922
GAAP cost of revenue - services	$ 4,734	$ 4,380	$ 4,812	$ 5,139	$ 5,201	$ 4,878	$ 5,513	$ 5,447	$ 19,065	$ 21,039
Stock-based compensation	(291)	(432)	(296)	(416)	(427)	(273)	(414)	(341)	(1,434)	(1,454)
Global portfolio rationalization	—	—	—	—	—	—	—	(307)	-	(307)
Non-GAAP cost of revenue - services	$ 4,444	$ 3,948	$ 4,516	$ 4,723	$ 4,774	$ 4,605	$ 5,099	$ 4,799	$ 17,631	$ 19,278
GAAP total cost of revenue	$ 12,250	$ 11,271	$ 11,920	$ 13,440	$ 12,142	$ 11,422	$ 13,123	$ 13,461	$ 48,881	$ 50,148
Stock-based compensation	(325)	(468)	(334)	(466)	(501)	(297)	(459)	(385)	(1,592)	(1,641)
Global portfolio rationalization	—	—	—	—	—	—	—	(307)	-	(307)
Non-GAAP total cost of revenue	$ 11,926	$ 10,803	$ 11,586	$ 12,974	$ 11,641	$ 11,125	$ 12,664	$ 12,769	$ 47,289	$ 48,200
GAAP gross profit	$ 38,040	$ 37,918	$ 40,913	$ 46,876	$ 41,622	$ 41,078	$ 43,485	$ 49,194	$ 163,747	$ 175,379
Stock-based compensation	325	468	334	466	501	297	459	385	1,592	1,641
Global portfolio rationalization	—	—	—	—	—	—	—	307	-	307
Non-GAAP gross profit	$ 38,365	$ 38,386	$ 41,247	$ 47,342	$ 42,123	$ 41,375	$ 43,944	$ 49,886	$ 165,339	$ 177,327
GAAP sales & marketing expense	$ 24,483	$ 23,626	$ 22,056	$ 22,618	$ 20,621	$ 18,476	$ 18,556	$ 20,079	$ 92,783	$ 77,732
Stock-based compensation	(1,321)	(1,904)	(1,196)	(1,495)	(1,051)	(679)	(998)	(715)	(5,915)	(3,444)
Global portfolio rationalization	—	—	—	—	—	—	—	—	—	—
Litigation settlement and investigation expense	—	—	(123)	—	—	—	—	—	(123)	—
Non-GAAP sales & marketing expense	$ 23,162	$ 21,722	$ 20,737	$ 21,123	$ 19,570	$ 17,797	$ 17,558	$ 19,364	$ 86,745	$ 74,288
GAAP research & development	$ 16,166	$ 14,617	$ 15,784	$ 15,257	$ 15,315	$ 13,450	$ 13,694	$ 15,604	$ 61,824	$ 58,063
Stock-based compensation	(1,331)	(1,646)	(1,551)	(1,862)	(1,548)	(1,038)	(1,285)	(1,198)	(6,390)	(5,069)
Global portfolio rationalization	—	—	—	—	—	—	—	(1,515)	-	(1,515)
Amortization expense related to acquisition	(253)	(253)	(253)	(253)	(253)	(253)	(253)	(252)	(1,012)	(1,011)
Non-GAAP research & development	$ 14,582	$ 12,718	$ 13,980	$ 13,142	$ 13,514	$ 12,159	$ 12,156	$ 12,639	$ 54,423	$ 50,468
GAAP general & administrative expense	$ 8,358	$ 6,099	$ 2,854	$ 6,393	$ 5,895	$ 5,237	$ 4,994	$ 5,725	$ 23,704	$ 21,851
Stock-based compensation	(920)	(1,031)	(432)	(509)	(141)	(1,061)	(812)	(649)	(2,891)	(2,663)
Litigation settlement and investigation expense	(876)	(173)	2,280	(43)	(30)	—	—	—	1,188	(30)
Global portfolio rationalization	—	—	—	—	—	—	—	(1,062)	—	(1,062)
Non-recurring facilities expense	—	—	—	(425)	(795)	—	—	—	(425)	(795)
Non-GAAP general & administrative expense	$ 6,562	$ 4,895	$ 4,702	$ 5,416	$ 4,929	$ 4,176	$ 4,182	$ 4,014	$ 21,576	$ 17,301
GAAP restructuring expense	$ —	$ —	$ —	$ 2,530	$ —	$ —	$ —	$ —	$ 2,530	$ —
Restructuring expense	—	—	—	(2,530)	—	—	—	—	(2,530)	—
Non-GAAP restructuring expense	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

A10 NETWORKS, INC.

Reconciliation of Selected GAAP to Non-GAAP Financial Measures

(unaudited, in thousands, except per share data)

	Three Months Ended								Years Ended	
	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	Jun. 30, 2020	Sep. 30, 2020	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020
GAAP total operating expenses	$ 49,007	$ 44,342	$ 40,694	$ 46,798	$ 41,831	$ 37,163	$ 37,244	$ 41,408	$ 180,841	$ 157,646
Stock-based compensation	(3,572)	(4,581)	(3,179)	(3,866)	(2,740)	(2,778)	(3,095)	(2,562)	(15,197)	(11,176)
Amortization expense related to acquisition	(253)	(253)	(253)	(253)	(253)	(253)	(253)	(252)	(1,012)	(1,011)
Litigation settlement and investigation expense	(876)	(173)	2,157	(43)	(30)	—	—	—	1,066	(30)
Non-recurring facilities expense	—	—	—	(425)	(795)	—	—	—	(425)	(795)
Global portfolio rationalization expense	—	—	—	—	—	—	—	(2,577)	—	(2,577)
Restructuring expense	—	—	—	(2,530)	—	—	—	—	(2,530)	—
Non-GAAP total operating expenses	$ 44,306	$ 39,335	$ 39,419	$ 39,681	$ 38,013	$ 34,132	$ 33,896	$ 36,017	$ 162,743	$ 142,057
GAAP income (loss) from operations	$ (10,967)	$ (6,424)	$ 219	$ 78	$ (209)	$ 3,915	$ 6,241	$ 7,786	$ (17,094)	$ 17,733
Stock-based compensation	3,897	5,049	3,513	4,332	3,241	3,075	3,554	2,947	16,790	12,817
Amortization expense related to acquisition	253	253	253	253	253	253	253	252	1,012	1,011
Litigation settlement and investigation expense	876	173	(2,157)	43	30	—	—	—	(1,066)	30
Global portfolio rationalization expense	—	—	—	—	—	—	—	2,884	—	2,884
Restructuring expense	—	—	—	2,530	—	—	—	—	2,530	—
Non-recurring facilities expense	—	—	—	425	795	—	—	—	425	795
Non-GAAP income (loss) from operations	(5,942)	(949)	1,828	7,661	4,110	7,243	10,048	13,869	$ 2,597	$ 35,270
GAAP Provision for income taxes	$ 517	$ 86	$ 270	$ 534	$ 319	$ 334	$ 256	$ 414	$ 1,407	$ 1,323
Tax from restructuring expense	—	—	—	(146)	—	—	—	—	(146)	—
Non-GAAP provision for income Taxes	$ 517	$ 86	$ 270	$ 388	$ 319	$ 334	$ 256	$ 414	$ 1,261	$ 1,323
GAAP net income (loss)	$ (12,272)	$ (5,771)	$ 173	$ 51	$ (297)	$ 3,808	$ 6,464	$ 7,841	$ (17,819)	$ 17,816
Stock-based compensation	3,897	5,049	3,513	4,332	3,241	3,075	3,554	2,947	16,790	12,817
Amortization expense related to acquisition	253	253	253	253	253	253	253	252	1,012	1,011
Litigation settlement and investigation expense	876	173	(2,157)	43	30	—	—	—	(1,066)	30
Global portfolio rationalization expense	—	—	—	—	—	—	—	2,884	—	2,884
Restructuring expense, and related tax	—	—	—	2,676	—	—	—	—	2,676	—
Non-recurring facilities expense	—	—	—	425	795	-	-	-	425	795
Non-GAAP net income (loss)	$ (7,247)	$ (296)	$ 1,782	$ 7,780	$ 4,022	$ 7,136	$ 10,271	$ 13,924	$ 2,018	$ 35,353
Non-GAAP net income (loss) per share:										
Basic	$ (0.10)	$ (0.00)	$ 0.02	$ 0.10	$ 0.05	$ 0.09	$ 0.13	$ 0.18	$ 0.03	$ 0.45
Diluted	$ (0.10)	$ (0.00)	$ 0.02	$ 0.10	$ 0.05	$ 0.09	$ 0.13	$ 0.18	$ 0.03	$ 0.44
Weighted-average shares used in computing Non-GAAP net income (loss) per share:										
Basic	74,809	75,712	76,618	77,147	78,061	78,178	78,235	76,638	76,080	77,776
Diluted	74,809	75,712	79,093	79,248	79,747	79,982	80,424	78,775	78,487	80,019

A10 NETWORKS, INC.

Condensed Consolidated Balance Sheets

(unaudited, in thousands)

	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	Jun. 30, 2020	Sep. 30, 2020	Dec. 31, 2020
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents	$ 33,967	$ 36,818	$ 36,067	$ 45,742	$ 65,633	$ 65,846	$ 83,069	$ 83,281
Marketable securities	88,784	82,478	86,525	84,180	77,273	77,544	76,041	74,851
Accounts receivable, net of allowances	44,802	45,251	45,397	53,566	42,862	45,895	42,803	51,051
Inventory, net	20,952	22,522	21,081	22,384	20,764	22,159	22,600	20,730
Prepaid expenses and other current assets	17,113	14,746	14,509	15,067	12,518	11,342	10,809	12,390
Total current assets	205,618	201,815	203,579	220,939	219,050	222,786	235,322	242,303
Property and equipment, net	7,676	7,408	8,846	7,656	7,462	7,033	7,297	7,888
Goodwill	1,307	1,307	1,307	1,307	1,307	1,307	1,307	1,307
Intangible assets	3,387	3,026	2,666	2,305	1,944	1,584	1,223	862
Other non-current assets	13,989	13,256	12,549	41,846	40,294	39,898	38,948	38,451
TOTAL ASSETS	$ 231,977	$ 226,812	$ 228,947	$ 274,053	$ 270,057	$ 272,608	$ 284,097	$ 290,811
LIABILITIES AND STOCKHOLDERS' EQUITY								
CURRENT LIABILITIES:								
Accounts payable	$ 8,136	$ 7,749	$ 5,488	$ 7,592	$ 3,937	$ 6,850	$ 7,289	$ 4,851
Accrued liabilities	25,436	20,209	20,735	27,756	24,243	23,493	27,602	36,930
Deferred revenue	62,528	60,571	59,603	62,233	62,718	65,915	61,886	65,999
Total current liabilities	96,100	88,529	85,826	97,581	90,898	96,258	96,777	107,780
Deferred revenue, non-current	36,041	37,220	38,470	38,931	38,560	39,083	40,140	42,700
Other non-current liabilities	3,062	2,737	2,483	28,754	27,347	26,407	25,479	24,357
TOTAL LIABILITIES	135,203	128,486	126,779	165,266	156,805	161,748	162,396	174,837
STOCKHOLDERS' EQUITY:								
Common stock and additional paid-in-capital	381,196	388,357	391,999	398,601	403,651	396,941	401,533	388,125
Accumulated other comprehensive income (loss)	96	258	285	251	(37)	473	258	98
Accumulated deficit	(284,518)	(290,289)	(290,116)	(290,065)	(290,362)	(286,554)	(280,090)	(272,249)
Total stockholders' equity	96,774	98,326	102,168	108,787	113,252	110,860	121,701	115,974
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 231,977	$ 226,812	$ 228,947	$ 274,053	$ 270,057	$ 272,608	$ 284,097	$ 290,811