



4Q24 & FY24

Financial Results

August 7, 2024



Non-GAAP Financial Measures:

This presentation includes certain financial measures that are not presented in accordance with generally accepted accounting principles in the United States (“GAAP”), such as, among other things, Non-GAAP Net Income (Loss), Non-GAAP EPS, Non-GAAP Operating Margin, Free Cash Flow, Net Cash (Debt), Non-GAAP Gross Margin, Non-GAAP Operating Income (Loss), and Adjusted EBITDA. Extreme Networks, Inc. (the “Company”) believes these Non-GAAP measures provide both management and investors with additional insight into its current operations, the trends affecting the Company, the Company’s marketplace performance, and the Company’s ability to generate cash from operations. Accordingly, management uses these Non-GAAP measures along with comparable GAAP information when evaluating the Company’s historical performance and future business activities. However, Non-GAAP financial measures have limitations in their usefulness to investors because they have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles. The Company’s Non-GAAP measures may be different than those used by other companies and should be considered in conjunction with, and not as a substitute for, the Company’s financial information presented in accordance with GAAP. We provide Adjusted Results that show the results excluding the Non-GAAP adjustments, the additional provision for E&O inventory and adjustments for the related tax impact. Please refer to our most recent earnings press release dated August 7, 2024, which is posted on the “Investor Relations” section of our website and to pages 22-25 & 28 of this presentation for the required reconciliation to the most comparable GAAP financial measures. Reconciliations for prior quarters are available in the earnings press releases for such previous quarters, also available on the “Investor Relations” section of our website.

Forward-Looking Statements:

This presentation contains forward-looking statements including, but not limited to: (i) the Company’s business outlook and future operating metrics, and financial and operating results, (ii) global demand, (iii) historic challenges from the multi-year, supply chain constraint cycle, (iv) the Company’s value proposition resonating with enterprise customers and channel partners, (v) the Company’s elimination of channel and inventory headwinds, and (vi) the Company’s ability to benefit from the industry disruption from larger players in the enterprise market. You should not place undue reliance on forward-looking statements, which are based on current beliefs, assumptions and expectations, and speak only as of the date of this presentation. These forward-looking statements involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by these statements. For a detailed description of these risks and uncertainties, please refer to our most recent Annual Report on Form 10-K for the fiscal year ended June 30, 2023, our most recent Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, and any subsequent filings which are or will be on file with the Securities and Exchange Commission. We undertake no obligation to update these statements after the date of this presentation.



4Q24 & FY24

FINANCIAL RESULTS





Bookings and Revenue Trends

- Channel Inventory Better Aligned To End Demand Trends
- Product Bookings Ahead of Product Revenue
- Recurring revenue of \$101M, up 9% Y/Y



Cloud SaaS Subscriptions

- SaaS Deferred Revenue¹ of \$267M, up 23% Y/Y
- SaaS ARR¹ of \$167M, up 29% Y/Y




Profitability and Cash Generation

- Adjusted Gross Margin³ of 63.5%
- Subscription and Support Non-GAAP Gross Margin² of 74.6%
- Adjusted Operating Margin³ of 13.5%

¹ See slides 18 & 19 for definitions of SaaS ARR and SaaS Deferred Revenue.


² See Appendices for GAAP to Non-GAAP reconciliation.

³ Adjusted Results exclude the Non-GAAP adjustments, the additional provision for E&O inventory and adjustments for the related tax impact. See slide 8 for more detail.




CLOUD ADOPTION


SaaS ARR² \$167M



29%
SaaS ARR Growth Y/Y



\$267M
SaaS Deferred Revenue²



27
Total Managed Service Providers



OPERATING TRENDS

164
Large \$1M+ Customers
(Over \$1M in bookings for the Fiscal Year)


New Logos⁶ ~20%
% of Total Product Bookings



Y/Y New Funnel Growth⁵



36%
Recurring Revenue³


PROFITABILITY AND CASH FLOW

Adjusted Gross Margin¹ % **63.0%**


Adjusted Operating Margin¹ % **11.9%**

Adjusted EPS¹ \$ **\$0.68**

Free Cash Flow **\$37M**



Net Debt⁴ **\$33M**



¹ Excluding increase in the provision for E&O inventory and related taxes; See slides 8 and Appendices for bridge and GAAP to Non-GAAP reconciliation.

² See slides 18 & 19 for SaaS ARR & SaaS Deferred Revenue Definitions.

³ Recurring Revenue is the sum of all Subscription and Support revenue that is recognized over multiple periods, quarters or years, rather than a single point in time.

⁴ Net Cash (Debt) is defined as Cash and cash equivalents minus Gross Debt, see slide 16

⁵ New Funnel growth refers to new product opportunities created within FY24 compared to FY23, measured in dollars.

⁶ New logos are defined as customers who have not purchased from Extreme in the last three years.

MAJOR VERTICAL BOOKINGS CONTRIBUTION IN FY24

Relative Bookings Strength in Transportation / Logistics, Manufacturing, Government, K-12 Education, and Service Provider



GOVT + EDUCATION



>40%

HEALTHCARE



>10%

HOSPITALITY + VENUES



~5%

MANUFACTURING



~10%

RETAIL + TRANSPORTATION



~10%

SERVICE PROVIDER



~5%

FINANCIAL HIGHLIGHTS

(IN M'S EXCEPT PERCENTAGES AND EPS)



	GAAP					Non-GAAP ¹				
	4Q23	3Q24	4Q24	FY23	FY24	4Q23	3Q24	4Q24	FY23	FY24
Product Revenue	\$261.7	\$106.4	\$152.8	\$932.5	\$699.3	\$261.7	\$106.4	\$152.8	\$932.5	\$699.3
Subscription & Support Revenue	\$102.2	\$104.6	\$103.9	\$380.0	\$417.9	\$102.2	\$104.6	\$103.9	\$380.0	\$417.9
Total Revenue	\$363.9	\$211.0	\$256.7	\$1,312.5	\$1,117.2	\$363.9	\$211.0	\$256.7	\$1,312.5	\$1,117.2
Total GM %	58.9%	56.8%	44.7%	57.5%	56.5%	60.2%	57.6%	45.4%	58.9%	57.2%
Operating Income (Loss) \$	\$37.9	(\$62.5)	(\$48.9)	\$108.3	(\$65.2)	\$63.4	(\$25.7)	(\$11.8)	\$198.9	\$68.9
Operating Margin %	10.4%	(29.6%)	(19.1%)	8.3%	(5.8%)	17.4%	(12.2%)	(4.6%)	15.2%	6.2%
EBITDA	\$46.2	(\$56.6)	(\$37.8)	\$143.2	(\$35.6)	\$68.3	(\$20.9)	(\$7.7)	\$219.1	\$87.3
Net Income (Loss)	\$25.4	(\$64.4)	(\$54.2)	\$78.1	(\$86.0)	\$43.9	(\$24.8)	(\$9.9)	\$146.3	\$43.4
EPS	\$0.19	(\$0.50)	(\$0.42)	\$0.58	(\$0.65)	\$0.33	(\$0.19)	(\$0.08)	\$1.09	\$0.32

¹ See Appendices for GAAP to Non-GAAP reconciliation.

Supplemental Information: GAAP to Adjusted Results



We recorded an additional provision for excess and obsolete (“E&O”) inventory and loss on our supplier commitments of \$46.5 million in the fourth quarter and \$64.5M during fiscal 2024. The additional provision was taken for certain of the Company’s older products which are scheduled to go end of sale during fiscal year 2025 and for which the excess of such inventories is beyond the demand forecast. To provide more clarity on the impact of this provision, we provide the following Adjusted Results and the table in -- Fiscal Q4 2024 and Full Year 2024 Financial Results Section -- that show the results excluding the Non-GAAP adjustments, the additional provision for E&O inventory and adjustments for the related tax impact.

	4Q24				FY24			
	GAAP	Non-GAAP ¹	E&O Adj	Adjusted	GAAP	Non-GAAP ¹	E&O Adj	Adjusted
Product Revenue	\$152.8	\$152.8	-	\$152.8	\$699.3	\$699.3	-	\$699.3
Subscription & Support Revenue	\$103.9	\$103.9	-	\$103.9	\$417.9	\$417.9	-	\$417.9
Total Revenue	\$256.7	\$256.7	-	\$256.7	\$1,117.2	\$1,117.2	-	\$1,117.2
Total GM %	44.7%	45.4%	18.1%	63.5%	56.5%	57.2%	5.8%	63.0%
Operating Income (Loss) \$	(\$48.9)	(\$11.8)	\$46.5	\$34.7	(\$65.2)	\$68.9	\$64.5	\$133.4
Operating Margin %	(19.1%)	(4.6%)	18.1%	13.5%	(5.8%)	6.2%	5.8%	11.9%
EBITDA	(\$37.8)	(\$7.7)	\$46.5	\$38.8	(\$35.6)	\$87.3	\$64.5	\$151.8
Net Income (Loss)	(\$54.2)	(\$9.9)	\$34.6	\$24.7	(\$86.0)	\$43.4	\$49.3	\$92.7
EPS	(\$0.42)	(\$0.08)	\$0.27	\$0.19	(\$0.65)	\$0.32	\$0.36	\$0.68

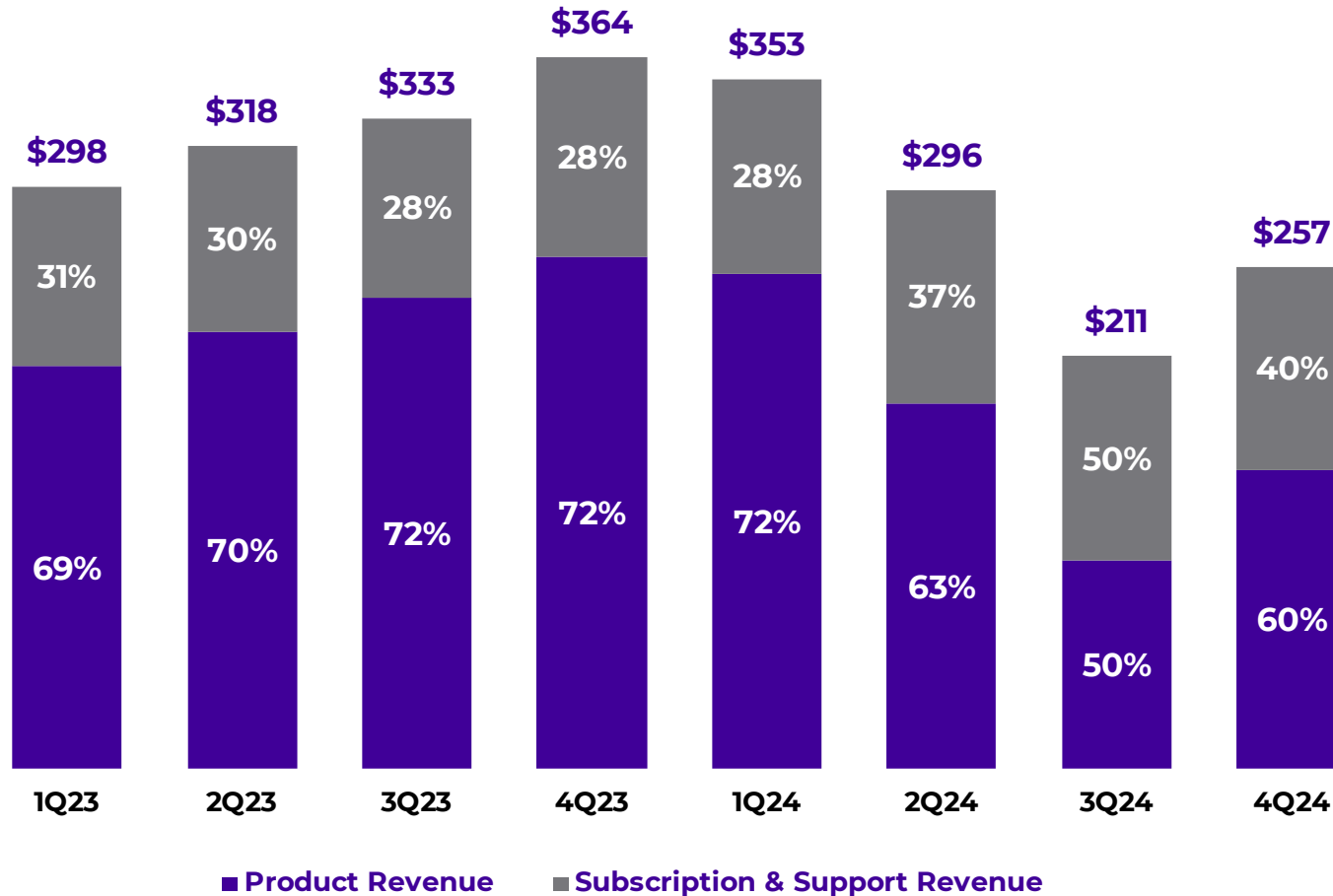
¹ See Appendices for GAAP to Non-GAAP reconciliation.

QUARTERLY RESULTS OF OPERATIONS

(IN M'S)



Total Revenue

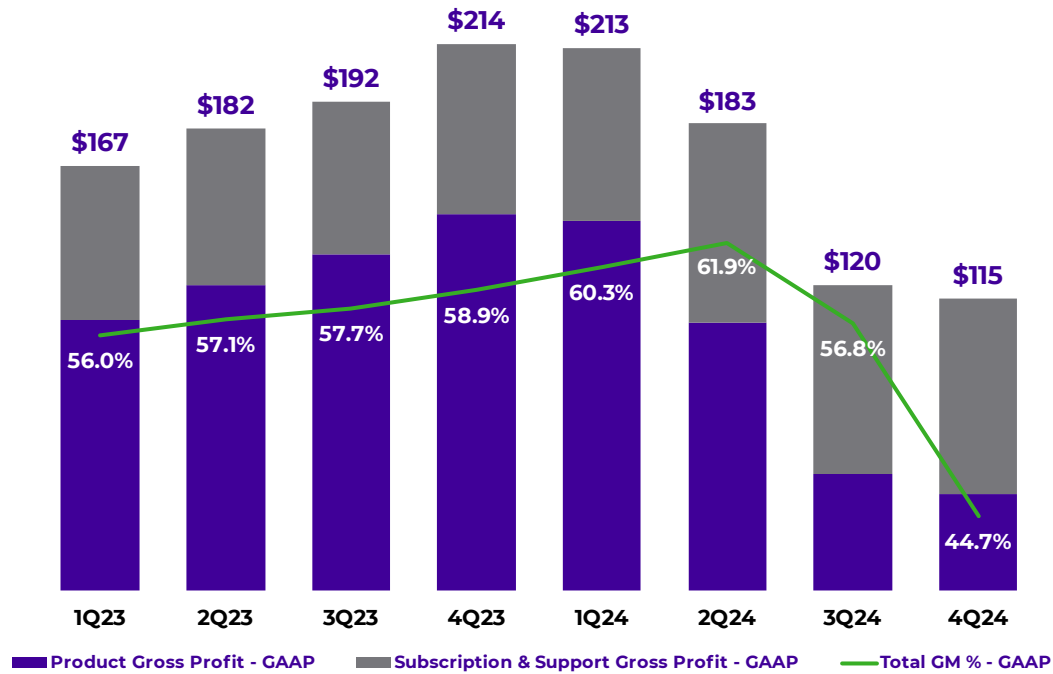


QUARTERLY RESULTS OF OPERATIONS

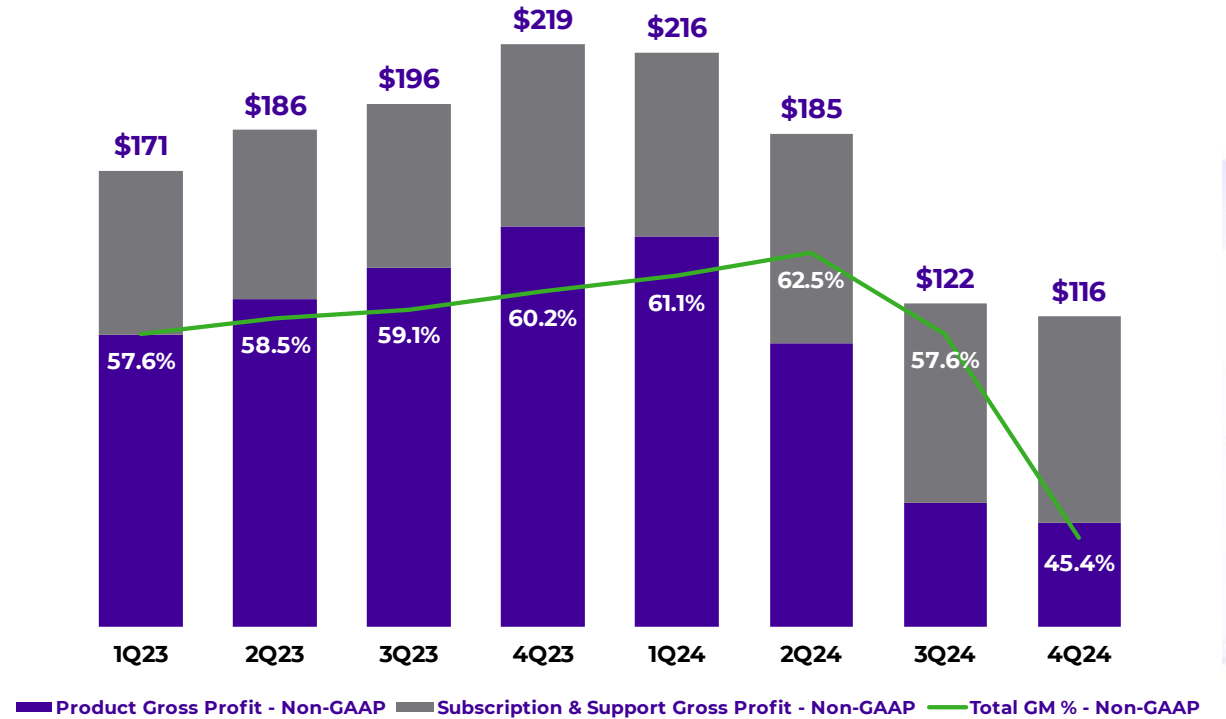
(IN M'S EXCEPT PERCENTAGES)



Gross Profit - GAAP



Gross Profit - Non-GAAP

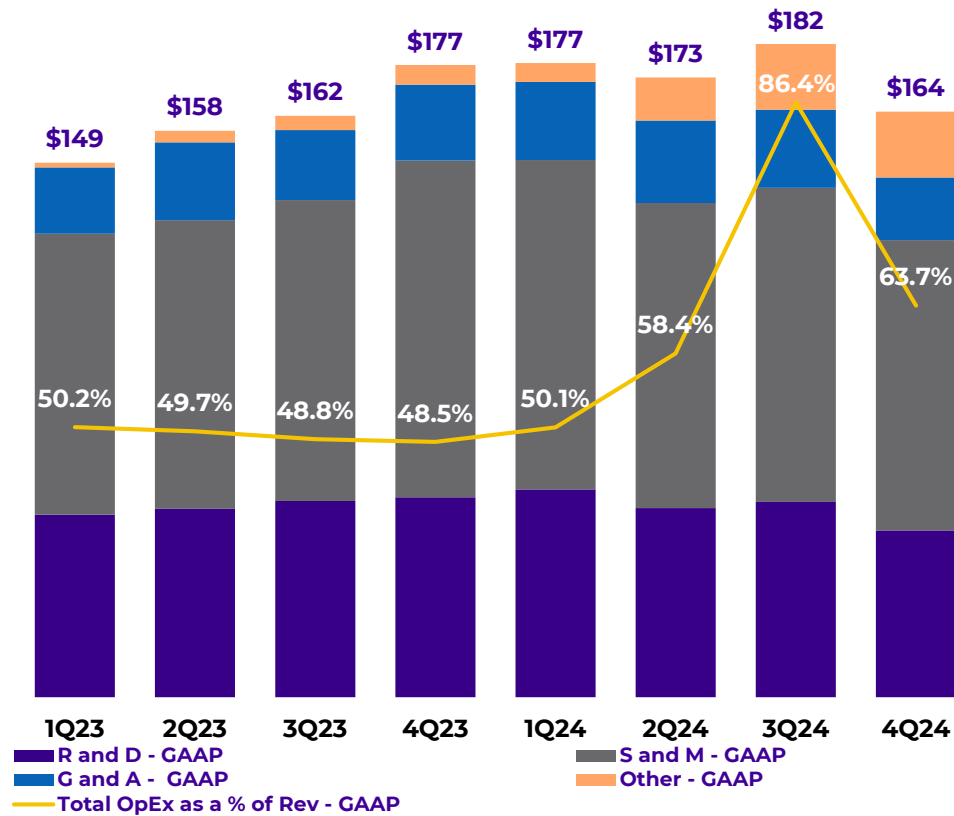


QUARTERLY RESULTS OF OPERATIONS

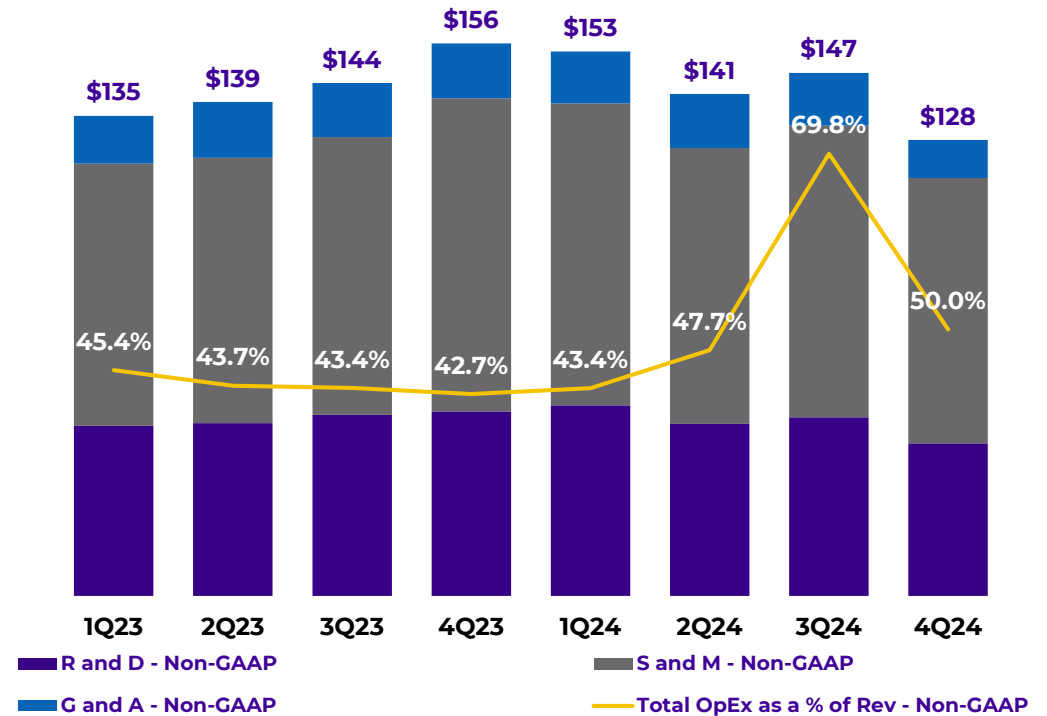
(IN M'S EXCEPT PERCENTAGES)



Operating Expenses - GAAP



Operating Expenses - Non-GAAP

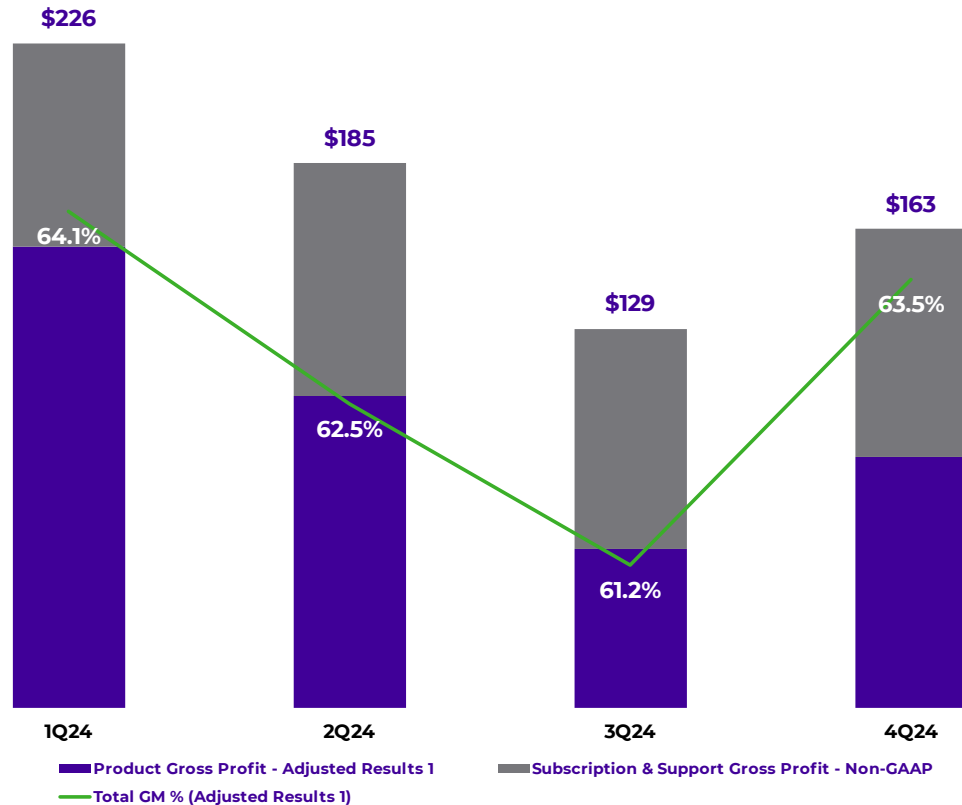


QUARTERLY RESULTS OF OPERATIONS

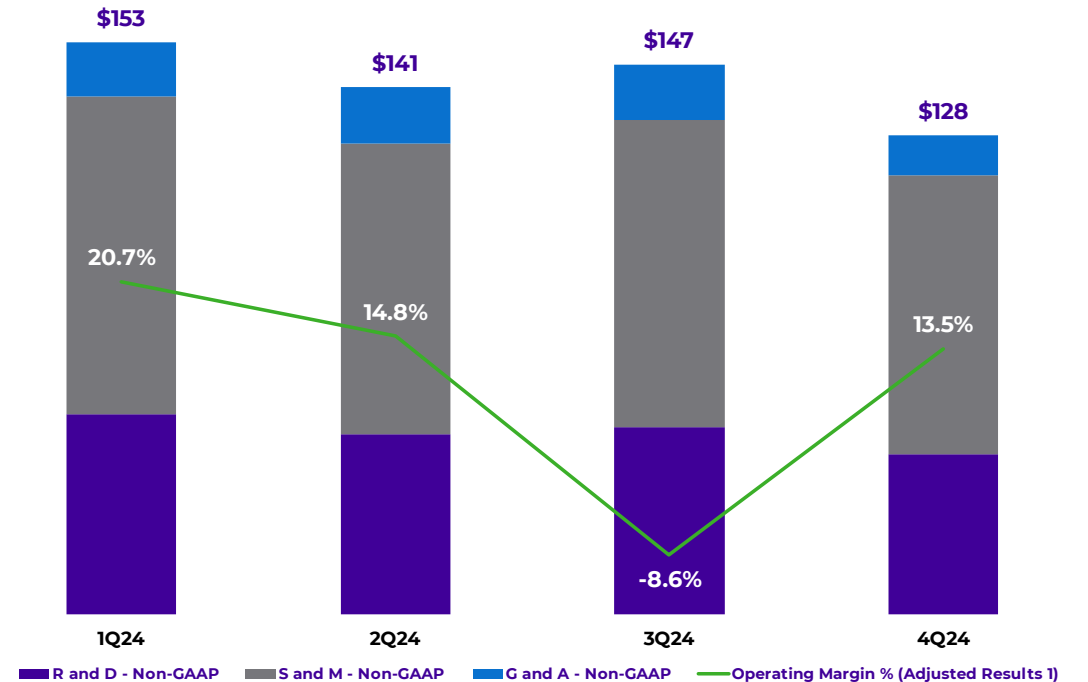
(IN M'S EXCEPT PERCENTAGES)



Gross Profit - Adjusted Results ¹

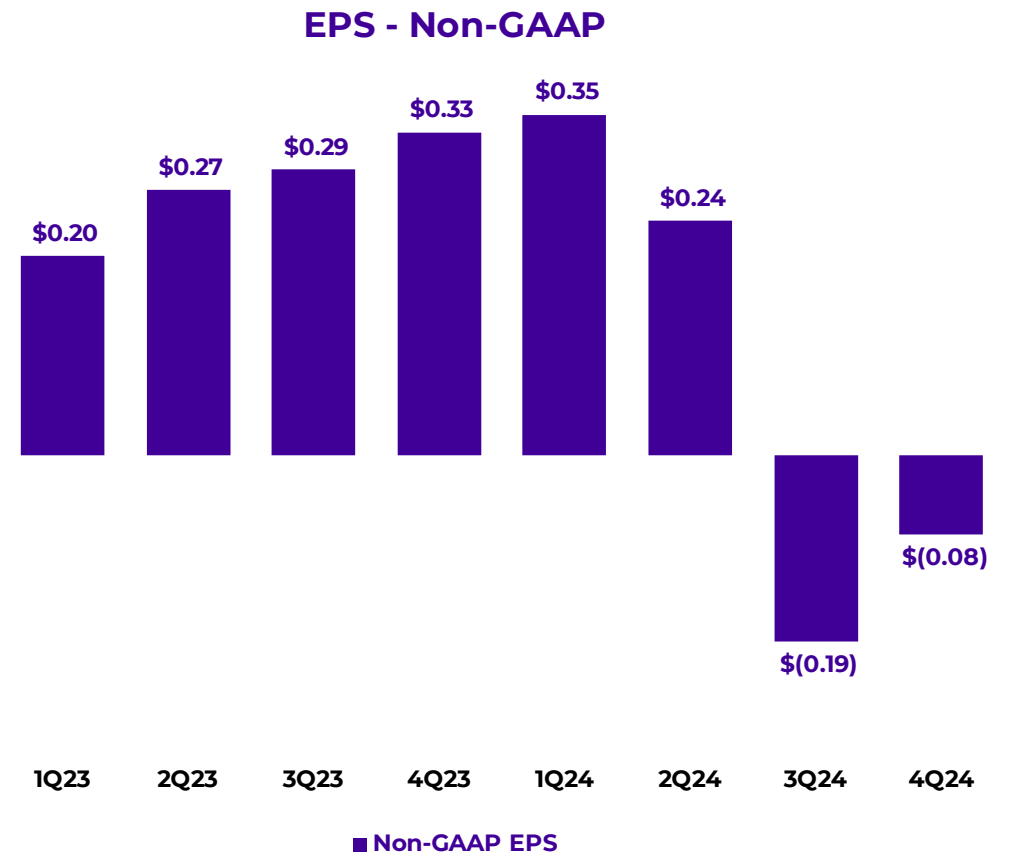
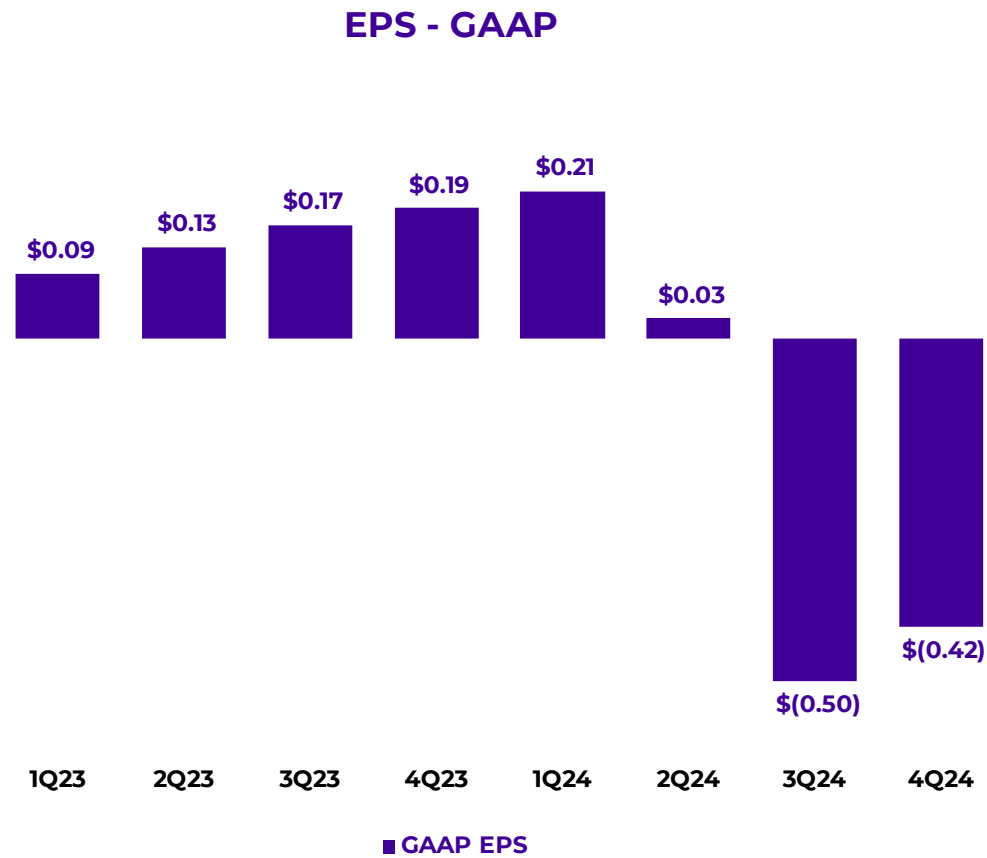


Operating Expenses & Margin - Adjusted Results ¹



¹Adjusted Results exclude the Non-GAAP adjustments, the additional provision for E&O inventory and adjustments for the related tax impact. See slide 8 for more detail.

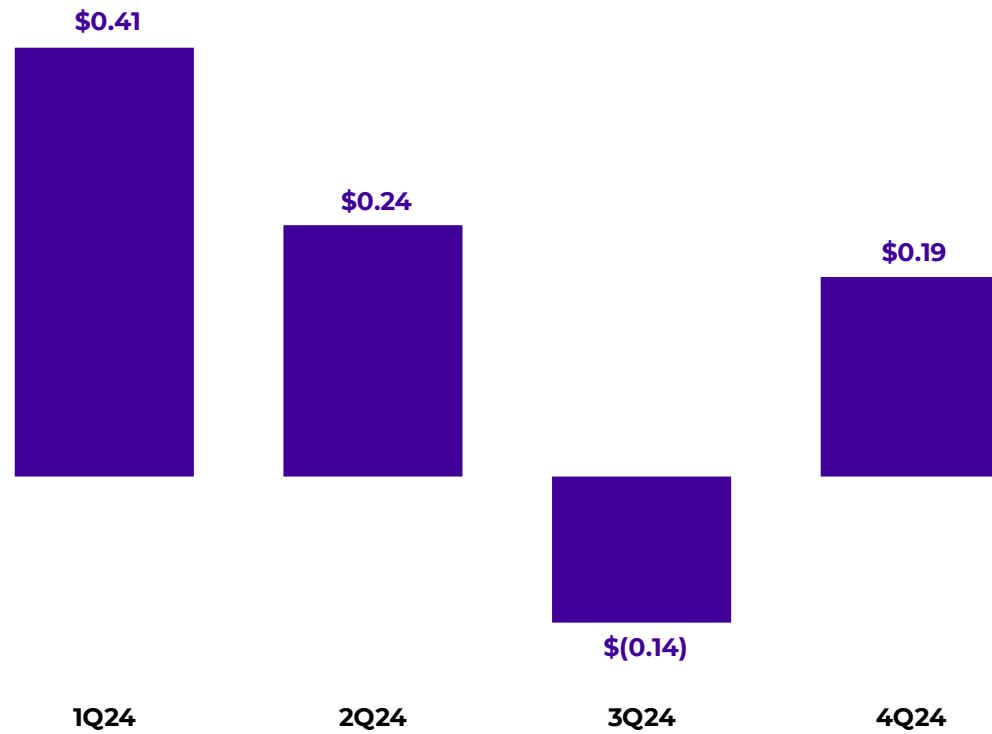
QUARTERLY RESULTS OF OPERATIONS



QUARTERLY RESULTS OF OPERATIONS



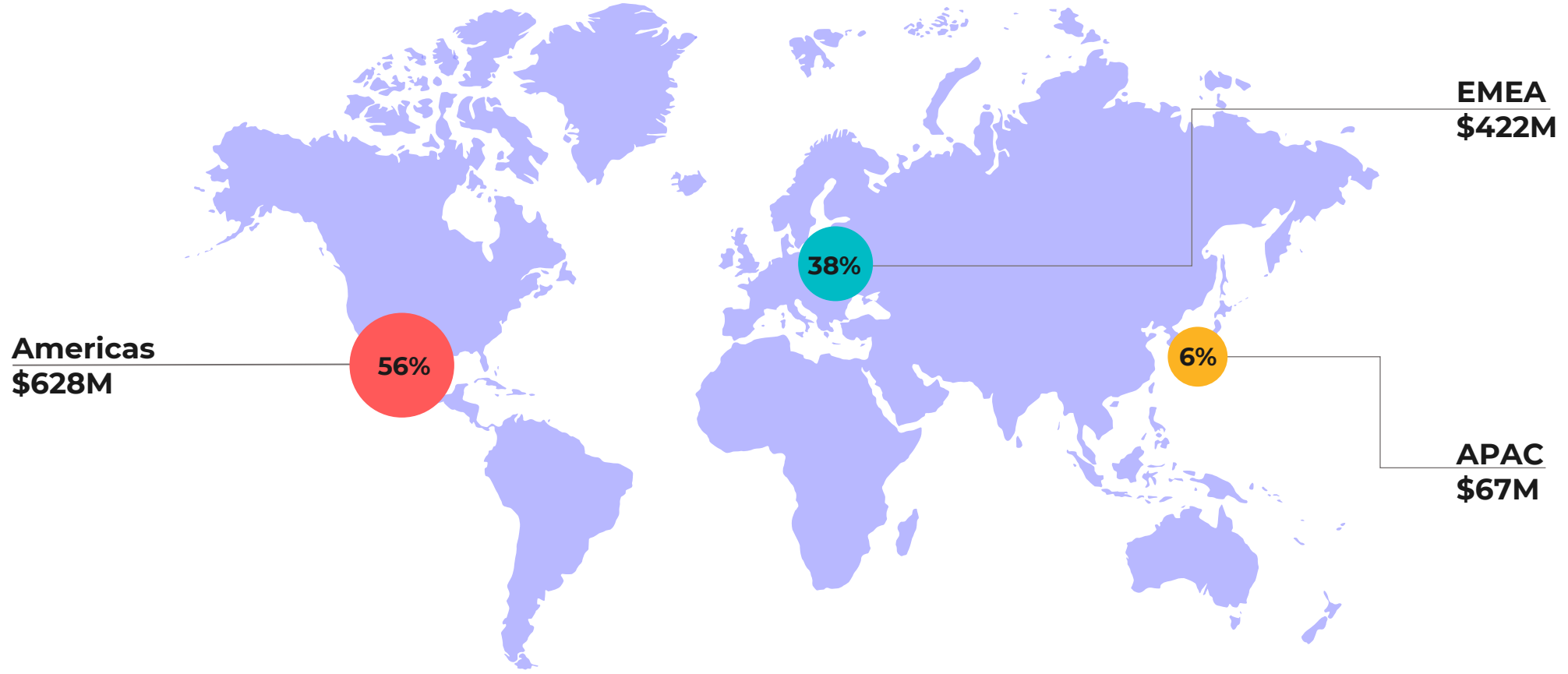
EPS - Adjusted Results ¹



¹Adjusted Results exclude the Non-GAAP adjustments, the additional provision for E&O inventory and adjustments for the related tax impact. See slide 8 for more detail.

FY24 REVENUE BY GEOGRAPHY

(IN \$M'S EXCEPT PERCENTAGES)



FINANCIAL HIGHLIGHTS – BALANCE SHEET

(IN M'S EXCEPT DAYS)



Balance Sheet Highlights

Cash and Cash Equivalents

Accounts Receivable

Inventories

Accounts Payable

Gross Debt*

Net Cash (Debt)**

	4Q23	3Q24	4Q24
Cash and Cash Equivalents	\$234.8	\$151.0	\$156.7
Accounts Receivable	\$182.0	\$94.4	\$89.5
Inventories	\$89.0	\$185.4	\$141.0
Accounts Payable	\$99.7	\$81.5	\$51.4
Gross Debt*	\$225.0	\$192.5	\$190.0
Net Cash (Debt)**	\$9.8	(\$41.5)	(\$33.3)

*Gross Debt is defined as long-term and current portion of long-term debt as shown on the balance sheet plus unamortized debt issuance costs, if any.

**Net Cash (Debt) is defined as Cash and Cash Equivalents minus Gross Debt.

NON-GAAP FREE CASH FLOW

(IN M'S)



Extreme uses the Non-GAAP free cash flow metric as a measure of operating performance. Free cash flow represents GAAP net cash provided by (used in) operating activities, less purchases of property, plant and equipment. Extreme considers free cash flow as useful information for management and investors regarding the amount of cash generated by the business after the purchases of property, plant and equipment, which can then be used to, among other things, invest in Extreme's business, make strategic acquisitions, and strengthen the balance sheet. A limitation of the utility of the Non-GAAP free cash flow metric as a measure of financial performance is that it does not represent the total increase or decrease in the Company's cash balance for the period. As shown in the table below:

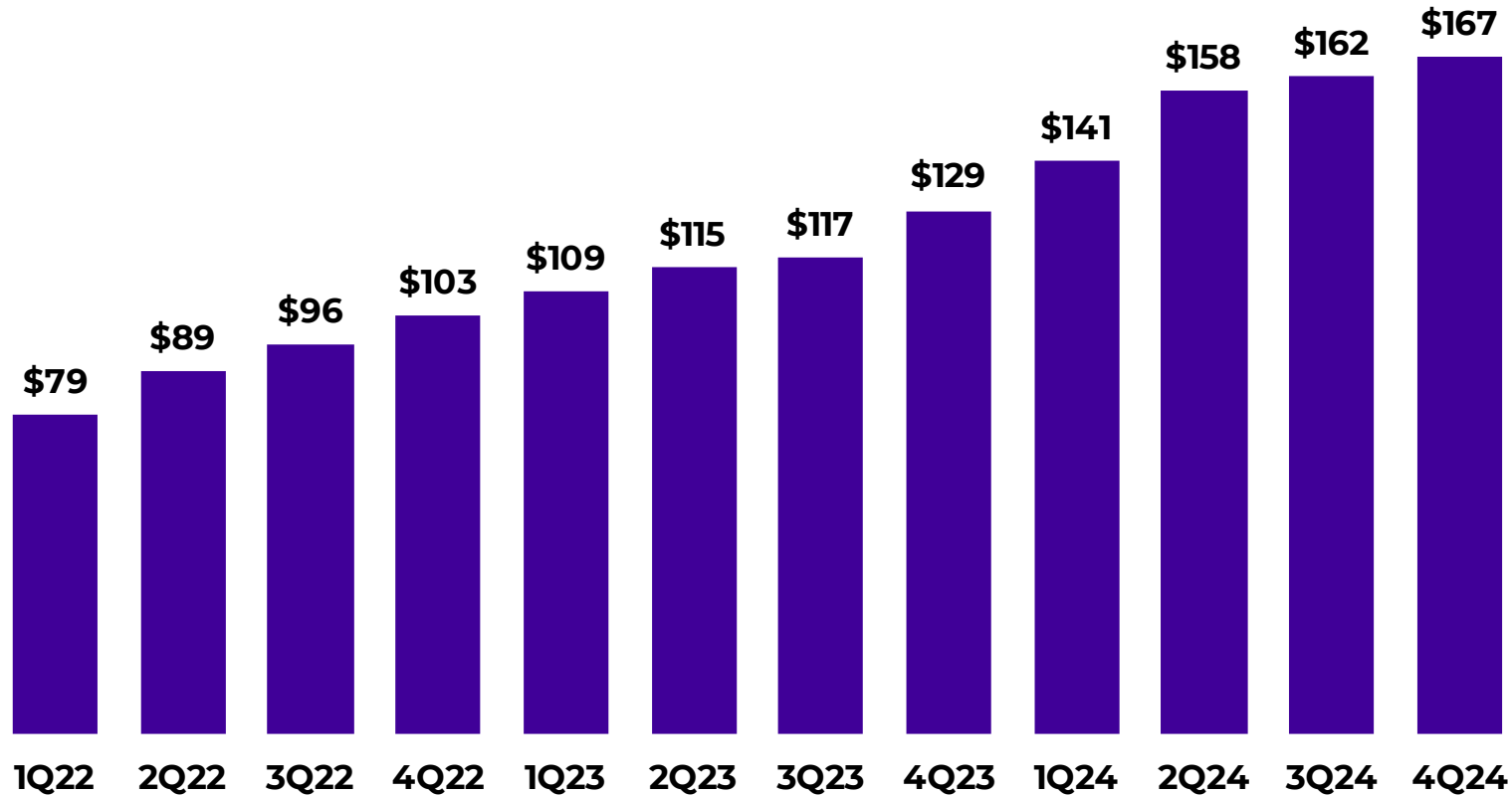
Non-GAAP Free Cash Flow	4Q23	3Q24	4Q24	FY23	FY24
Operating Cash Flow	\$80.7	(69.9)	\$15.4	\$249.2	\$55.5
PP&E Capital Expenditures	(5.2)	(3.7)	(4.5)	(13.8)	(18.1)
Free Cash Flow	\$75.5	(\$73.6)	\$10.9	\$235.4	\$37.4

HISTORICAL SAAS DISCLOSURES – SaaS ARR

(IN \$M'S)



SaaS ARR ¹



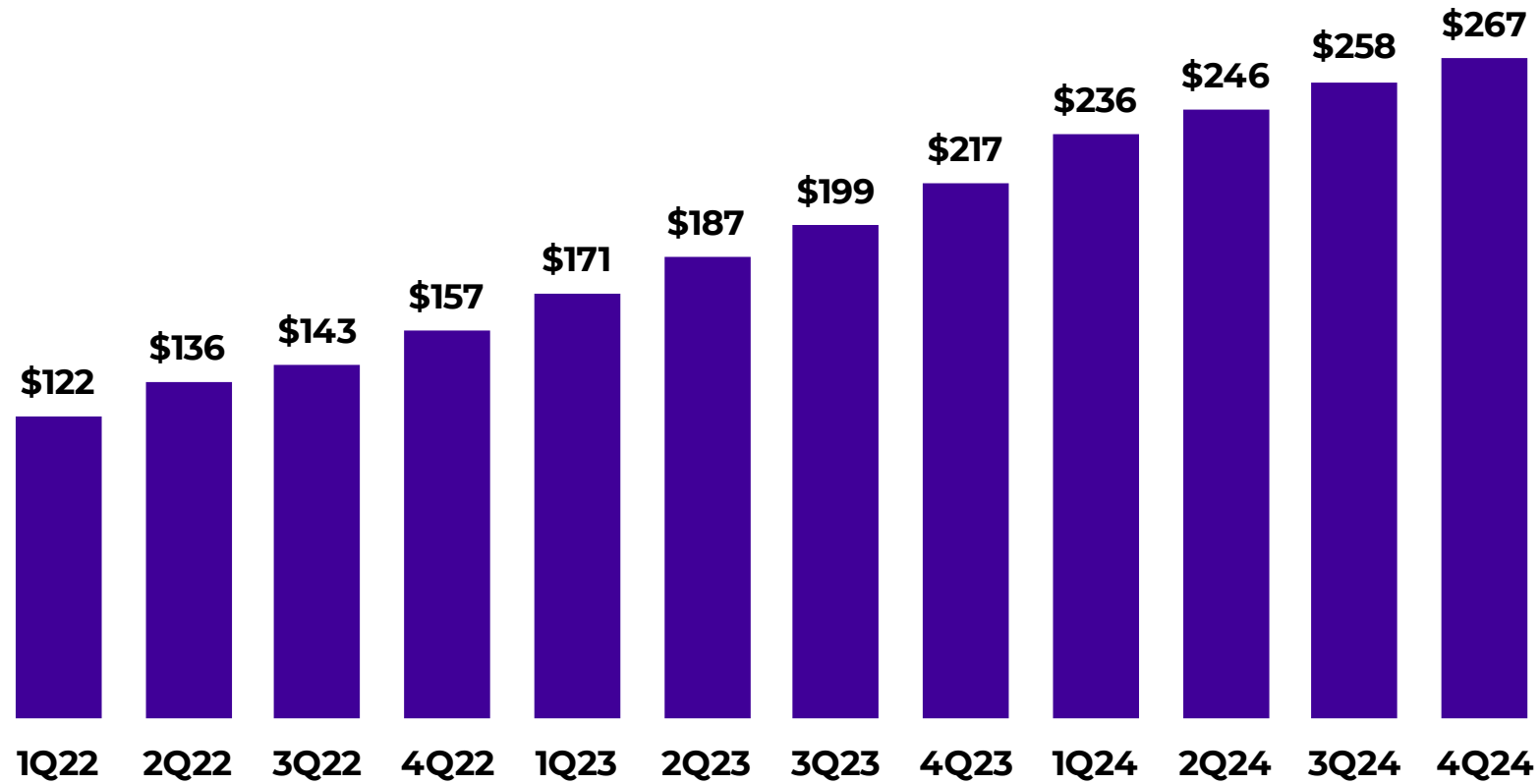
¹Extreme uses SaaS annual recurring revenue (“SaaS ARR”) to identify the annual recurring revenue of ExtremeCloud™ IQ (XIQ) and other subscription revenue, based on the annualized value of quarterly subscription revenue and term-based licenses. We believe that SaaS ARR is an important metric because it is driven by our ability to acquire new customers and to maintain and expand our relationship with existing customers. SaaS ARR should be viewed independently of revenue or deferred revenue accounted under U.S. GAAP. SaaS ARR does not have a standardized meaning and therefore may not be comparable to similarly titled measures presented by other companies. SaaS ARR is not intended to be a replacement for forecasts of revenue.

HISTORICAL SAAS DISCLOSURES – SaaS DEFERRED REVENUE

(IN \$M'S)



SaaS Deferred Revenue¹



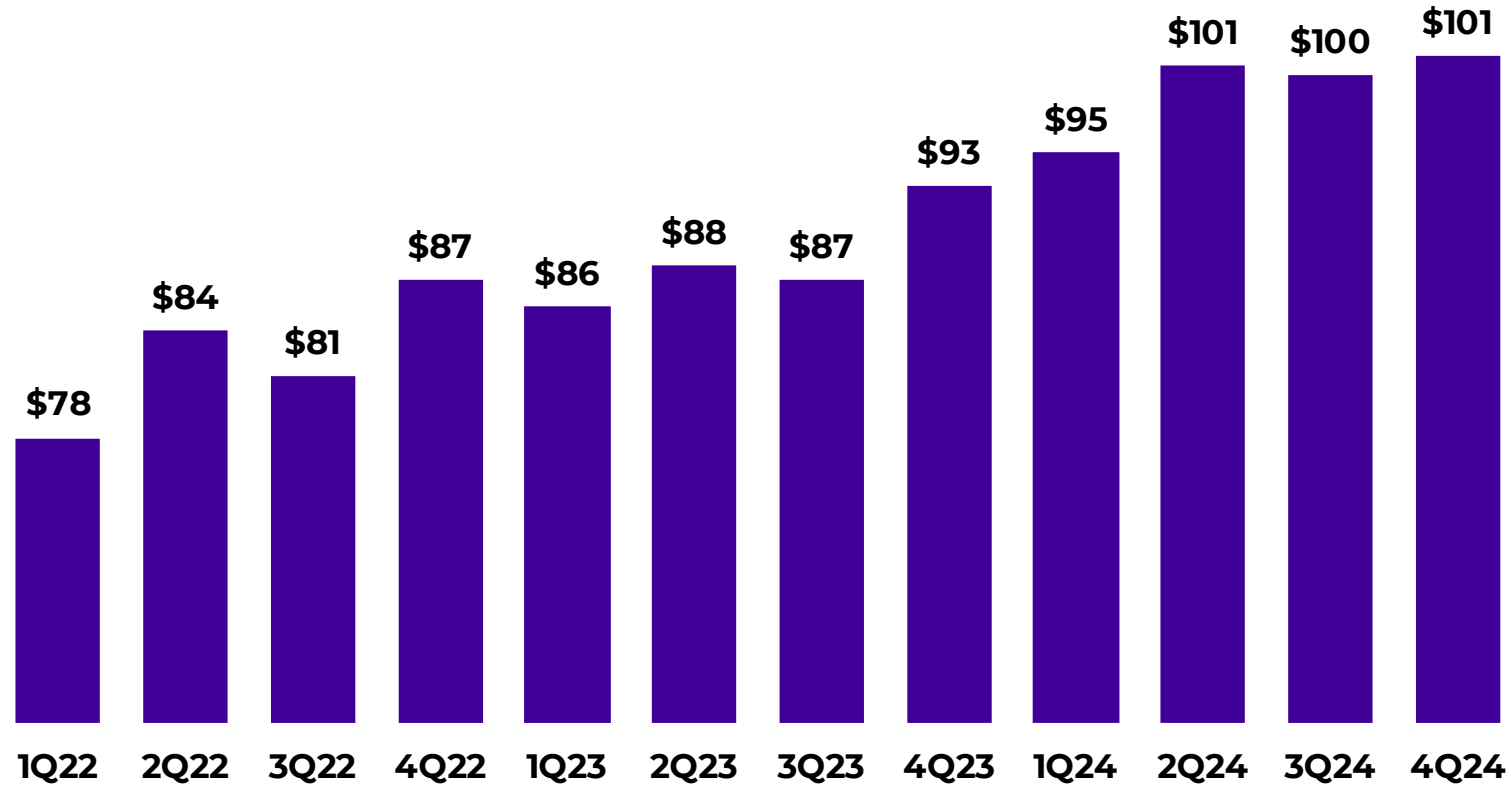
¹SaaS Ending Deferred Revenue refers to the ending quarterly balance of advance payments received for SaaS goods or services that are to be delivered or performed in the future.

HISTORICAL DISCLOSURES – RECURRING REVENUE

(IN \$M'S)



Recurring Revenue¹



¹Recurring Revenue is the sum of all Subscription and Support revenue that is recognized over multiple periods, quarters or years, rather than a single point in time.

APPENDICES

GAAP to Non-GAAP Reconciliations & Operating Metrics

*Note: The totals for some periods may not foot due to rounding.
Please see press release for full reconciliation.*



GAAP TO NON-GAAP RECONCILIATIONS – GROSS MARGIN

(IN M'S EXCEPT PERCENTAGES)



	4Q23	3Q24	4Q24	FY23	FY24
Product Revenue	\$ 261.7	\$ 106.4	\$ 152.8	\$ 932.5	\$ 699.3
Subscription & Support Revenue	102.2	104.6	103.9	380.0	417.9
Total Revenue - GAAP	\$ 363.9	\$ 211.0	\$ 256.7	\$ 1,312.5	\$ 1,117.2
Gross Margin - GAAP	214.4	119.9	114.6	754.7	630.8
Gross Margin % - GAAP	58.9%	56.8%	44.7%	57.5%	56.5%
Amortization of Intangibles, Product	2.3	0.6	0.6	9.6	2.9
Amortization of Intangibles, Subscription & Support	0.8	-	-	3.3	0.3
Share-Based Compensation, Product	0.5	0.4	0.6	1.9	1.9
Share-Based Compensation, Subscription & Support	0.9	0.7	0.7	3.5	3.0
Gross Margin - Non-GAAP	\$ 218.9	\$ 121.6	\$ 116.5	\$ 773.0	\$ 638.9
Gross Margin % - Non-GAAP	60.2%	57.6%	45.4%	58.9%	57.2%

GAAP TO NON-GAAP RECONCILIATIONS – OPERATING INCOME (LOSS)

(IN M'S EXCEPT PERCENTAGES)



	4Q23	3Q24	4Q24	FY23	FY24
Operating Income (Loss) - GAAP	\$ 37.9	\$ (62.5)	\$ (48.9)	\$ 108.3	\$ (65.2)
Operating Margin - GAAP	10.4%	(29.6%)	(19.1%)	8.3%	(5.8%)
Amortization of Intangibles, COGS	3.1	0.6	0.6	12.9	3.2
Share-Based Compensation, Total	16.9	17.8	18.1	63.5	76.8
Restructuring and Related Charges	0.5	14.4	10.0	2.8	36.3
Amortization of Intangibles, OpEx	0.5	0.5	0.5	2.0	2.0
System Transition Costs	0.5	0.9	2.8	1.0	5.3
Litigation Costs	4.0	2.6	5.1	8.0	10.5
Integration & Acquisition Costs in OpEx	-	-	-	0.4	-
Operating Income (Loss) - Non-GAAP	<u>\$ 63.4</u>	<u>\$ (25.7)</u>	<u>\$ (11.8)</u>	<u>\$ 198.9</u>	<u>\$ 68.9</u>
Operating Margin - Non-GAAP	<u>17.4%</u>	<u>(12.2%)</u>	<u>(4.6%)</u>	<u>15.2%</u>	<u>6.2%</u>

GAAP TO NON-GAAP RECONCILIATIONS – NET INCOME (LOSS)

(IN M'S EXCEPT EPS)



	4Q23	3Q24	4Q24	FY23	FY24
Net Income (Loss) - GAAP	\$ 25.4	\$ (64.4)	\$ (54.2)	\$ 78.1	\$ (86.0)
Shares - GAAP	132.9	129.3	130.1	133.6	132.7
EPS - GAAP (Diluted)	\$ 0.19	\$ (0.50)	\$ (0.42)	\$ 0.58	\$ (0.65)
Amortization of Intangibles, COGS	3.1	0.6	0.6	12.9	3.2
Share-Based Compensation, Total	16.9	17.8	18.1	63.5	76.8
Restructuring and Related Charges	0.5	14.4	10.0	2.8	36.3
Amortization of Intangibles, OpEx	0.5	0.5	0.5	2.0	2.0
System Transition Costs	0.5	0.9	2.8	1.0	5.3
Litigation Costs	4.0	2.6	5.1	8.0	10.5
Integration and Acquisition Costs in OpEx	-	-	-	0.4	-
Debt Refinancing Charges, Interest Expense	1.3	-	-	1.3	-
Debt Refinancing Charges, Other Income (Expense)	0.2	-	-	0.2	-
Tax Effect of non-GAAP Adjustments	(8.5)	2.8	7.2	(23.9)	(4.8)
Net Non-GAAP Adjustments	18.5	39.6	44.3	68.2	129.3
Net Income (Loss) - Non-GAAP	\$ 43.9	\$ (24.8)	\$ (9.9)	\$ 146.3	\$ 43.4
Shares - Non-GAAP	132.9	129.3	130.1	133.6	135.5
EPS - Non-GAAP	\$ 0.33	\$ (0.19)	\$ (0.08)	\$ 1.09	\$ 0.32

ADJUSTED EBITDA RECONCILIATION

(IN M'S)



	4Q23	3Q24	4Q24	FY23	FY24
Net Income (Loss) - GAAP	\$ 25.4	\$ (64.4)	\$ (54.2)	\$ 78.1	\$ (86.0)
Interest	4.6	2.9	3.6	14.2	12.5
Provision for (Benefit from) Income Taxes	7.7	(0.6)	1.5	16.0	8.4
Depreciation/Amortization	8.5	5.5	11.3	34.9	29.5
EBITDA	\$ 46.2	\$ (56.6)	\$ (37.8)	\$ 143.2	\$ (35.6)
Net Non-GAAP Adjustments	18.5	39.6	44.3	68.2	129.3
Interest included in Net Non-GAAP Adjustments	(1.3)	-	-	(1.3)	-
Tax Effect included in Net Non-GAAP Adjustments	8.5	(2.8)	(7.2)	24.0	4.8
Amortization included in Net Non-GAAP Adjustments	(3.6)	(1.1)	(1.1)	(15.0)	(5.3)
Depreciation included in Net Non-GAAP Adjustments	-	-	(5.9)	-	(5.9)
EBITDA - Adjusted	\$ 68.3	\$ (20.9)	\$ (7.7)	\$ 219.1	\$ 87.3

For "Net Non-GAAP Adjustments" refer to slide 24



1Q25 & FY25

FINANCIAL GUIDANCE



1Q25 GUIDANCE

(IN M'S EXCEPT PERCENTAGES AND EPS)



	Adjusted Results¹ 4Q24	GAAP 1Q25	Non-GAAP 1Q25
Revenue (\$M)	\$256.7	\$255.0 - \$265.0	\$255.0 - \$265.0
Gross Margin %	63.5%	61.2% - 63.2%	62.0% - 64.0%
Operating Margin %	13.5%	(5.3%) - (2.3%)	7.8% - 10.4%
EPS	\$0.19	(\$0.14) - (\$0.09)	\$0.10 - \$0.14

¹Adjusted Results exclude the Non-GAAP adjustments, the additional provision for E&O inventory and adjustments for the related tax impact. See slide 8 for more detail.

1Q25 GUIDANCE – GAAP TO NON-GAAP RECONCILIATION



	Gross Margin Rate	Operating Margin Rate	Earnings per Share
GAAP	61.2% - 63.2%	(5.3%) – (2.3%)	(\$0.14) – (\$0.09)
Estimated Adjustments for:			
Share-Based Compensation	0.5%	7.7% - 8.0%	0.16
Amortization of Product Intangibles	0.3%	0.3%	0.01
Amortization of Non-product Intangibles	-	0.2%	0.00
Restructuring Charges, net	-	1.2%	0.02
Litigation Charges	-	1.6%	0.03
System Transition Costs	-	1.7% - 1.8%	0.04
Non-GAAP Tax Adjustment	-	-	(0.03) – (0.02)
Non-GAAP	62.0% - 64.0%	7.8% – 10.4%	\$0.10 – \$0.14

FY25 GUIDANCE

(IN M'S)



	FY24	FY25
Revenue (\$M)	\$1,117.2	\$1,110.0 - \$1,135.0



ADVANCE
WITH US™