

# Extreme Networks Corporate Overview

November 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 October 30, 2024, which is posted on the “Investor Relations” section of our website and to pages 49-57 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, 2024, our most recent Quarterly Report on Form 10-Q for the quarter ended September 30, 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.*

# WHO WE ARE



Founded in 1996 in   
**SILICON VALLEY, CA**


 **\$1.1B+**  
In Annual  
Revenue

 **#2**  
Second Largest  
Cloud Networking  
Services Provider


 **2,700**  
Employees

Reliable Ecosystem of  
**9,000+**  
Channel Partners

**6X** Gartner Peer  
Insights  
Customers'  
Choice 

More Than  
**80**   
Countries

**6X LEADER**   
Gartner Magic Quadrant  
for Wired & Wireless LAN

 **1,000+**  
Patents

# GROWING MINDSHARE AND MARKETSHARE

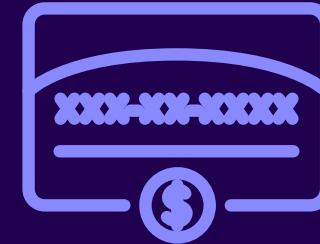
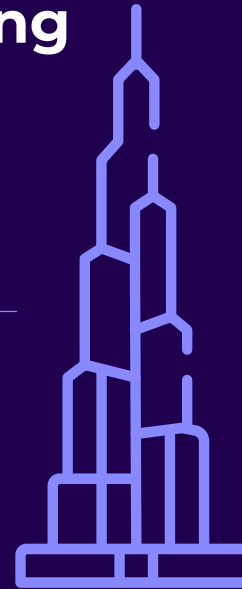


## Largest Stock Exchange in the World

NYSE

## Tallest Building in the World

BURJ KHALIFA



## Collecting Social Security

GOVT AGENCY

## Flying in the U.S.

FEDERAL AVIATION ADMINISTRATION



## Smart Cities

BORAS STAD, SWEDEN  
MILWAUKEE, WI  
MEMPHIS, TN

## Receiving a Package

FEDEX



## Oldest Public University in the U.S.

UNC CHAPEL HILL



## Events at World Class Venues

CITI FIELD, OLD TRAFFORD, LAMBEAU FIELD, WRIGLEY FIELD, LA COLISEUM, FENWAY PARK, DAYTONA SPEEDWAY

# CUSTOMERS IN KEY INDUSTRIES TRUST EXTREME NETWORKS



**GOVERNMENT**



**EDUCATION**



**HEALTHCARE**



**MANUFACTURING**



**RETAIL**



**SPORTS & VENUES**



**TRANSPORTATION**





## A LEADER IS ALWAYS THINKING AHEAD.

Extreme Networks a **6x Leader** in the **2024 Gartner Magic Quadrant** for Enterprise Wired and Wireless LAN Infrastructure



As of January 2024 © Gartner, Inc  
Gartner

# INVESTING IN INNOVATION



**Universal Platform** for a Unified Wired & Wireless Portfolio

**FIRST** Wi-Fi 6E Outdoor AP optimized for Campus Environments (and First Outdoor in April 2024)

Extended Industry-leading **Fabric to the Edge**

**Universal ZTNA** Blending NAC and ZTNA  
**Nov 2023**

**Extreme AI Expert** GenAI Preview

**Sept 2020**

**Oct 2022**

**Apr 2023**

**Nov 2023**

**April 2024**



**July 2021**

**July 2022**

**Jan 2023**

**Jun 2023**

**Jan 2024**

- **FIRST** Enterprise-Grade Wi-Fi 6E APs
- Automated Access to **AI/ML** (CoPilot )
- **9920** – Intelligent Next Gen Packet Broker

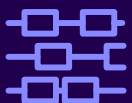
- **5720** – Improving network flexibility
- **ExtremeCloud SD-WAN** – Connecting apps in the cloud
- **AIOps** – **FIRST** Networking Explainable AI/ML

**Ensuring Education has the BEST** – Expanding E-rate eligible solutions:

- Wi-Fi 6E APs
- ExtremeCloud™ IQ & CoPilot
- ExtremeCloud SD-WAN

- ExtremeCloud Edge – **FIRST** Networking Cloud Continuum
- **AP300** – smallest & lowest power AP
- **7520/7720** –Enterprise Core & Aggregation
- **8820** – Large Data Center Core & Agg

- Taking AI Ops to the next level
- AP5020 – **FIRST** Extreme WiFi7 AP, security sensors, dual IoT
- **4000** Series – Cloud driven Instant Stacking, Instant Port, Instant Secure Port



# FOCUSED GROWTH OPPORTUNITIES NOW AND INTO THE FUTURE



FY	2023	2024E	2025E	2026-28E
Strategic Opportunities			TAM Expansion — Analytics & Security Cloud Management Attach Rate and Good, Better, Best Model	
GTM Opportunities		Managed Service Provider (MSP), Extreme Subscription Private Offer (ESPO)	Targeted Geographic and Public Sector Expansion	
Core		Existing Portfolio, Subscription and Support		



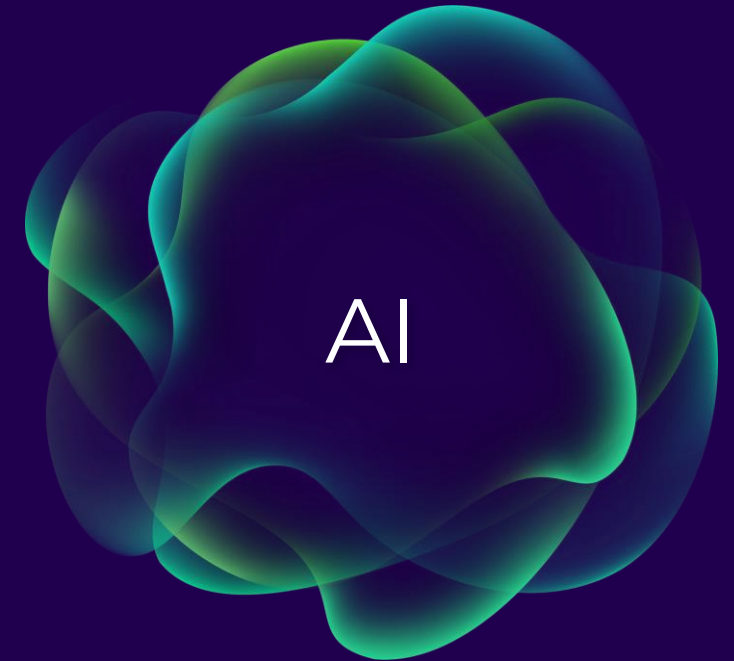
# Networking Is the Connective Tissue for Digital Transformation



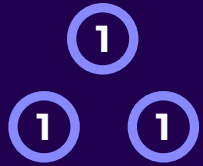
Networking



Security



AI



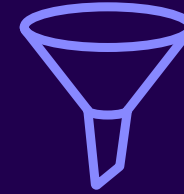
## DIFFERENTIATED SOLUTIONS

Enables us to capture share



## CUSTOMER WINS

Reinforces our market leadership



## CONTINUE TO BUILD FUNNEL

Creates new opportunities



## RECURRING BUSINESS FOCUS

Positions us for long-term success



## MEANINGFUL GROWTH OPPORTUNITIES

Positions us for long-term success



## ATTRACTIVE FINANCIAL PROFILE

Committed to returning to growth and improving profitability



# CORE BUSINESS

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# ENTERPRISES CONTINUE TO PUSH THE BOUNDARIES OF CONNECTIVITY



**Critical  
Applications**

**Mesh  
& IoT**

**High-density,  
high-capacity**

**High  
Performance**



# THE PACE OF CHANGE IS ACCELERATING



## Today's Challenges



Support for hybrid work environments



Global IT staff shortages



Ongoing enablement of business transformation



## Network Operations Requirements

Manage everything from anywhere



End-to-end granular visibility



Unified and secure AIOps



# ONE CLOUD TO MANAGE ONE NETWORK

Management, security, and analytics apps for wired, wireless, SD-WAN and IoT devices, including 3<sup>rd</sup> party



## Universal ZTNA

Unified ZTNA and Cloud NAC to secure access for users, devices, and applications

## IQ

Unified management of Universal Wired, Wireless, and ExtremeCloud SD-WAN plus AIOps

## Business Insights

Leverage network analytics to improve business outcomes

## IQ Site Engine

Analytics, Control and Management of Extreme Fabric, 3<sup>rd</sup>-Party and Extreme Legacy Switches

## Intuitive Insights

Device and lifecycle management for IoT

## IQ Controller

Large scale RF and Mobility Management for Universal and Extreme Legacy APs

## Fabric



Universal  
Wired



Universal  
Wireless



ExtremeCloud  
SD-WAN



3<sup>rd</sup> Party



IoT

ONLY END TO END FABRIC; MOST FLEXIBLE LICENSING; CLOUD CHOICE



**Flexible**



Universal  
Platforms

**Secure**



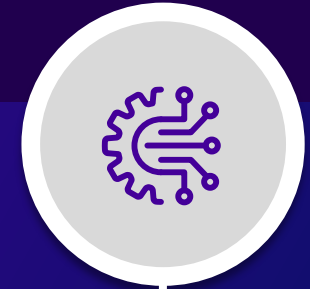
Unified  
Fabric

**Simple**



Universal  
Cloud

**Open**



3<sup>rd</sup> Party  
Management

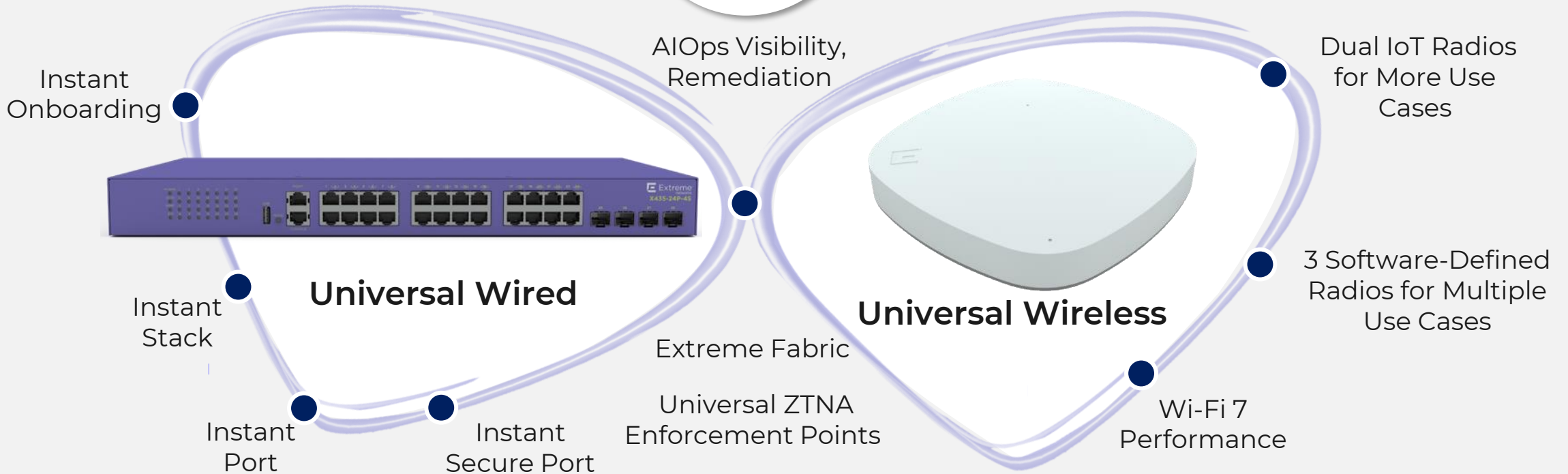
## Universal Licensing

Increase Productivity

Drive Topline Revenue

Reduce Risk

# ONE CLOUD MANAGING ONE NETWORK IS BEST FOR WIRED & WIRELESS





# WI-FI 6E EXPANDED THE PIPELINE OF THE INFINITE ENTERPRISE



Enhanced  
traffic  
management



Very low  
latency  
( $< 1\text{ms}$ )



2.4GHz  
5GHz  
**6GHz**



More  
spectrum

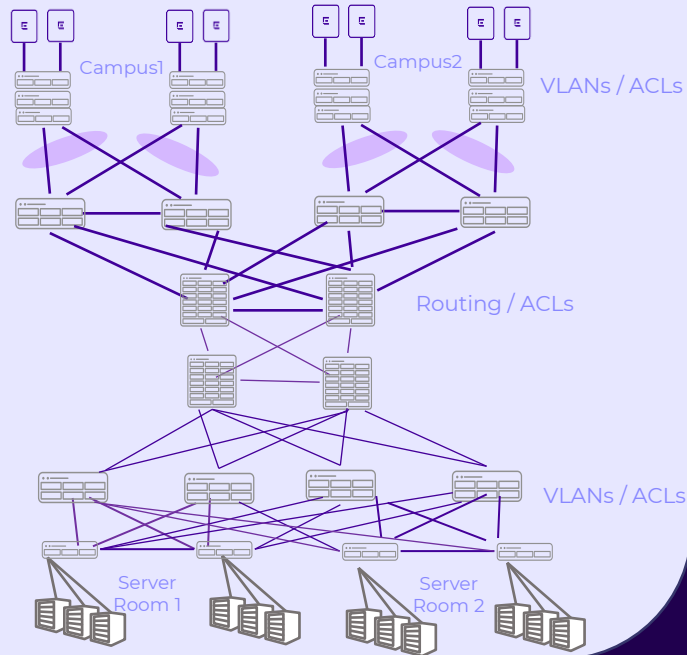


Cleaner  
spectrum

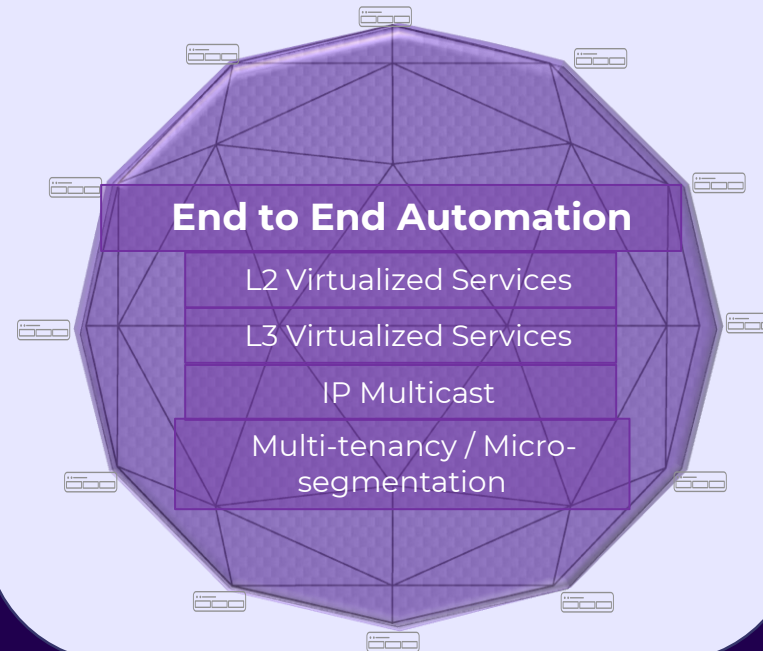


Enhanced  
Security

## Traditional Network: Rigid and complex



## Fabric Connect: Simple, agile, cloud-driven



### Highlights

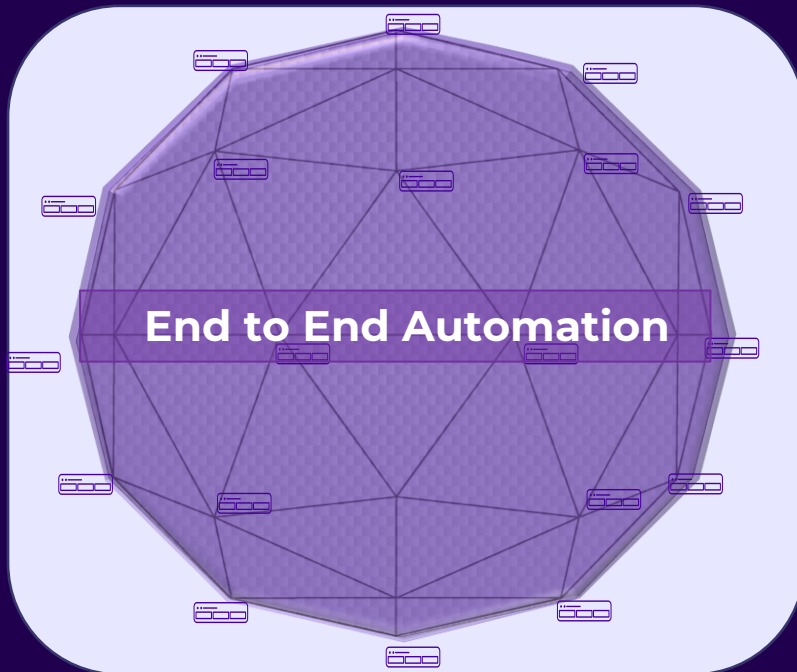
- Services abstracted from the network infrastructure
- Provisioning at the edges only
- Inherently secure
- No reconfiguration of the aggregation / core

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

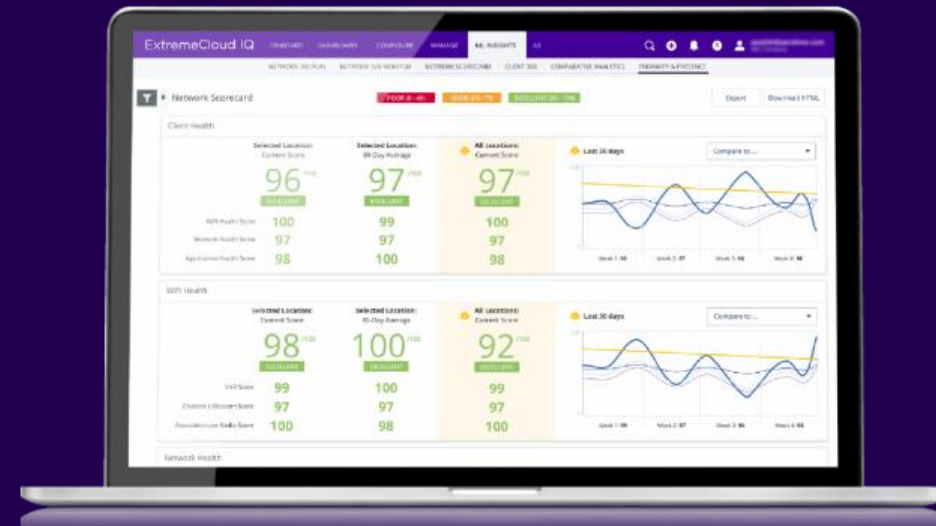
# THE FIRST END-TO-END CLOUD-MANAGED NETWORK



## 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**



# STRATEGIC OPPORTUNITIES

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# CONTINUED GROWTH OF SUBSCRIPTION ARR



## Leading with Cloud

- Cloud Management Subscription for All Enterprise Products
- Continuous capabilities through cloud attach
- Starting with Universal Switching 4000 and Universal Wi-Fi 7

## Good, Better, Best

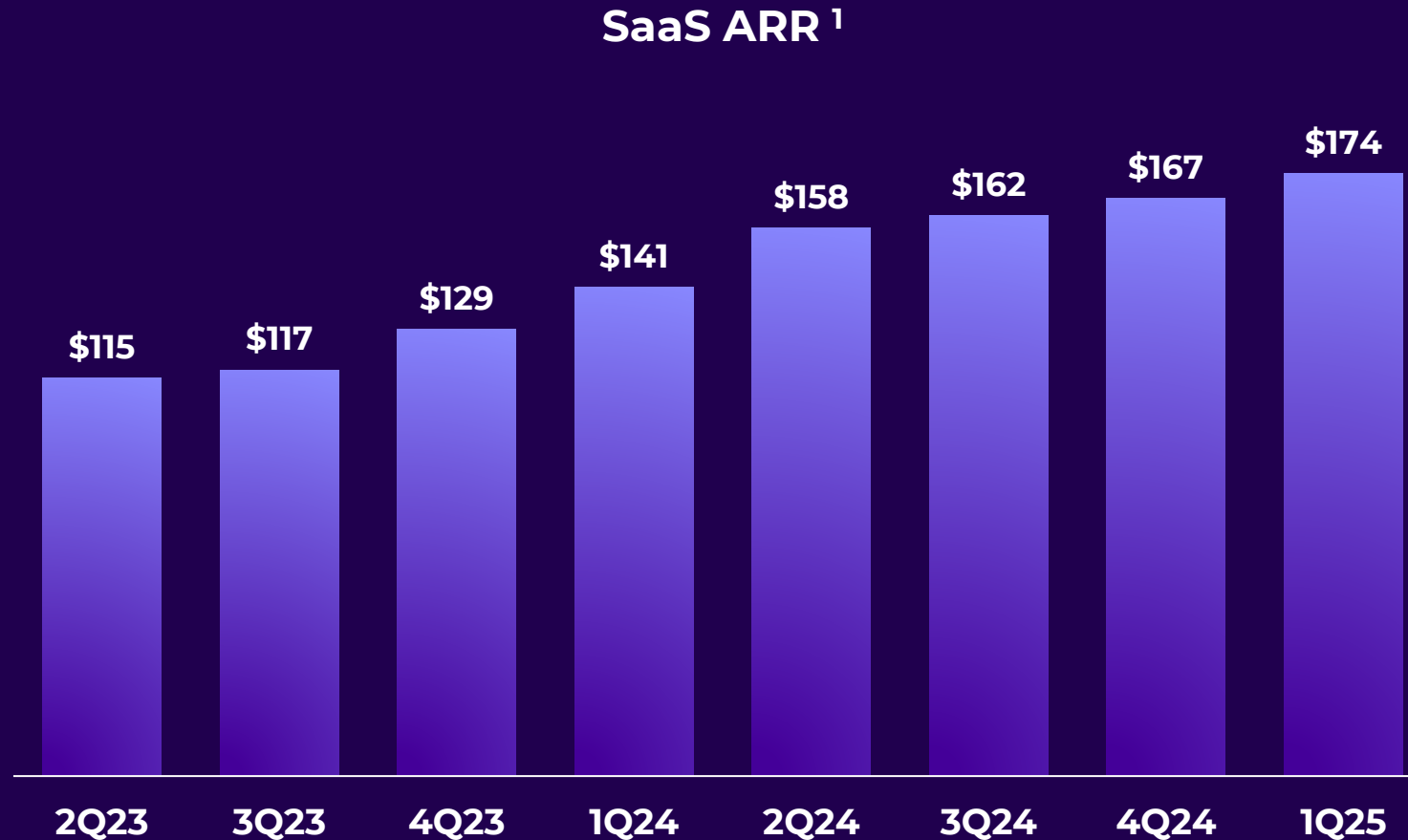
- Industry first – single subscription, cloud applications & device support
- Simplified customer journey through activation, upsell, renewal for cloud applications and support

## TAM Expansion

- Building on the success of ExtremeCloud platform
- Introducing ExtremeCloud Universal ZTNA and ExtremeCloud Business Insights

# HISTORICAL SAAS DISCLOSURES – SaaS ARR

(IN \$M'S)



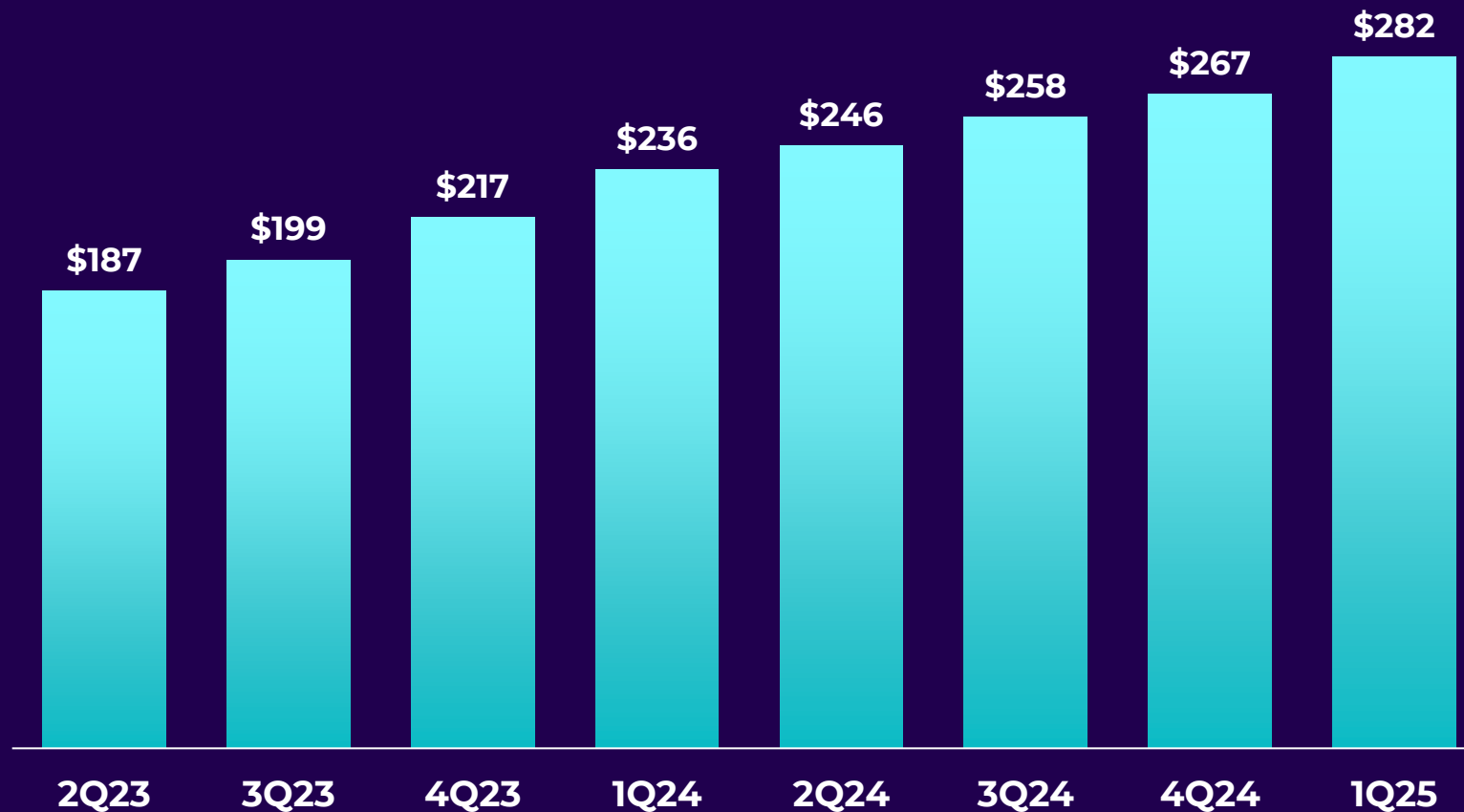
<sup>1</sup>Extreme uses SaaS annual recurring revenue (“SaaS ARR”) to identify the annual recurring revenue of ExtremeCloud™ IQ (XIQ) and other subscription revenue, based on the annualized value of quarterly subscription revenue and term-based licenses. We believe that SaaS ARR is an important metric 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 Revenue <sup>1</sup>



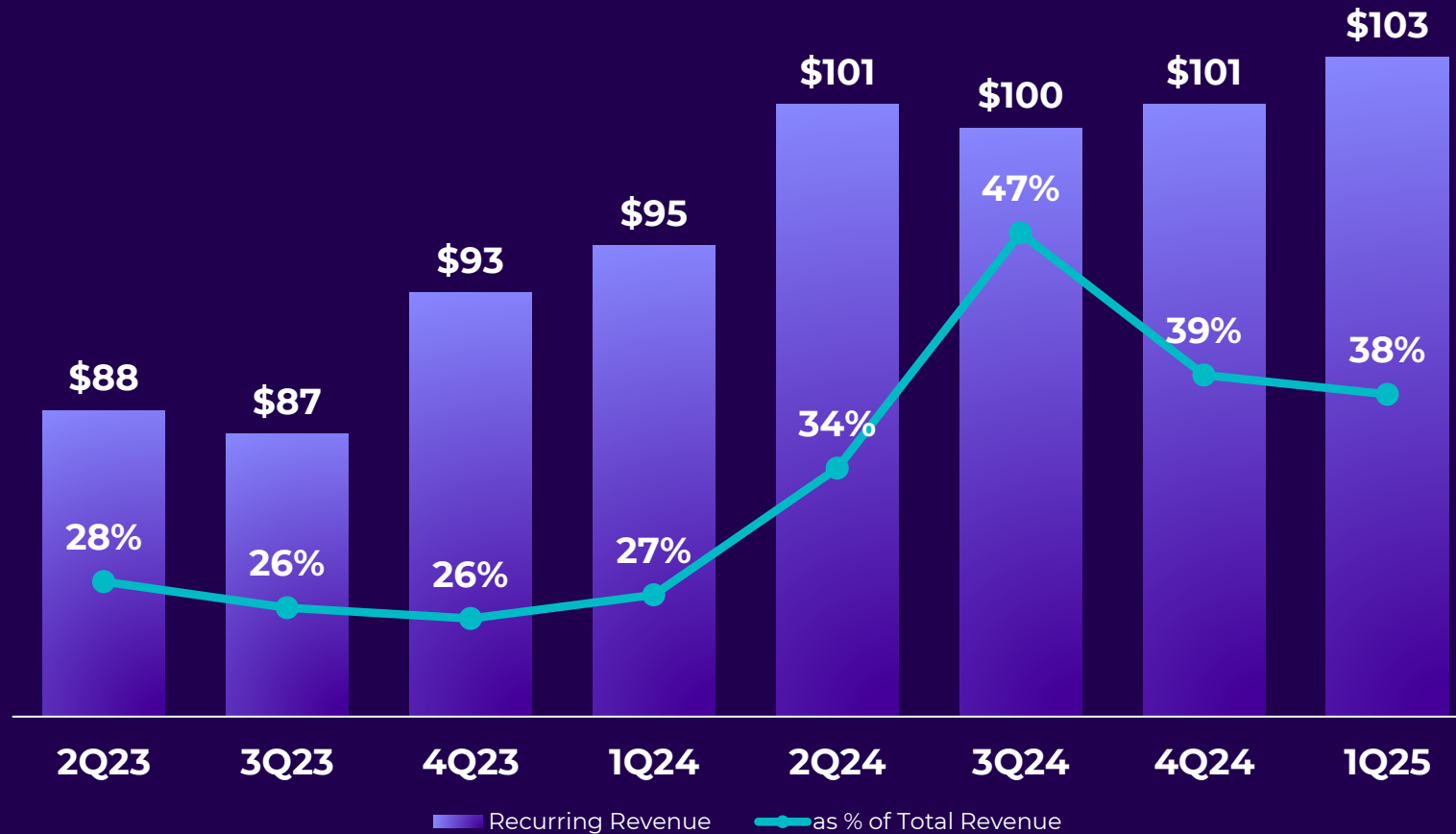
<sup>1</sup>SaaS Ending Deferred Revenue refers to the ending quarterly balance of advance payments received for SaaS goods or services that are to be delivered or performed in the future.

# HISTORICAL DISCLOSURES – RECURRING REVENUE

(IN \$M'S)



## Recurring Revenue <sup>1</sup>



<sup>1</sup> Recurring Revenue is the sum of all Subscription and Support revenue, less Professional Services, that is recognized over multiple periods, quarters or years, rather than a single point in time. © EXTREME NETWORKS, INC. ALL RIGHTS RESERVED.



# EXTREMECLLOUD UNIVERSAL ZTNA



## One Cloud Application

Universal Policy & Universal Enforcement

### Networks

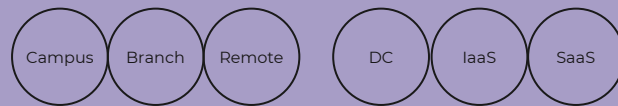
Secure Connectivity  
across the Enterprise



**Wired** **Wireless** **SDWAN**

### Users

All Users All Applications



### Data

Protect and Monitor Access  
to Sensitive Data



- Blends best of NAC and ZTNA
- Single policy engine and a single UX
- Identity-based access for remote and on-prem
- Plugs gap in ZTNA for comprehensive IoT access control
- Cloud-managed APs and switches configured with security policies

**Anywhere-to-Anywhere Access Security Across the Entire Enterprise**



## FOR ENTERPRISES

- User location and flow dynamics improve physical operations
- Application usage analysis help enhance network performance or enforce policies
- Bi-directional data feeds enable event correlation and predictive analytics

## FOR VENUES

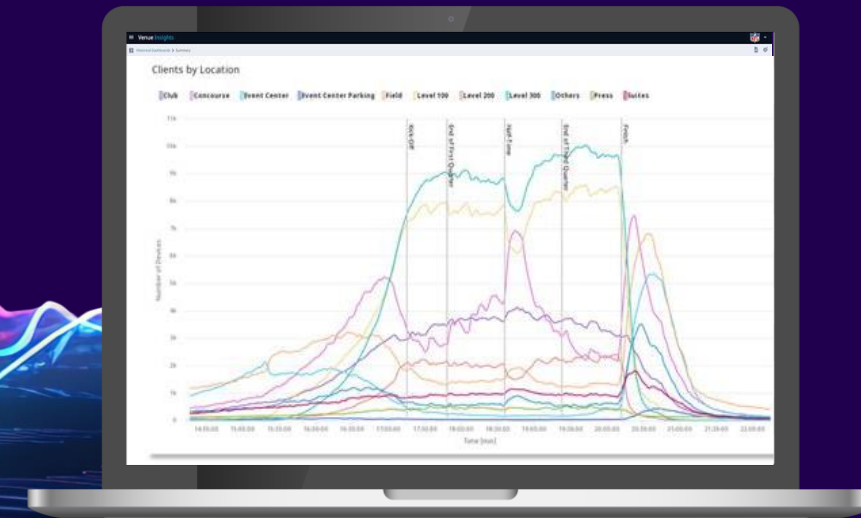
Location intelligence and crowd flow dynamics

Sports betting versus illegal data scouting

Real-time views for in-depth comparative analysis



TAYLOR SWIFT  
THE ERAS TOUR



# ARTIFICIAL INTELLIGENCE

## Extreme AI Expert

### THROUGHOUT EXTREMECLOUD

#### CoPilot

#### Delivered (Last 12 Months)

- Proactive Network Anomaly Detection (Wired & Wireless)
- Upgraded Wi-Fi Maps
- Client Connectivity Experience
- Instant GTAC case creation
- Flexible licensing

#### Upcoming Capabilities

- ServiceNow Integration
- Nutanix Support
- 1 click remediation
- Additional use cases
- Expand to entire enterprise portfolio

Digital Twin – Expanding to rest of network, intersecting with AI

#### Public Data

#### Chat with Information

Contextual advice regarding product specs, config problems and troubleshooting

#### Private Data

#### Chat with Network Data

Advice regarding network performance, root cause analytics and optimization

#### Ecosystem Data

#### Chat with Enterprise Data

Advises on Business Insights and workflow optimizations



## Extreme AI

*AI built into the subscription  
for AI queries*

## Reimagine Every Experience

### Query Categories

#### **KNOWLEDGE QUERIES:**

Questions that are answered with Extreme's product documentation, GTAC knowledge base and selected training and best practices material

#### **INTELLIGENCE QUERIES:**

Questions that are answered with customer network data from multiple applications (XIQ, SD-WAN, etc.)

#### **WHAT-IF QUERIES:**

Predictive and scenario and questions that are answered applying further processing to the network data, anomaly detections, pattern recognition, root cause analysis, predictive analytics and network optimization

### Example Queries

*How do I enable Fabric on SD-WAN?*

*What impact do different power modes have on performance and energy consumption?*

*In the last week, give me the EQI of the 10 top used applications per site*

*What are the network devices with the most outages in the last 30 days?*

*Can you compare my network status today to the one 30 days ago? What has changed (configured, topology, status)*

*Can you analyze my network and find single point of failure?*



# GTM OPPORTUNITIES

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**\$28B**  
Managed  
LAN/WLAN

## KEY POINTS

- **Single subscription** with management and support
- **Consumption billing** to reduce transaction cost
- **Innovative cloud-based** MSP management platform to reduce operational cost
- **Entire portfolio** available through the MSP program

netnordic 

STEP<sub>CG</sub>

**CMS**  
CMS IT-Consulting GmbH

(•\_•) netprotocol

  
ConvergeOne

 Telia  
Company

**DATAKOM**



**Continual Margin Pressure**

+

**Incumbent Fatigue**

=

**Massive Opportunity in a \$15+ Billion TAM**

**\$15+ Billion Larger Enterprise LAN / WLAN Service Obtainable Market**

# REGULATED INDUSTRIES MARKET OPPORTUNITY



*Global Campus LAN / WLAN TAM of \$15B TAM (\$5B in North America)*

## SECURITY CERTIFICATIONS



FedRAMP



StateRAMP



## GLOBAL CUSTOMER REFERENCES





# WHY EXTREME



**Your Network,  
Your Way**



**Leading  
Innovation**



**Dedicated  
Support**



**Layered  
Security**



**Radical  
Simplicity**



# 1Q25

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## *FINANCIAL RESULTS*



## Bookings and Revenue Trends

- Sequential Growth in Revenue led by growth in Americas region
- Sequential Growth in Product Revenue
- Recurring Revenue <sup>2</sup> of **\$103M**, Up 8% Y/Y



## Cloud SaaS Subscriptions

- SaaS ARR <sup>1</sup> of **\$174M**, Up 23% Y/Y
- Rising New Subscription Attach Rate <sup>3</sup>
- SaaS Deferred Revenue <sup>1</sup> of **\$282M**, up 19% Y/Y



## Profitability and Cash Generation

- Sequential Improvement in **Profitability** and **Cash Flow**
- Stable Cash Position

<sup>1</sup> See slides 14 & 15 for definitions of SaaS ARR and SaaS Deferred Revenue.

<sup>2</sup> See slide 16 for definitions of Recurring Revenue.

<sup>3</sup> New Subscription Attach Rate is Subscription Total Contract Value \$ bookings divided by total Product \$ bookings.

# 1Q25 HIGHLIGHTS



Total Revenue  
**\$269M**

**\$174M**  
SaaS ARR <sup>2</sup>



**23%**  
SaaS ARR <sup>2</sup>  
Growth Y/Y



Non-GAAP Gross Profit <sup>1</sup>  
**\$171M**

**63.7%**  
Non-GAAP Gross Margin <sup>1</sup> %



**38%**  
Recurring Revenue <sup>3</sup>



Non-GAAP EPS <sup>1</sup> \$  
**\$0.17**

**12.4%**  
Non-GAAP Operating Margin <sup>1</sup> %

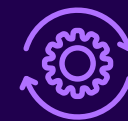


**27**  
Large \$1M+ Customers  
*(Over \$1M in bookings for the Fiscal Quarter)*



Free Cash Flow <sup>5</sup>  
**\$12M**

**\$28M**  
Net Debt <sup>4</sup>



**32**  
Total Managed  
Service Providers

<sup>1</sup> See Appendices for GAAP to Non-GAAP reconciliation.

<sup>2</sup> See slide 14 for SaaS ARR Definition.

<sup>3</sup> See slide 16 for Recurring Revenue definition.

<sup>4</sup> Net Cash (Debt) is defined as Cash and cash equivalents minus Gross Debt, see slide 12.

<sup>5</sup> See slide 13 for Free Cash Flow definition.

# FINANCIAL HIGHLIGHTS

(IN M'S EXCEPT PERCENTAGES AND EPS)



	GAAP			Non-GAAP <sup>1</sup>		
	1Q24	4Q24	1Q25	1Q24	4Q24	1Q25
Product Revenue	\$253.5	\$152.8	\$162.3	\$253.5	\$152.8	\$162.3
Subscription & Support Revenue	\$99.6	\$103.9	\$106.9	\$99.6	\$103.9	\$106.9
<b>Total Revenue</b>	<b>\$353.1</b>	<b>\$256.7</b>	<b>\$269.2</b>	<b>\$353.1</b>	<b>\$256.7</b>	<b>\$269.2</b>
Total GM%	60.3%	44.7%	63.0%	61.1%	45.4%	63.7%
Operating Income (Loss) \$	\$35.9	(\$48.9)	(\$4.7)	\$62.5	(\$11.8)	\$33.5
Operating Margin %	10.2%	(19.1%)	(1.8%)	17.7%	(4.6%)	12.4%
EBITDA	\$43.1	(\$37.8)	(\$0.3)	\$67.8	(\$7.7)	\$36.9
Net Income (Loss)	\$28.7	(\$54.2)	(\$10.5)	\$46.5	(\$9.9)	\$22.4
<b>EPS</b>	<b>\$0.21</b>	<b>(\$0.42)</b>	<b>(\$0.08)</b>	<b>\$0.35</b>	<b>(\$0.08)</b>	<b>\$0.17</b>

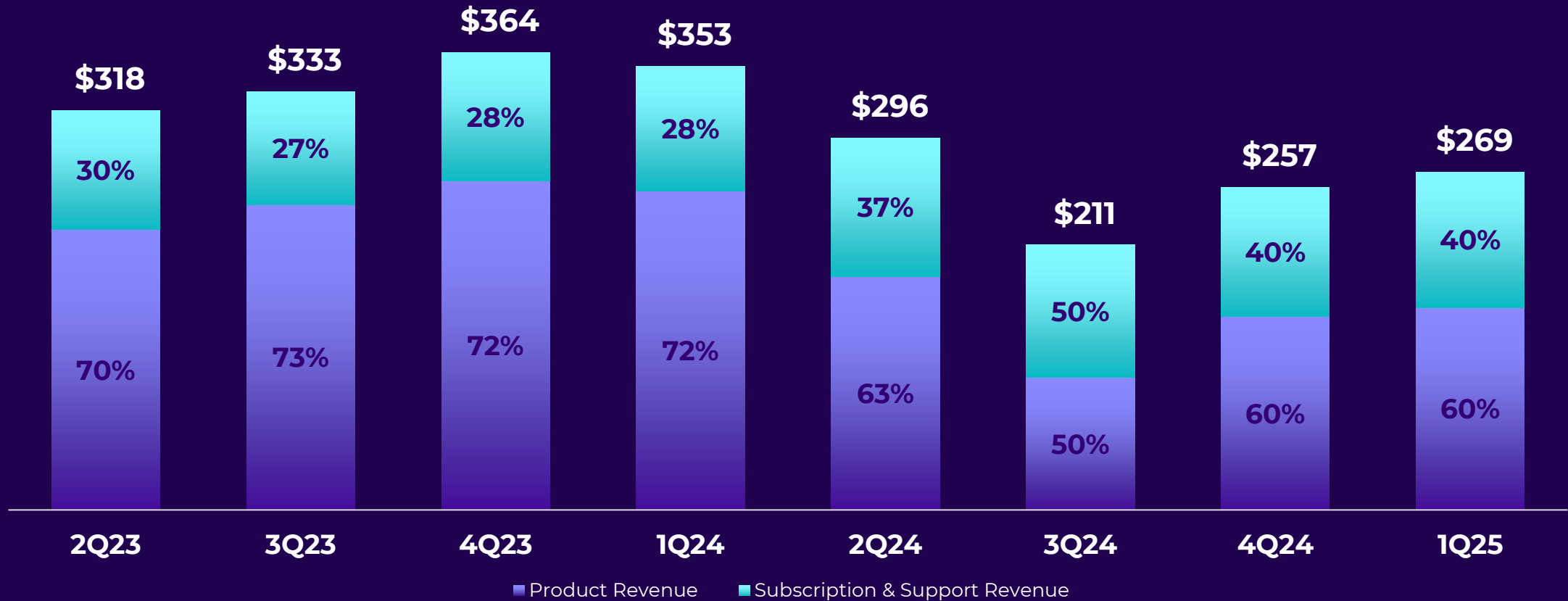
<sup>1</sup> See Appendices for GAAP to Non-GAAP reconciliation.

# QUARTERLY REVENUE RESULTS

(IN M'S)



## Total Revenue

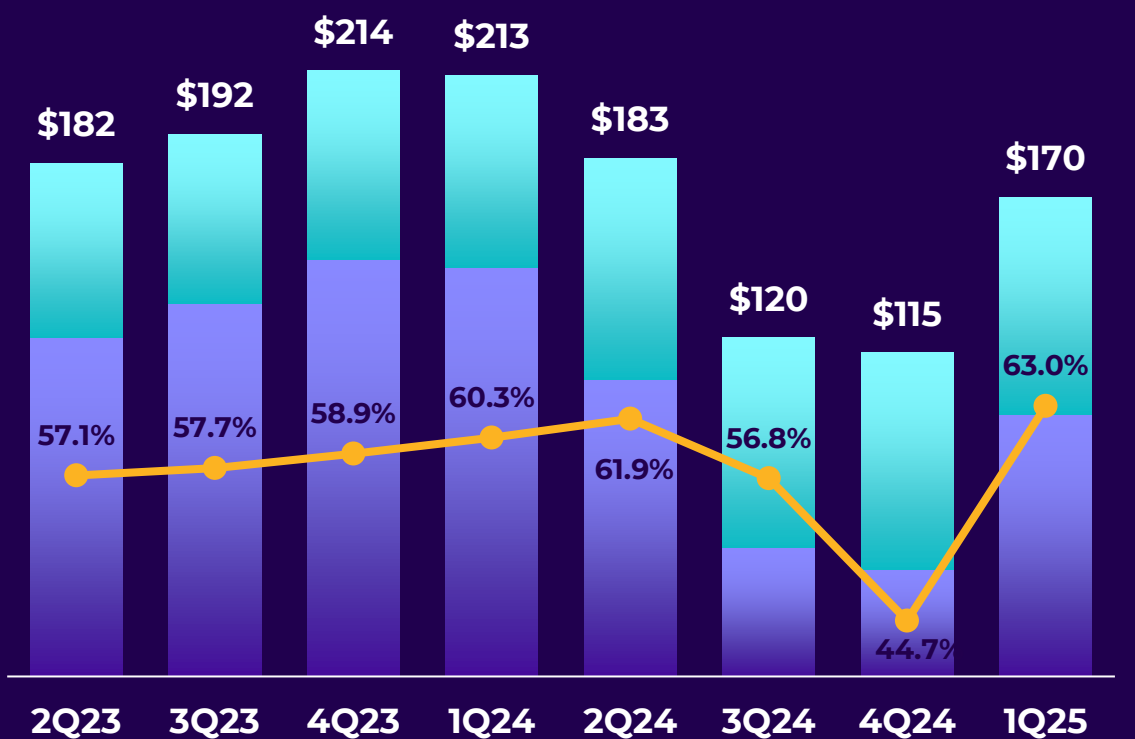


# QUARTERLY GROSS PROFIT AND MARGIN

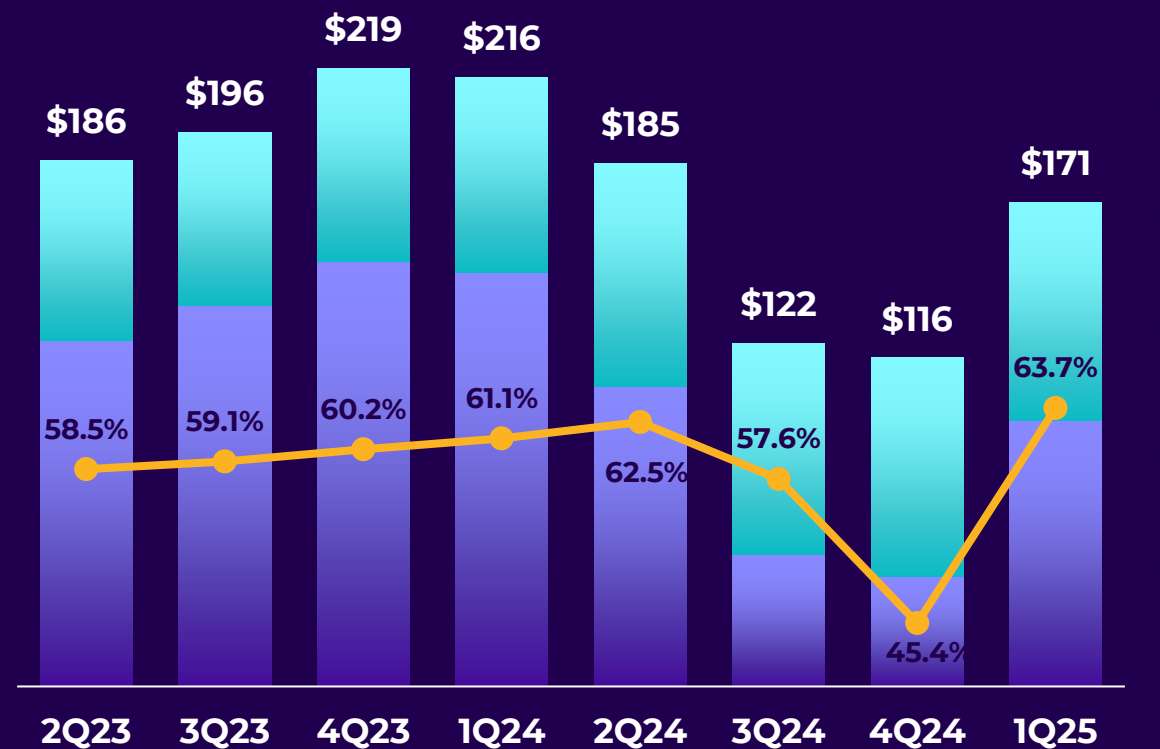
(IN M'S EXCEPT PERCENTAGES)



## Gross Profit – GAAP



## Gross Profit – Non-GAAP <sup>1</sup>



Product Gross Profit    Subscription & Support Gross Profit    Total GM % - GAAP

Product Gross Profit    Subscription & Support Gross Profit    Total GM % - Non-GAAP

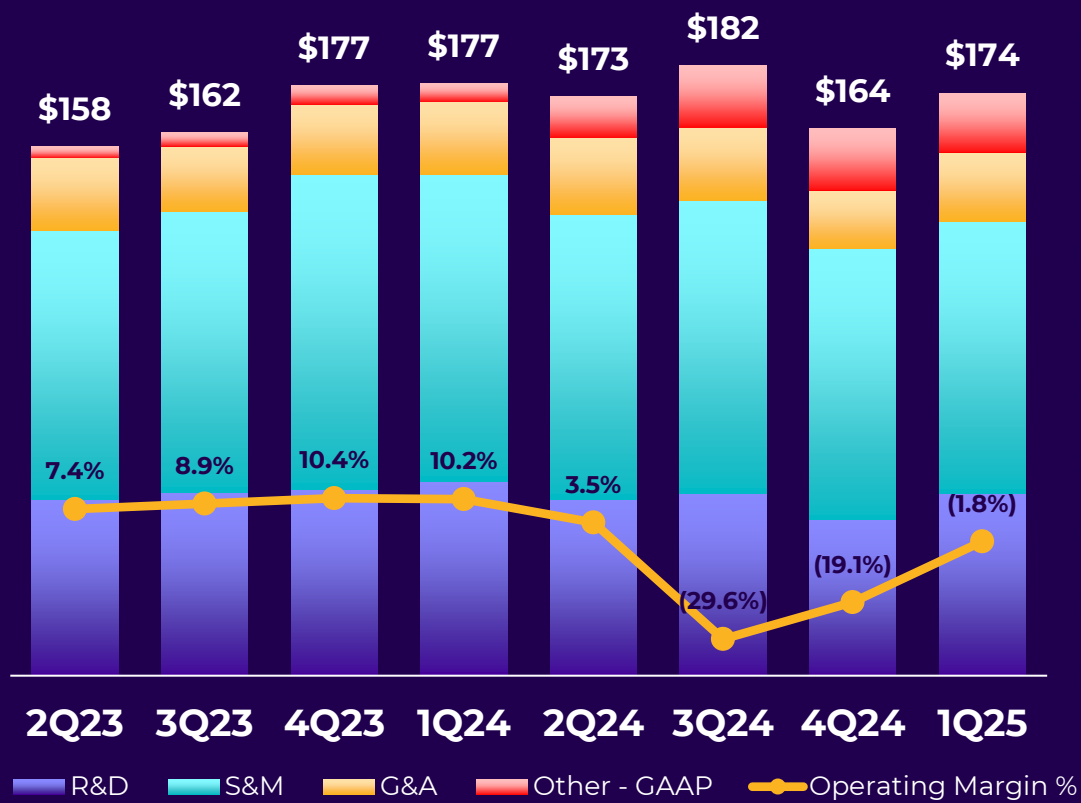
<sup>1</sup> See Appendices for GAAP to Non-GAAP reconciliation.

# QUARTERLY OPERATING EXPENSE AND MARGIN

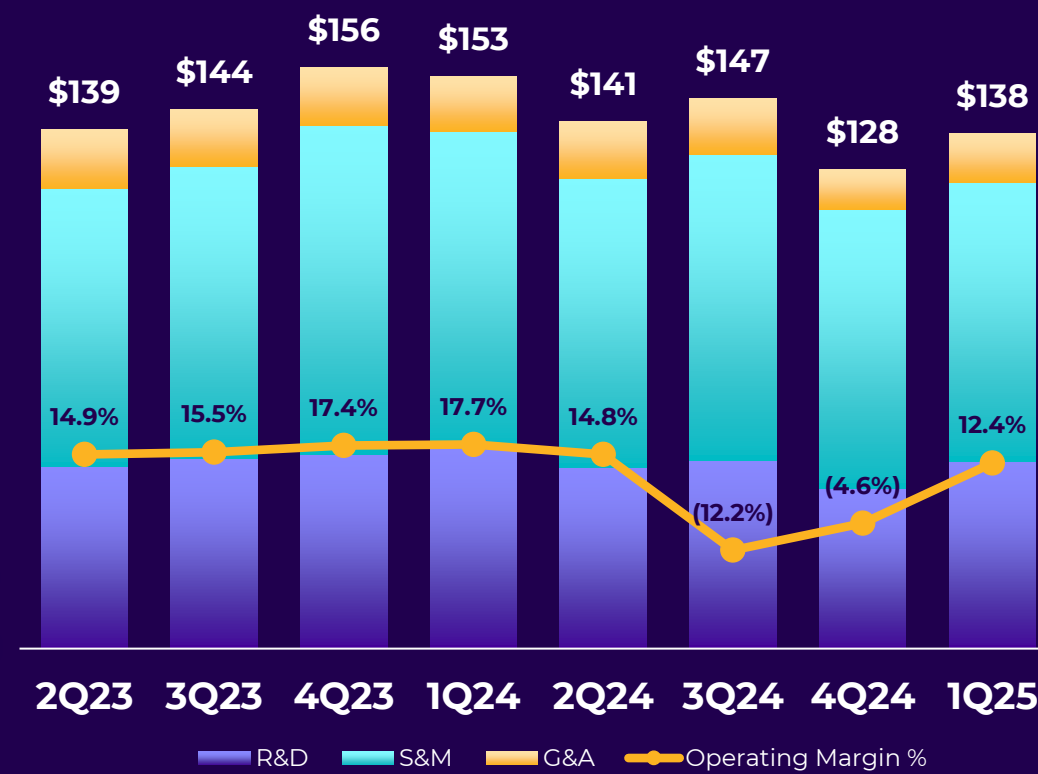
(IN M'S EXCEPT PERCENTAGES)



## Operating Expenses - GAAP



## Operating Expenses - Non-GAAP <sup>1</sup>



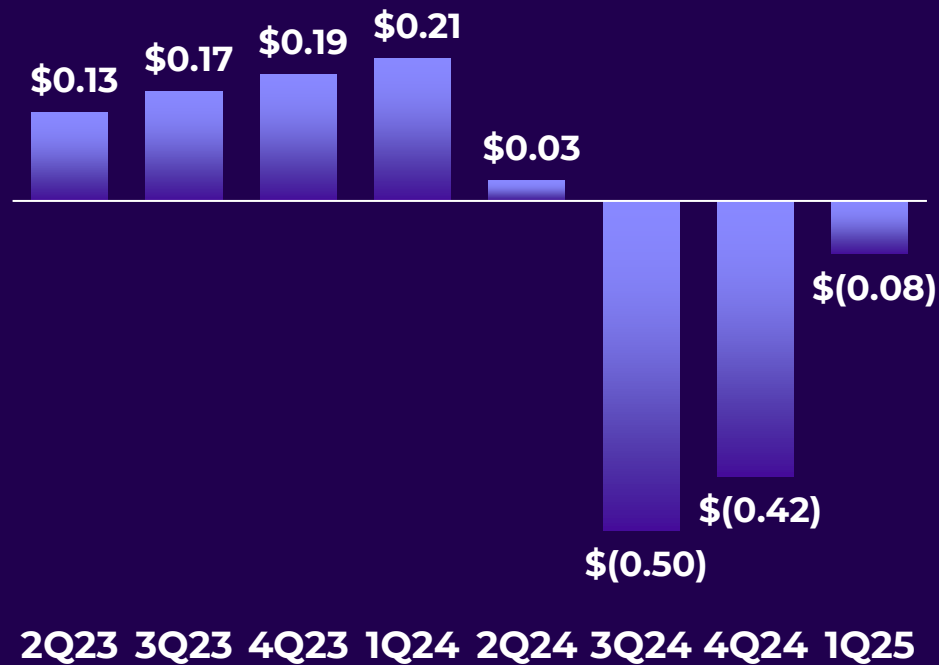
<sup>1</sup> See Appendices for GAAP to Non-GAAP reconciliation.



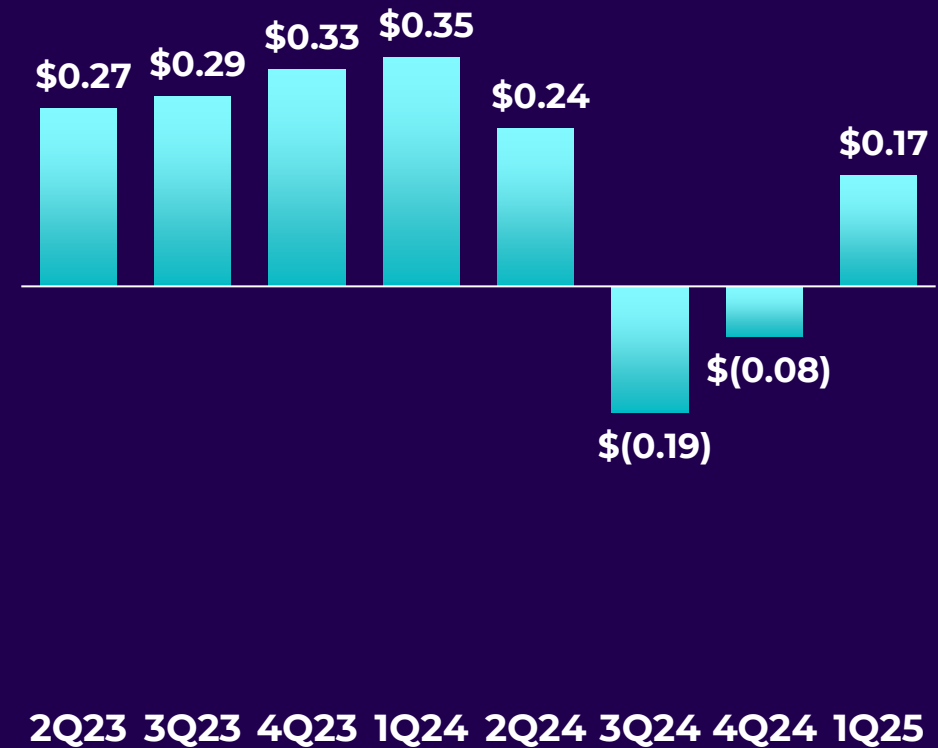
# QUARTERLY EPS



## EPS - GAAP



## EPS - Non-GAAP <sup>1</sup>



<sup>1</sup> See Appendices for GAAP to Non-GAAP reconciliation.

# 1Q25 REVENUE BY GEOGRAPHY

(IN \$M'S EXCEPT PERCENTAGES)



AMERICAS

**\$165M**

**61% of Revenue**

EMEA

**\$85M**

**32% of Revenue**

APAC

**\$19M**

**7% of Revenue**

# FINANCIAL HIGHLIGHTS – BALANCE SHEET

(IN M'S EXCEPT DAYS)



Balance Sheet Highlights	1Q24	4Q24	1Q25
Cash and Cash Equivalents	\$224.4	\$156.7	\$159.5
Accounts Receivable	\$131.5	\$89.5	\$97.2
Inventories	\$100.8	\$141.0	\$143.6
Accounts Payable	\$80.0	\$51.4	\$65.8
Gross Debt <sup>1</sup>	\$197.5	\$190.0	\$187.5
Net Cash (Debt) <sup>2</sup>	\$26.9	(\$33.3)	(\$28.0)

<sup>1</sup>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.

<sup>2</sup>Net Cash (Debt) is defined as Cash and Cash Equivalents minus Gross Debt.

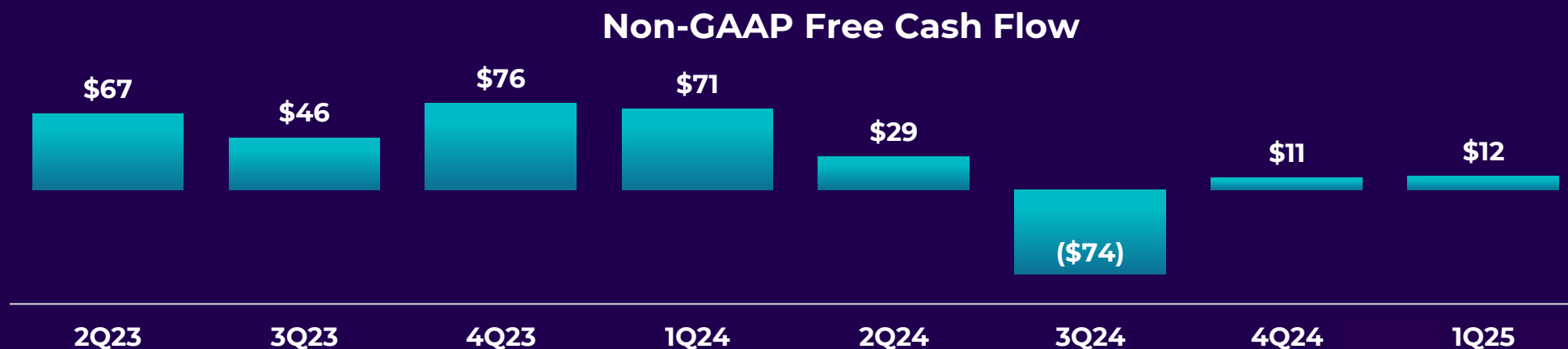
# NON-GAAP FREE CASH FLOW

(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:

<b>Non-GAAP Free Cash Flow</b>	<b>1Q24</b>	<b>4Q24</b>	<b>1Q25</b>
Operating Cash Flow	\$75.6	\$15.4	\$18.6
PP&E Capital Expenditures	(4.3)	(4.5)	(6.9)
<b>Free Cash Flow</b>	<b>\$71.3</b>	<b>\$10.9</b>	<b>\$11.7</b>





# 2Q25 & FY25

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## *FINANCIAL GUIDANCE*

# 2Q25 GUIDANCE

(IN M'S EXCEPT PERCENTAGES AND EPS)



	Non-GAAP <sup>1</sup> 1Q25	GAAP 2Q25	Non-GAAP <sup>1</sup> 2Q25
Revenue (\$M)	\$269.2	\$273.0 – \$283.0	\$273.0 – \$283.0
Gross Margin %	63.7%	62.2% – 63.2%	63.0% – 64.0%
Operating Margin %	12.4%	(1.1%) – 1.4%	11.3% – 13.4%
EPS	\$0.17	(\$0.07) – (\$0.01)	\$0.16 – \$0.20

<sup>2</sup>See slides 25-29 for GAAP to Non-GAAP reconciliation.

# FY25 GUIDANCE

(IN M'S)



	FY24	FY25
Revenue (\$M)	\$1,117	\$1,117 – \$1,137



# APPENDICES

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## *GAAP to Non-GAAP Reconciliations and Operating Metrics*

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



# SUPPLEMENTAL INFORMATION: GAAP TO ADJUSTED RESULTS



(IN M'S EXCEPT PERCENTAGES AND EPS)

We recorded an additional provision for excess and obsolete ("E&O") inventory and loss on our supplier commitments of \$64.5 million during fiscal 2024. The quarterly split was as follows: 1Q24: \$10.5m, 3Q24: \$7.5m, and 4Q24: \$46.5m. 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 that shows the results excluding the Non-GAAP adjustments, the additional provision for E&O inventory, and adjustments for the related tax impact.

	1Q24				2Q24				3Q24				4Q24			
	GAAP	Non-GAAP <sup>1</sup>	E&O Adj	Adjusted	GAAP	Non-GAAP <sup>1</sup>	E&O Adj	Adjusted	GAAP	Non-GAAP <sup>1</sup>	E&O Adj	Adjusted	GAAP	Non-GAAP <sup>1</sup>	E&O Adj	Adjusted
Product Revenue	\$253.5	\$253.5	-	\$253.5	\$186.6	\$186.6	-	\$186.6	\$106.4	\$106.4	-	\$106.4	\$152.8	\$152.8	-	\$152.8
Subscription & Support Revenue	\$99.6	\$99.6	-	\$99.6	\$109.8	\$109.8	-	\$109.8	\$104.6	\$104.6	-	\$104.6	\$103.9	\$103.9	-	\$103.9
<b>Total Revenue</b>	<b>\$353.1</b>	<b>\$353.1</b>	<b>-</b>	<b>\$353.1</b>	<b>\$296.4</b>	<b>\$296.4</b>	<b>-</b>	<b>\$296.4</b>	<b>\$211.0</b>	<b>\$211.0</b>	<b>-</b>	<b>\$211.0</b>	<b>\$256.7</b>	<b>\$256.7</b>	<b>-</b>	<b>\$256.7</b>
Total GM%	60.3%	61.1%	3.0%	64.1%	61.9%	62.5%	-	62.5%	56.8%	57.6%	3.6%	61.2%	44.7%	45.4%	18.1%	63.5%
Operating Income (Loss) \$	\$35.9	\$62.5	\$10.5	\$73.0	\$10.3	\$43.9	-	\$43.9	(\$62.5)	(\$25.7)	\$7.5	(\$18.2)	(\$48.9)	(\$11.8)	\$46.5	\$34.7
Operating Margin %	10.2%	17.7%	3.0%	20.7%	3.5%	14.8%	-	14.8%	(29.6%)	(12.2%)	3.6%	(8.6%)	(19.1%)	(4.6%)	18.1%	13.5%
EBITDA	\$43.1	\$67.8	\$10.5	\$78.3	\$15.6	\$48.2	-	\$48.2	(\$56.6)	(\$20.9)	\$7.5	(\$13.4)	(\$37.8)	(\$7.7)	\$46.5	\$38.8
Net Income (Loss)	\$28.7	\$46.5	\$8.2	\$54.7	\$4.0	\$31.5	-	\$31.5	(\$64.4)	(\$24.8)	\$6.6	(\$18.2)	(\$54.2)	(\$9.9)	\$34.6	\$24.7
<b>EPS</b>	<b>\$0.21</b>	<b>\$0.35</b>	<b>\$0.06</b>	<b>\$0.41</b>	<b>\$0.03</b>	<b>\$0.24</b>	<b>-</b>	<b>\$0.24</b>	<b>(\$0.50)</b>	<b>(\$0.19)</b>	<b>\$0.05</b>	<b>(\$0.14)</b>	<b>(\$0.42)</b>	<b>(\$0.08)</b>	<b>\$0.27</b>	<b>\$0.19</b>

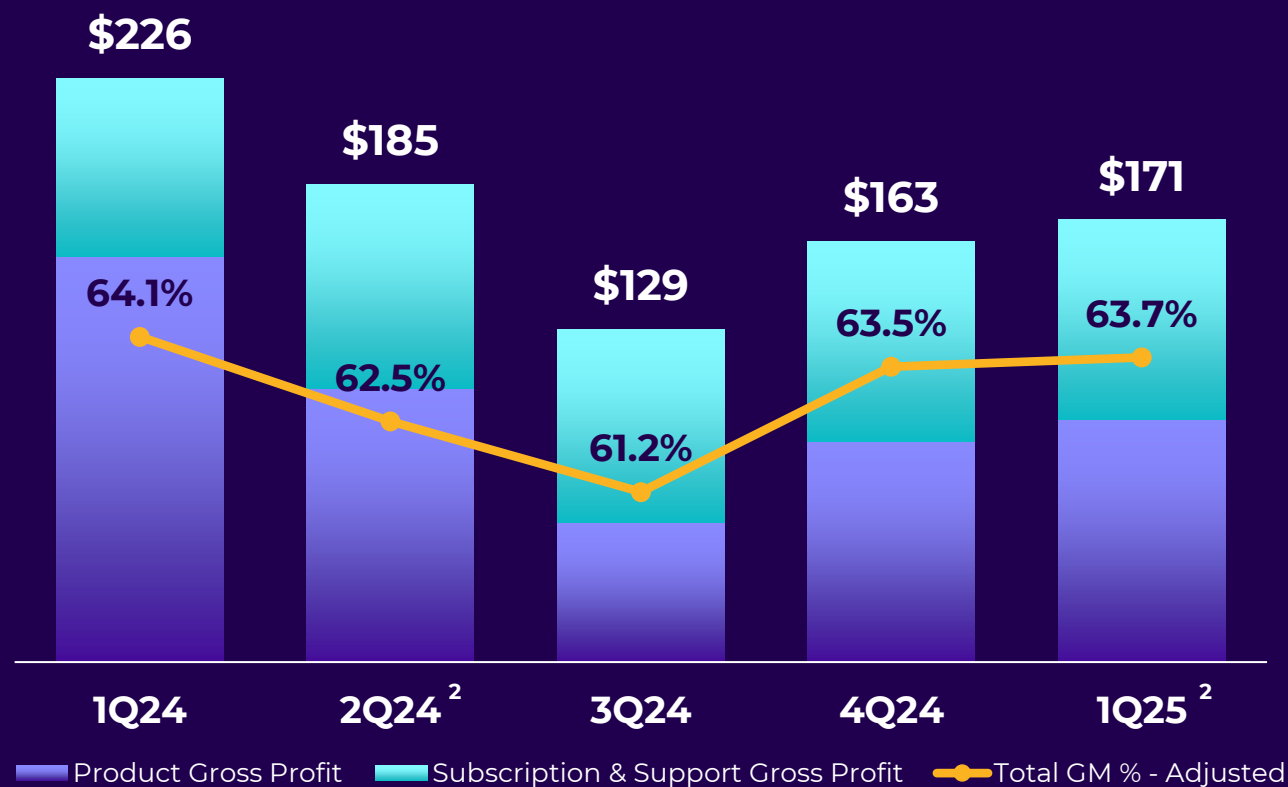
<sup>1</sup> See slides 25-28 for GAAP to Non-GAAP reconciliation.

# ADJUSTED QUARTERLY RESULTS OF OPERATIONS

(IN M'S EXCEPT PERCENTAGES)



## Gross Profit – Adjusted Results <sup>1</sup>



<sup>1</sup>Adjusted Results exclude the Non-GAAP adjustments and the additional provision for E&O inventory. Adjustments were made in 1Q24, 3Q24 and 4Q24. See slide 21 for GAAP to Adjusted Results reconciliation.

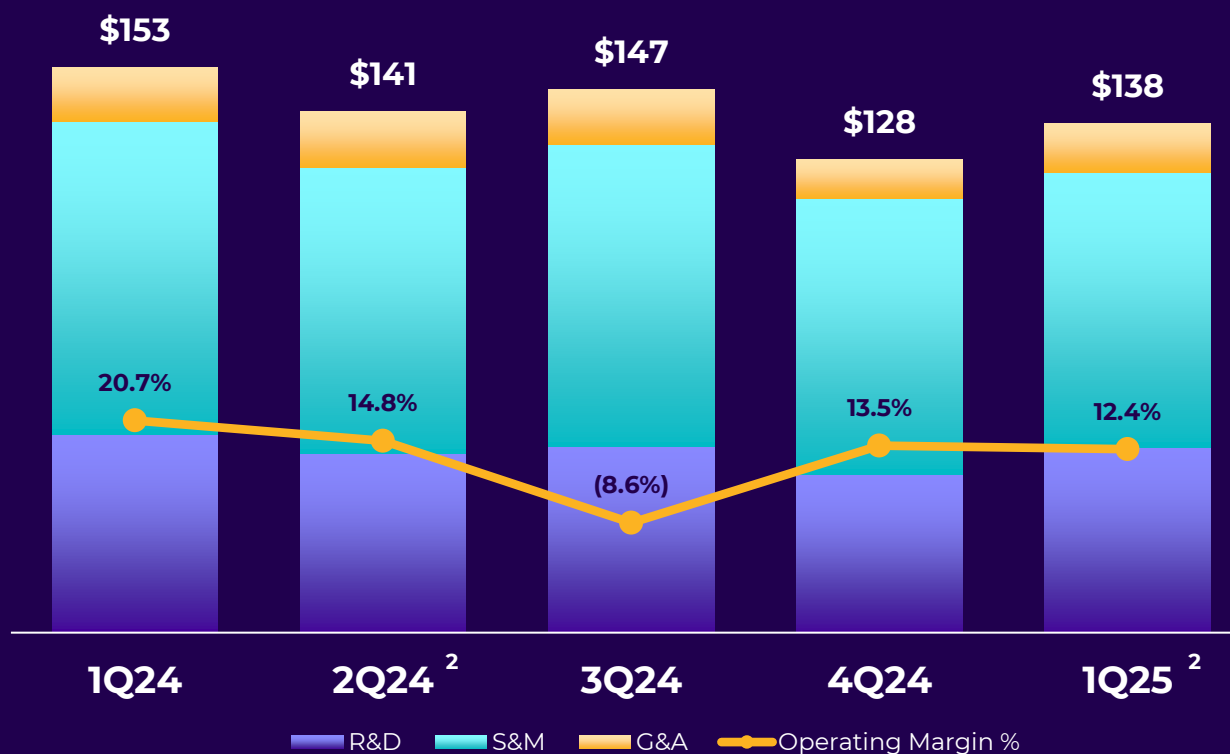
<sup>2</sup>1Q25 and 2Q24 are presented on an unadjusted Non-GAAP basis. See slides 25-28 for GAAP to Non-GAAP reconciliation.

# ADJUSTED QUARTERLY RESULTS OF OPERATIONS

(IN M'S EXCEPT PERCENTAGES)



## Operating Expenses - Adjusted Results <sup>1</sup>



<sup>1</sup>Adjusted Results exclude the Non-GAAP adjustments and the additional provision for E&O inventory. Adjustments were made in 1Q24, 3Q24 and 4Q24. See slide 21 for GAAP to Adjusted Results reconciliation.

<sup>2</sup>1Q25 and 2Q24 are presented on an unadjusted Non-GAAP basis. See slides 25-28 for GAAP to Non-GAAP reconciliation.

# ADJUSTED QUARTERLY RESULTS OF OPERATIONS



## EPS - Adjusted Results <sup>1</sup>



<sup>1</sup>Adjusted Results exclude the Non-GAAP adjustments and the additional provision for E&O inventory. Adjustments were made in 1Q24, 3Q24 and 4Q24. See slide 21 for GAAP to Adjusted Results reconciliation.

<sup>2</sup>1Q25 and 2Q24 are presented on an unadjusted Non-GAAP basis. See slides 25-28 for GAAP to Non-GAAP reconciliation.

# GAAP TO NON-GAAP RECONCILIATIONS – GROSS MARGIN

(IN M'S EXCEPT PERCENTAGES)



	1Q24	4Q24	1Q25
Product Revenue	\$253.5	\$152.8	\$162.3
Subscription & Support Revenue	99.6	103.9	106.9
<b>Total Revenue – GAAP</b>	<b>\$353.1</b>	<b>\$256.7</b>	<b>\$269.2</b>
<b>Gross Margin – GAAP</b>	<b>\$212.9</b>	<b>\$114.6</b>	<b>\$169.5</b>
Gross Margin % – GAAP	60.3%	44.7%	63.0%
Amortization of Intangibles, Product	1.1	0.6	0.6
Amortization of Intangibles, Subscription & Support	0.3	–	–
Share-Based Compensation, Product	0.5	0.6	0.6
Share-Based Compensation, Subscription & Support	0.9	0.7	0.7
<b>Gross Margin – Non-GAAP</b>	<b>\$215.7</b>	<b>\$116.5</b>	<b>\$171.4</b>
Gross Margin % – Non-GAAP	61.1%	45.4%	63.7%

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

(IN M'S EXCEPT PERCENTAGES)



	1Q24	4Q24	1Q25
<b>Operating Income (Loss) – GAAP</b>	<b>\$35.9</b>	<b>(\$48.9)</b>	<b>(\$4.7)</b>
<b>Operating Margin – GAAP</b>	<b>10.2%</b>	<b>(19.1%)</b>	<b>(1.8%)</b>
Amortization of Intangibles, COGS	1.4	0.6	0.6
Share-Based Compensation, Total	19.9	18.1	19.8
Restructuring and Related Charges	2.7	10.0	1.3
Amortization of Intangibles, OpEX	0.5	0.5	0.5
System Transition Costs	0.6	2.8	5.3
Litigation Costs	1.5	5.1	10.7
<b>Operating Income (Loss) – Non-GAAP</b>	<b>\$62.5</b>	<b>(\$11.8)</b>	<b>\$33.5</b>
<b>Operating Margin – Non-GAAP</b>	<b>17.7%</b>	<b>(4.6%)</b>	<b>12.4%</b>

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

(IN M'S EXCEPT EPS)



	1Q24	4Q24	1Q25
<b>Net Income (Loss) – GAAP</b>	<b>\$28.7</b>	<b>(\$54.2)</b>	<b>(\$10.5)</b>
Shares – GAAP	133.5	130.1	131.2
<b>EPS – GAAP (Diluted)</b>	<b>\$0.21</b>	<b>(\$0.42)</b>	<b>(\$0.08)</b>
Amortization of Intangibles, COGS	1.4	0.6	0.6
Share-Based Compensation, Total	19.9	18.1	19.8
Restructuring and Related Charges	2.7	10.0	1.3
Amortization of Intangibles, OpEX	0.5	0.5	0.5
System Transition Costs	0.6	2.8	5.3
Litigation Costs	1.5	5.1	10.7
Debt Refinancing Charges, Interest Expense	-	-	0.1
Tax Effect on Non-GAAP Adjustments	(8.7)	7.2	(5.4)
<b>Net Non-GAAP Adjustments</b>	<b>17.9</b>	<b>44.3</b>	<b>32.9</b>
<b>Net Income (Loss) – Non-GAAP</b>	<b>\$46.5</b>	<b>(\$9.9)</b>	<b>\$22.4</b>
Shares – Non-GAAP	133.5	130.1	132.3
<b>EPS – Non-GAAP</b>	<b>\$0.35</b>	<b>(\$0.08)</b>	<b>\$0.17</b>

# ADJUSTED EBITDA RECONCILIATION

(IN M'S)



	1Q24	4Q24	1Q25
<b>Net Income (Loss) – GAAP</b>	<b>\$28.7</b>	<b>(\$54.2)</b>	<b>(\$10.5)</b>
Interest	3.1	3.6	3.6
Provision for (Benefit) Income Taxes	4.5	1.5	1.5
Depreciation/Amortization	6.8	11.3	5.1
<b>EBITDA</b>	<b>\$43.1</b>	<b>(\$37.8)</b>	<b>(\$0.3)</b>
Net Non-GAAP Adjustments	17.9	44.3	32.9
Tax Effect Included in Net Non-GAAP Adjustments	8.7	(7.2)	5.4
Amortization Included in Net Non-GAAP Adjustments	(1.9)	(1.1)	(1.1)
Depreciation Included in Net Non-GAAP Adjustments	-	(5.9)	-
<b>EDITBA – Adjusted</b>	<b>\$67.8</b>	<b>(\$7.7)</b>	<b>\$36.9</b>

For "Net Non-GAAP Adjustments" refer to slide 27.



# GAAP TO NON-GAAP RECONCILIATIONS – 2Q25 GUIDANCE



	Gross Margin Rate	Operating Margin Rate	Earnings per Share
<b>GAAP</b>	<b>62.2% – 63.2%</b>	<b>(1.1%) – 1.4%</b>	<b>(\$0.07) – (\$0.01)</b>
Estimated Adjustments for:			
Share-Based Compensation	0.6%	7.9% – 8.3%	0.17
Amortization of Product Intangibles	0.2%	0.2%	0.01
Amortization of Non-product Intangibles	–	0.2%	–
Restructuring Charges, net	–	0.2%	0.01
Litigation Charges	–	1.1%	0.02
System Transition Costs	–	2.4%	0.05
Non-GAAP Tax Adjustment	–	–	(0.05) – (0.03)
<b>Non-GAAP</b>	<b>63.0% – 64.0%</b>	<b>11.3% – 13.4%</b>	<b>\$0.16 – \$0.20</b>



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