

Extreme Networks

FQ1'16 Financial Results

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.

Forward Looking Statements:

Actual results, including with respect to the Company's financial targets and general business prospects, could differ materially due to a number of factors. More information about potential factors that could affect the Company's business and financial results is included in its filings with the Securities and Exchange Commission, including, without limitation, under the captions: "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Risk Factors," which are on file with the Securities and Exchange Commission. Except as required under the U.S. federal securities laws and the rules and regulations of the SEC, Extreme Networks disclaims any obligation to update any forward-looking statements after the date of this release, whether as a result of new information, future events, developments, changes in assumptions or otherwise.

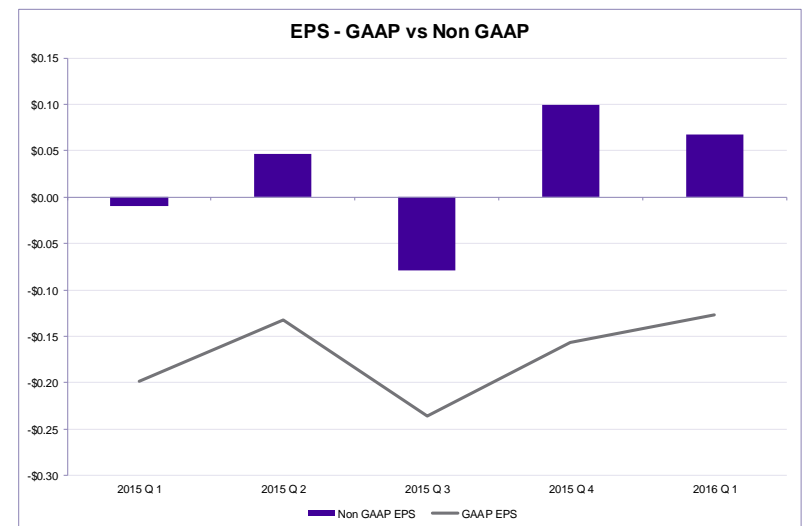
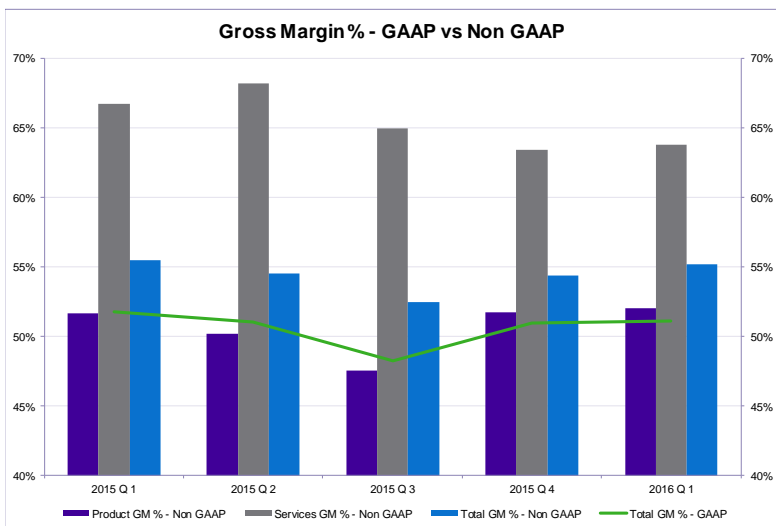
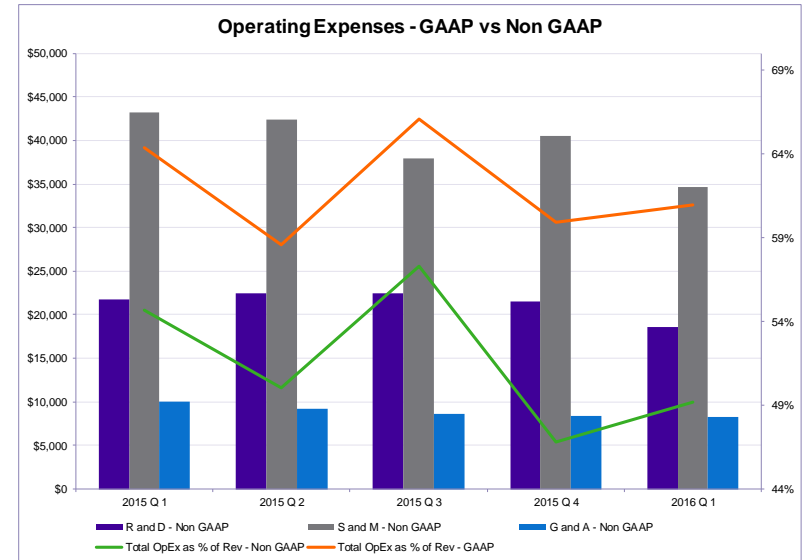
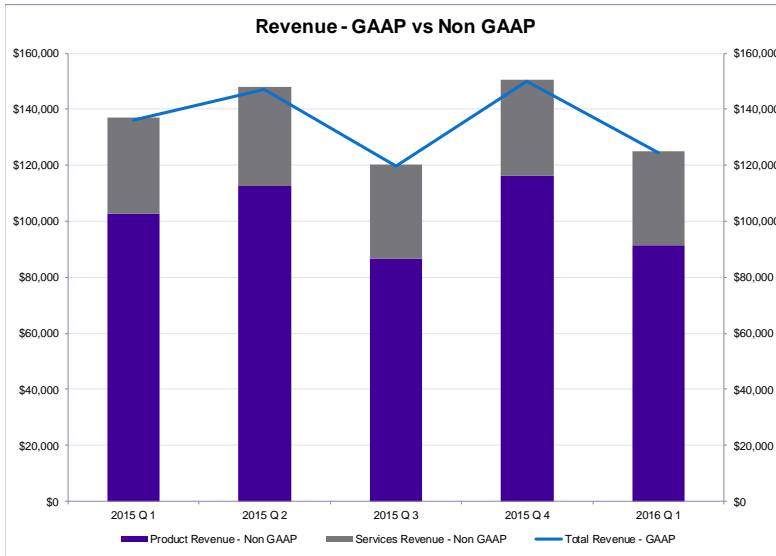
FQ1'16 Financial Results

Financial Highlights – Financial Operations



	FY'15				FY'16	FQ1'16 v	FQ1'16 v
	Q1	Q2	Q3	Q4	Q1	FQ4'15	FQ1'15
Product Revenue - Non GAAP	\$102,672	\$112,501	\$86,527	\$116,346	\$91,381	(\$24,965)	(\$11,291)
Services Revenue - Non GAAP	\$34,368	\$35,473	\$33,829	\$34,288	\$33,577	(\$711)	(\$791)
Total Revenue - Non GAAP	\$137,040	\$147,974	\$120,356	\$150,634	\$124,958	(\$25,676)	(\$12,082)
Total GM % - Non GAAP	55.6%	54.6%	52.6%	54.4%	55.2%	0.8%	-0.4%
Operating Margin % - Non GAAP	0.9%	4.5%	-4.7%	8.2%	6.0%	-2.2%	5.1%
Net Income (Loss) - Non GAAP	(\$934)	\$4,670	(\$7,925)	\$10,068	\$6,729	(\$3,339)	\$7,663
EBITDA - Non GAAP	\$4,043	\$10,235	(\$2,709)	\$15,498	\$11,633	(\$3,865)	\$7,590
EPS - Non GAAP	(\$0.01)	\$0.05	(\$0.08)	\$0.10	\$0.07	(\$0.03)	\$0.08
EPS - GAAP	(\$0.20)	(\$0.13)	(\$0.24)	(\$0.16)	(\$0.11)	\$0.05	\$0.09

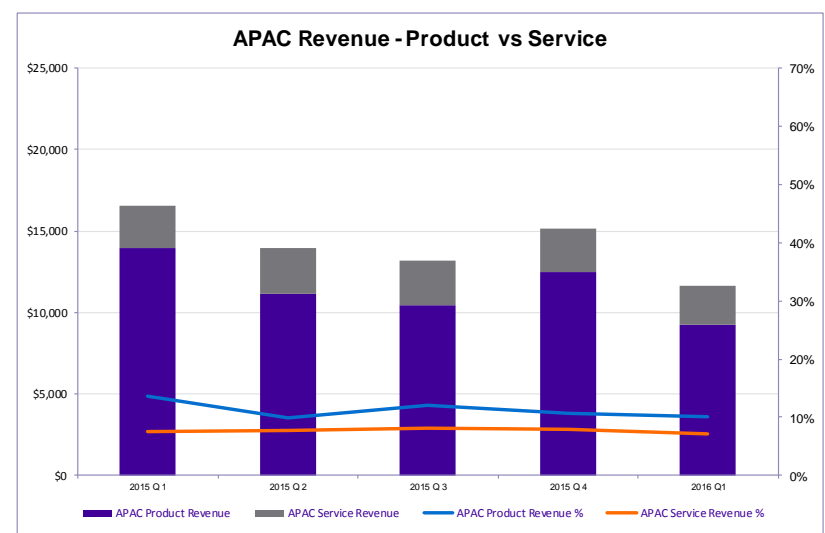
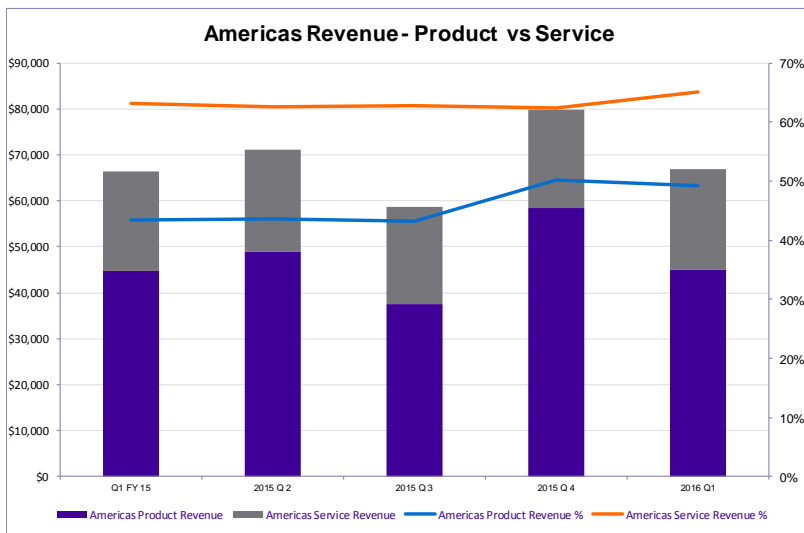
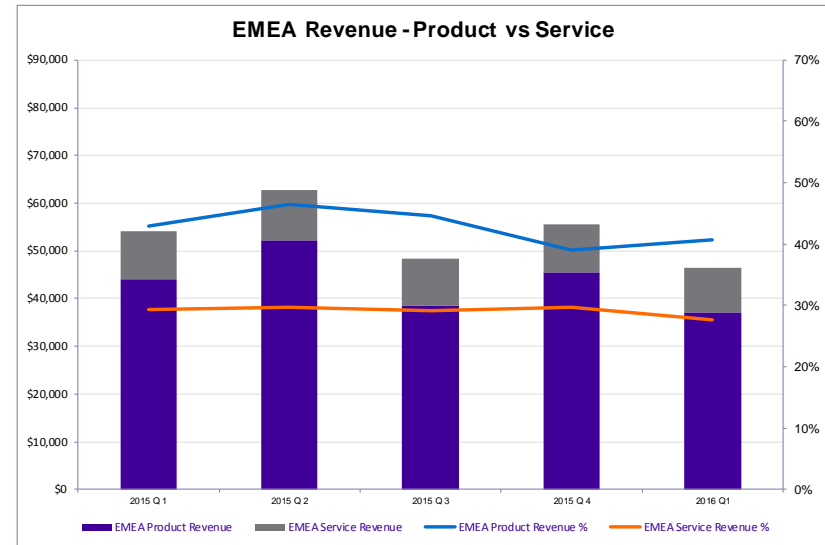
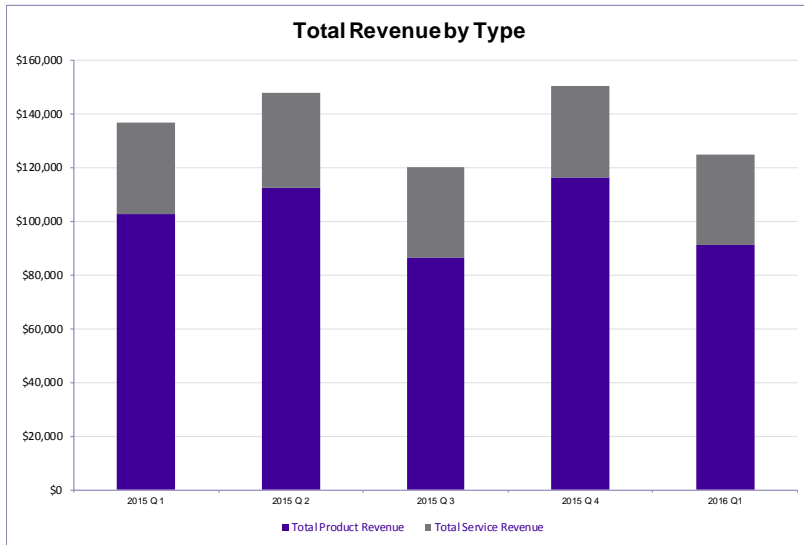
Quarterly Results of Operations



Historical Revenue by Geography: Non GAAP

	FY'15				FY'16	FQ1'16 v	FQ1'16 v
	Q1	Q2	Q3	Q4	Q1	FQ4'15	FQ1'15
Product							
Americas	\$ 44,670	\$ 49,083	\$ 37,474	\$ 58,489	\$ 45,001	\$ (13,488)	\$ 331
EMEA	44,074	52,265	38,621	45,379	37,142	(8,237)	(6,932)
APAC	13,928	11,153	10,432	12,478	9,238	(3,240)	(4,690)
Total Product	102,672	112,501	86,527	\$ 116,346	91,381	(24,965)	(11,291)
Service							
Americas	21,684	22,180	21,257	21,401	21,888	487	204
EMEA	10,081	10,528	9,827	10,195	9,271	(924)	(810)
APAC	2,603	2,765	2,745	2,692	2,418	(274)	(185)
Total Service	34,368	35,473	33,829	\$ 34,288	33,577	(711)	(791)
Total Revenue							
Americas	66,354	71,263	58,731	79,890	66,889	(13,001)	535
EMEA	54,155	62,793	48,448	55,574	46,413	(9,161)	(7,742)
APAC	16,531	13,918	13,177	15,170	11,656	(3,514)	(4,875)
Total Revenue	\$ 137,040	\$ 147,974	\$ 120,356	\$ 150,634	\$ 124,958	\$ (25,676)	\$ (12,082)

Revenue by Type (Non GAAP)



Financial Highlights – Financial Position



	FY 2015				FY 2016
	Q1	Q2	Q3	Q4	Q1
Cash and Securities Available for Sale	\$104,462	\$109,293	\$75,573	\$76,225	\$82,025
AR	\$99,980	\$93,519	\$78,727	\$92,737	\$60,330
DSO	67	57	59	56	45
Inventories	\$55,341	\$54,431	\$66,811	\$58,014	\$61,679
DOI	92	81	121	86	121
Debt Payable	\$120,750	\$89,125	\$68,500	\$66,875	\$65,250
Free Cash Flow	(\$1,152)	\$38,643	(\$9,537)	\$2,264	\$5,893
Cap Ex	\$2,784	\$1,178	\$1,648	\$1,595	\$633

Non-GAAP Adjustment Trends

	FY'15				FY'16
	Q 1	Q 2	Q 3	Q 4	Q 1
Deferred Revenue Adjustment	\$ 766	\$ 766	\$ 766	\$ 766	\$ 377
Capitalized Overhead	-	-	-	-	(1,493)
Amortization of Product Intangibles	4,292	4,292	4,292	4,292	4,292
Stock Comp in Product COGS	283	275	265	244	296
Stock Comp in Service COGS	291	272	254	252	367
Stock Comp in R&D	1,644	1,544	1,423	754	1,629
Stock Comp in Sales and Marketing	1,557	1,566	1,291	755	1,428
Stock Comp in G&A	1,038	1,093	1,139	1,469	951
Total Stock Comp	4,813	4,750	4,372	3,474	4,671
Executive Transition in R&D	-	-	-	406	-
Executive Transition in Sales and Marketing	-	-	-	456	-
Executive Transition in G&A	-	-	-	1,127	-
Total Executive Transition Costs	-	-	-	1,989	-
Restructuring Charges, net	-	-	-	9,819	5,603
Amortization of Non Product Intangibles	4,467	4,467	4,467	4,467	4,467
Acquisition and Integration Costs	4,058	3,500	1,725	923	338
Net Non GAAP Adjustments	\$ 18,396	\$ 17,775	\$ 15,622	\$ 25,730	\$ 18,255

FQ2'16 Financial Guidance

FQ2'16 Guidance – Non GAAP (in M's except EPS)

	FQ1'16	FQ2'16 Guidance
Revenue (\$M)	\$125.0	\$130 - \$140
Gross Margin %	55.2%	54.7% - 55.7%
Net Income (Loss)	\$6.7	\$6.5 – \$10.5
EPS: non-GAAP	\$0.07	\$0.06 - \$0.10



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