

A10 NETWORKS, INC.
Condensed Consolidated Statements of Operations
(unaudited, in thousands, except per share data, on a US GAAP basis)

	Three Months Ended				Years Ended	Three Months Ended	
	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2023	Dec. 31, 2023	Mar. 31, 2024	Jun. 30, 2024
Net revenue:							
Products	\$ 31,182	\$ 39,090	\$ 30,260	\$ 40,550	\$ 141,082	\$ 30,069	\$ 29,533
Services	26,509	26,727	27,515	29,867	110,618	30,606	30,563
Total net revenue	57,691	65,817	57,775	70,417	251,700	60,675	60,096
Cost of net revenue:							
Products	6,083	9,436	6,815	9,134	31,468	6,799	6,813
Services	4,133	4,027	4,194	4,140	16,494	4,645	5,225
Total cost of net revenue	10,216	13,463	11,009	13,274	47,962	11,444	12,038
Gross profit	47,475	52,354	46,766	57,143	203,738	49,231	48,058
Gross margin	82.3 %	79.5 %	80.9 %	81.1 %	80.9 %	81.1 %	80.0 %
Operating expenses:							
Sales & marketing	22,334	20,868	21,324	21,450	85,976	21,214	19,453
Research & development	11,665	13,965	17,620	11,979	55,229	14,063	14,737
General & administrative	7,309	5,255	5,613	5,708	23,885	6,741	5,952
Total operating expenses	41,308	40,088	44,557	39,137	165,090	42,018	40,142
Income from operations	6,167	12,266	2,209	18,006	38,648	7,213	7,916
	10.7%	18.6%	3.8%	25.6%	15.4%	11.9%	13.2%
Non-operating income (expense):							
Interest and other income (expense), net	(1,245)	2,546	2,753	1,093	5,147	4,007	3,067
Total non-operating income (expense), net	(1,245)	2,546	2,753	1,093	5,147	4,007	3,067
Income before income taxes	4,922	14,812	4,962	19,099	43,795	11,220	10,983
Provision for (benefit from) income taxes	964	3,186	(1,507)	1,182	3,825	1,494	1,507
Net income	\$ 3,958	\$ 11,626	\$ 6,469	\$ 17,917	\$ 39,970	\$ 9,726	\$ 9,476
Net income per share:							
Basic	\$ 0.05	\$ 0.16	\$ 0.09	\$ 0.24	\$ 0.54	\$ 0.13	\$ 0.13
Diluted	\$ 0.05	\$ 0.15	\$ 0.09	\$ 0.24	\$ 0.53	\$ 0.13	\$ 0.13
Weighted-average shares used in computing net income per share:							
Basic	74,001	74,017	74,526	74,288	74,210	74,451	74,366
Diluted	75,541	75,428	75,807	74,972	75,550	75,318	75,497

A10 NETWORKS, INC.

Non-GAAP Condensed Consolidated Statements of Operations

(unaudited, in thousands, except per share data)

	Three Months Ended				Years Ended	Three Months Ended	
	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2023	Dec. 31, 2023	Mar. 31, 2024	Jun. 30, 2024
Net revenue:							
Products	\$ 31,182	\$ 39,090	\$ 30,260	\$ 40,550	\$ 141,082	\$ 30,069	\$ 29,533
Services	26,509	26,727	27,515	29,867	110,618	30,606	30,563
Total net revenue	57,691	65,817	57,775	70,417	251,700	60,675	60,096
Cost of net revenue:							
Products	5,963	9,320	6,674	9,010	30,967	6,664	6,651
Services	3,764	3,726	3,823	3,823	15,136	4,309	4,824
Total cost of net revenue	9,727	13,046	10,497	12,833	46,103	10,973	11,475
Gross profit	47,964	52,771	47,278	57,584	205,597	49,702	48,621
Gross margin	83.1 %	80.2 %	81.8 %	81.8 %	81.7 %	81.9 %	80.9 %
Operating expenses:							
Sales & marketing	19,607	19,934	18,886	21,027	79,454	20,158	18,340
Research & development	10,411	13,125	12,271	11,273	47,080	13,157	13,707
General & administrative	4,595	4,540	4,245	3,856	17,236	5,185	3,878
Total operating expenses	34,613	37,599	35,402	36,156	143,770	38,500	35,925
Income from operations	13,351	15,172	11,876	21,428	61,827	11,202	12,696
	23.1 %	23.1 %	20.6 %	30.4 %	24.6 %	18.5%	21.1%
Non-operating income (expense):							
Interest income and other income (expense), net	(1,245)	2,546	2,753	1,093	5,147	4,007	3,067
Total non-operating income (expense), net	(1,245)	2,546	2,753	1,093	5,147	4,007	3,067
Income before provision for income taxes	12,106	17,718	14,629	22,521	66,974	15,209	15,763
Provision for income taxes *	2,179	3,189	2,633	4,054	12,055	2,464	2,553
Non-GAAP net income	\$ 9,927	\$ 14,529	\$ 11,996	\$ 18,467	\$ 54,919	\$ 12,745	\$ 13,210
Non-GAAP net income per share:							
Basic	\$ 0.13	\$ 0.20	\$ 0.16	\$ 0.25	\$ 0.74	\$ 0.17	\$ 0.18
Diluted	\$ 0.13	\$ 0.19	\$ 0.16	\$ 0.25	\$ 0.73	\$ 0.17	\$ 0.18
Weighted-average shares used in computing Non-GAAP net income per share:							
Basic	74,001	74,017	74,526	74,288	74,210	74,451	74,366
Diluted	75,541	75,428	75,807	74,972	75,550	75,318	75,497

A10 NETWORKS, INC.
Condensed Consolidated Balance Sheets
(unaudited, in thousands)

	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2023	Mar. 31, 2024	Jun. 30, 2024
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$ 68,519	\$ 111,181	\$ 104,152	\$ 97,244	\$ 122,909	\$ 77,457
Marketable securities	76,022	42,730	64,889	62,056	59,163	99,682
Accounts receivable, net of allowances	67,007	69,171	59,070	74,307	55,906	57,395
Inventory, net	20,391	20,438	23,561	23,522	24,895	25,212
Prepaid expenses and other current assets	13,054	12,945	12,959	14,695	13,225	15,301
Total current assets	244,993	256,465	264,631	271,824	276,098	275,047
Property and equipment, net	22,305	25,210	26,054	29,876	30,254	34,012
Goodwill	1,307	1,307	1,307	1,307	1,307	1,307
Other non-current assets	88,680	85,250	85,850	86,802	87,999	86,804
TOTAL ASSETS	\$ 357,285	\$ 368,232	\$ 377,842	\$ 389,809	\$ 395,658	\$ 397,170
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES:						
Accounts payable	\$ 5,906	\$ 6,399	\$ 8,214	\$ 7,024	\$ 5,049	\$ 5,642
Accrued and other liabilities	21,410	22,656	23,577	21,388	24,466	27,398
Deferred revenue	75,729	78,023	79,540	82,657	83,345	81,993
Total current liabilities	103,045	107,078	111,331	111,069	112,860	115,033
Deferred revenue, non-current	52,769	53,590	56,174	58,677	57,561	57,963
Other non-current liabilities	15,970	14,626	13,415	12,187	10,928	9,817
TOTAL LIABILITIES	171,784	175,294	180,920	181,933	181,349	182,813
STOCKHOLDERS' EQUITY:						
Common & treasury stock, additional paid-in-capital	336,408	335,948	338,160	336,050	337,217	331,736
Dividends paid	(24,248)	(28,682)	(33,171)	(37,619)	(42,091)	(46,562)
Accumulated other comprehensive income (loss)	(163)	542	334	(71)	(59)	465
Accumulated deficit	(126,496)	(114,870)	(108,401)	(90,484)	(80,758)	(71,282)
Total stockholders' equity	185,501	192,938	196,922	207,876	214,309	214,357
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 357,285	\$ 368,232	\$ 377,842	\$ 389,809	\$ 395,658	\$ 397,170

A10 NETWORKS, INC.

Reconciliation of GAAP net income to EBITDA and Adjusted EBITDA

(unaudited, in thousands)

	Three Months Ended				Years Ended	Three Months Ended	
	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2023	Dec. 31, 2023	Mar. 31, 2024	Jun. 30, 2024
<u>EBITDA & Adjusted EBITDA (Non-GAAP)</u>							
GAAP net income	\$ 3,958	\$ 11,626	\$ 6,469	\$ 17,917	\$ 39,970	\$ 9,726	\$ 9,476
GAAP net income margin	6.9%	17.7%	11.2%	25.4%	15.9%	16.0%	15.8%
Exclude: Interest income and other (income) expense, net	1,245	(2,546)	(2,753)	(1,093)	(5,147)	(4,007)	(3,067)
Exclude: Depreciation & amortization expense	2,106	2,202	2,537	2,501	9,346	2,692	2,815
Exclude: Income tax provision (benefit)	964	3,186	(1,507)	1,182	3,825	1,494	1,507
EBITDA	8,273	14,468	4,746	20,507	47,994	9,905	10,731
Exclude: Stock-based compensation	3,970	3,527	4,255	2,922	14,674	3,989	4,309
Exclude: One-time legal expense	—	—	—	—	—	—	71
Exclude: Workforce reduction severance	1,861	—	2,437	—	4,298	—	—
Exclude: Capitalized project impairment	—	—	2,975	—	2,975	—	—
Exclude: Cyber incident remediation expense (recovery)	1,353	(621)	—	—	732	—	—
Exclude: One-time tax planning expense	—	—	—	500	500	—	400
Adjusted EBITDA	<u>\$ 15,457</u>	<u>\$ 17,374</u>	<u>\$ 14,413</u>	<u>\$ 23,929</u>	<u>\$ 71,173</u>	<u>\$ 13,894</u>	<u>\$ 15,511</u>
Adjusted EBITDA margin	26.8%	26.4%	24.9%	34.0%	28.3%	22.9%	25.8%

A10 NETWORKS, INC.

Revenue by Product Type, Geography and Vertical
(unaudited, in thousands, on a US GAAP basis)

	Three Months Ended				Years Ended	Three Months Ended	
	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2023	Dec. 31, 2023	Mar. 31, 2024	Jun. 30, 2024
Revenue by type:							
Product	\$ 31,182	\$ 39,090	\$ 30,260	\$ 40,550	\$ 141,082	\$ 30,069	\$ 29,533
Service	26,509	26,727	27,515	29,867	110,618	30,606	30,563
Total revenue	<u>\$ 57,691</u>	<u>\$ 65,817</u>	<u>\$ 57,775</u>	<u>\$ 70,417</u>	<u>\$ 251,700</u>	<u>\$ 60,675</u>	<u>\$ 60,096</u>
Revenue by geography:							
Americas	\$ 29,956	\$ 36,921	\$ 25,818	\$ 40,050	\$ 132,745	\$ 27,442	\$ 30,869
United States	24,121	31,840	23,777	34,028	113,766	23,144	26,709
Americas-other	5,835	5,081	2,041	6,022	18,979	4,298	4,160
APJ	15,760	21,982	21,196	18,668	77,606	25,043	19,287
EMEA	11,975	6,914	10,761	11,699	41,349	8,190	9,940
Total revenue	<u>\$ 57,691</u>	<u>\$ 65,817</u>	<u>\$ 57,775</u>	<u>\$ 70,417</u>	<u>\$ 251,700</u>	<u>\$ 60,675</u>	<u>\$ 60,096</u>
Revenue by vertical:							
Enterprise	\$ 25,125	\$ 21,426	\$ 29,046	\$ 29,302	\$ 104,899	\$ 23,014	\$ 26,719
Service Provider	32,566	44,391	28,729	41,115	146,801	37,661	33,377
Total revenue	<u>\$ 57,691</u>	<u>\$ 65,817</u>	<u>\$ 57,775</u>	<u>\$ 70,417</u>	<u>\$ 251,700</u>	<u>\$ 60,675</u>	<u>\$ 60,096</u>

A10 NETWORKS, INC.

Reconciliation of Selected GAAP to Non-GAAP Financial Measures

(unaudited, in thousands, except per share data)

	Three Months Ended				Years Ended	Three Months Ended	
	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2023	Dec. 31, 2023	Mar. 31, 2024	Jun. 30, 2024
GAAP cost of revenue - products	\$ 6,083	\$ 9,436	\$ 6,815	\$ 9,134	\$ 31,468	\$ 6,799	\$ 6,813
Stock-based compensation	(120)	(116)	(141)	(124)	(501)	(135)	(162)
Non-GAAP cost of revenue - products	<u>\$ 5,963</u>	<u>\$ 9,320</u>	<u>\$ 6,674</u>	<u>\$ 9,010</u>	<u>\$ 30,967</u>	<u>\$ 6,664</u>	<u>\$ 6,651</u>
GAAP cost of revenue - services	\$ 4,133	\$ 4,027	\$ 4,194	\$ 4,140	\$ 16,494	\$ 4,645	\$ 5,225
Workforce reduction expense	(42)	—	—	—	(42)	—	—
Cyber incident remediation expense	(3)	—	—	—	(3)	—	—
Stock-based compensation	(324)	(301)	(371)	(317)	(1,313)	(336)	(401)
Non-GAAP cost of revenue - services	<u>\$ 3,764</u>	<u>\$ 3,726</u>	<u>\$ 3,823</u>	<u>\$ 3,823</u>	<u>\$ 15,181</u>	<u>\$ 4,309</u>	<u>\$ 4,824</u>
GAAP total cost of revenue	\$ 10,216	\$ 13,463	\$ 11,009	\$ 13,274	\$ 47,962	\$ 11,444	\$ 12,038
Workforce reduction expense	(42)	—	—	—	(42)	—	—
Cyber incident remediation expense	(3)	—	—	—	(3)	—	—
Stock-based compensation	(444)	(417)	(512)	(441)	(1,814)	(471)	(563)
Non-GAAP total cost of revenue	<u>\$ 9,727</u>	<u>\$ 13,046</u>	<u>\$ 10,497</u>	<u>\$ 12,833</u>	<u>\$ 46,148</u>	<u>\$ 10,973</u>	<u>\$ 11,475</u>
GAAP gross profit	\$ 47,475	\$ 52,354	\$ 46,766	\$ 57,143	\$ 203,738	\$ 49,231	\$ 48,058
Workforce reduction expense	42	—	—	—	42	—	—
Cyber incident remediation expense	3	—	—	—	3	—	—
Stock-based compensation	444	417	512	441	1,814	471	563
Non-GAAP gross profit	<u>\$ 47,964</u>	<u>\$ 52,771</u>	<u>\$ 47,278</u>	<u>\$ 57,584</u>	<u>\$ 205,552</u>	<u>\$ 49,702</u>	<u>\$ 48,621</u>
GAAP sales & marketing expense	\$ 22,334	\$ 20,868	\$ 21,324	\$ 21,450	\$ 85,976	\$ 21,214	\$ 19,453
Workforce reduction expense	(1,472)	—	(1,081)	—	(2,553)	—	—
Stock-based compensation	(1,255)	(934)	(1,357)	(423)	(3,969)	(1,056)	(1,113)
Non-GAAP sales & marketing expense	<u>\$ 19,607</u>	<u>\$ 19,934</u>	<u>\$ 18,886</u>	<u>\$ 21,027</u>	<u>\$ 79,454</u>	<u>\$ 20,158</u>	<u>\$ 18,340</u>
GAAP research & development	\$ 11,665	\$ 13,965	\$ 17,620	\$ 11,979	\$ 55,229	\$ 14,063	\$ 14,737
Workforce reduction expense	(347)	—	(1,347)	—	(1,694)	—	—
Impairment expense	—	—	(2,975)	—	(2,975)	—	—
Stock-based compensation	(904)	(840)	(1,027)	(706)	(3,477)	(906)	(1,030)
Non-GAAP research & development	<u>\$ 10,414</u>	<u>\$ 13,125</u>	<u>\$ 12,271</u>	<u>\$ 11,273</u>	<u>\$ 47,083</u>	<u>\$ 13,157</u>	<u>\$ 13,707</u>
GAAP general & administrative expense	\$ 7,309	\$ 5,255	\$ 5,613	\$ 5,708	\$ 23,885	\$ 6,741	\$ 5,952
Cyber incident remediation (expense) recovery	(1,350)	621	—	—	(729)	—	—
Workforce reduction expense	—	—	(9)	—	(9)	—	—
Stock-based compensation	(1,367)	(1,336)	(1,359)	(1,352)	(5,414)	(1,556)	(1,603)
One-time tax planning expense	—	—	—	(500)	(500)	—	(400)
One-time legal expense	—	—	—	—	—	—	(71)
Non-GAAP general & administrative expense	<u>\$ 4,592</u>	<u>\$ 4,540</u>	<u>\$ 4,245</u>	<u>\$ 3,856</u>	<u>\$ 17,233</u>	<u>\$ 5,185</u>	<u>\$ 3,878</u>

A10 NETWORKS, INC.

Reconciliation of Selected GAAP to Non-GAAP Financial Measures

(unaudited, in thousands, except per share data)

	Three Months Ended				Years Ended	Three Months Ended	
	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2023	Dec. 31, 2023	Mar. 31, 2024	Jun. 30, 2024
GAAP total operating expenses	\$ 41,308	\$ 40,088	\$ 44,557	\$ 39,137	\$ 165,090	\$ 42,018	\$ 40,142
Workforce reduction expense	(1,819)	—	(2,437)	—	(4,256)	—	—
Impairment expense	—	—	(2,975)	—	(2,975)	—	—
Cyber incident remediation (expense) recovery	(1,350)	621	—	—	(729)	—	—
Stock-based compensation	(3,526)	(3,110)	(3,743)	(2,481)	(12,860)	(3,518)	(3,746)
One-time tax planning expense	—	—	—	(500)	(1)	-	(400)
One-time legal expense	—	—	—	—	—	—	(71)
Non-GAAP total operating expenses	<u>\$ 34,613</u>	<u>\$ 37,599</u>	<u>\$ 35,402</u>	<u>\$ 36,156</u>	<u>\$ 143,770</u>	<u>\$ 38,500</u>	<u>\$ 35,925</u>
GAAP income from operations	\$ 6,167	\$ 12,266	\$ 2,209	\$ 18,006	\$ 38,648	\$ 7,213	\$ 7,916
Workforce reduction expense	1,861	—	2,437	—	4,298	—	—
Impairment expense	—	—	2,975	—	2,975	—	—
Cyber incident remediation expense (recovery)	1,353	(621)	-	—	732	—	—
Stock-based compensation	3,970	3,527	4,255	2,922	14,674	3,989	4,309
One-time tax planning expense	—	—	—	500	500	-	400
One-time legal expense	—	—	—	—	—	—	71
Non-GAAP income from operations	<u>13,351</u>	<u>15,172</u>	<u>11,876</u>	<u>21,428</u>	<u>\$ 61,827</u>	<u>11,202</u>	<u>12,696</u>
GAAP Provision for income taxes	\$ 964	\$ 3,186	\$ (1,507)	\$ 1,182	\$ 3,825	\$ 1,494	\$ 1,507
Tax benefit from amended returns	—	—	—	—	—	—	—
Tax-effected non-GAAP results (starting Q1'23)	1,215	3	4,140	2,872	8,230	970	1,046
Non-GAAP provision for income Taxes	<u>\$ 2,179</u>	<u>\$ 3,189</u>	<u>\$ 2,633</u>	<u>\$ 4,054</u>	<u>\$ 12,055</u>	<u>\$ 2,464</u>	<u>\$ 2,553</u>
GAAP net income	\$ 3,958	\$ 11,626	\$ 6,469	\$ 17,917	\$ 39,970	\$ 9,726	\$ 9,476
Stock-based compensation	3,970	3,527	4,255	2,922	14,674	3,989	4,309
One-time tax planning expense	—	—	—	500	500	-	400
Impairment expense	—	—	2,975	—	2,975	—	—
One-time legal expense	—	—	—	—	—	—	71
Workforce reduction expense	1,861	—	2,437	—	4,298	—	—
Cyber incident remediation expense (recovery)	1,353	(621)	—	—	732	—	—
Tax benefit from amended returns	—	—	—	—	—	—	—
Tax-effected non-GAAP results (starting Q1'23)	(1,215)	(3)	(4,140)	(2,872)	(8)	(970)	(1,046)
Non-GAAP net income	<u>\$ 9,927</u>	<u>\$ 14,529</u>	<u>\$ 11,996</u>	<u>\$ 18,467</u>	<u>\$ 54,919</u>	<u>\$ 12,745</u>	<u>\$ 13,210</u>
Non-GAAP net income per share:							
Basic	\$ 0.13	\$ 0.20	\$ 0.16	\$ 0.25	\$ 0.74	\$ 0.17	\$ 0.18
Diluted	\$ 0.13	\$ 0.19	\$ 0.16	\$ 0.25	\$ 0.73	\$ 0.17	\$ 0.18
Weighted-average shares used in computing Non-GAAP net income per share:							
Basic	74,001	74,017	74,526	74,288	74,210	74,451	74,366
Diluted	75,541	75,428	75,807	74,972	75,550	75,318	75,497