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Q4 2024 Financial Results & Commentary

February 4, 2025



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Cautionary Statements & Disclosures

This presentation and the accompanying oral presentation contain “forward-looking” statements that are based on our management’s beliefs and assumptions, including statements regarding our future financial performance, strategy, demand, positioning, capital allocation strategy and value creation, and market and technology trends.

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This presentation and the accompanying oral presentation also include certain non-GAAP financial measures including Non-GAAP gross margin, non-GAAP operating income, non-GAAP net income, non-GAAP operating margin, Adjusted EBITDA and Non-GAAP EPS. Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similarly titles measures presented by other companies. A10 Networks considers these non-GAAP financial measures to be important because they provide useful measures of the operating performance of the company, exclusive of unusual events or factors that do not directly affect what we consider to be our core operating performance and are used by the company’s management for that purpose. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. We define non-GAAP net income as our GAAP net income excluding: (i) stock-based compensation and related payroll tax, (ii) impairment expense, (iii) tax planning expense, (iv) workforce reduction expense, (v) cyber incident remediation expense, (vi) one-time legal expense and (vii) income tax effect of non-GAAP items (i) to (vi) listed above. We define non-GAAP net income per basic and diluted share as our non-GAAP net income divided by our basic and diluted weighted-average shares outstanding. We define non-GAAP gross profit as our GAAP gross profit excluding (i) stock-based compensation and related payroll tax, (ii) workforce reduction expense and (iii) cyber incident remediation expense. We define non-GAAP gross margin as our non-GAAP gross profit divided by our GAAP revenue. We define non-GAAP operating expenses as our GAAP operating expenses excluding (i) stock-based compensation and related payroll tax, (ii) impairment expense, (iii) tax planning expense, (iv) workforce reduction expense, (v) cyber incident remediation expense and (vi) one-time legal expense. We define non-GAAP operating income as our GAAP income from operations excluding (i) stock-based compensation and related payroll tax, (ii) impairment expense, (iii) tax planning expense, (iv) workforce reduction expense, (v) cyber incident remediation expense and (vi) one-time legal expense. We define non-GAAP operating margin as our non-GAAP operating income divided by our GAAP revenue. We define Adjusted EBITDA as our GAAP net income excluding (i) interest and other income, net, (ii) depreciation and amortization expense, (iii) provision for income taxes, (iv) stock-based compensation and related payroll tax, (v) impairment expense, (vi) tax planning expense, (vii) workforce reduction expense, (viii) cyber incident remediation expense and (ix) one-time legal expense. We define Adjusted EBITDA margin as our Adjusted EBITDA divided by our GAAP revenue.

A reconciliation between GAAP and non-GAAP financial measures can be found in the appendix to this document and in the accompanying financial results press release.

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Agenda

- Q4 2024 Overview
- Full-Year 2024 Overview
- Q4 Financial Performance
- Enhanced R&D Processes



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Q4’24: Improving Market Conditions

Revenue Overview

- Q4 Revenue increased 5.4% year-over-year
- Full-Year 2024 Revenue increased 4.0%
- On a full-year basis, Enterprise revenue increased 6.1% YOY and Service Provider revenue increased 2.5% YOY

Consistent Profitability

- Non-GAAP gross margins of 80.7% in Q4'24
- GAAP EPS of $0.24, unchanged from Q4’23
- Non-GAAP EPS of $0.31 compared to $0.25 in Q4’23

Key Takeaways

- Broad-based revenue growth (both verticals and regions)
- Profitability in line with expectations
- Continued recovery in the North American Service Provider segment
- Solid growth in Enterprise segment
- Accelerating investment in Security and AI solutions bolstered by enhanced R&D structure

See Appendix for reconciliation to most comparable GAAP financial measures.

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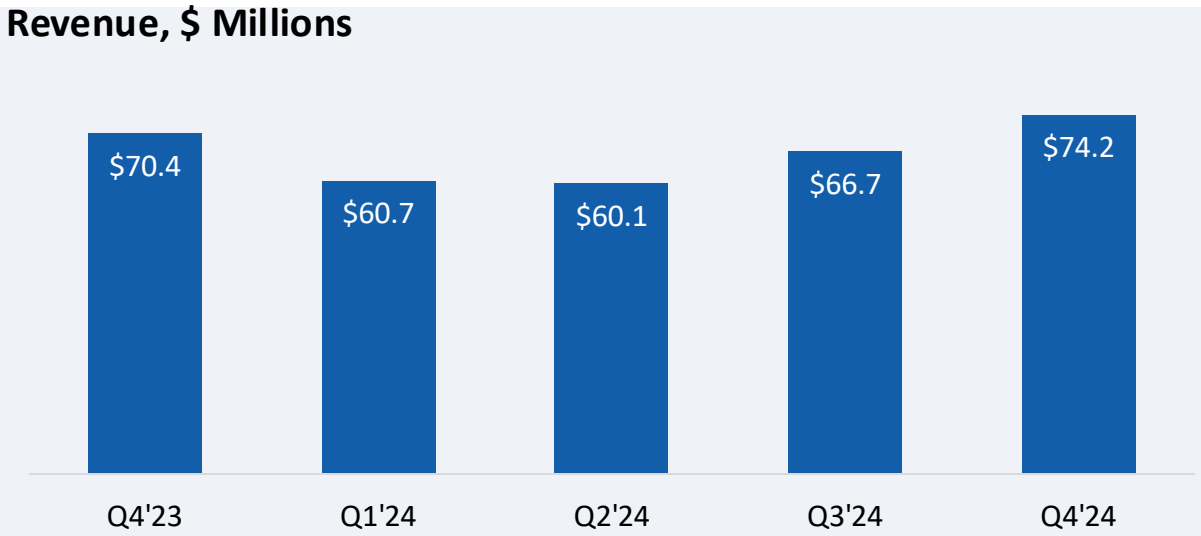
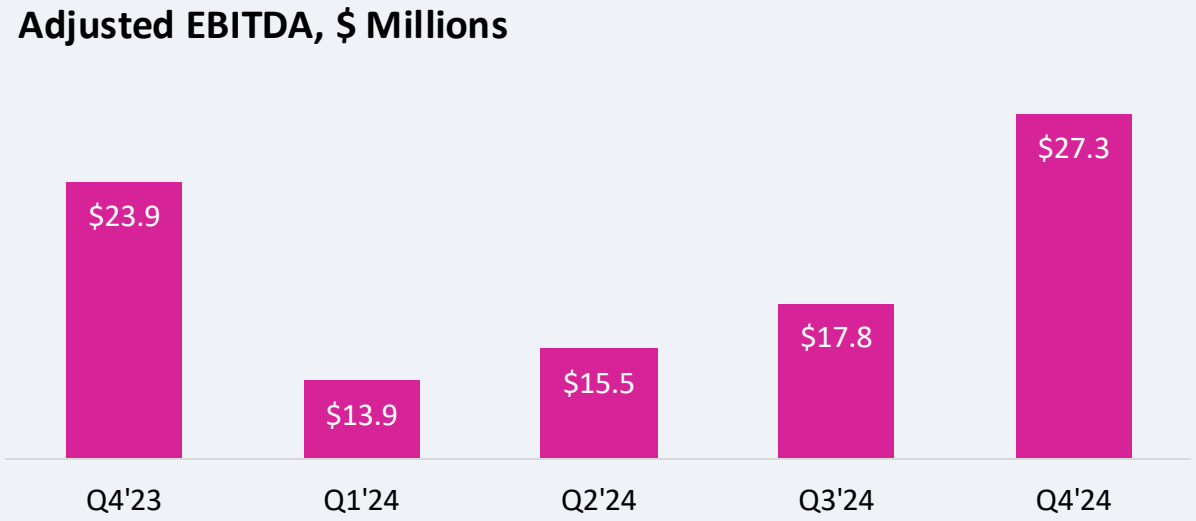
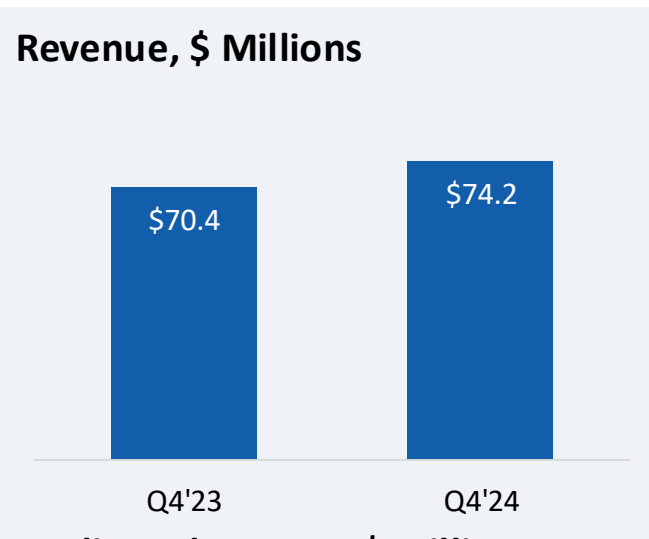
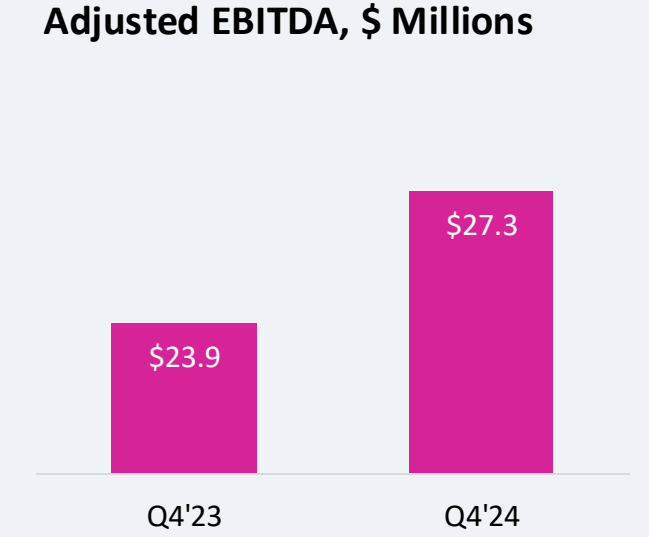
Quarterly Revenue & Adjusted EBITDA









Adjusted EBITDA is a Non-GAAP Financial Measure. See Appendix for reconciliation to most comparable GAAP financial measures.

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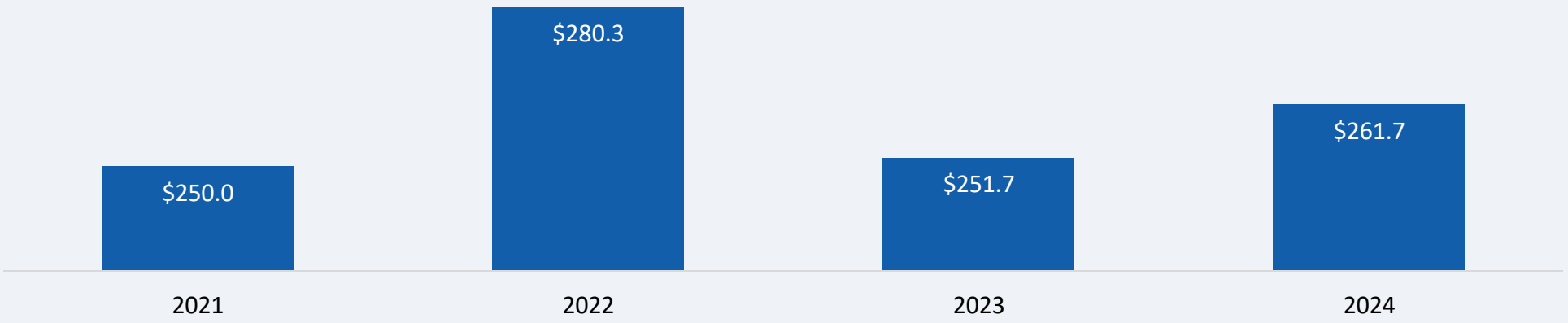
Full-Year Revenue & Adjusted EBITDA

Revenue, $ Millions



Adjusted EBITDA, $ Millions



Adjusted EBITDA is a Non-GAAP Financial Measure. See Appendix for reconciliation to most comparable GAAP financial measures.

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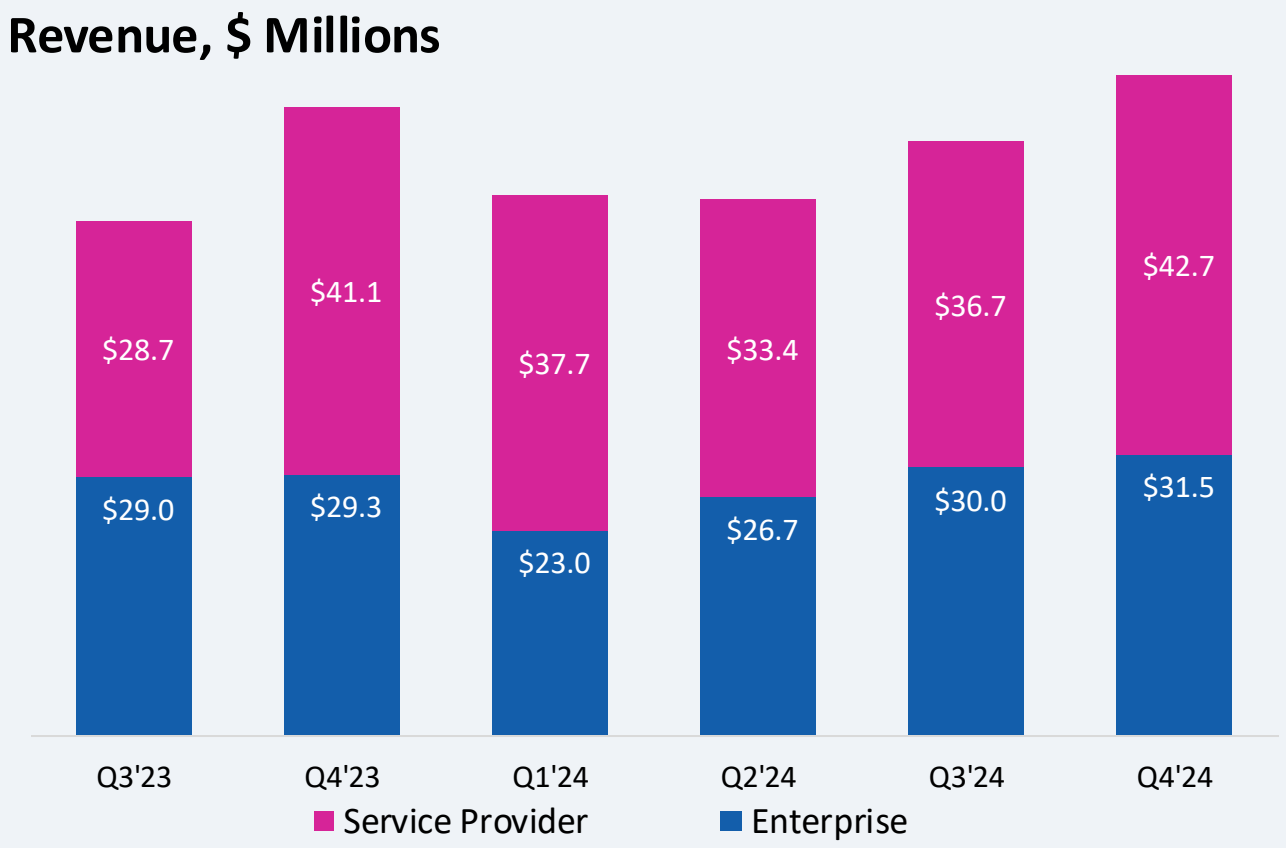
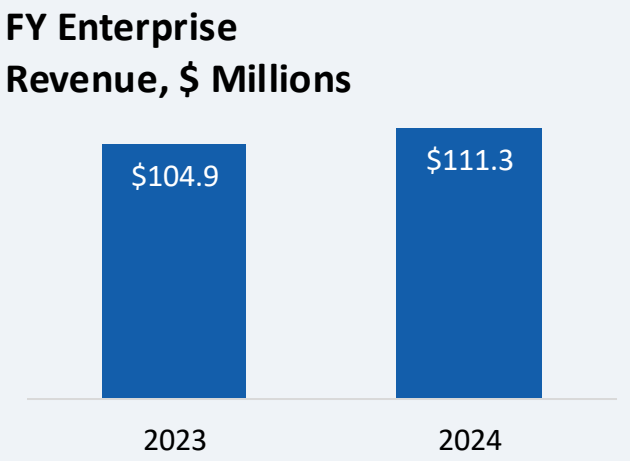
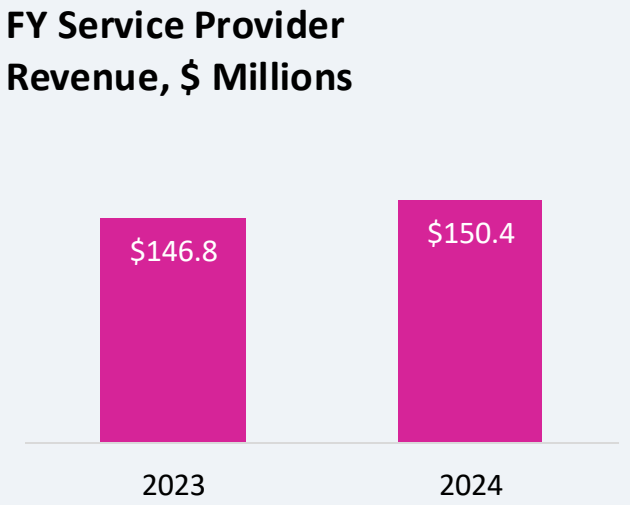
Revenue by Customer Vertical







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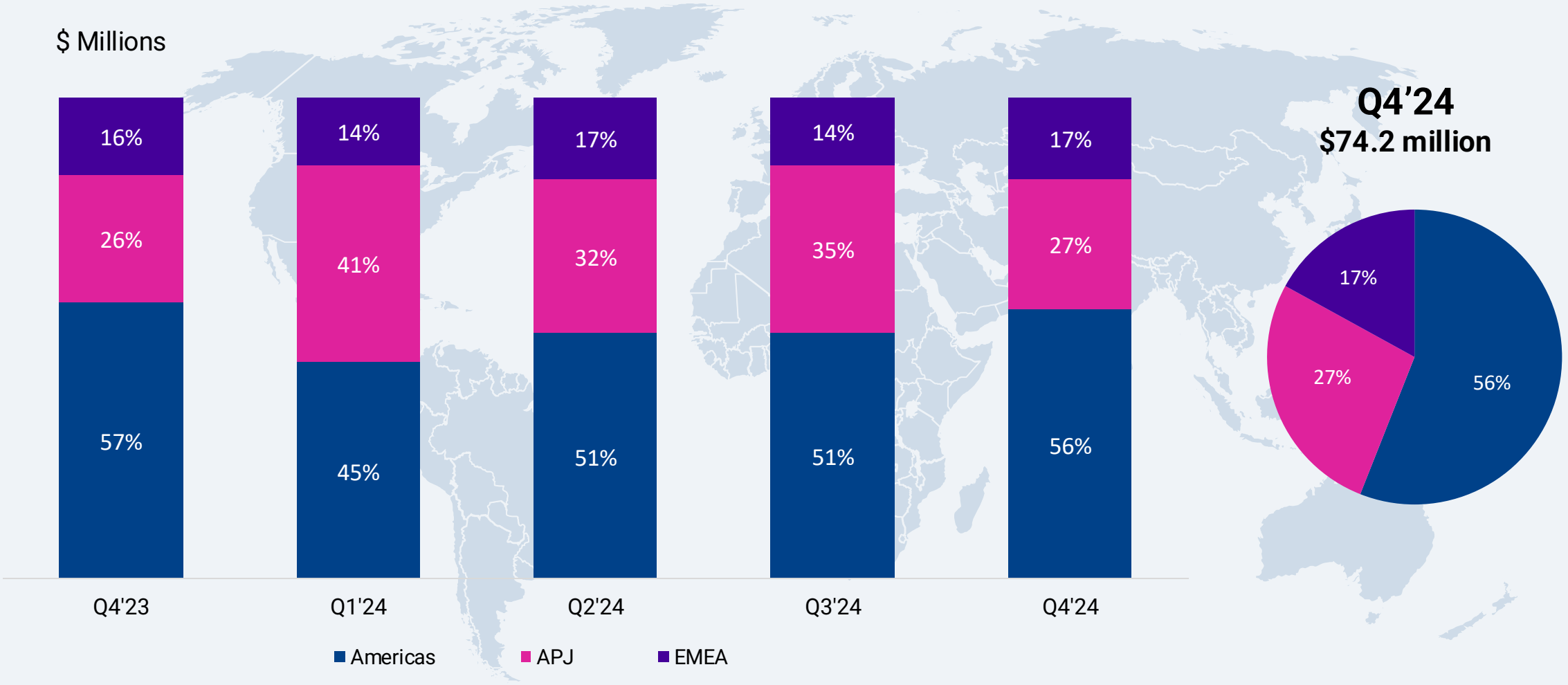
Quarterly Revenue by Geography



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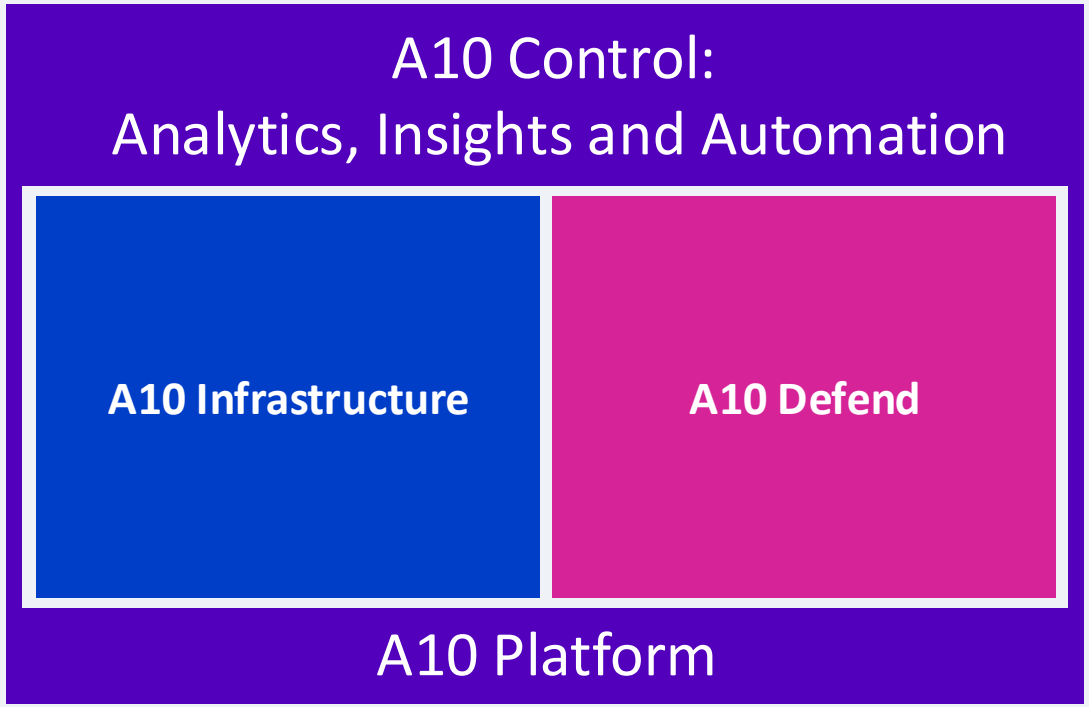
What We Do

2 Hybrid Infrastructure and AI buildout

1 A Unified software platform to deliver best in class technical performance



4 Long term Management Layer that support third party solutions

3 Provide a common way to manage multiple categories including third party products

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Consistent Value Creation



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Appendix

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Financial Performance Trends

$ Millions (except EPS)

	Q1'21	Q2'21	Q3'21	Q4'21	FY 2021	Q1'22	Q2'22	Q3'22	Q4'22	FY 2022	Q1'23	Q2'23	Q3'23	Q4'23	FY 2023	Q1'24	Q2'24	Q3'24	Q4'24	FY 2024
Revenue	$54.8	$59.2	$65.4	$70.7	**$250.0**	$62.7	$68.0	$72.1	$77.6	**$280.3**	$57.7	$65.8	$57.8	$70.4	**$251.7**	$60.7	$60.1	$66.7	$74.2	**$261.7**
Non-GAAP Gross Margin %	78.9%	77.9%	80.4%	80.7%	**79.6%**	80.2%	80.6%	80.2%	80.3%	**80.3%**	83.1%	80.2%	81.8%	81.8%	**81.7%**	81.9%	80.9%	81.3%	80.7%	**81.2%**
Non-GAAP Operating Margin %	19.7%	18.8%	22.2%	24.8%	**21.6%**	18.6%	23.7%	27.0%	25.5%	**23.9%**	23.1%	23.1%	20.6%	30.4%	**24.6%**	18.5%	21.1%	22.6%	32.7%	**24.2%**
Adjusted EBITDA (non-GAAP)	$13.0	$13.2	$16.8	$19.4	**$62.4**	$13.5	$18.0	$21.3	$22.3	**$75.1**	$15.5	$17.4	$14.4	$23.9	**$71.2**	$13.9	$15.5	$17.8	$27.3	**$74.5**
Non-GAAP EPS	$0.12	$0.13	$0.17	$0.20	**$0.63**	$0.13	$0.17	$0.20	$0.24	**$0.74**	$0.13	$0.19	$0.16	$0.25	**$0.73**	$0.17	$0.18	$0.21	$0.31	**$0.86**
Ending Cash & Marketable Securities	$161.0	$166.8	$187.5	$185.0	**$185.0**	$164.7	$166.8	$127.8	$151.0	**$151.0**	$144.5	$153.9	$169.0	$159.3	**$159.3**	$182.1	$177.1	$182.1	$195.6	**$195.6**

Numbers may not sum due to rounding. Please refer to the supplemental financials posted in the "Investor Relations" section of the A10 Networks website at investors.a10networks.com Gross Margin %, Operating Margin %, Adjusted EBITDA and EPS are Non-GAAP Financial Measures. See Appendix for reconciliation to most comparable GAAP financial measures.

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GAAP to Non-GAAP – Gross Margin and EPS

	Q1'23	Q2'23	Q3'23	Q4'23	Year Ended Dec 31 2023	Q1'24	Q2'24	Q3'24	Q4'24	Year Ended Dec 31 2024
Revenue	$ 57.7	$ 65.8	$ 57.8	$ 70.4	$ 251.7	$ 60.7	$ 60.1	$ 66.7	$ 74.2	$ 261.7
Gross Margin % - Non-GAAP	83.1%	80.2%	81.8%	81.8%	81.7%	81.9%	80.9%	81.3%	80.6%	81.2%
Income from operations % - Non-GAAP	23.1%	23.1%	20.6%	30.4%	24.6%	18.5%	21.1%	22.6%	32.7%	24.2%
Adjusted EBITDA - Non-GAAP	$ 15.5	$ 17.4	$ 14.4	$ 23.9	$ 71.2	$ 13.9	$ 15.5	$ 17.8	$ 27.3	$ 74.5
EPS $ - Non-GAAP	$ 0.13	$ 0.19	$ 0.16	$ 0.25	$ 0.73	$ 0.17	$ 0.18	$ 0.21	$ 0.31	$ 0.86
Ending Cash & Marketable Securities	$ 144.5	$ 153.9	$ 169.0	$ 159.3	$ 159.3	$ 182.1	$ 177.1	$ 182.1	$ 195.6	$ 195.6

Numbers may not sum due to rounding. EPS data is presented on a basic and diluted basis. Please refer to the supplemental financials posted the "Investor Relations" section of the A10 Networks website at investors.a10networks.com

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GAAP to Non-GAAP – Operating Income

$ Millions	Q1'23	Q2'23	Q3'23	Q4'23	Year Ended Dec 31 2023	Q1'24	Q2'24	Q3'24	Q4'24	Year Ended Dec 31 2024
Income from operations $ - GAAP	$ 6.2	$ 12.3	$ 2.2	$ 18.0	**$ 38.6**	$ 7.2	$ 7.9	$ 10.4	$ 18.4	**$ 44.0**
Stock-based compensation	4.0	3.5	4.3	2.9	**14.7**	4.0	4.3	4.5	4.8	**17.6**
One-time tax planning expense	-	-	-	0.5	**0.5**	-	0.4	0.1	-	**0.5**
Capitalized project impairment	-	-	3.0	-	**3.0**	-	-	-	-	**-**
One-time legal expense	-	-	-	-	**-**	-	0.1	-	-	**0.1**
Workforce reduction severance	1.9	-	2.4	-	**4.3**	-	-	-	1.1	**1.1**
Cyber incident remediation expense	1.4	(0.6)	-	-	**0.7**	-	-	-	-	**-**
Income from operations $ - Non-GAAP	**$ 13.4**	**$ 15.2**	**$ 11.9**	**$ 21.4**	**$ 61.8**	**$ 11.2**	**$ 12.7**	**$ 15.1**	**$ 24.3**	**$ 63.2**
% of Revenue										
Income from operations % - GAAP	10.7 %	18.6 %	3.8 %	25.6 %	**15.4 %**	11.9 %	13.2 %	15.7 %	24.8 %	**16.8 %**
Stock-based compensation	6.9 %	5.4 %	7.5 %	4.1 %	**5.8 %**	6.6 %	7.2 %	6.8 %	6.5 %	**6.7 %**
One-time tax planning expense	—%	—%	—%	0.7 %	**0.2 %**	—%	0.7 %	0.1 %	—%	**0.2 %**
Capitalized project impairment	—%	—%	5.1 %	—%	**1.2 %**	—%	—%	—%	—%	**—%**
One-time legal expense	—%	—%	—%	—%	**—%**	—%	0.1 %	—%	—%	**0.0 %**
Workforce reduction severance	3.2 %	—%	4.2 %	—%	**1.7 %**	—%	—%	—%	1.4 %	**0.4 %**
Cyber incident remediation expense	2.3 %	(0.9)%	—%	—%	**0.3 %**	—%	—%	—%	—%	**—%**
Income from operations % - Non-GAAP	**23.1 %**	**23.1 %**	**20.6 %**	**30.4 %**	**24.6 %**	**18.5 %**	**21.1 %**	**22.6 %**	**32.7 %**	**24.2 %**

Numbers may not sum due to rounding. Please refer to the supplemental financials posted the "Investor Relations" section of the A10 Networks website at investors.a10networks.com

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GAAP to Non-GAAP – Adjusted EBITDA

$ Millions	Q1'23	Q2'23	Q3'23	Q4'23	Year Ended Dec 31 2023	Q1'24	Q2'24	Q3'24	Q4'24	Year Ended Dec 31 2024
GAAP net income	$ 4.0	$ 11.6	$ 6.5	$ 17.9	**$ 40.0**	$ 9.7	$ 9.5	$ 12.6	$ 18.3	**$ 50.1**
Exclude: Interest income and other (income) expense, net	1.2	(2.5)	(2.8)	(1.1)	**(5.1)**	(4.0)	(3.1)	(3.9)	(3.1)	**(14.1)**
Exclude: Depreciation & amortization expense	2.1	2.2	2.5	2.5	**9.3**	2.7	2.8	2.7	3.0	**11.3**
Exclude: Provision (benefit) for income taxes	1.0	3.2	(1.5)	1.2	**3.8**	1.5	1.5	1.8	3.2	**8.0**
EBITDA	8.3	14.5	4.7	20.5	**48.0**	9.9	10.7	13.2	21.4	**55.3**
Exclude: Stock-based compensation	4.0	3.5	4.3	2.9	**14.7**	4.0	4.3	4.5	4.8	**17.6**
Exclude: One-time tax planning expense	-	-	-	0.5	**0.5**	-	0.4	0.1	-	**0.5**
Exclude: Capitalized project impairment	-	-	3.0	-	**3.0**	-	-	-	-	**-**
Exclude: One-time legal expense	-	-	-	-	**-**	-	0.1	-	-	**0.1**
Exclude: Workforce reduction severance	1.9	-	2.4	-	**4.3**	-	-	-	1.1	**1.1**
Exclude: Cyber incident remediation expense	1.4	(0.6)	-	-	**0.7**	-	-	-	-	**-**
Adjusted EBITDA - Non-GAAP	**$ 15.5**	**$ 17.4**	**$ 14.4**	**$ 23.9**	**$ 71.2**	**$ 13.9**	**$ 15.5**	**$ 17.8**	**$ 27.3**	**$ 74.5**

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