A10 NETWORKS, INC.

Non-GAAP Condensed Consolidated Statements of Operations

(unaudited, in thousands, except per share data)

	Three Months Ended							Year Ended
	Mar. 31, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2022
Revenue:								
Products	$ 37,045	$ 41,475	$ 45,104	$ 49,577	$ 31,182	$ 39,090	$ 30,260	$ 173,201
Services	25,627	26,498	26,955	28,057	26,509	26,727	27,515	107,137
Total revenue	62,672	67,973	72,059	77,634	57,691	65,817	57,775	280,338
Cost of revenue:								
Products	8,560	9,447	10,049	11,690	5,963	9,320	6,674	39,746
Services	3,851	3,707	4,227	3,639	3,764	3,726	3,823	15,424
Total cost of revenue	12,411	13,154	14,276	15,329	9,727	13,046	10,497	55,170
Gross profit	50,261	54,819	57,783	62,305	47,964	52,771	47,278	225,168
Gross margin	80.2 %	80.6 %	80.2 %	80.3 %	83.1 %	80.2 %	81.8 %	80.3 %
Operating expenses:								
Sales & marketing	21,590	20,698	20,319	21,098	19,607	19,934	18,886	83,705
Research & development	12,021	13,375	13,408	15,989	10,411	13,125	12,271	54,793
General & administrative	4,967	4,659	4,590	5,406	4,595	4,540	4,245	19,622
Total operating expenses	38,578	38,732	38,317	42,493	34,613	37,599	35,402	158,120
Income from operations	11,683	16,087	19,466	19,812	13,351	15,172	11,876	67,048
	18.6 %	23.7 %	27.0 %	25.5 %	23.1 %	23.1 %	20.6 %	23.9 %
Non-operating income (expense):								
Interest expense	—	—	—	—	—	662	1,766	—
Interest income and other income (expense), net	(513)	485	(439)	1,104	(1,245)	1,884	987	637
Total non-operating income (expense), net	(513)	485	(439)	1,104	(1,245)	2,546	2,753	637
Income before provision for income taxes	11,170	16,572	19,027	20,916	12,106	17,718	14,629	67,685
Provision for income taxes *	1,140	3,212	3,116	2,516	2,179	3,189	2,633	9,984
Non-GAAP net income	$ 10,030	$ 13,360	$ 15,911	$ 18,400	$ 9,927	$ 14,529	$ 11,996	$ 57,701
Non-GAAP net income per share:								
Basic	$ 0.13	$ 0.18	$ 0.21	$ 0.25	$ 0.13	$ 0.20	$ 0.16	$ 0.76
Diluted	$ 0.13	$ 0.17	$ 0.20	$ 0.24	$ 0.13	$ 0.19	$ 0.16	$ 0.74
Weighted-average shares used in computing Non-GAAP net income per share:								
Basic	76,795	75,893	75,881	73,560	74,001	74,017	74,526	75,528
Diluted	79,285	78,306	77,679	75,392	75,541	75,428	75,807	77,751

* In Q1-23, the Company began pressenting tax-effect non-GAAP net income for the tax effect of excluding non-GAAP items.

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, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2022
Revenue:								
Products	$ 37,045	$ 41,475	$ 45,104	$ 49,577	$ 31,182	$ 39,090	$ 30,260	$ 173,201
Services	25,627	26,498	26,955	28,057	26,509	26,727	27,515	107,137
Total revenue	62,672	67,973	72,059	77,634	57,691	65,817	57,775	280,338
Cost of revenue:								
Products	8,633	9,518	10,191	11,793	6,083	9,436	6,815	40,135
Services	4,206	3,967	4,574	3,950	4,133	4,027	4,194	16,697
Total cost of revenue	12,839	13,485	14,765	15,743	10,216	13,463	11,009	56,832
Gross profit	49,833	54,488	57,294	61,891	47,475	52,354	46,766	223,506
Gross margin	79.5 %	80.2 %	79.5 %	79.7 %	82.3 %	79.5 %	80.9 %	79.7 %
Operating expenses:								
Sales & marketing	22,782	21,773	21,605	22,351	22,334	20,868	21,324	88,511
Research & development	12,887	14,235	14,360	16,916	11,665	13,965	17,620	58,398
General & administrative	6,162	5,337	5,661	6,358	7,309	5,255	5,613	23,518
Total operating expenses	41,831	41,345	41,626	45,625	41,308	40,088	44,557	170,427
Income from operations	8,002	13,143	15,668	16,266	6,167	12,266	2,209	53,079
	12.8%	19.3%	21.7%	21.0%	10.7%	18.6%	3.8%	18.9%
Non-operating income (expense):								
Interest and other income (expense), net	(513)	485	(439)	104	(1,245)	2,546	2,753	(363)
Total non-operating income (expense), net	(513)	485	(439)	104	(1,245)	2,546	2,753	(363)
Income before income taxes	7,489	13,628	15,229	16,370	4,922	14,812	4,962	52,716
Provision for (benefit from) income taxes	1,140	3,212	3,116	(1,660)	964	3,186	(1,507)	5,808
Net income	$ 6,349	$ 10,416	$ 12,113	$ 18,030	$ 3,958	$ 11,626	$ 6,469	$ 46,908
Net income per share:								
Basic	$ 0.08	$ 0.14	$ 0.16	$ 0.25	$ 0.05	$ 0.16	$ 0.09	$ 0.62
Diluted	$ 0.08	$ 0.13	$ 0.16	$ 0.24	$ 0.05	$ 0.15	$ 0.09	$ 0.60
Weighted-average shares used in computing net income per share:								
Basic	76,795	75,893	75,881	73,560	74,001	74,017	74,526	75,528
Diluted	79,285	78,306	77,679	75,392	75,541	75,428	75,807	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, 2022	**Jun. 30, 2022**	**Sep. 30, 2022**	**Dec. 31, 2022**	**Mar. 31, 2023**	**Jun. 30, 2023**	**Sep. 30, 2023**	**Dec. 31, 2022**
EBITDA & Adjusted EBITDA (Non-GAAP)								
GAAP net income	$ 6,349	$ 10,416	$ 12,113	$ 18,030	$ 3,958	$ 11,626	$ 6,469	$ 46,908
GAAP net income margin	10.1%	15.3%	16.8%	23.2%	6.9%	17.7%	11.2%	16.7%
Exclude: Interest income and other (income) expense, net	513	(485)	439	(104)	1,245	(2,546)	(2,753)	363
Exclude: Depreciation & amortization expense	1,844	1,868	1,827	2,473	2,106	2,202	2,537	8,012
Exclude: Income tax provision (benefit)	1,140	3,212	3,116	(1,660)	964	3,186	(1,507)	5,808
EBITDA	9,846	15,011	17,495	18,739	8,273	14,468	4,746	61,091
Exclude: Stock-based compensation	3,681	2,944	3,798	3,546	3,970	3,527	4,255	13,969
Exclude: Workforce reduction severance	—	—	—	—	1,861	—	2,437	—
Exclude: Capitalized project impairment	—	—	—	—	—	—	2,975	—
Exclude: Cyber incident remediation expense	—	—	—	—	1,353	(621)	—	—
Adjusted EBITDA	$ 13,527	$ 17,955	$ 21,293	$ 22,285	$ 15,457	$ 17,374	$ 14,413	$ 75,060
Adjusted EBITDA margin	21.6%	26.4%	29.5%	28.7%	26.8%	26.4%	24.9%	26.8%

A10 NETWORKS, INC.

Condensed Consolidated Balance Sheets

(unaudited, in thousands)

	Mar. 31, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	$ 67,758	$ 84,242	$ 32,131	$ 67,971	$ 68,519	$ 111,181	$ 104,152
Marketable securities	96,945	82,551	95,642	83,018	76,022	42,730	64,889
Accounts receivable, net of allowances	49,282	67,908	73,500	72,928	67,007	69,171	59,070
Inventory, net	20,832	21,926	21,289	19,693	20,391	20,438	23,561
Prepaid expenses and other current assets	17,415	15,038	15,023	13,381	13,054	12,945	12,959
Total current assets	252,232	271,665	237,585	256,991	244,993	256,465	264,631
Property and equipment, net	13,460	15,046	17,958	19,743	22,305	25,210	26,054
Goodwill	1,307	1,307	1,307	1,307	1,307	1,307	1,307
Other non-current assets	94,748	96,547	95,811	91,064	88,680	85,250	85,850
TOTAL ASSETS	$ 361,747	$ 384,565	$ 352,661	$ 369,105	$ 357,285	$ 368,232	$ 377,842
LIABILITIES AND STOCKHOLDERS' EQUITY							
CURRENT LIABILITIES:							
Accounts payable	$ 4,994	$ 5,567	$ 6,045	$ 6,725	$ 5,906	$ 6,399	$ 8,214
Accrued and other liabilities	30,213	36,870	41,472	37,183	21,410	22,656	23,577
Deferred revenue	74,125	80,022	74,762	74,340	75,729	78,023	79,540
Total current liabilities	109,332	122,459	122,279	118,248	103,045	107,078	111,331
Deferred revenue, non-current	47,224	47,848	51,405	52,652	52,769	53,590	56,174
Other non-current liabilities	19,214	19,499	18,243	17,193	15,970	14,626	13,415
TOTAL LIABILITIES	175,770	189,806	191,927	188,093	171,784	175,294	180,920
STOCKHOLDERS' EQUITY:							
Common & treasury stock, additional paid-in-capital	365,744	368,105	325,951	331,994	336,408	335,948	338,160
Dividends paid	(7,749)	(11,543)	(15,392)	(19,802)	(24,248)	(28,682)	(33,171)
Accumulated other comprehensive income (loss)	(1,005)	(1,206)	(1,341)	(726)	(163)	542	334
Accumulated deficit	(171,013)	(160,597)	(148,484)	(130,454)	(126,496)	(114,870)	(108,401)
Total stockholders' equity	185,977	194,759	160,734	181,012	185,501	192,938	196,922
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 361,747	$ 384,565	$ 352,661	$ 369,105	$ 357,285	$ 368,232	$ 377,842

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, 2022	**Jun. 30, 2022**	**Sep. 30, 2022**	**Dec. 31, 2022**	**Mar. 31, 2023**	**Jun. 30, 2023**	**Sep. 30, 2023**	**Dec. 31, 2022**
Revenue by type:								
Product	$ 37,045	$ 41,475	$ 45,104	$ 49,577	$ 31,182	$ 39,090	$ 30,260	$ 173,201
Service	25,627	26,498	26,955	28,057	26,509	26,727	27,515	107,137
Total revenue	$ 62,672	$ 67,973	$ 72,059	$ 77,634	$ 57,691	$ 65,817	$ 57,775	$ 280,338
Revenue by geography:								
Americas	**$ 32,958**	**$ 38,553**	**$ 35,995**	**$ 41,167**	**$ 29,956**	**$ 36,921**	**$ 25,818**	**$ 148,673**
United States	*29,174*	*33,756*	*29,219*	*37,248*	*24,121*	*31,840*	*23,777*	*129,397*
Americas-other	*3,784*	*4,797*	*6,776*	*3,919*	*5,835*	*5,081*	*2,041*	*19,276*
APJ	**17,789**	**21,614**	**24,860**	**25,439**	**15,760**	**21,982**	**21,196**	**89,702**
APAC	*6,249*	*7,964*	*9,487*	*9,286*	*5,431*	*9,606*	*6,964*	*32,986*
Japan	*11,540*	*13,650*	*15,373*	*16,153*	*10,329*	*12,376*	*14,232*	*56,716*
EMEA	**11,925**	**7,806**	**11,204**	**11,028**	**11,975**	**6,914**	**10,761**	**41,963**
Total revenue	$ 62,672	$ 67,973	$ 72,059	$ 77,634	$ 57,691	$ 65,817	$ 57,775	$ 280,338
Revenue by vertical:								
Enterprise	$ 21,905	$ 23,725	$ 27,103	$ 23,898	$ 25,125	$ 21,426	$ 29,046	$ 96,631
Service Provider	40,767	44,248	44,956	53,736	32,566	44,391	28,729	183,707
Total revenue	$ 62,672	$ 67,973	$ 72,059	$ 77,634	$ 57,691	$ 65,817	$ 57,775	$ 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, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2022
GAAP cost of revenue - products	$ 8,633	$ 9,518	$ 10,191	$ 11,793	$ 6,083	$ 9,436	$ 6,815	$ 40,135
Stock-based compensation	(73)	(71)	(142)	(103)	(120)	(116)	(141)	(389)
Non-GAAP cost of revenue - products	$ 8,560	$ 9,447	$ 10,049	$ 11,690	$ 5,963	$ 9,320	$ 6,674	$ 39,746
GAAP cost of revenue - services	$ 4,206	$ 3,967	$ 4,574	$ 3,950	$ 4,133	$ 4,027	$ 4,194	$ 16,697
Workforce reduction expense	—	—	—	—	(42)	—	—	—
Cyber incident remediation expense	—	—	—	—	(3)	—	—	—
Stock-based compensation	(355)	(260)	(347)	(311)	(324)	(301)	(371)	(1,273)
Non-GAAP cost of revenue - services	$ 3,851	$ 3,707	$ 4,227	$ 3,639	$ 3,764	$ 3,726	$ 3,823	$ 15,424
GAAP total cost of revenue	$ 12,839	$ 13,485	$ 14,765	$ 15,743	$ 10,216	$ 13,463	$ 11,009	$ 56,832
Workforce reduction expense	—	—	—	—	(42)	—	—	—
Cyber incident remediation expense	—	—	—	—	(3)	—	—	—
Stock-based compensation	(428)	(331)	(489)	(414)	(444)	(417)	(512)	(1,662)
Non-GAAP total cost of revenue	$ 12,411	$ 13,154	$ 14,276	$ 15,329	$ 9,727	$ 13,046	$ 10,497	$ 55,170
GAAP gross profit	$ 49,833	$ 54,488	$ 57,294	$ 61,891	$ 47,475	$ 52,354	$ 46,766	$ 223,506
Workforce reduction expense	—	—	—	—	42	—	—	—
Cyber incident remediation expense	—	—	—	—	3	—	—	—
Stock-based compensation	428	331	489	414	444	417	512	1,662
Non-GAAP gross profit	$ 50,261	$ 54,819	$ 57,783	$ 62,305	$ 47,964	$ 52,771	$ 47,278	$ 225,168
GAAP sales & marketing expense	$ 22,782	$ 21,773	$ 21,605	$ 22,351	$ 22,334	$ 20,868	$ 21,324	$ 88,511
Workforce reduction expense	—	—	—	—	(1,472)	—	(1,081)	—
Stock-based compensation	(1,192)	(1,075)	(1,286)	(1,253)	(1,255)	(934)	(1,357)	(4,806)
Non-GAAP sales & marketing expense	$ 21,590	$ 20,698	$ 20,319	$ 21,098	$ 19,607	$ 19,934	$ 18,886	$ 83,705
GAAP research & development	$ 12,887	$ 14,235	$ 14,360	$ 16,916	$ 11,665	$ 13,965	$ 17,620	$ 58,398
Workforce reduction expense	—	—	—	—	(347)	—	(1,347)	—
Impairment expense	—	—	—	—	—	—	(2,975)	—
Stock-based compensation	(866)	(860)	(952)	(927)	(904)	(840)	(1,027)	(3,605)
Non-GAAP research & development	$ 12,021	$ 13,375	$ 13,408	$ 15,989	$ 10,414	$ 13,125	$ 12,271	$ 54,793
GAAP general & administrative expense	$ 6,162	$ 5,337	$ 5,661	$ 6,358	$ 7,309	$ 5,255	$ 5,613	$ 23,518
Cyber incident remediation expense	—	—	—	—	(1,350)	621	—	—
Workforce reduction expense	—	—	—	—	—	—	(9)	—
Stock-based compensation	(1,195)	(678)	(1,071)	(952)	(1,367)	(1,336)	(1,359)	(3,896)
Non-GAAP general & administrative expense	$ 4,967	$ 4,659	$ 4,590	$ 5,406	$ 4,592	$ 4,540	$ 4,245	$ 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, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2022
GAAP total operating expenses	$ 41,831	$ 41,345	$ 41,626	$ 45,625	$ 41,308	$ 40,088	$ 44,557	$ 170,427
Workforce reduction expense	—	—	—	—	(1,819)	—	(2,437)	—
Impairment expense	—	—	—	—	—	—	(2,975)	—
Cyber incident remediation expense	—	—	—	—	(1,350)	621	—	—
Stock-based compensation	(3,253)	(2,613)	(3,309)	(3,132)	(3,526)	(3,110)	(3,743)	(12,307)
Non-GAAP total operating expenses	$ 38,578	$ 38,732	$ 38,317	$ 42,493	$ 34,613	$ 37,599	$ 35,402	$ 158,120
GAAP income from operations	$ 8,002	$ 13,143	$ 15,668	$ 16,266	$ 6,167	$ 12,266	$ 2,209	$ 53,079
Workforce reduction expense	—	—	—	—	1,861	—	2,437	—
Impairment expense	—	—	—	—	—	—	2,975	—
Cyber incident remediation expense	—	—	—	—	1,353	(621)	-	—
Stock-based compensation	3,681	2,944	3,798	3,546	3,970	3,527	4,255	13,969
Non-GAAP income from operations	11,683	16,087	19,466	19,812	13,351	15,172	11,876	$ 67,048
GAAP Provision for income taxes	$ 1,140	$ 3,212	$ 3,116	$ (1,660)	$ 964	$ 3,186	$ (1,507)	$ 5,808
Tax benefit from amended returns	—	—	—	4,176	—	—	—	4,176
Tax-effected non-GAAP results (starting Q1'23)	—	—	—	—	1,215	3	4,140	—
Non-GAAP provision for income Taxes	$ 1,140	$ 3,212	$ 3,116	$ 2,516	$ 2,179	$ 3,189	$ 2,633	$ 9,984
GAAP net income	$ 6,349	$ 10,416	$ 12,113	$ 18,030	$ 3,958	$ 11,626	$ 6,469	$ 46,908
Stock-based compensation	3,681	2,944	3,798	3,546	3,970	3,527	4,255	13,969
Impairment expense	—	—	—	1,000	—	—	2,975	1,000
Workforce reduction expense	—	—	—	—	1,861	—	2,437	—
Cyber incident remediation expense	—	—	—	—	1,353	(621)	—	—
Tax benefit from amended returns	—	—	—	(4,176)	—	—	—	(4,176)
Tax-effected non-GAAP results (starting Q1'23)	—	—	—	—	(1,215)	(3)	(4,140)	—
Non-GAAP net income	$ 10,030	$ 13,360	$ 15,911	$ 18,400	$ 9,927	$ 14,529	$ 11,996	$ 57,701
Non-GAAP net income per share:								
Basic	$ 0.13	$ 0.18	$ 0.21	$ 0.25	$ 0.13	$ 0.20	$ 0.16	$ 0.76
Diluted	$ 0.13	$ 0.17	$ 0.20	$ 0.24	$ 0.13	$ 0.19	$ 0.16	$ 0.74
Weighted-average shares used in computing Non-GAAP net income per share:								
Basic	76,795	75,893	75,881	73,560	74,001	74,017	74,526	75,528
Diluted	79,285	78,306	77,649	75,392	75,541	75,428	75,807	77,751