A10 NETWORKS, INC.

Non-GAAP Condensed Consolidated Statements of Operations

(unaudited, in thousands, except per share data)

	Three Months Ended								Year Ended	
	Mar. 31, 2021	Jun. 30, 2021	Sep. 30, 2021	Dec. 31, 2021	Mar. 31, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022
Revenue:										
Products	$ 30,540	$ 34,363	$ 39,815	$ 43,680	$ 37,045	$ 41,475	$ 45,104	$ 49,577	$ 148,398	$ 173,201
Services	24,303	24,805	25,545	26,991	25,627	26,498	26,955	28,057	101,644	107,137
Total revenue	54,843	59,168	65,360	70,671	62,672	67,973	72,059	77,634	250,042	280,338
Cost of revenue:										
Products	7,015	8,174	7,796	9,392	8,560	9,447	10,049	11,690	32,377	39,746
Services	4,570	4,901	4,994	4,275	3,851	3,707	4,227	3,639	18,740	15,424
Total cost of revenue	11,585	13,075	12,790	13,667	12,411	13,154	14,276	15,329	51,117	55,170
Gross profit	43,258	46,093	52,570	57,004	50,261	54,819	57,783	62,305	198,925	225,168
Gross margin	78.9 %	77.9 %	80.4 %	80.7 %	80.2 %	80.6 %	80.2 %	80.3 %	79.6 %	80.3 %
Operating expenses:										
Sales & marketing	17,714	18,922	20,154	23,615	21,590	20,698	20,319	21,098	80,405	83,705
Research & development	10,549	11,856	12,585	11,656	12,021	13,375	13,408	15,989	46,646	54,793
General & administrative	4,187	4,199	5,328	4,173	4,967	4,659	4,590	5,406	17,887	19,622
Total operating expenses	32,450	34,977	38,067	39,444	38,578	38,732	38,317	42,493	144,938	158,120
Income from operations	10,808	11,116	14,503	17,560	11,683	16,087	19,466	19,812	53,987	67,048
	19.7 %	18.8 %	22.2 %	24.8 %	18.6 %	23.7 %	27.0 %	25.5 %	21.6 %	23.9 %
Non-operating income (expense):										
Interest expense	—	—	—	—	—	—	—	—	—	—
Interest income and other income (expense), net	(1,183)	(112)	(198)	(253)	(513)	485	(439)	1,104	(1,746)	637
Total non-operating income (expense), net	(1,183)	(112)	(198)	(253)	(513)	485	(439)	1,104	(1,746)	637
Income before provision for income taxes	9,625	11,004	14,305	17,307	11,170	16,572	19,027	20,916	52,241	67,685
Provision for income taxes	184	488	636	864	1,140	3,212	3,116	2,516	2,172	9,984
Non-GAAP net income	$ 9,441	$ 10,516	$ 13,669	$ 16,443	$ 10,030	$ 13,360	$ 15,911	$ 18,400	$ 50,069	$ 57,701
Non-GAAP net income per share:										
Basic	$ 0.12	$ 0.14	$ 0.18	$ 0.21	$ 0.13	$ 0.18	$ 0.21	$ 0.25	$ 0.65	$ 0.76
Diluted	$ 0.12	$ 0.13	$ 0.17	$ 0.20	$ 0.13	$ 0.17	$ 0.20	$ 0.24	$ 0.63	$ 0.74
Weighted-average shares used in computing Non-GAAP net income per share:										
Basic	76,704	76,774	77,149	77,548	76,795	75,893	75,881	73,560	77,046	75,528
Diluted	79,636	79,316	79,927	80,316	79,285	78,306	77,679	75,392	80,037	77,751

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, 2021	Jun. 30, 2021	Sep. 30, 2021	Dec. 31, 2021	Mar. 31, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022
Revenue:										
Products	$ 30,540	$ 34,363	$ 39,815	$ 43,680	$ 37,045	$ 41,475	$ 45,104	$ 49,577	$ 148,398	$ 173,201
Services	24,303	24,805	25,545	26,991	25,627	26,498	26,955	28,057	101,644	107,137
Total revenue	54,843	59,168	65,360	70,671	62,672	67,973	72,059	77,634	250,042	280,338
Cost of revenue:										
Products	7,086	8,215	7,859	9,460	8,633	9,518	10,191	11,793	32,620	40,135
Services	5,413	5,415	5,335	4,722	4,206	3,967	4,574	3,950	20,885	16,697
Total cost of revenue	12,499	13,630	13,194	14,182	12,839	13,485	14,765	15,743	53,505	56,832
Gross profit	42,344	45,538	52,166	56,489	49,833	54,488	57,294	61,891	196,537	223,506
Gross margin	77.2 %	77.0 %	79.8 %	79.9 %	79.5 %	80.2 %	79.5 %	79.7 %	78.6 %	79.7 %
Operating expenses:										
Sales & marketing	19,092	19,749	21,354	25,456	22,782	21,773	21,605	22,351	85,651	88,511
Research & development	13,981	13,491	13,578	13,027	12,887	14,235	14,360	16,916	54,077	58,398
General & administrative	5,247	5,082	6,931	6,161	6,162	5,337	5,661	6,358	23,421	23,518
Total operating expenses	38,320	38,322	41,863	44,644	41,831	41,345	41,626	45,625	163,149	170,427
Income from operations	4,024	7,216	10,303	11,845	8,002	13,143	15,668	16,266	33,388	53,079
	7.3%	12.2%	15.8%	16.8%	12.8%	19.3%	21.7%	21.0%	13.4%	18.9%
Non-operating income (expense):										
Interest and other income (expense), net	(1,183)	(112)	(198)	(253)	(513)	485	(439)	104	(1,746)	(363)
Total non-operating income (expense), net	(1,183)	(112)	(198)	(253)	(513)	485	(439)	104	(1,746)	(363)
Income before income taxes	2,841	7,104	10,105	11,592	7,489	13,628	15,229	16,370	31,642	52,716
Provision for (benefit from) income taxes	184	488	(64,781)	864	1,140	3,212	3,116	(1,660)	(63,245)	5,808
Net income	$ 2,657	$ 6,616	$ 74,886	$ 10,728	$ 6,349	$ 10,416	$ 12,113	$ 18,030	$ 94,887	$ 46,908
Net income per share:										
Basic	$ 0.03	$ 0.09	$ 0.97	$ 0.14	$ 0.08	$ 0.14	$ 0.16	$ 0.25	$ 1.23	$ 0.62
Diluted	$ 0.03	$ 0.08	$ 0.94	$ 0.13	$ 0.08	$ 0.13	$ 0.16	$ 0.24	$ 1.19	$ 0.60
Weighted-average shares used in computing net income per share:										
Basic	76,704	76,774	77,149	77,548	76,795	75,893	75,881	73,560	77,046	75,528
Diluted	79,636	79,316	79,927	80,316	79,285	78,306	77,679	75,392	80,037	77,751

A10 NETWORKS, INC.

Reconciliation of GAAP net income to EBITDA and Adjusted EBITDA

(unaudited, in thousands)

	Three Months Ended								Year Ended	
	Mar. 31, 2021	**Jun. 30, 2021**	**Sep. 30, 2021**	**Dec. 31, 2021**	**Mar. 31, 2022**	**Jun. 30, 2022**	**Sep. 30, 2022**	**Dec. 31, 2022**	**Dec. 31, 2021**	**Dec. 31, 2022**
EBITDA & Adjusted EBITDA (Non-GAAP)										
GAAP net income	$ 2,657	$ 6,616	$ 74,886	$ 10,728	$ 6,349	$ 10,416	$ 12,113	$ 18,030	$ 94,887	$ 46,908
GAAP net income margin	4.8%	11.2%	114.6%	15.2%	10.1%	15.3%	16.8%	23.2%	37.9%	16.7%
Exclude: Interest income and other (income) expense, net	1,183	112	198	253	513	(485)	439	(104)	1,746	363
Exclude: Depreciation & amortization expense	2,413	2,340	2,291	1,863	1,844	1,868	1,827	2,473	8,907	8,012
Exclude: Provision for income taxes	184	488	(64,781)	864	1,140	3,212	3,116	(1,660)	(63,245)	5,808
EBITDA	6,437	9,556	12,594	13,708	9,846	15,011	17,495	18,739	42,295	61,091
Exclude: Stock-based compensation	4,620	2,612	4,201	3,598	3,681	2,944	3,798	3,546	15,031	13,969
Exclude: Global Portfolion Transition expense	1,911	1,036	(1)	2,117	—	—	—	—	5,063	—
Adjusted EBITDA	$ 12,968	$ 13,204	$ 16,794	$ 19,423	$ 13,527	$ 17,955	$ 21,293	$ 22,285	$ 62,389	$ 75,060
Adjusted EBITDA margin	23.6%	22.3%	25.7%	27.5%	21.6%	26.4%	29.5%	28.7%	25.0%	26.8%

A10 NETWORKS, INC.

Condensed Consolidated Balance Sheets

(unaudited, in thousands)

	Mar. 31, 2021	Jun. 30, 2021	Sep. 30, 2021	Dec. 31, 2021	Mar. 31, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents	$ 75,696	$ 67,949	$ 85,637	$ 78,925	$ 67,758	$ 84,242	$ 32,131	$ 67,971
Marketable securities	85,261	98,860	101,820	106,117	96,945	82,551	95,642	83,018
Accounts receivable, net of allowances	51,449	50,219	46,784	61,795	49,282	67,908	73,500	72,928
Inventory, net	19,547	19,084	19,169	22,462	20,832	21,926	21,289	19,693
Prepaid expenses and other current assets	13,022	14,523	13,910	14,720	17,415	15,038	15,023	13,381
Total current assets	244,975	250,635	267,320	284,019	252,232	271,665	237,585	256,991
Property and equipment, net	8,223	9,148	9,555	10,692	13,460	15,046	17,958	19,743
Goodwill	1,307	1,307	1,307	1,307	1,307	1,307	1,307	1,307
Intangible assets	502	141	33	—	—	—	—	—
Other non-current assets	36,573	34,907	96,230	97,067	94,748	96,547	95,811	91,064
TOTAL ASSETS	$ 291,580	$ 296,138	$ 374,445	$ 393,085	$ 361,747	$ 384,565	$ 352,661	$ 369,105
LIABILITIES AND STOCKHOLDERS' EQUITY								
CURRENT LIABILITIES:								
Accounts payable	$ 4,521	$ 5,661	$ 3,755	$ 6,852	$ 4,994	$ 5,567	$ 6,045	$ 6,725
Accrued and other liabilities	26,198	27,763	28,968	36,101	30,213	36,870	41,472	37,183
Deferred revenue	68,299	69,918	70,501	73,132	74,125	80,022	74,762	74,340
Total current liabilities	99,018	103,342	103,224	116,085	109,332	122,459	122,279	118,248
Deferred revenue, non-current	44,920	46,409	46,616	48,499	47,224	47,848	51,405	52,652
Other non-current liabilities	22,983	21,882	21,010	19,613	19,214	19,499	18,243	17,193
TOTAL LIABILITIES	166,921	171,633	170,850	184,197	175,770	189,806	191,927	188,093
STOCKHOLDERS' EQUITY:								
Common & treasury stock, additional paid-in-capital	394,241	387,490	391,683	390,359	365,744	368,105	325,951	331,994
Dividends paid	—	—	—	(3,880)	(7,749)	(11,543)	(15,392)	(19,802)
Accumulated other comprehensive income (loss)	10	(9)	2	(229)	(1,005)	(1,206)	(1,341)	(726)
Accumulated deficit	(269,592)	(262,976)	(188,090)	(177,362)	(171,013)	(160,597)	(148,484)	(130,454)
Total stockholders' equity	124,659	124,505	203,595	208,888	185,977	194,759	160,734	181,012
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 291,580	$ 296,138	$ 374,445	$ 393,085	$ 361,747	$ 384,565	$ 352,661	$ 369,105

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, 2021	**Jun. 30, 2021**	**Sep. 30, 2021**	**Dec. 31, 2021**	**Mar. 31, 2022**	**Jun. 30, 2022**	**Sep. 30, 2022**	**Dec. 31, 2022**	**Dec. 31, 2021**	**Dec. 31, 2022**
Revenue by type:										
Product	$ 30,540	$ 34,363	$ 39,815	$ 43,680	$ 37,045	$ 41,475	$ 45,104	$ 49,577	$ 148,398	$ 173,201
Service	24,303	24,805	25,545	26,991	25,627	26,498	26,955	28,057	101,644	107,137
Total revenue	$ 54,843	$ 59,168	$ 65,360	$ 70,671	$ 62,672	$ 67,973	$ 72,059	$ 77,634	$ 250,042	$ 280,338
Revenue by geography:										
Americas	**$ 26,270**	**$ 28,836**	**$ 32,261**	**$ 33,802**	**$ 32,958**	**$ 38,553**	**$ 35,995**	**$ 41,167**	**$ 121,169**	**$ 148,673**
United States	*20,657*	*23,600*	*27,227*	*28,000*	*29,174*	*33,756*	*29,219*	*37,248*	*99,484*	*129,397*
Americas-other	*5,613*	*5,236*	*5,034*	*5,802*	*3,784*	*4,797*	*6,776*	*3,919*	*21,685*	*19,276*
APJ	**19,954**	**23,267**	**22,111**	**25,042**	**17,789**	**21,614**	**24,860**	**25,439**	**90,374**	**89,702**
APAC	*6,335*	*7,703*	*6,794*	*7,842*	*6,249*	*7,964*	*9,487*	*9,286*	*28,674*	*32,986*
Japan	*13,619*	*15,564*	*15,317*	*17,200*	*11,540*	*13,650*	*15,373*	*16,153*	*61,700*	*56,716*
EMEA	**8,619**	**7,065**	**10,988**	**11,827**	**11,925**	**7,806**	**11,204**	**11,028**	**38,499**	**41,963**
Total revenue	$ 54,843	$ 59,168	$ 65,360	$ 70,671	$ 62,672	$ 67,973	$ 72,059	$ 77,634	$ 250,042	$ 280,338
Revenue by vertical:										
Enterprise	$ 20,864	$ 23,145	$ 23,074	$ 25,937	$ 21,905	$ 23,725	$ 27,103	$ 23,898	$ 93,020	$ 96,631
Service Provider	33,979	36,023	42,286	44,734	40,767	44,248	44,956	53,736	157,022	183,707
Total revenue	$ 54,843	$ 59,168	$ 65,360	$ 70,671	$ 62,672	$ 67,973	$ 72,059	$ 77,634	$ 250,042	$ 280,338

A10 NETWORKS, INC.

Reconciliation of Selected GAAP to Non-GAAP Financial Measures

(unaudited, in thousands, except per share data)

	Three Months Ended								Year Ended	
	Mar. 31, 2021	Jun. 30, 2021	Sep. 30, 2021	Dec. 31, 2021	Mar. 31, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022
GAAP cost of revenue - products	$ 7,086	$ 8,215	$ 7,859	$ 9,460	$ 8,633	$ 9,518	$ 10,191	$ 11,793	$ 32,620	$ 40,135
Stock-based compensation	(71)	(41)	(63)	(68)	(73)	(71)	(142)	(103)	(243)	(389)
Non-GAAP cost of revenue - products	$ 7,015	$ 8,174	$ 7,796	$ 9,392	$ 8,560	$ 9,447	$ 10,049	$ 11,690	$ 32,377	$ 39,746
GAAP cost of revenue - services	$ 5,413	$ 5,415	$ 5,335	$ 4,722	$ 4,206	$ 3,967	$ 4,574	$ 3,950	$ 20,885	$ 16,697
Stock-based compensation	(570)	(262)	(328)	(330)	(355)	(260)	(347)	(311)	(1,490)	(1,273)
Global distribution center transition expense	(273)	(252)	(13)	(117)	—	—	—	—	(655)	—
Non-GAAP cost of revenue - services	$ 4,570	$ 4,901	$ 4,994	$ 4,275	$ 3,851	$ 3,707	$ 4,227	$ 3,639	$ 18,740	$ 15,424
GAAP total cost of revenue	$ 12,499	$ 13,630	$ 13,194	$ 14,182	$ 12,839	$ 13,485	$ 14,765	$ 15,743	$ 53,505	$ 56,832
Stock-based compensation	(641)	(303)	(391)	(398)	(428)	(331)	(489)	(414)	(1,733)	(1,662)
Global distribution center transition expense	(273)	(252)	(13)	(117)	—	—	—	—	(655)	—
Non-GAAP total cost of revenue	$ 11,585	$ 13,075	$ 12,790	$ 13,667	$ 12,411	$ 13,154	$ 14,276	$ 15,329	$ 51,117	$ 55,170
GAAP gross profit	$ 42,344	$ 45,538	$ 52,166	$ 56,489	$ 49,833	$ 54,488	$ 57,294	$ 61,891	$ 196,537	$ 223,506
Stock-based compensation	641	303	391	398	428	331	489	414	1,733	1,662
Global distribution center transition expense	273	252	13	117	—	—	—	—	655	-
Non-GAAP gross profit	$ 43,258	$ 46,093	$ 52,570	$ 57,004	$ 50,261	$ 54,819	$ 57,783	$ 62,305	$ 198,925	$ 225,168
GAAP sales & marketing expense	$ 19,092	$ 19,749	$ 21,354	$ 25,456	$ 22,782	$ 21,773	$ 21,605	$ 22,351	$ 85,651	$ 88,511
Stock-based compensation	(1,378)	(827)	(1,199)	(1,150)	(1,192)	(1,075)	(1,286)	(1,253)	(4,554)	(4,806)
Global distribution center transition expense	—	—	(1)	(691)	—	—	—	—	(692)	—
Non-GAAP sales & marketing expense	$ 17,714	$ 18,922	$ 20,154	$ 23,615	$ 21,590	$ 20,698	$ 20,319	$ 21,098	$ 80,405	$ 83,705
GAAP research & development	$ 13,981	$ 13,491	$ 13,578	$ 13,027	$ 12,887	$ 14,235	$ 14,360	$ 16,916	$ 54,077	$ 58,398
Stock-based compensation	(1,607)	(668)	(993)	(1,013)	(866)	(860)	(952)	(927)	(4,281)	(3,605)
Global distribution center transition expense	(1,572)	(715)	—	(358)	—	—	—	—	(2,645)	—
Amortization expense related to acquisition	(253)	(252)	—	—	—	—	—	—	(1)	—
Non-GAAP research & development	$ 10,549	$ 11,856	$ 12,585	$ 11,656	$ 12,021	$ 13,375	$ 13,408	$ 15,989	$ 46,646	$ 54,793
GAAP general & administrative expense	$ 5,247	$ 5,082	$ 6,931	$ 6,161	$ 6,162	$ 5,337	$ 5,661	$ 6,358	$ 23,421	$ 23,518
Stock-based compensation	(994)	(814)	(1,618)	(1,037)	(1,195)	(678)	(1,071)	(952)	(4,463)	(3,896)
Global distribution center transition expense	(66)	(69)	15	(951)	—	—	—	—	(1,071)	—
Non-GAAP general & administrative expense	$ 4,187	$ 4,199	$ 5,328	$ 4,173	$ 4,967	$ 4,659	$ 4,590	$ 5,406	$ 17,887	$ 19,622

A10 NETWORKS, INC.

Reconciliation of Selected GAAP to Non-GAAP Financial Measures

(unaudited, in thousands, except per share data)

	Three Months Ended								Year Ended	
	Mar. 31, 2021	Jun. 30, 2021	Sep. 30, 2021	Dec. 31, 2021	Mar. 31, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022
GAAP total operating expenses	$ 38,320	$ 38,322	$ 41,863	$ 44,644	$ 41,831	$ 41,345	$ 41,626	$ 45,625	$ 163,149	$ 170,427
Stock-based compensation	(3,979)	(2,309)	(3,810)	(3,200)	(3,253)	(2,613)	(3,309)	(3,132)	(13,298)	(12,307)
Impairment of investment	—	—	—	—	—	—	—	-	—	-
Amortization expense related to acquisition	(253)	(252)	—	—	—	—	—	—	(505)	—
Global distribution center transition expense	(1,638)	(784)	14	(2,000)	—	—	—	—	(4,408)	—
Non-GAAP total operating expenses	$ 32,450	$ 34,977	$ 38,067	$ 39,444	$ 38,578	$ 38,732	$ 38,317	$ 42,493	$ 144,938	$ 158,120
GAAP income from operations	$ 4,024	$ 7,216	$ 10,303	$ 11,845	$ 8,002	$ 13,143	$ 15,668	$ 16,266	$ 33,388	$ 53,079
Stock-based compensation	4,620	2,612	4,201	3,598	3,681	2,944	3,798	3,546	15,031	13,969
Amortization expense related to acquisition	253	252	—	—	—	—	—	—	505	—
Global distribution center transition expense	1,911	1,036	(1)	2,117	—	—	—	—	5,063	—
Impairment of investment	—	—	—	—	—	—	—	-	—	-
Non-GAAP income from operations	10,808	11,116	14,503	17,560	11,683	16,087	19,466	19,812	$ 53,987	$ 67,048
GAAP Provision for income taxes	$ 184	$ 488	$ (64,781)	$ 864	$ 1,140	$ 3,212	$ 3,116	$ (1,660)	$ (63,245)	$ 5,808
Tax benefit from amended returns	—	—	—	—	—	—	—	4,176	—	4,176
Release of DTA valuation allowance	—	—	65,417	—	—	—	—	—	65,417	—
Non-GAAP provision for income Taxes	$ 184	$ 488	$ 636	$ 864	$ 1,140	$ 3,212	$ 3,116	$ 2,516	$ 2,172	$ 9,984
GAAP net income	$ 2,657	$ 6,616	$ 74,886	$ 10,728	$ 6,349	$ 10,416	$ 12,113	$ 18,030	$ 94,887	$ 46,908
Stock-based compensation	4,620	2,612	4,201	3,598	3,681	2,944	3,798	3,546	15,031	13,969
Impairment of investment	—	—	—	—	—	—	—	1,000	—	1,000
Amortization expense related to acquisition	253	252	—	—	—	—	—	—	505	—
Global distribution center transition expense	1,911	1,036	(1)	2,117	—	—	—	—	5,063	—
Tax benefit from amended returns	—	—	—	—	—	—	—	(4,176)	—	(4,176)
Release of DTA valuation allowance	—	—	(65,417)	—	—	—	—	—	(65,417)	—
Non-GAAP net income	$ 9,441	$ 10,516	$ 13,669	$ 16,443	$ 10,030	$ 13,360	$ 15,911	$ 18,400	$ 50,069	$ 57,701
Non-GAAP net income per share:										
Basic	$ 0.12	$ 0.14	$ 0.18	$ 0.21	$ 0.13	$ 0.18	$ 0.21	$ 0.25	$ 0.65	$ 0.76
Diluted	$ 0.12	$ 0.13	$ 0.17	$ 0.20	$ 0.13	$ 0.17	$ 0.20	$ 0.24	$ 0.63	$ 0.74
Weighted-average shares used in computing Non-GAAP net income per share:										
Basic	76,704	76,774	77,149	77,548	76,795	75,893	75,881	73,560	77,046	75,528
Diluted	79,636	79,316	79,927	80,316	79,285	78,306	77,649	75,392	80,037	77,751