

June 26, 2019

Extreme Networks Announces Agreement to Acquire Aerohive Networks



Cautionary Statement on Financial Measures

Non-GAAP Measures:

In preparing the accompanying information, the Company has excluded, where applicable, the impact of certain Non-GAAP costs as listed at the end of this presentation. The Company believes these Non-GAAP measures provide both management and investors with additional insight into its current operations, the trends affecting the Company and the Company's marketplace performance. Management believes these items allow readers to better correlate the Company's operating activities with 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. 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. Please refer to our press release dated June 26, 2019, which is posted under SEC Filings on the "Investor Relations" section of our website for the required reconciliation to the most comparable GAAP financial measures.



Additional Information and Where to Find It

The description contained herein is for informational purposes only and is not a recommendation, an offer to buy or the solicitation of an offer to sell any shares of Aerohive's common stock. The tender offer for the outstanding shares of Aerohive's common stock described in this report has not commenced. At the time the tender offer is commenced, Extreme will file or cause to be filed a Tender Offer Statement on Schedule TO with the SEC and Aerohive will file a Solicitation/Recommendation Statement on Schedule 14D-9 with the SEC related to the tender offer. The Tender Offer Statement (including an Offer to Purchase, a related Letter of Transmittal and other tender offer documents) and the Solicitation/Recommendation Statement will contain important information that should be read carefully before any decision is made with respect to the tender offer. Those materials will be made available to Aerohive's stockholders at no expense to them. In addition, all of those materials (and any other documents filed with the SEC) will be available at no charge on the SEC's website at www.sec.gov.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this communication may constitute "forward-looking statements". Forward-looking statements may be typically identified by such words as "may," "will," "could," "should," "expect," "anticipate," "plan," "likely," "believe," "estimate," "project," "intend," and other similar expressions. These forward-looking statements are subject to known and unknown risks and uncertainties that could cause our actual results to differ materially from the expectations expressed in the forward-looking statements. Although Extreme and Aerohive believe that the expectations reflected in the forward-looking statements are reasonable, any or all of such forward-looking statements may prove to be incorrect. Consequently, no forward-looking statements may be guaranteed and there can be no assurance that the actual results or developments anticipated by such forward looking statements will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Extreme, Aerohive or their respective businesses or operations.

Factors which could cause actual results to differ from those projected or contemplated in any such forward-looking statements include, but are not limited to, the following factors: (1) the risk that the conditions to the closing of the transaction are not satisfied, including the risk that Purchaser may not receive sufficient number of shares tendered from Aerohive stockholders to complete the tender offer; (2) litigation relating to the transaction; (3) uncertainties as to the timing of the consummation of the transaction and the ability of each of Aerohive and Extreme to consummate the transaction; (4) risks that the proposed transaction disrupts the current plans and operations of Aerohive or Extreme; (5) the ability of Aerohive to retain and hire key personnel; (6) competitive responses to the proposed transaction; (7) unexpected costs, charges or expenses resulting from the transaction; (8) potential adverse reactions or changes to business relationships resulting from the announcement or completion of the transaction; (9) Extreme's ability to achieve the growth prospects and synergies expected from the transaction, as well as delays, challenges and expenses associated with integrating Aerohive with its existing businesses; and (10) legislative, regulatory and economic developments. The foregoing review of important factors that could cause actual events to differ from expectations should not be construed as exhaustive and should be read in conjunction with statements that are included herein and elsewhere, including the risk factors included in Aerohive's recent Quarterly Report on Form 10-Q, Extreme's most recent Quarterly Report on Form 10-Q, and Aerohive's and Extreme's more recent reports filed with the SEC. Aerohive and Extreme can give no assurance that the conditions to the transaction will be satisfied. Neither Aerohive nor Extreme or its subsidiaries undertakes any intent or obligation to publicly update or revise any of these forward looking statements, whether as a result of new information, future events or otherwise, except as required by law. Aerohive is responsible for information in this Current Report on Form 8-K concerning Aerohive, and Extreme is responsible for information in this Current Report on Form 8-K concerning Extreme or its subsidiaries.

Extreme's Quarterly Report on Form 10-Q filed on May 10, 2019 and other filings with the SEC (which may be obtained for free at the SEC's website at <http://www.sec.gov>) discuss some of the important risk factors that may affect Extreme's business, results of operations and financial condition. Extreme undertakes no intent or obligation to publicly update or revise any of these forward looking statements, whether as a result of new information, future events or otherwise, except as required by law.



Presenters



Ed Meyercord
President & CEO
Extreme Networks



Remi Thomas
CFO
Extreme Networks



David Flynn
President & CEO
Aerohive Networks



Extreme Networks Announces Intent to Acquire Aerohive Networks

Key Highlights

- Extreme Networks, has entered into a definitive agreement to acquire Aerohive Networks, Inc., enhancing Extreme's technology leadership in Cloud, AI/ML, and establishes a proven and mature Cloud Services Platform for Extreme's customers
-

Transaction Structure

- Extreme commences a tender offer to purchase 100% of the outstanding shares of common stock of Aerohive at a price of \$4.45 per share in cash
 - Funding the acquisition from a combination of available cash and committed debt financing
-

Timing and Expected Financial Impact

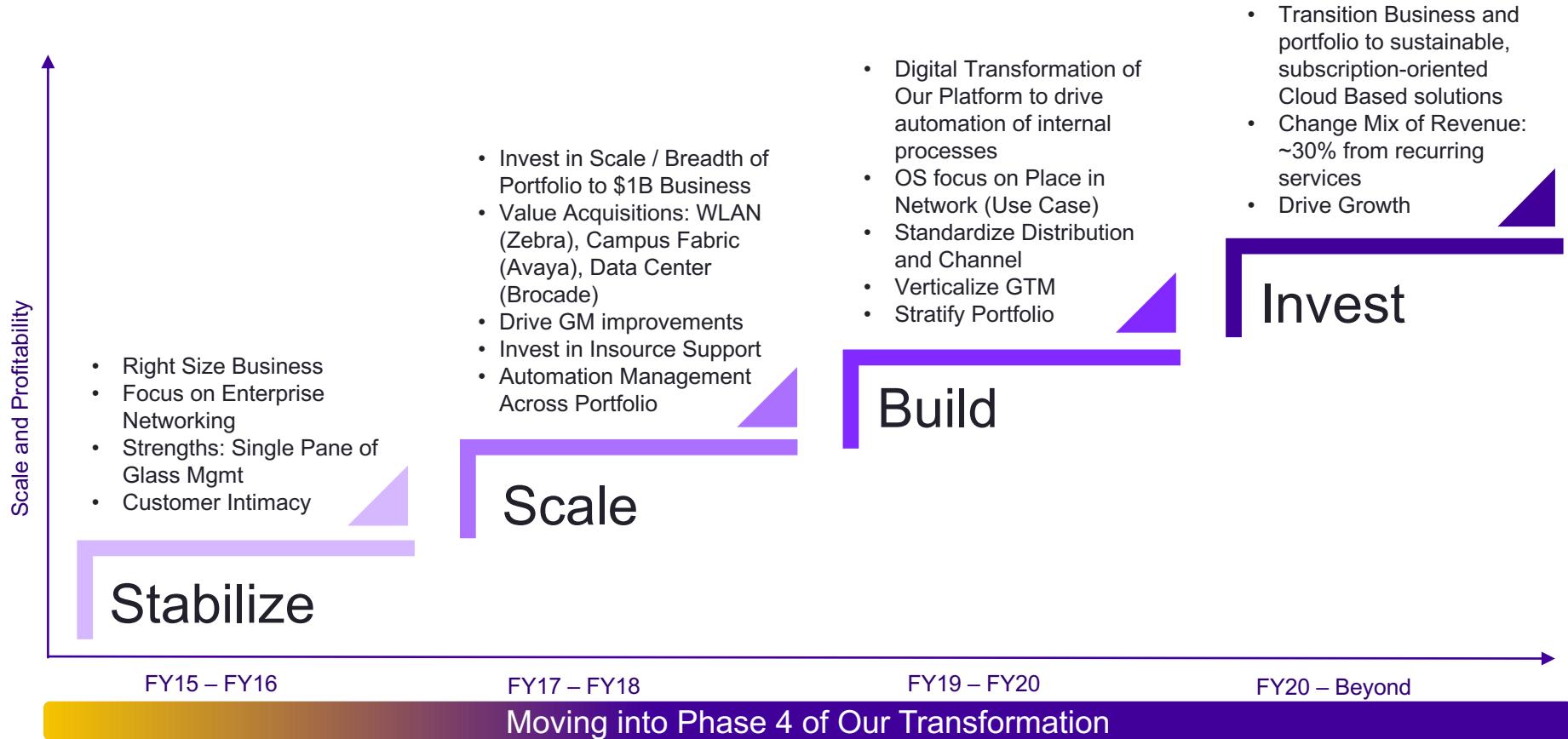
- Target to complete the deal in FQ1'20
 - Scales business to >\$1.1B revenue run rate exiting FY20
 - Accelerates path to >60% gross margin and 15% operating margin combined exiting FY20
 - ~30% of Revenue from recurring Services on a pro-forma run-rate basis
 - We expect the deal to be accretive to Non-GAAP starting in FY20
 - We expect consolidated Debt / EBITDA leverage to remain <3x following this acquisition
 - Portfolio of Aerohive's \$79M deferred revenue balance affected by purchase accounting
-

Approvals Process





- Approved by Extreme and Aerohive Boards of Directors
- Subject to regulatory approvals



Evolution of Extreme Networks



Extreme + Aerohive Drives Scale and Market Visibility

	Pre-Merger		Post-Merger
	 Extreme®	 AEROHIVE NETWORKS	 Extreme® +  AEROHIVE NETWORKS
Number of Customers	>30K	>30K	> Approximately 60K ⁽¹⁾
Partners	6,000	5,623	>11,000 ⁽¹⁾
Scale	Full suite of networking solutions	Cloud and enterprise Wi-Fi	End-to-end platform at the intersection of network, security and cloud
Core Capabilities	End to End Network Management	Wi-Fi, 802.11ax	Better competitive positioning in the market against end-to-end vendors
Go-To-Market Strategy	Channel partners and direct sales	Channel and partnerships (Dell)	Bifurcated sales channels to diversify customer base
Geographic Focus	US (55%), EMEA (34%), APAC (11%)	US (52%), EMEA (39%), APAC (9%)	Increased density of US/ EMEA footprint
Customer Focus	Enterprise, Datacenter and Cloud	Enterprise	Increased penetration into Enterprise
Cross-sell / Up-sell	Continued Progress from Prior M&A	Limited	Meaningful New Opportunities
FY20E Revenue / Op Mgn	>\$1B / <\$10%	>\$150M / Breakeven	>\$1.1B / >15% Op Mgn ⁽²⁾

Note: \$Millions, except per share values. Estimates based on Wall Street Consensus. Extreme fiscal year basis, ending June 30.

(1) Does not account for duplicate customers.

(2) Assumes deferred revenue purchase accounting adjustment for Aerohive upon acquisition of ~30% of Deferred revenue balance and other product overlap dis-synergies

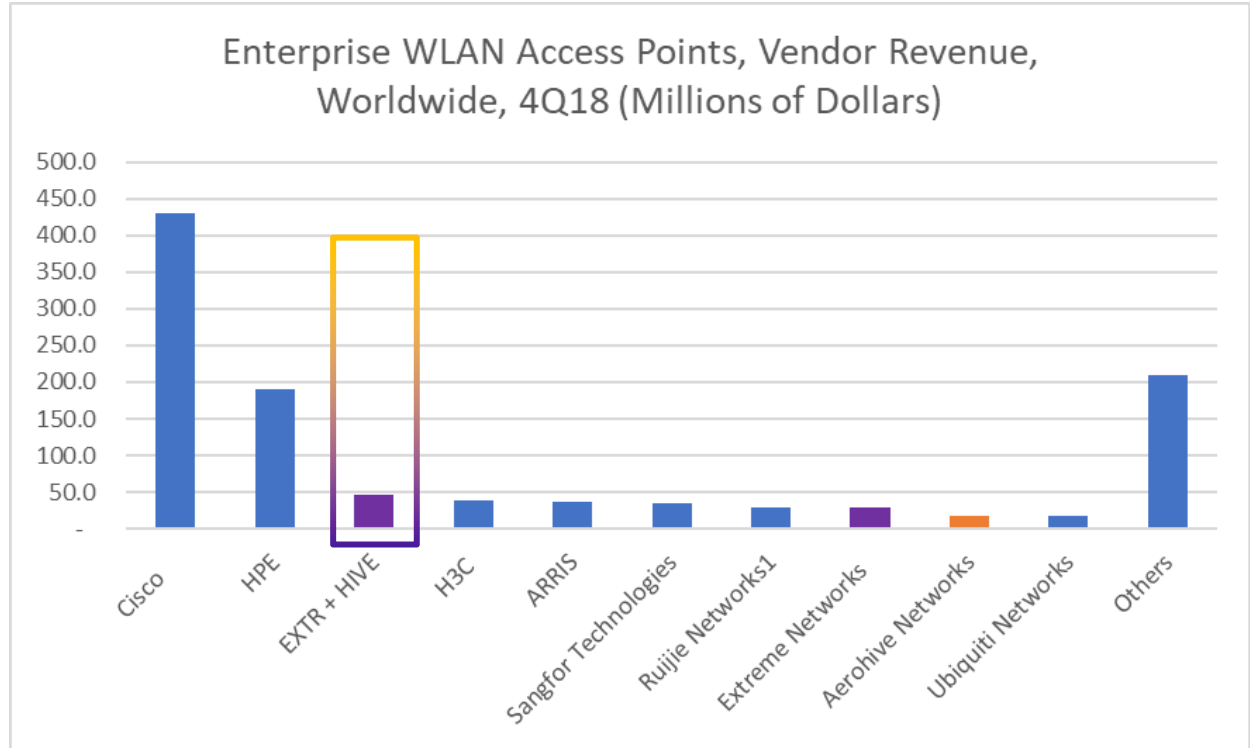


Creates #3 Vendor in Enterprise WLAN (Extreme + Aerohive)

Wi-Fi Global Market Share

- Cisco/Meraki 43.7%
- HPE/Aruba 14.5%
- Extreme 2.7%
- Aerohive 2.3%
- Mist <1%

Extreme +
Aerohive
5%



Aerohive is the #2 provider of Cloud-managed networking equipment in terms of revenue.

-IHS Markit

Source: Dell'Oro Group



Integrated Our Acquisitions Into One Portfolio

Previous Consolidations

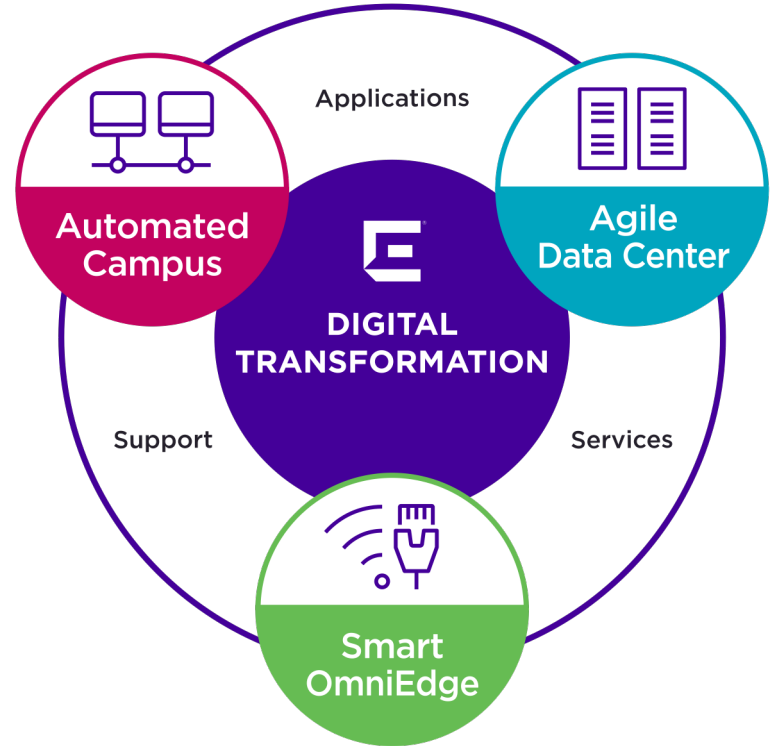


- Campus Networking
- Data Center Networking
- Edge/Campus/ Software Management
- Edge/Campus Networking
- Wireless Networking

Today



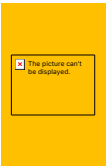
Native Cloud Networking Platform



Aerohive Overview



2nd Largest
Cloud SAAS
Networking*



Architectural and
Technology
Advantages



Unique and
Complementary
Technologies

* Validated by 650 Group

GLOBAL CLOUD FOOTPRINT



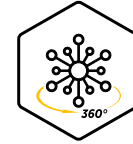
EMERGING BENEFITS

- Microservices Cloud-Management architecture
- Native ML/AI Cloud-Management architecture
- ML/AI-driven Network, Client, and Security 360 views
- ML/AI-driven Proactive Problem Resolution
- Full-Stack Cloud-Management at the Edge

UNIQUE TECHNOLOGIES



CONTROLLER-
LESS 802.11ax



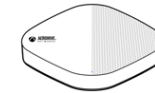
NETWORK 360
ML/AI-DRIVEN



CLOUD
NAC



ML/AI
ANALYTICS



Market Leadership
in 802.11ax Access
Points



SD-WAN



ENTERPRISE
PLUGGABLE



SECURITY 360
ML/AI-DRIVEN



PRIVATE
CLIENT
GROUPS &
PPSK



Builds on Existing Customer Markets: Cross Sell

Retail



Key SLED Customers



HOWARD
UNIVERSITY



Calgary Board
of Education



Healthcare / Assisted Living



Quick Serve Restaurants



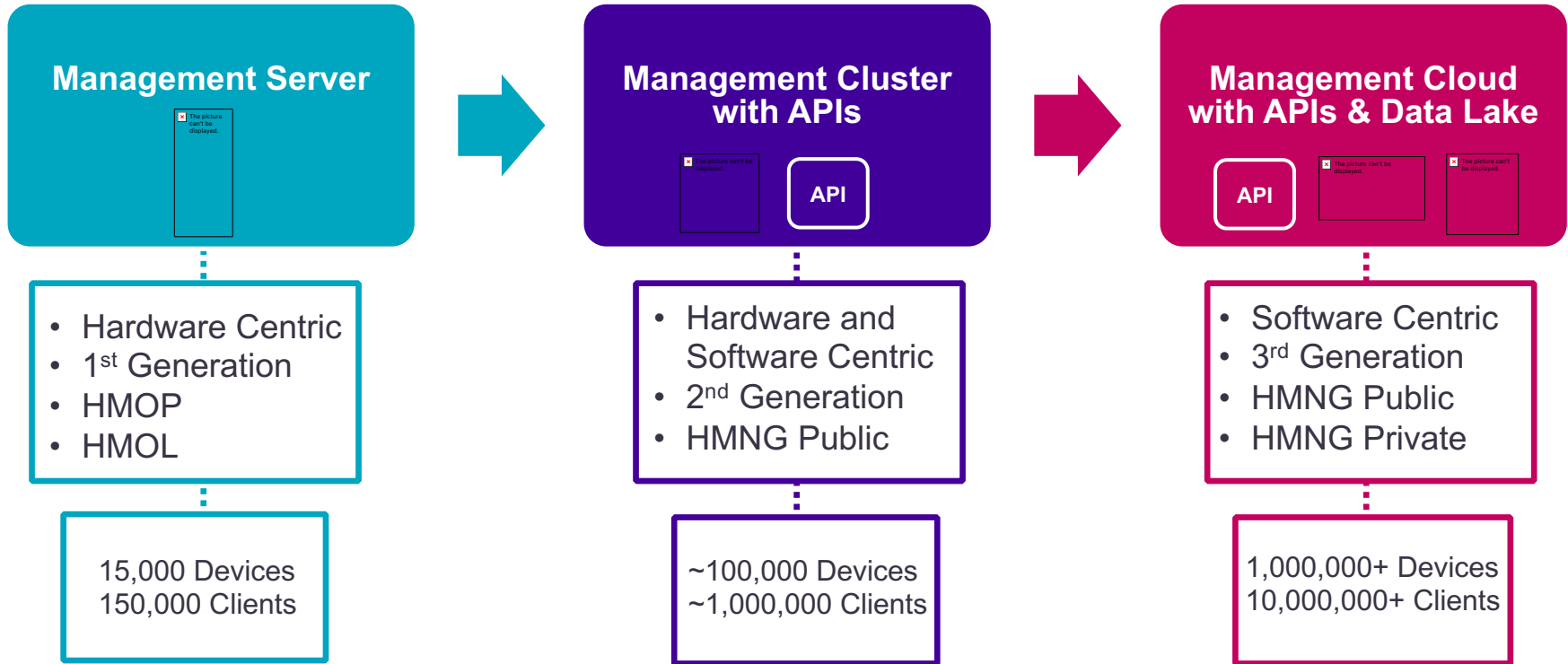
ZAXBY'S



Retail Banking



Next Generation Cloud Tech that Scales



Expands Addressable Market into Fast-Growing SD-WAN Segment

Market	Total Market 2019	Market TAM CAGR (2019-2022)	Extreme TAM 2019	Extreme TAM CAGR (2019-2022)
Wireless LAN	\$7.0B	9.5%	\$4.9B	8.9%
<i>Premises Managed</i>	\$5.4B	6.3%	\$3.8B	5.8%
<i>Cloud Managed</i>	\$1.6B	19.1%	\$0.9B	18.5%
Data Center	\$14.2B	6.6%	\$9.6B	2.5%
<i>Rest of Enterprises</i>	\$3.1B	-17.9%	\$3.1B	-17.9%
<i>Large Enterprises/Private Cloud</i>	\$3.3B	8.4%	\$3.3B	7.8%
<i>CSP</i>	\$3.3B	12.3%	\$3.3B	11.7%
<i>Others*</i>	\$4.0B	16.0%	-	-
Ethernet Switching & Campus LAN	\$15.8B	3.3%	\$9.9B	1.5%
<i>Enterprise Edge</i>	\$10.4B	2.4%	\$8.3B	3.0%
<i>Enterprise Core</i>	\$1.8B	-0.9%	\$1.6B	-2.9%
SD-WAN	\$1.6B	18.8%	\$1.0B	18.8%
Total	\$38.6B	4.1%	\$25.4B	4.9%
<i>Total "Edge" (WLAN + Campus Edge)</i>	\$17.4B	5.2%	\$13.1B	5.2%

Source: Dell'Oro Group, IDC, company reports



From “Value” Acquisition to Tuck-in Technology at Scale

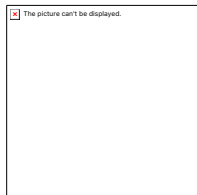
Acquired Product Family	Post-Acquisition Gross Margin	CQ1'19 Exit Rate Gross Margin
Zebra	Mid-40s	Mid-50s
Avaya	Mid-40s	High-50s / Low-60s
Brocade	Low-50s	High-50s / Low-60s
Heritage Extreme	Low-50s	High-50s
Current Extreme Total		Headed to >60%
Aerohive	Low-60s	62.5%
Total Post Next M&A Extreme		Accelerates Path to >60%



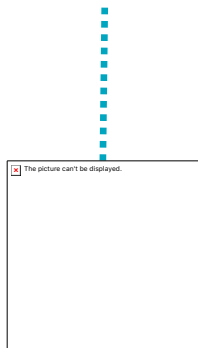
Strengthens Financial Position and Outlook Post Deal

>\$150M

Revenue
Run Rate

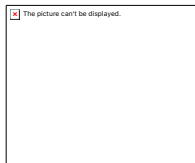


\$1.1B+



Cash on
Hand &
3X Debt
EBITDA

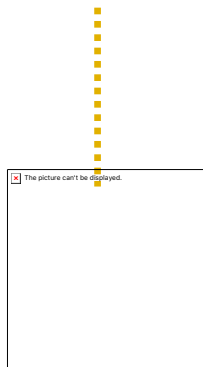
Accelerates



>60%*

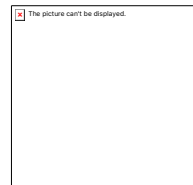
Gross Margins

~30%



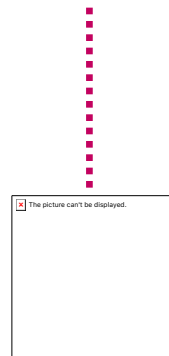
Software &
Services
Recurring
Revenue

Combined
Operating
Margin



>15%*

Opportunistic
Investments



**Balanced
Capital Return**

*Exiting FY20





Thank You

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