



Leading The Infinite Enterprise

February 2023



Cautionary Statement on Financial Measures



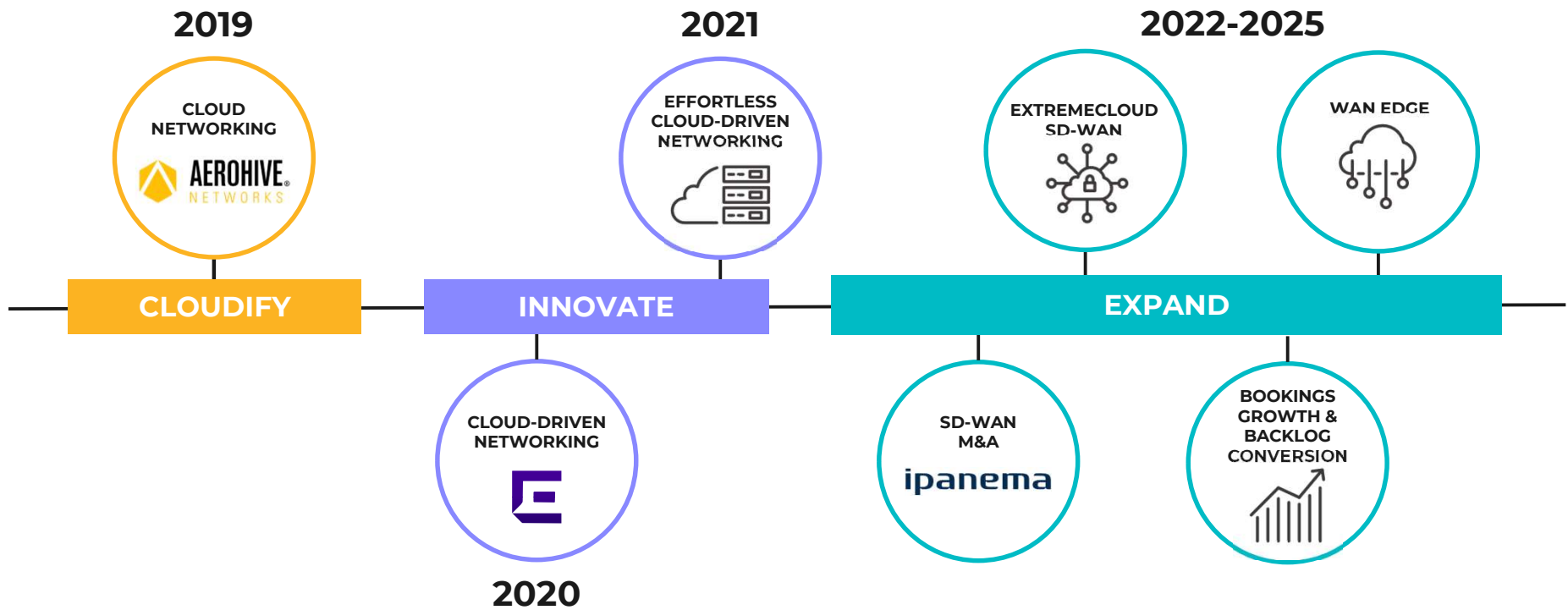
Non-GAAP Measures:

In preparing the accompanying information Extreme Networks Inc. (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, 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. 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 most recent earnings press release dated January 25, 2023, which is posted on the “Investor Relations” section of our website and to pages 42-46 of this presentation for the required reconciliation to the most comparable GAAP financial measures.

Forward-Looking Statements:

This presentation contains forward-looking statements including, but not limited to: the expected financial performance of the Company. 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. 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. We undertake no obligation to update these statements. For a detailed description of these risks and uncertainties please refer to our most recent reports on Form 10-K, Form 10-Q, and Form 8-K filed with the SEC.

INVESTMENTS TO EXPAND OUR GROWTH OPPORTUNITIES



A LEADER IN GARTNER MAGIC QUADRANT FIVE YEARS IN A ROW



Source: Gartner (September 2022)



#1 Ranked
Service and Support in

Overall Rating
of **4.7** out of **5**

Source: Gartner Peer Insights (2022)

91%

Recommends
Extreme Networks

Key Investment Highlights



Current Trends

- Strong demand across all verticals
- Solid execution in a challenging supply chain environment
- Record FY22 revenue and profitability achievement

Outlook

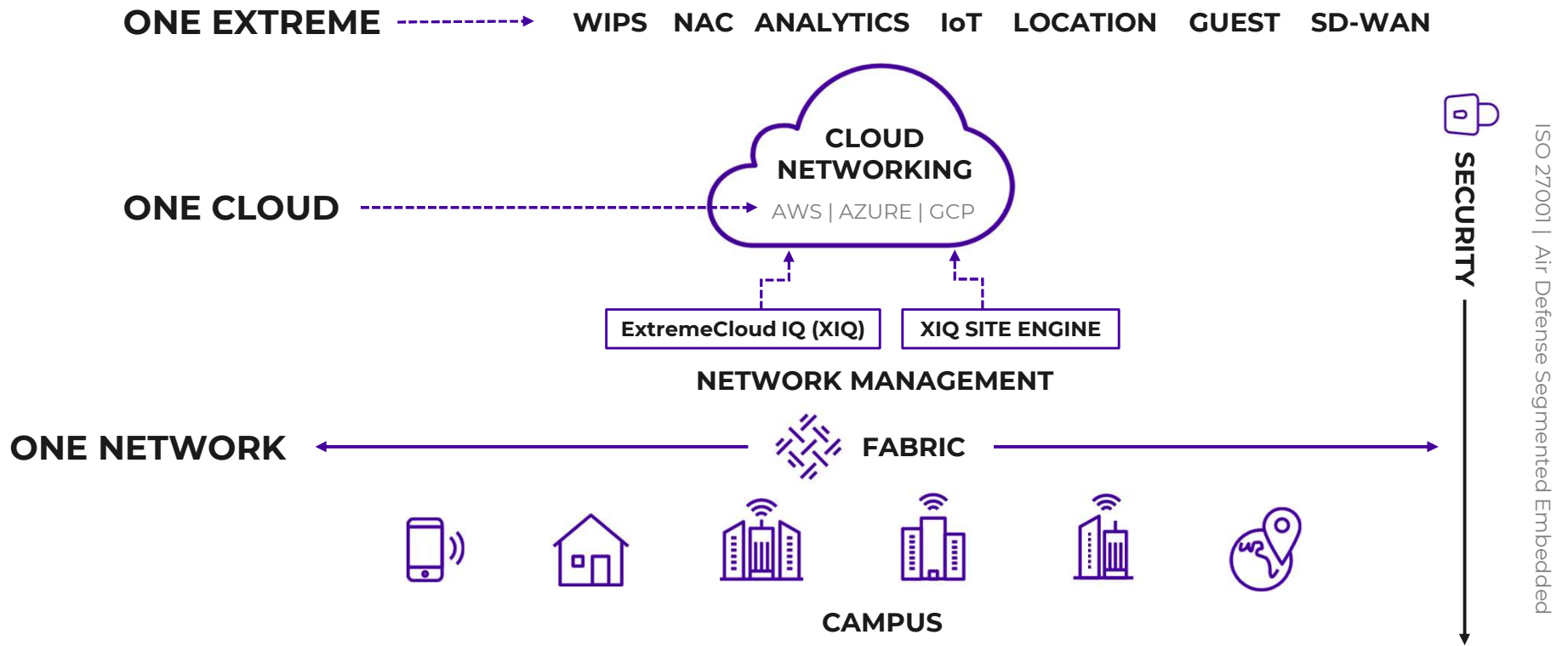
- Strong backlog driving long term revenue growth
- Subscription growth driven by XIQ (new and renewals), WAN Edge, and deferred revenue balance
- Growth opportunities in 5G

Operating Model

- Product gross margin poised to expand as elevated supply chain costs ease
- Overall gross margin benefits from higher proportion of services and subscription
- Operating leverage drives margin expansion

ONE NETWORK, ONE CLOUD, ONE EXTREME

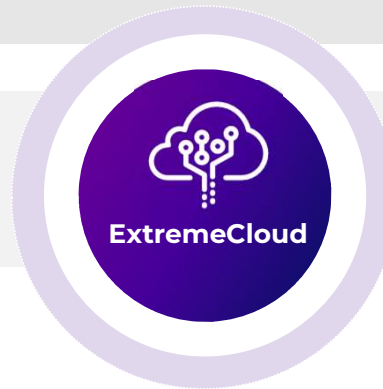
Competitive Differentiation – Pilot License



Viewed as 1 Network, Managed on 1 Cloud, Served by 1 Extreme



1 Cloud



1 Network



Wired



Wireless



SD-WAN



Fabric

1 Extreme



Universal Licensing



Ecosystem



Services

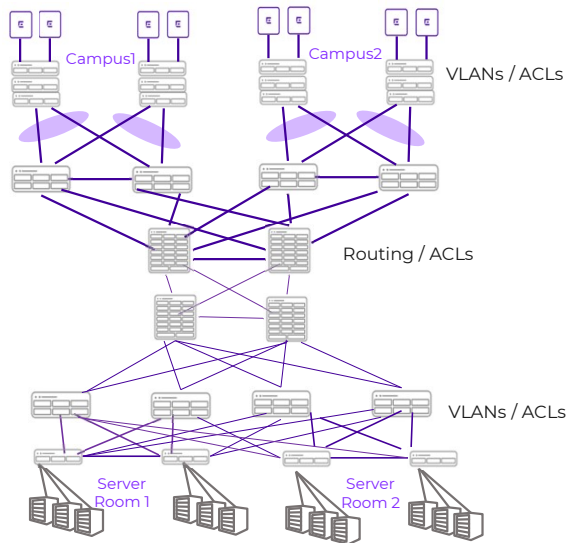


Capital

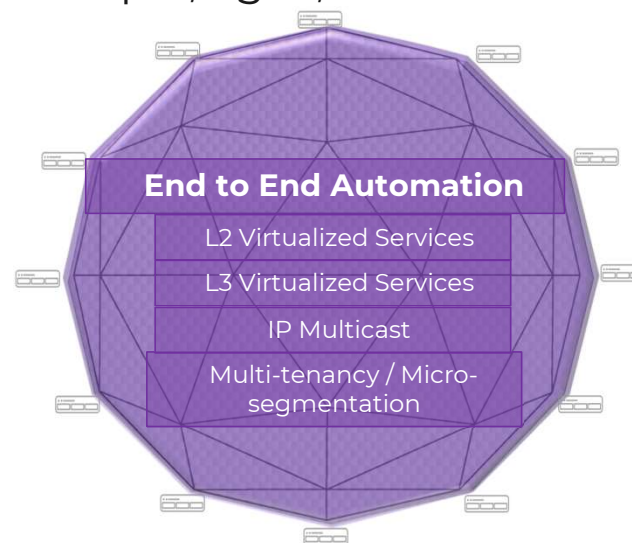
The Evolution of the Network



Traditional Network: Rigid and complex



Fabric Connect: Simple, agile, cloud-driven



Highlights

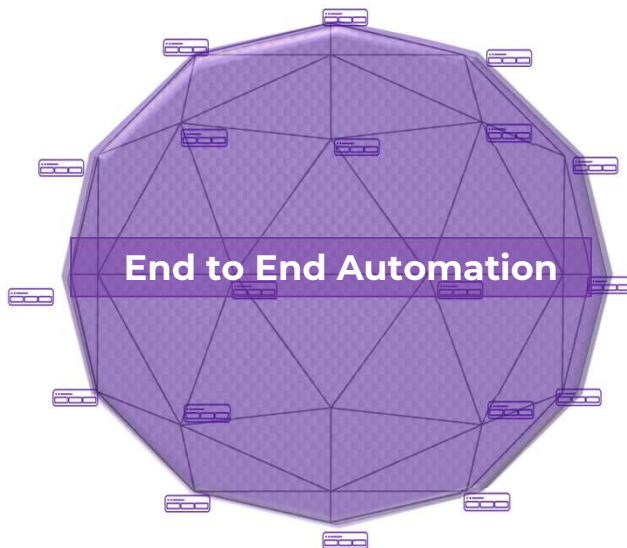
- Services abstracted from the network infrastructure
- Provisioning at the edges only
- Inherently secure
- No reconfiguration of the aggregation / core

A single, business wide fabric will become the de facto architecture to support modern digital imperatives.” - Forrester Research

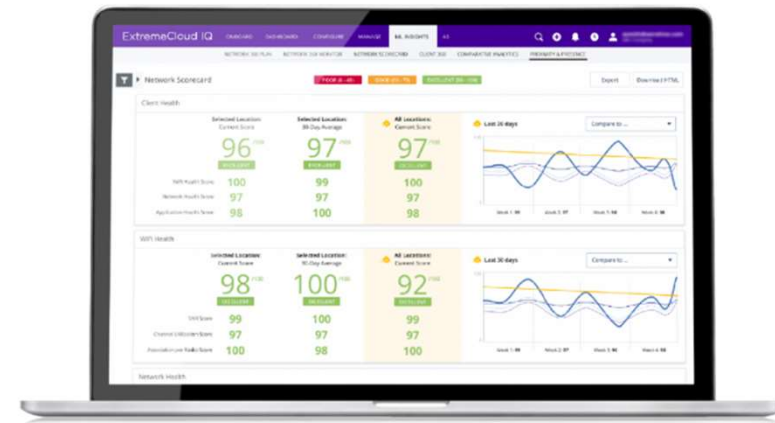
Building the First End-to-End Cloud Managed Fabric



Fabric Connect Simple, Automated Network



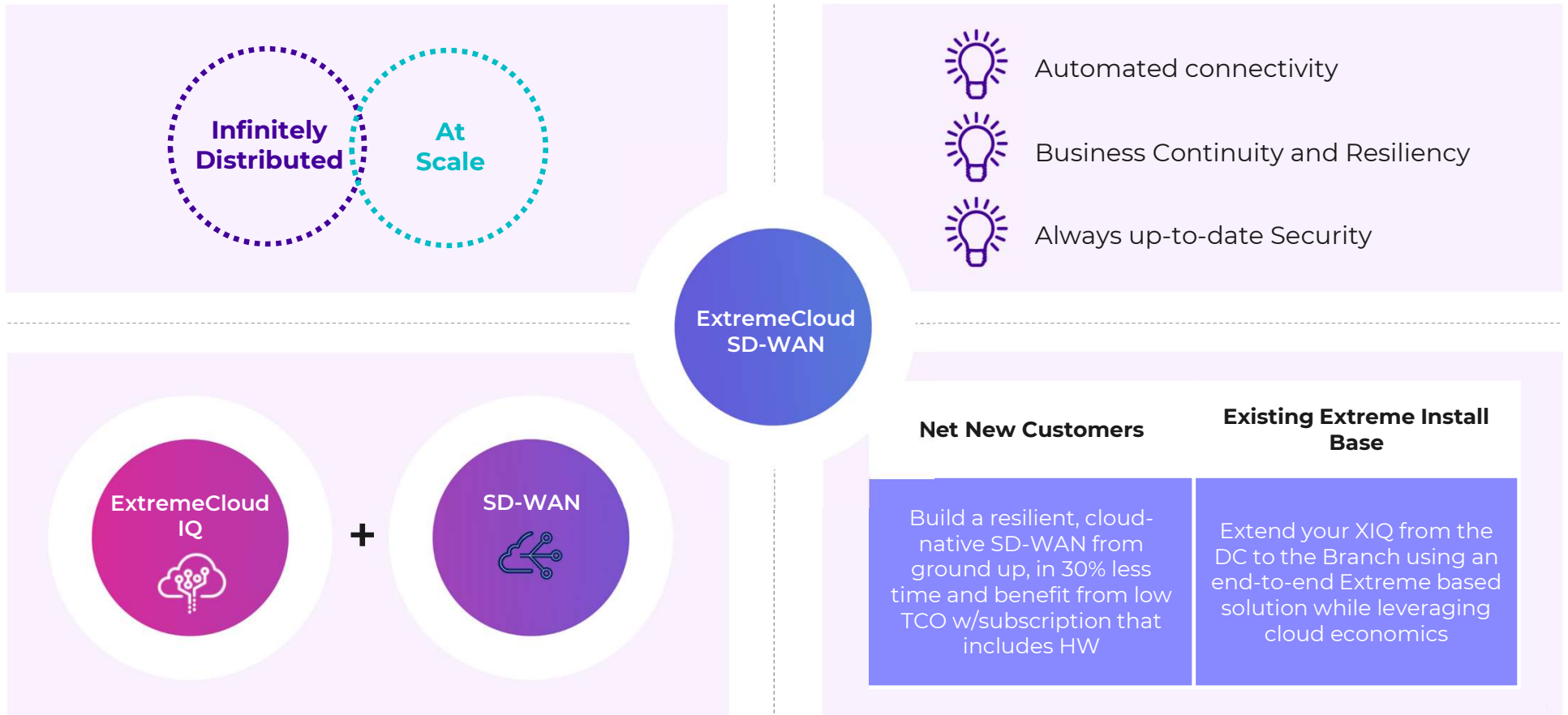
ExtremeCloud™ IQ Effortless Operation and Intelligence



- Single pane of glass
- AI/ML driven insights
- Intuitive workflows
- Remote management
































Combining the Simplest Network and Smartest Cloud

ExtremeCloud SD-WAN strengthens the Infinite Enterprise vision by offering value in top 3 buying criteria as unified experience through XIQ



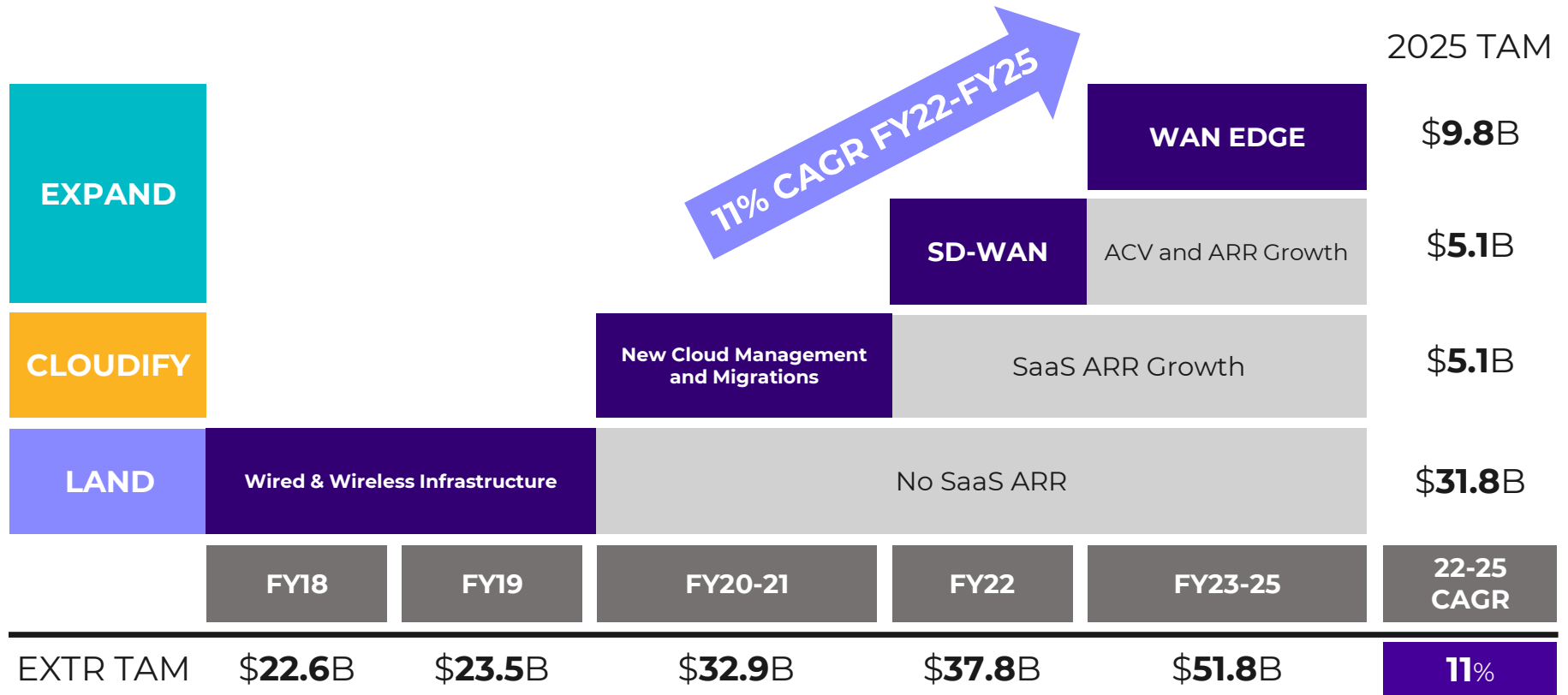
LEADERS IN TARGETED VERTICALS RELY ON EXTREME



Enterprise Vertical	Contribution*	Key Customers
Government / Education	>40%	     
Enterprise and Other	~25%	    
Manufacturing	~10%	    
Healthcare	>10%	   
Retail and T&L	<10%	    
Sports and Entertainment, Hospitality	>5%	     

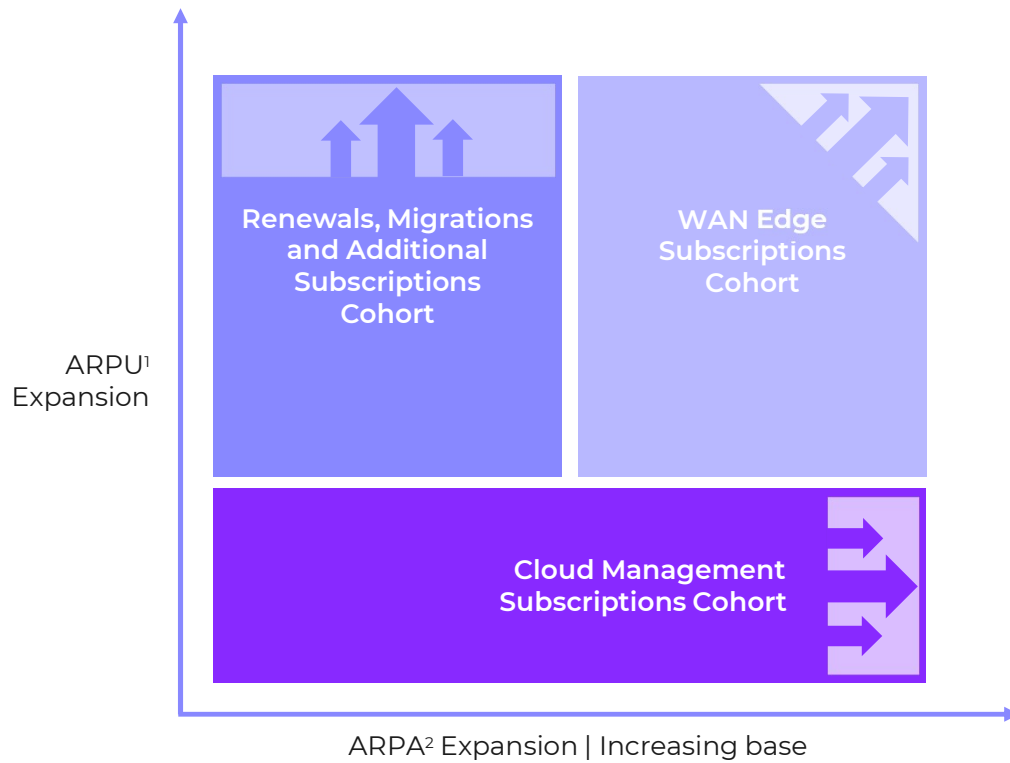
*Contribution Based on Q2 FY23 Bookings

TAM EXPANSION DRIVES ACCELERATED GROWTH OUTLOOK



Source: Gartner, IDC, 650 Group, Company Reports)

TRANSLATING TECHNOLOGY STRATEGY TO BUSINESS GROWTH



WAN Edge Subscriptions

SD-WAN, Branch, Edge security and associated subscription licenses



Renewals, Migrations and Additional Subscriptions

subscription licenses for capabilities like AI Ops, analytics



Cloud Management Subscriptions

for the entire networking portfolio



¹ARPU: Average Revenue Per Unit

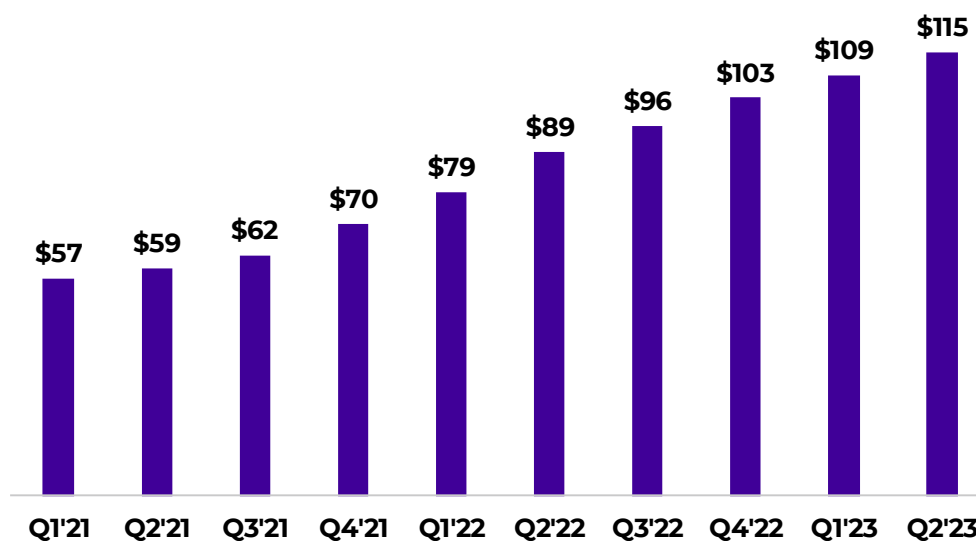
²ARPA: Average Revenue Per Account

HISTORICAL SAAS DISCLOSURES

SAAS ARR & SAAS DEFERRED ENDING REVENUE (IN \$M'S)



Ending SaaS ARR¹



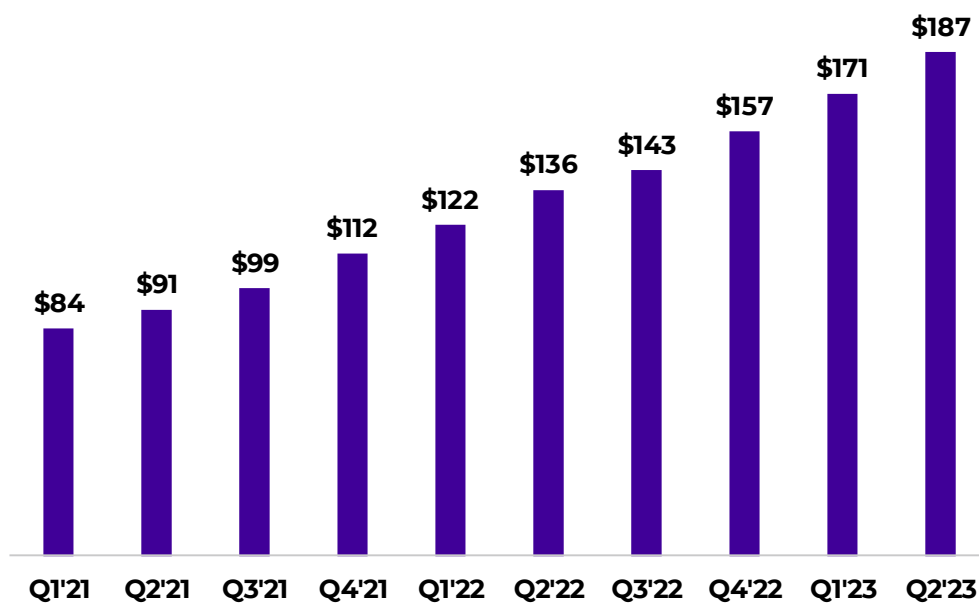
¹Extreme uses SaaS annual recurring revenue ("SaaS ARR") to identify the annual recurring revenue of ExtremeCloud™ IQ (XIQ) and other subscription revenue, based on the annualized value of quarterly subscription revenue and term-based licenses. We continue to refine the ARR methodology and have updated Q1'FY23 ARR to \$109M from \$111M which was reported last quarter. 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, deferred revenue and other U.S. GAAP accounting. 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 ARR & SAAS DEFERRED ENDING REVENUE (IN \$M'S)



SaaS Ending Deferred Revenue²



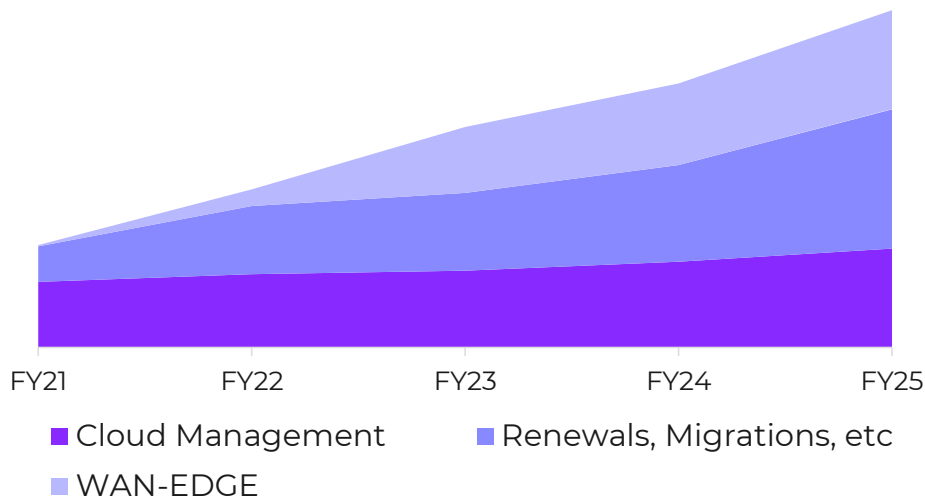
²SaaS Ending Deferred Revenue refers to the ending quarterly balance of advance payments received for SaaS goods or services that are to be delivered or performed in the future.

SUBSCRIPTION BOOKINGS GROWTH DRIVERS



FY22-FY25 CAGR +25%-35%

Subscription Bookings by Cohort

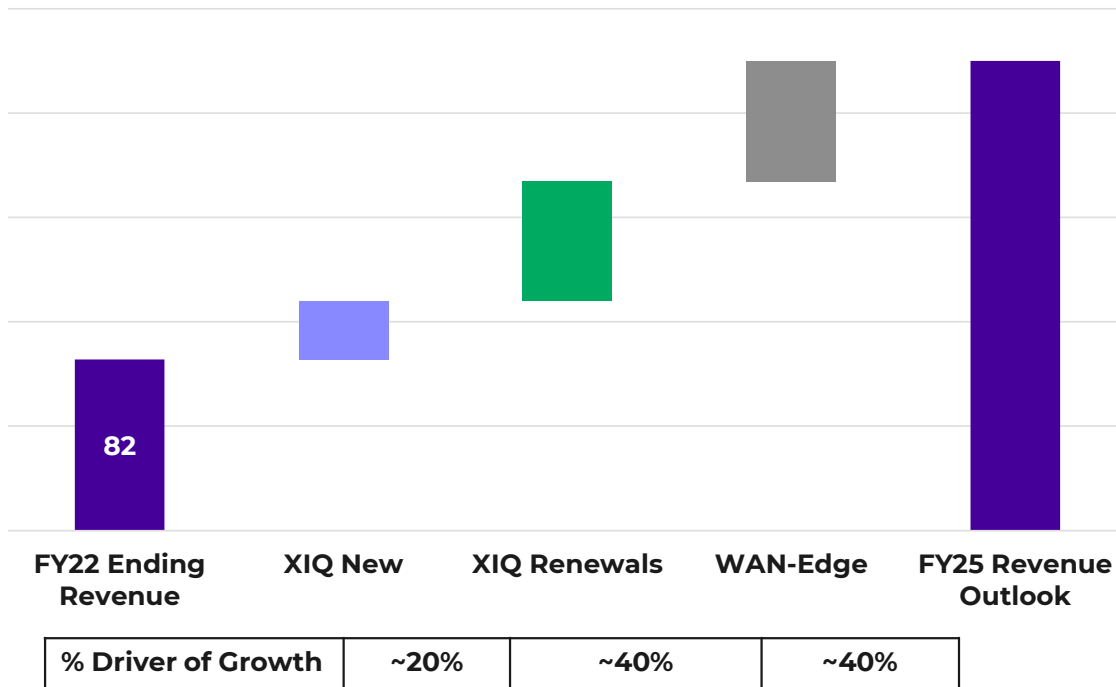


Cohort	Drivers
Cloud Management	Wired, Wireless
Renewals, Migrations, and Additional Subscription Licenses	Migrations, Customer Success, Mobile App, AI / ML (Co-Pilot)
WAN Edge	SD-WAN, SD Branch

SUBSCRIPTION REVENUE GROWTH DRIVERS



FY22-FY25 CAGR +35%-45%



Revenue Assumptions

Gross Retention Rate

90%+

Wireless Attach Rate

90%+

Average Contract Length

1.5 – 2
Years

5G Service Provider Strategy



Focused use cases

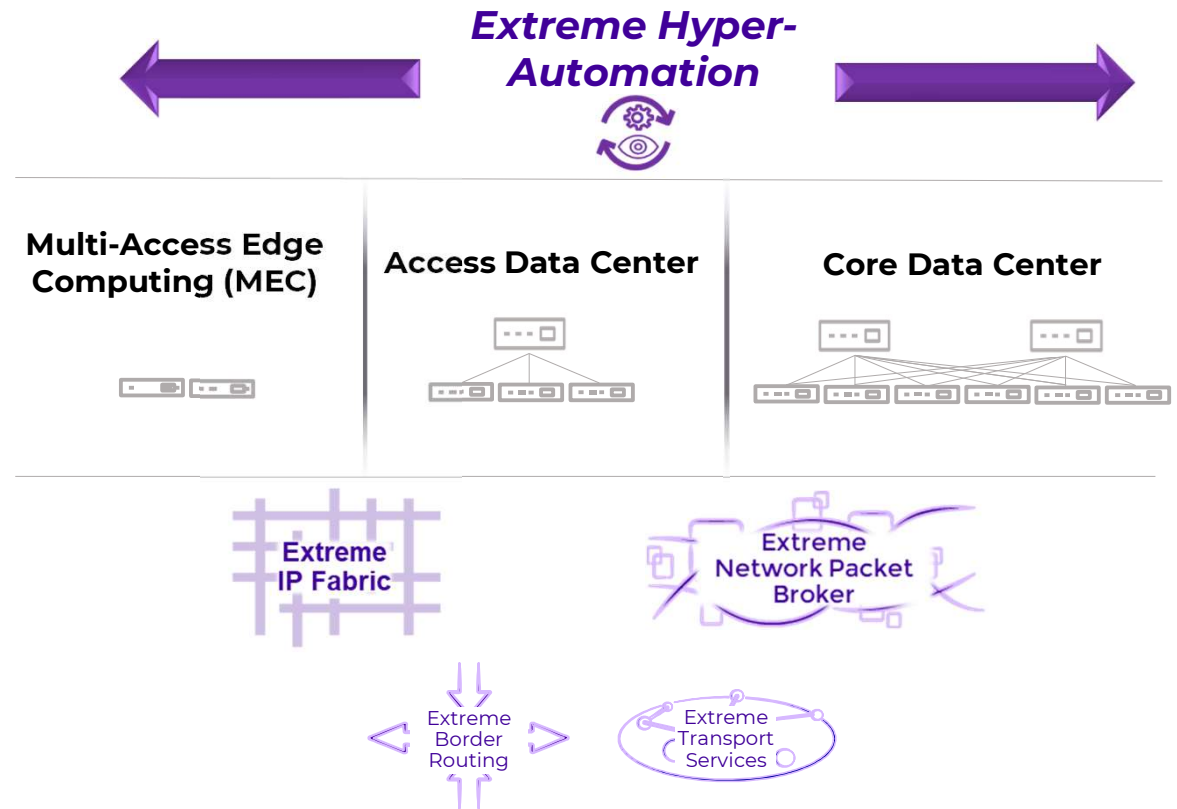
IP Fabric, Visibility, Border Routing, Transport

Differentiated solutions

Completeness, Scale, Hardening, Security

Hyper-automated infrastructure

Design, Discovery, Automated Provisioning, Continuous Validation and Monitoring, Auto-remediation with AI/ML

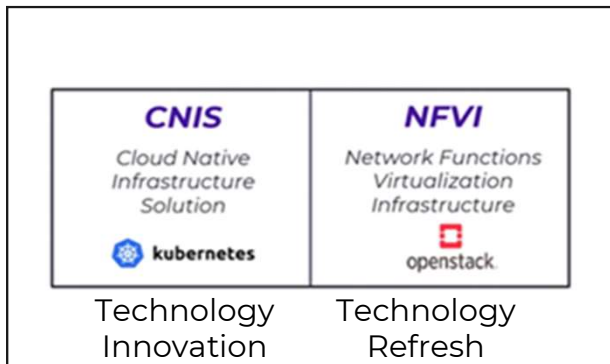


Our Winning Position in 5G Rollouts



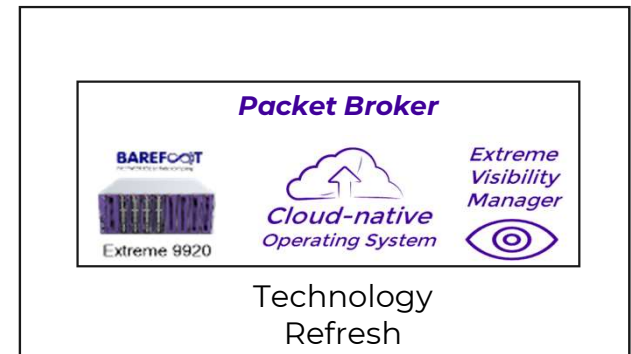
Cloud Native Infrastructure Solutions (CNIS)

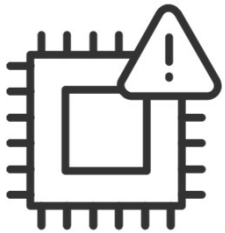
- Rapid growth based on 5G market adoption
- Targets for 5G Core and containerized apps
- **>\$100M million opportunity over the next 3-5 years**



Network Packet Broker

- Transitioning to 9920 from MLXe – improves performance, density, and power consumption
- Upgrading infrastructure to 100G, with an upgrade path to increased functionality and 400G bandwidth
- Roadmap for Virtual Packet Broker, Virtual Tap, and Mobile Edge Computing
- **>\$100M million opportunity over the next 3-5 years**





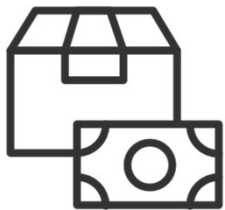
CHIP SHORTAGES

- Foundries production capacity progressing as forecasted
- Prolonged chip shortage for Industry thru FY23



LEADING INDICATORS

- Qualified additional second sources
- Reduction in unique part shortages
- Capacity Alignment



COST PRESSURES

- Higher costs for components across industry
- Variable costs from broker and expedite fees improving



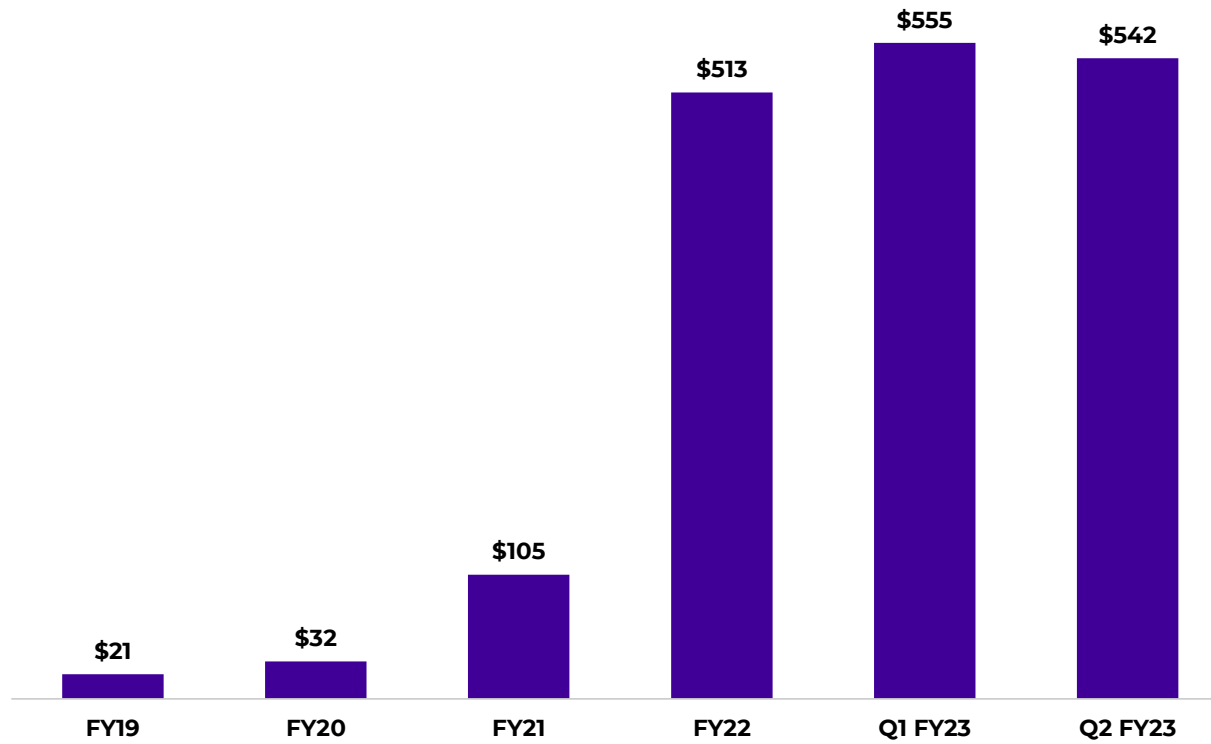
LOGISTICS

- Pre-pandemic – 75% Air / 25% Sea
- Current 100% Air / Majority Expedite Air
- Improvements expected as passenger flights return

Unprecedented Amount of Ending Backlog

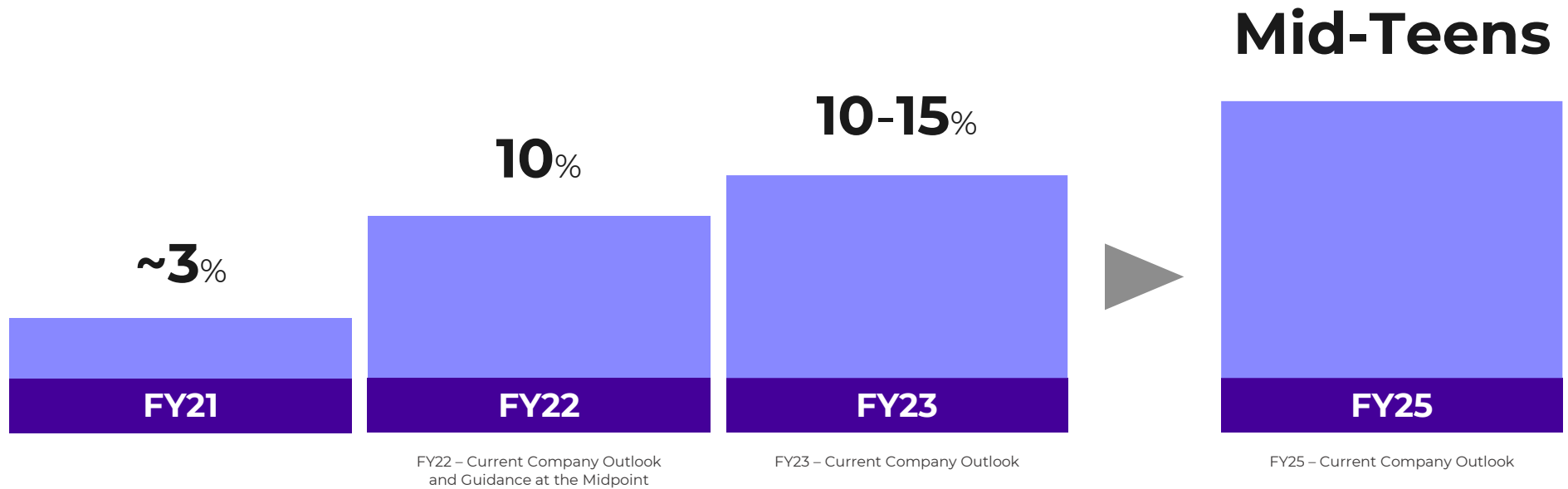


Product Backlog (\$M)





Revenue Growth and Outlook





FQ2'23

FINANCIAL RESULTS



FQ2'23 RESULTS SUMMARY

CONTINUED DOUBLE-DIGIT Y/Y REVENUE GROWTH



Continued Strong Growth

- Record Revenue on 13% Y/Y Revenue Growth
- Record \$36M Non-GAAP Net Income
- Record \$0.27 Non-GAAP EPS



Cloud SaaS Subscriptions

- SaaS Subscription Bookings Growth of 30% Y/Y
- Ending SaaS Deferred Revenue of \$187M, up 38% Y/Y
- Ending SaaS ARR of \$115 million, up 29% Y/Y



Robust Profitability and Free Cash Flow

- Record 15% Non-GAAP Operating Margin
- Record Free Cash Flow of \$67M, Up 255% Y/Y
- Net Debt* of \$59 million, Down 60% Y/Y
- Repurchased 2.6M shares for a total of \$50M

*Net debt is defined as Gross Debt minus Cash.

FQ2'23 HIGHLIGHTS



CLOUD ADOPTION

SaaS ARR² **\$115M**



28%

Recurring Revenue



\$187M

SaaS Deferred Revenue²



Product Book to Bill Ratio

0.9x

Service Book to Bill Ratio

1.2x



DRIVING GROWTH

Backlog **\$542M**

Total Revenue Growth (Y/Y %) **13%**

Product Revenue Growth (Y/Y %) **17%**

Service & Subscription Revenue Growth (Y/Y %) **6%**

SaaS Subscription Bookings Growth (Y/Y %) **30%**

Large Customers (Over \$1M in bookings for the Quarter) **44**



PROFITABILITY AND CASH FLOW

Non-GAAP Gross Margin %¹ **58.5%**

14.9% **\$0.27**
Non-GAAP Operating Margin%¹ Non-GAAP EPS (\$)¹



\$67M
Free Cash Flow



Net Debt

\$59M

¹ See Appendices for GAAP to Non-GAAP reconciliation | ² See Appendices for ARR & SaaS Deferred Revenue Definition

GAAP FINANCIAL HIGHLIGHTS – FINANCIAL OPERATIONS

(IN M'S EXCEPT PERCENTAGES AND EPS)



	Quarter		
	FQ2'22	FQ1'23	FQ2'23
GAAP			
Product Revenue	\$191.1	\$206.3	\$223.4
Service & Subscription Revenue	\$89.8	\$91.4	\$94.9
Total Revenue	\$280.9	\$297.7	\$318.3
Total GM %	56.5%	56.0%	57.1%
Operating Income \$	\$18.1	\$17.4	\$23.4
Operating Margin %	6.4%	5.8%	7.4%
Net Income	\$13.3	\$12.6	\$17.9
EBITDA	\$28.2	\$26.8	\$32.3
EPS	\$0.10	\$0.09	\$0.13

NON-GAAP FINANCIAL HIGHLIGHTS – FINANCIAL OPERATIONS

(IN M'S EXCEPT PERCENTAGES AND EPS)



	Quarter		
	FQ2'22	FQ1'23	FQ2'23
Non-GAAP¹			
Product Revenue	\$191.1	\$206.3	\$223.4
Service & Subscription Revenue	\$89.8	\$91.4	\$94.9
Total Revenue	\$280.9	\$297.7	\$318.3
Total GM %	58.2%	57.6%	58.5%
Operating Income \$	\$36.7	\$36.2	\$47.3
Operating Margin %	13.1%	12.1%	14.9%
Net Income	\$28.4	\$27.1	\$36.5
EBITDA	\$41.9	\$41.5	\$52.5
EPS	\$0.21	\$0.20	\$0.27

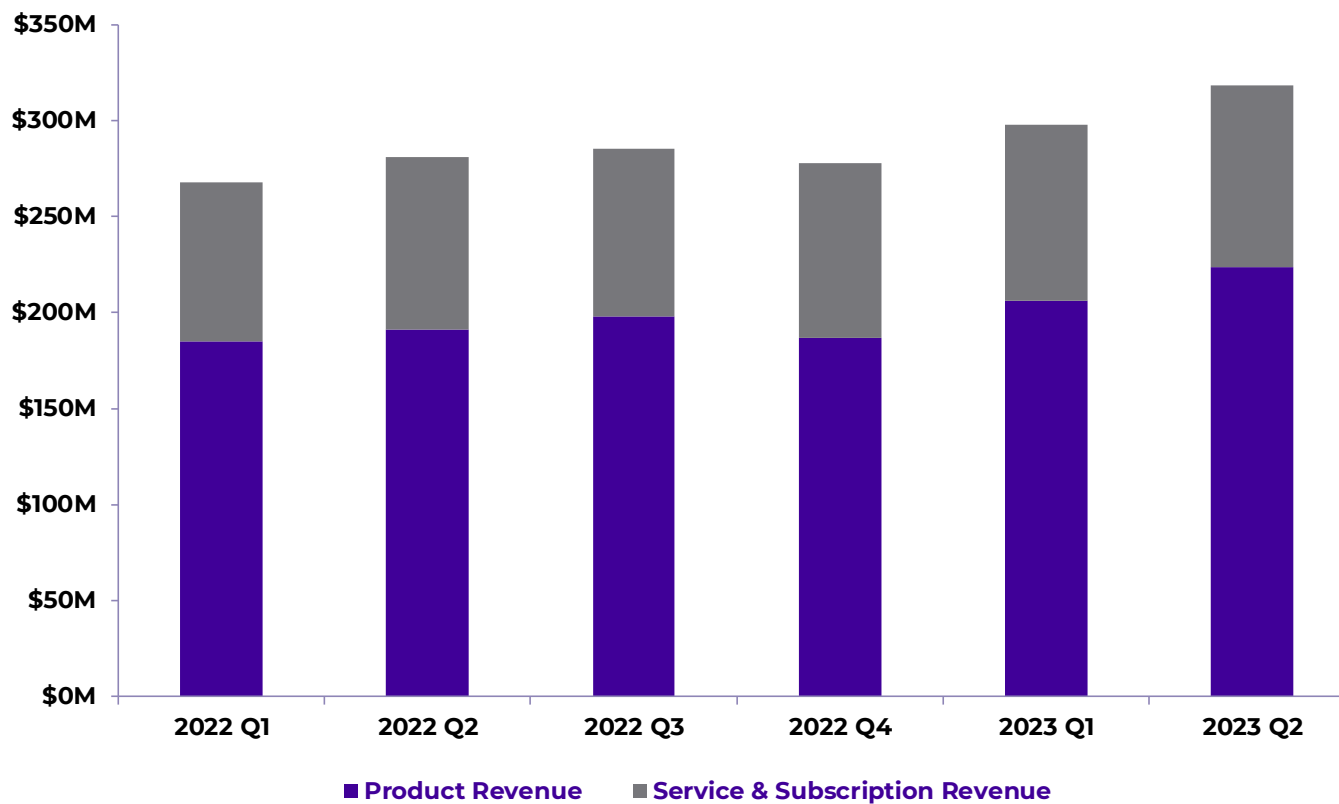
¹ See Appendices for GAAP to Non-GAAP reconciliation.

QUARTERLY RESULTS OF OPERATIONS

(IN M'S)



Total Revenue

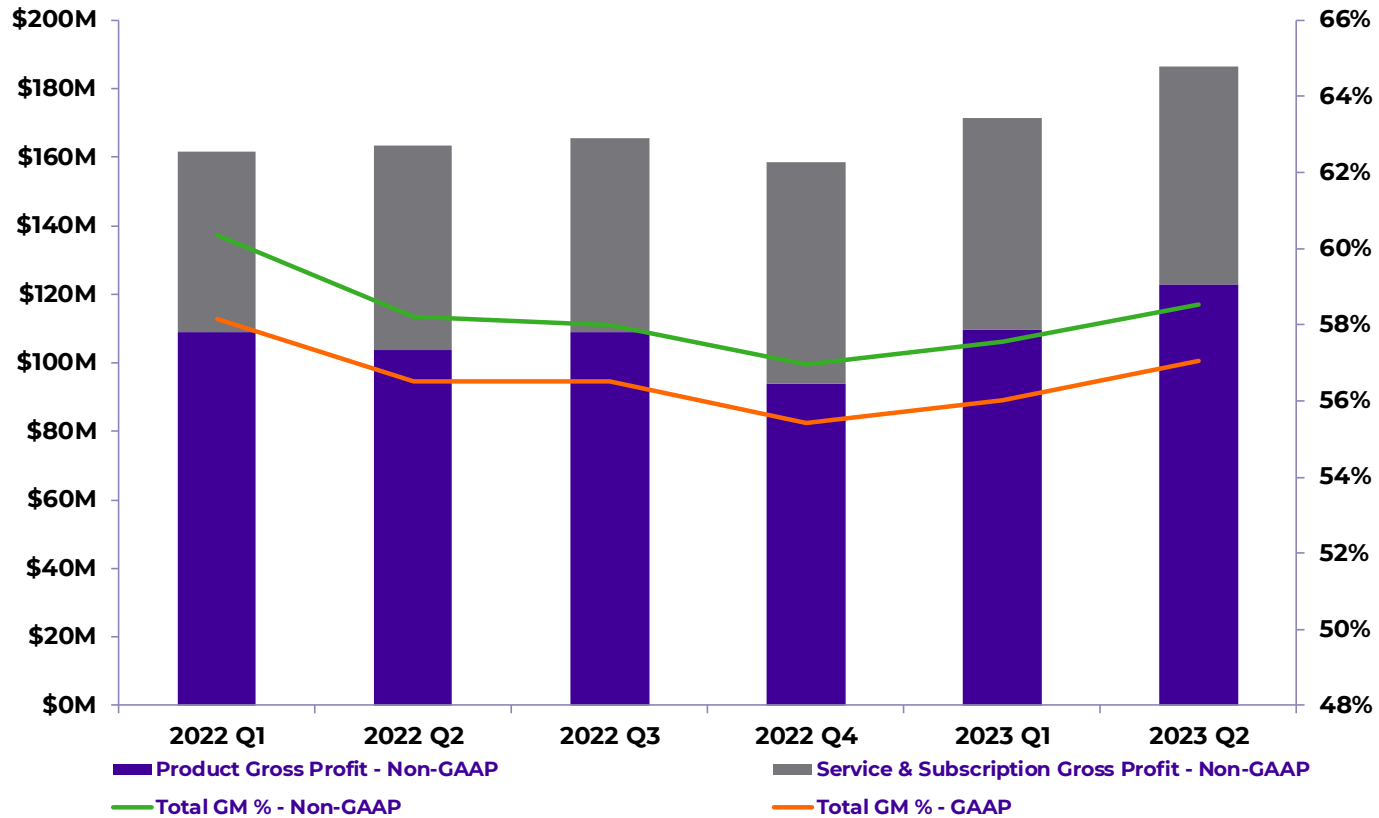


QUARTERLY RESULTS OF OPERATIONS

(IN M'S EXCEPT PERCENTAGES)



Gross Profit - GAAP vs Non-GAAP

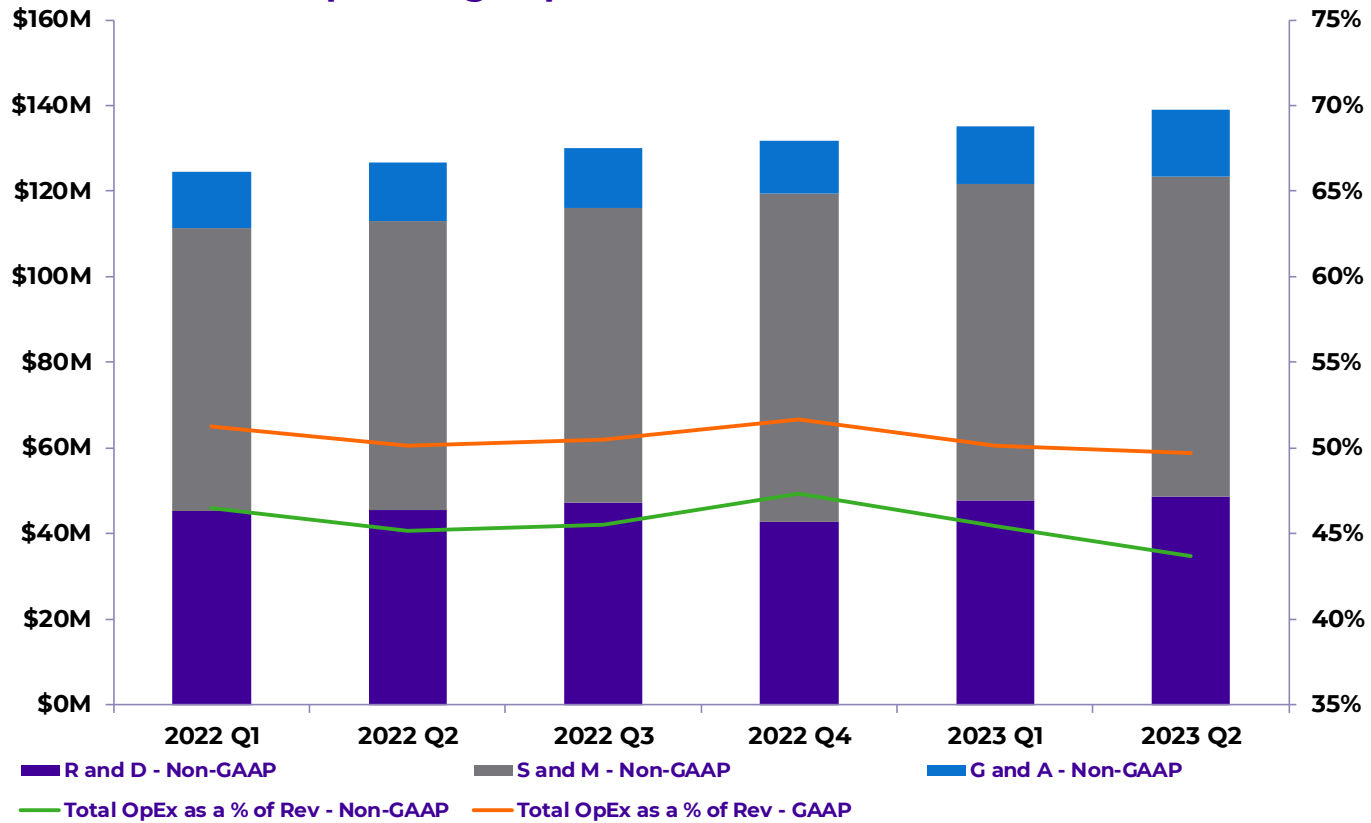


QUARTERLY RESULTS OF OPERATIONS

(IN M'S EXCEPT PERCENTAGES)



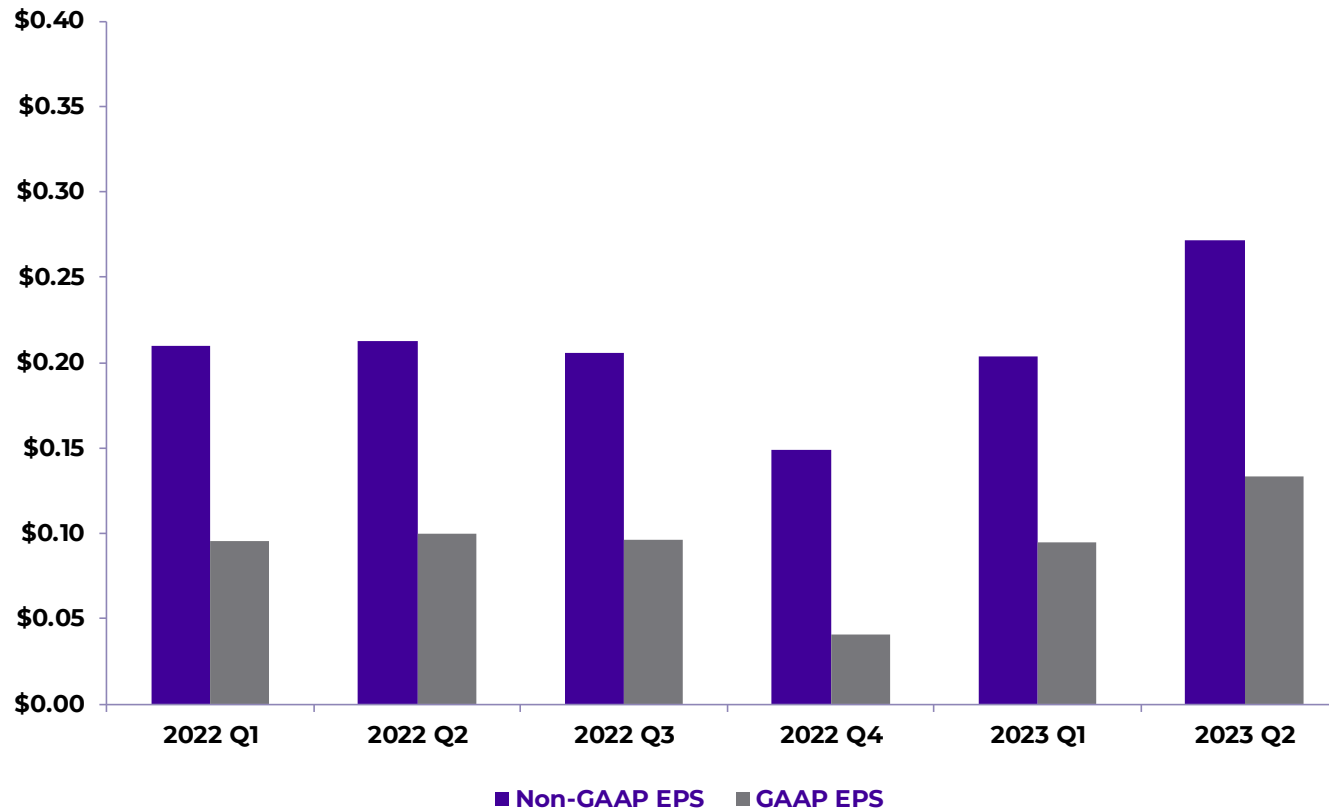
Operating Expenses - GAAP vs Non-GAAP



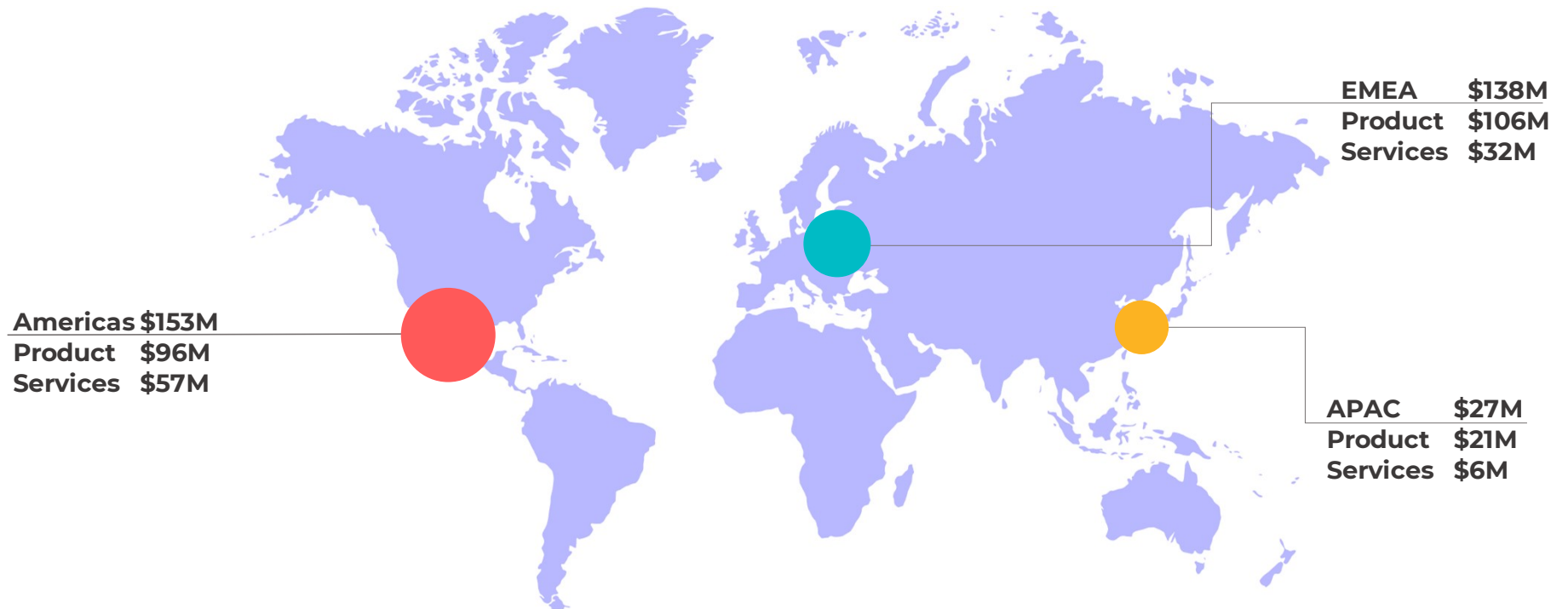
QUARTERLY RESULTS OF OPERATIONS



EPS - GAAP vs Non-GAAP



FQ2'23 REVENUE BY GEOGRAPHY



Note: May not foot due to rounding

FINANCIAL HIGHLIGHTS – BALANCE SHEET

(IN M'S EXCEPT DAYS)



Balance Sheet Highlights	FQ2'22	FQ1'23	FQ2'23
Cash	\$173.5	\$198.3	\$202.5
Accounts Receivable	\$133.3	\$158.7	\$152.1
Inventories	\$37.2	\$51.8	\$63.8
Accounts Payable	\$58.8	\$84.8	\$86.4
Gross Debt*	\$322.9	\$271.5	\$262.0
Net Debt**	\$149.4	\$73.2	\$59.5

Cash Conversion Cycle Table	FQ2'22	FQ1'23	FQ2'23
Days Sales Outstanding	44	49	44
Days of Inventory	38	48	57
Days Payable Outstanding	60	78	77
Cash Conversion Cycle	22	19	24

*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 debt is defined as Gross Debt minus Cash.

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 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:

	FQ2'22	FQ1'23	FQ2'23
Operating Cash Flow	\$22.2	\$49.7	\$70.6
PP&E Capital Expenditures	(\$3.2)	(\$3.1)	(\$3.1)
Free Cash Flow	\$19.0	\$46.6	\$67.5



FQ3'23

FINANCIAL GUIDANCE



FQ3'23 GUIDANCE – GAAP

(IN M's EXCEPT PERCENTAGES AND EPS)



	FQ2'23	FQ3'23 Guidance
Revenue (\$M)	\$318.3	\$315.0 – \$325.0
Gross Margin %	57.1%	56.6% – 58.6%
Operating Margin %	7.4%	6.9% – 8.9%
Net Income	\$17.9	\$15.7 – \$23.0
EPS	\$0.13	\$0.12 – \$0.17

FQ3'23 GUIDANCE – NON-GAAP

(IN M's EXCEPT PERCENTAGES AND EPS)



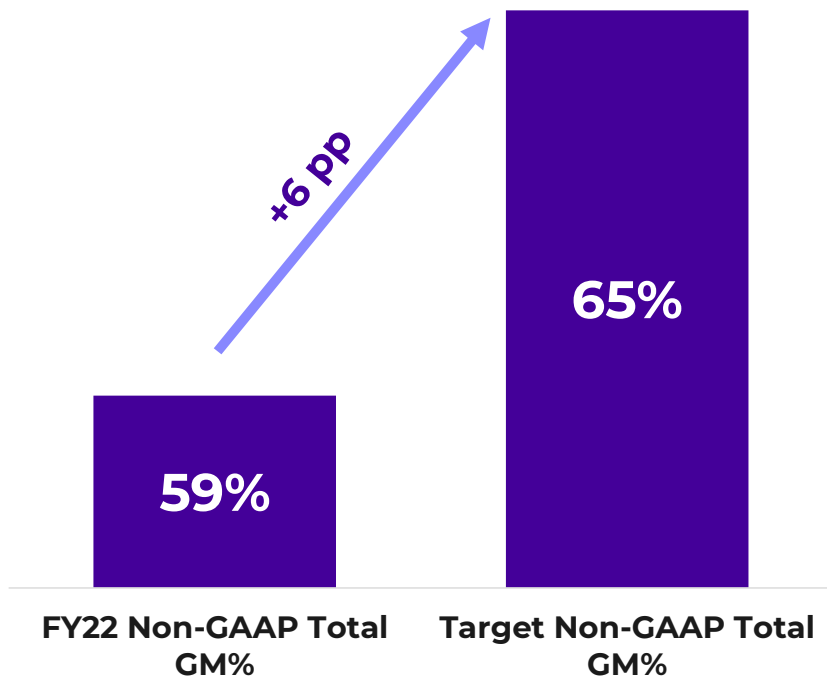
	FQ2'23	FQ3'23 Guidance
Revenue (\$M)	\$318.3	\$315.0 – \$325.0
Gross Margin %	58.5%	58.0% – 60.0%
Operating Margin %	14.9%	13.5% – 15.3%
Net Income	\$36.5	\$31.1 – \$38.4
EPS	\$0.27	\$0.23 – \$0.29



Long Term Goals



TOTAL GROSS MARGIN EXPANSION



Margin Drivers

Impact

Product vs. Services Mix

+2 pp

Supply Chain: Expedite Fees, Components, Logistics

+4 pp

STRONG OUTLOOK FOR OPERATING LEVERAGE



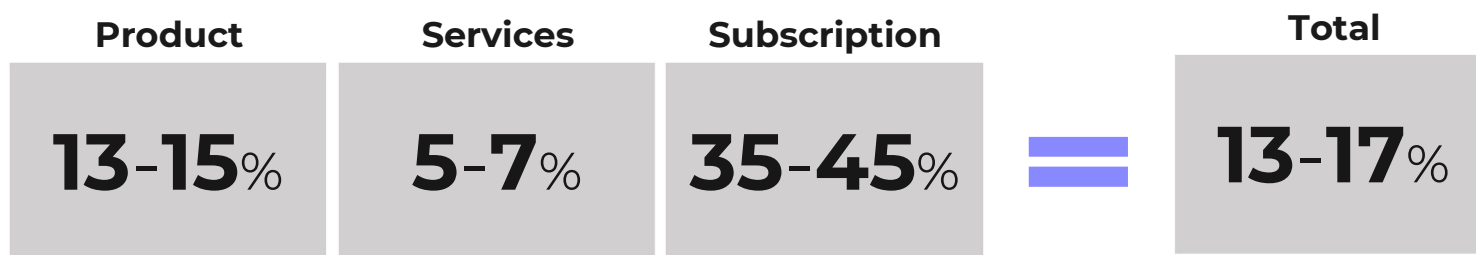
	COMMENTARY	LONG-TERM TARGET
Cost of Goods Sold	<ul style="list-style-type: none"> • Supply chain costs will reduce as constraints ease • Low incremental cost to serve subscription model • Mix shift to higher margin subscription 	34 – 36%
Research & Development	<ul style="list-style-type: none"> • R&D investments in new products and services • Service provider support 	16 – 17%
Sales & Marketing	<ul style="list-style-type: none"> • Investment in Channel, APAC, Sales Enablement • Customer success to scale along with SaaS business 	24 – 25%
General & Administrative	<ul style="list-style-type: none"> • Continue to drive efficiencies 	4 – 5%
	NON-GAAP OPERATING MARGIN	18 – 21%

LONG TERM GUIDANCE

UPDATED NON-GAAP LONG-TERM TARGETS

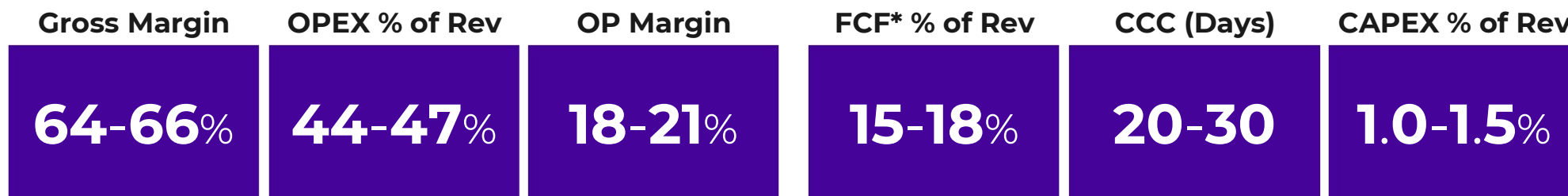


Revenue Growth Targets



Margins

Cash Drivers



**FCF: Free Cash Flow as defined in our external communications (i.e., cash flow from operations less CAPEX)*



APPENDICES

GAAP to Non-GAAP Reconciliations

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

GAAP TO NON-GAAP RECONCILIATIONS

REVENUE + GROSS MARGIN (IN M'S EXCEPT PERCENTAGES)



	Quarter		
	FQ2'22	FQ1'23	FQ2'23
Product Revenue	\$ 191.1	\$ 206.3	\$ 223.4
Service & Subscription Revenue	89.8	91.4	94.9
Total Revenue - GAAP	\$ 280.9	\$ 297.7	\$ 318.3
Gross Margin - GAAP	158.8	166.7	181.7
Gross Margin % - GAAP	56.5%	56.0%	57.1%
Amortization of Intangibles, Product	3.3	2.8	2.4
Amortization of Intangibles, Service	0.8	0.8	0.8
Share-Based Compensation, Product	0.3	0.3	0.5
Share-Based Compensation, Service	0.4	0.7	0.9
Gross Margin - Non-GAAP	\$ 163.6	\$ 171.3	\$ 186.3
Gross Margin % - Non-GAAP	58.2%	57.6%	58.5%

GAAP TO NON-GAAP RECONCILIATIONS

OPERATING INCOME (IN M's EXCEPT PERCENTAGES)



	Quarter		
	FQ2'22	FQ1'23	FQ2'23
Operating Income - GAAP	\$ 18.1	\$ 17.4	\$ 23.4
Operating Margin - GAAP	6.4%	5.8%	7.4%
Amortization of Intangibles, Product & Service	4.1	3.6	3.2
Total Share-Based Compensation	11.3	13.8	17.4
Restructuring Charges, net	0.3	0.5	0.5
Amortization of Non Product Intangibles	0.8	0.5	0.5
Litigation Costs	-	-	2.3
Integration Costs in OpEx	2.1	0.4	-
Operating Income - Non-GAAP	<u>\$ 36.7</u>	<u>\$ 36.2</u>	<u>\$ 47.3</u>
Operating Margin - Non-GAAP	<u>13.1%</u>	<u>12.1%</u>	<u>14.9%</u>

GAAP TO NON-GAAP RECONCILIATIONS

NET INCOME (IN M's EXCEPT EPS)



	Quarter		
	FQ2'22	FQ1'23	FQ2'23
Net Income - GAAP	\$ 13.3	\$ 12.6	\$ 17.9
Shares - GAAP	133.6	132.9	134.5
EPS - GAAP (Diluted)	\$ 0.10	\$ 0.09	\$ 0.13
Amortization of Product & Service Intangibles	4.1	3.6	3.2
Total Share-Based Compensation	11.3	13.8	17.4
Restructuring Charges, net	0.3	0.5	0.5
Amortization of Non Product Intangibles	0.8	0.5	0.5
Tax Effect of non-GAAP Adjustments	(3.5)	(4.3)	(5.3)
Litigation Costs	-	-	2.3
Integration and Acquisition Costs in OpEx	2.1	0.4	-
Net Non-GAAP Adjustments	15.1	14.5	18.6
Net Income - Non-GAAP	\$ 28.4	\$ 27.1	\$ 36.5
Shares - Non-GAAP	133.6	132.9	134.5
EPS - Non-GAAP	\$ 0.21	\$ 0.20	\$ 0.27

GAAP TO NON-GAAP RECONCILIATIONS

EBITDA (IN M's)



	Quarter		
	FQ2'22	FQ1'23	FQ2'23
Net Income - GAAP	\$ 13.3	\$ 12.6	\$ 17.9
Interest	\$ 3.0	\$ 3.4	\$ 3.0
Provision for Income Taxes	\$ 1.8	\$ 1.7	\$ 2.6
Depreciation/Amortization	\$ 10.1	\$ 9.1	\$ 8.8
EBITDA	28.2	26.8	32.3
Net Non-GAAP Adjustments	15.1	14.5	18.6
Income taxes included in Net Non-GAAP Adjustments	3.5	4.3	5.3
Amortization included in Net Non-GAAP Adjustments	(4.9)	(4.1)	(3.7)
EBITDA - Adjusted	\$ 41.9	\$ 41.5	\$ 52.5

For Net Non-GAAP Adjustments refer to slide 47

FQ3'23 GUIDANCE – GAAP TO NON-GAAP RECONCILIATION



	Gross Margin Rate	Operating Margin Rate	Earnings per Share
GAAP	56.6% - 58.6%	6.9% - 8.9%	\$0.12 - \$0.17
Estimated Adjustments for:			
Amortization of Product Intangibles	0.7%	0.7%	\$0.02
Share-Based Compensation	0.4%	5.3%	\$0.13
Restructuring Charges, net	-	0.1%	\$0.00
Amortization of Non-product Intangibles	0.3%	0.4%	\$0.01
Non-GAAP Tax Adjustment	-	-	(\$0.04)
Non-GAAP	58.0% - 60.0%	13.5% - 15.3%	\$0.23 - \$0.29



ADVANCE
WITH US™