

Extreme Networks Investor Presentation

August 2019



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 most recent earnings press release dated July 31, 2019, which is posted under SEC Filings on the "Investor Relations" section of our website for the required reconciliation and to pages 32-35 and 37 of this presentation for the required reconciliation to the most comparable GAAP financial measures to the most comparable GAAP financial measures.

Forward-Looking Statements:

This presentation contains forward-looking statements concerning 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 speak only as of the date they are made. 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.



Extreme Networks

20+ YEAR
Pioneer in Networking



NASDAQ: \$EXTR

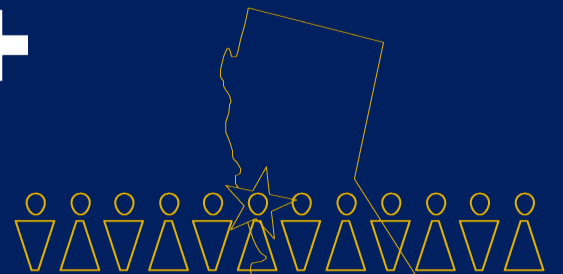
1 BILLION
REVENUE

CUSTOMERS
30,000+
6,000+ PARTNERS

INDUSTRY'S
FIRST
Gig-E / 10 Gig-E
SWITCH

Extensive Patent Portfolio

#1
RANKED
100% INSOURCED
SERVICE & SUPPORT



2,700 EMPLOYEES

HQ: **SAN JOSE, CA**

Business in 80+ Countries



Age of Acceleration: Driving Digital Transformation

1.7MB
DATA GENERATED
PER SECOND
BY EVERY HUMAN BY 2020



\$2 TRILLION
PROJECTED
DIGITAL TRANSFORMATION
SPEND BY 2020



BY 2020 **95%** OF NEW ELECTRONICS
TO CONTAIN **IoT**



23 BILLION
CURRENT IoT-CONNECTED DEVICES

The analytics tool is the most exciting piece for us, as it provides **real insight into the user behavior** on our Wi-Fi network during an event.

Chip Suttles
Seattle Seahawks

If you really want to **make your life easier, take a look at Fabric Connect** and avoid the marketing hype about SDN. When you look at it, you'll say, 'It can't be that easy,' but I'm telling you it works.

Bruce Meyer
Promedica Health Systems

Thanks to the reliable and easy-to-use Extreme equipment and management tools that we've invested in, we are able to take advantage of the talent on the team and use it in other areas to **make our IT program exemplary**.

Beverly Miller
Greeneville City Schools

Company Snapshot

Software-driven, end-to-end networking solutions for enterprise customers worldwide

- **Revenue:** \$1 Billion
- **Market capitalization:** ~\$1 Billion
- **Fiscal year-end:** June 30
- **Shares outstanding:** 119 Million
- **Average daily volume:** 1,500,000 Shares
- **Nasdaq:** EXTR



ExtremeMobility™



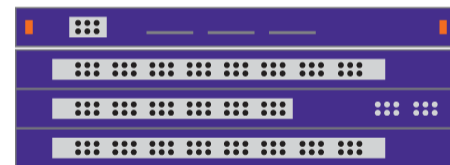
ExtremeSwitching™



ExtremeRouting™



ExtremeApplications™



Network is the Gateway to Digital Transformation



Cloud



Mobile



Analytics



IoT



CyberSecurity



Autonomous
Networking



Edge Computing



Machine
Learning/AI

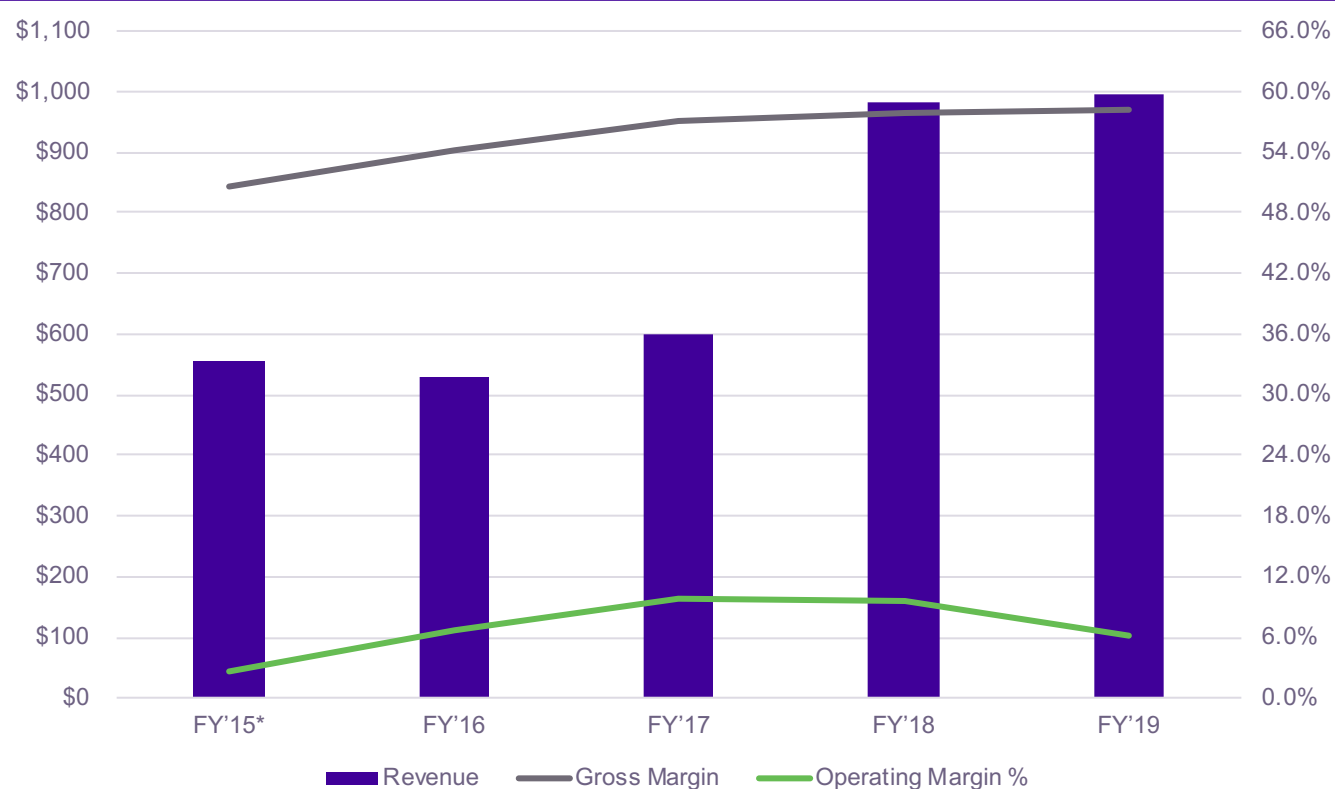


Automation



Branch Solutions

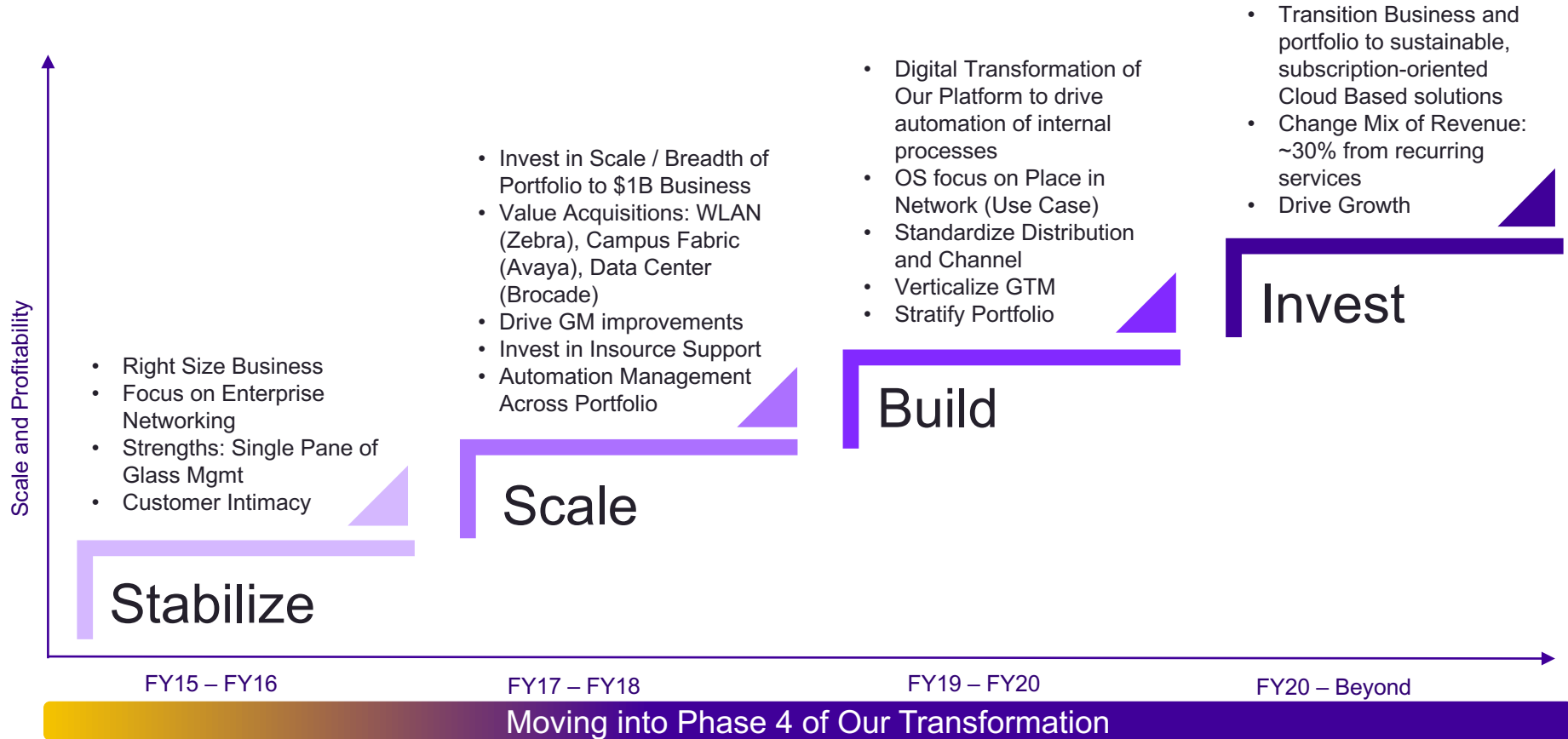
Doubling in Size Over Past 5 Years







**Item not restated following adoption of ASC 606 in FY17; a GAAP Reconciliation is available on our website.*



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 diverse 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

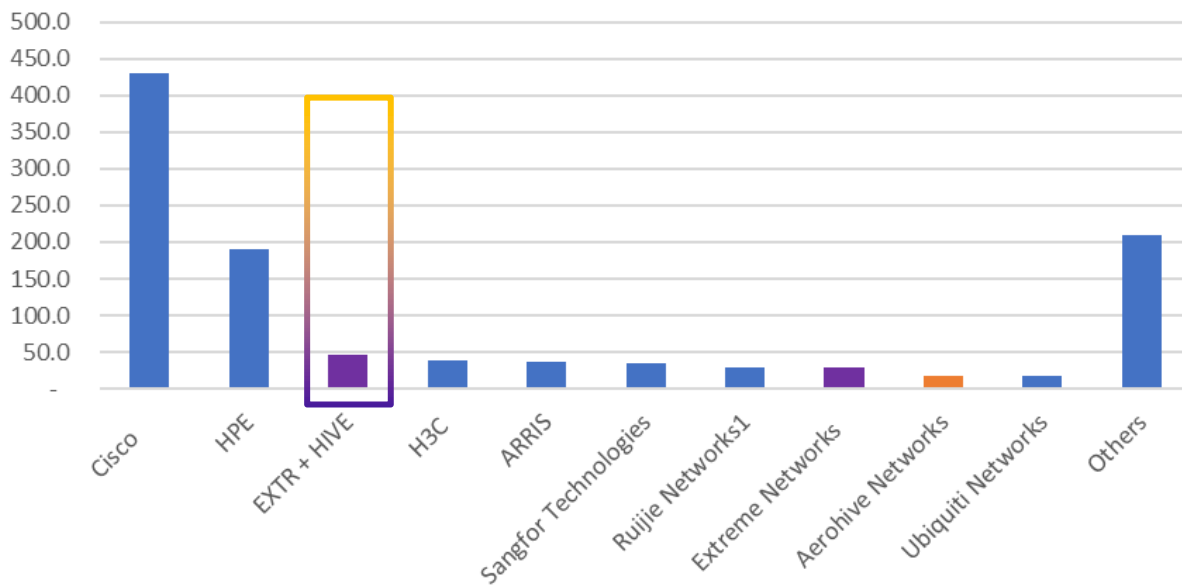
- Cisco/Meraki 43.7%
- HPE/Aruba 14.5%
- Extreme 2.7%
- Aerohive 2.3%
- Mist <1%

Extreme +
Aerohive
5%

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

-IHS Markit

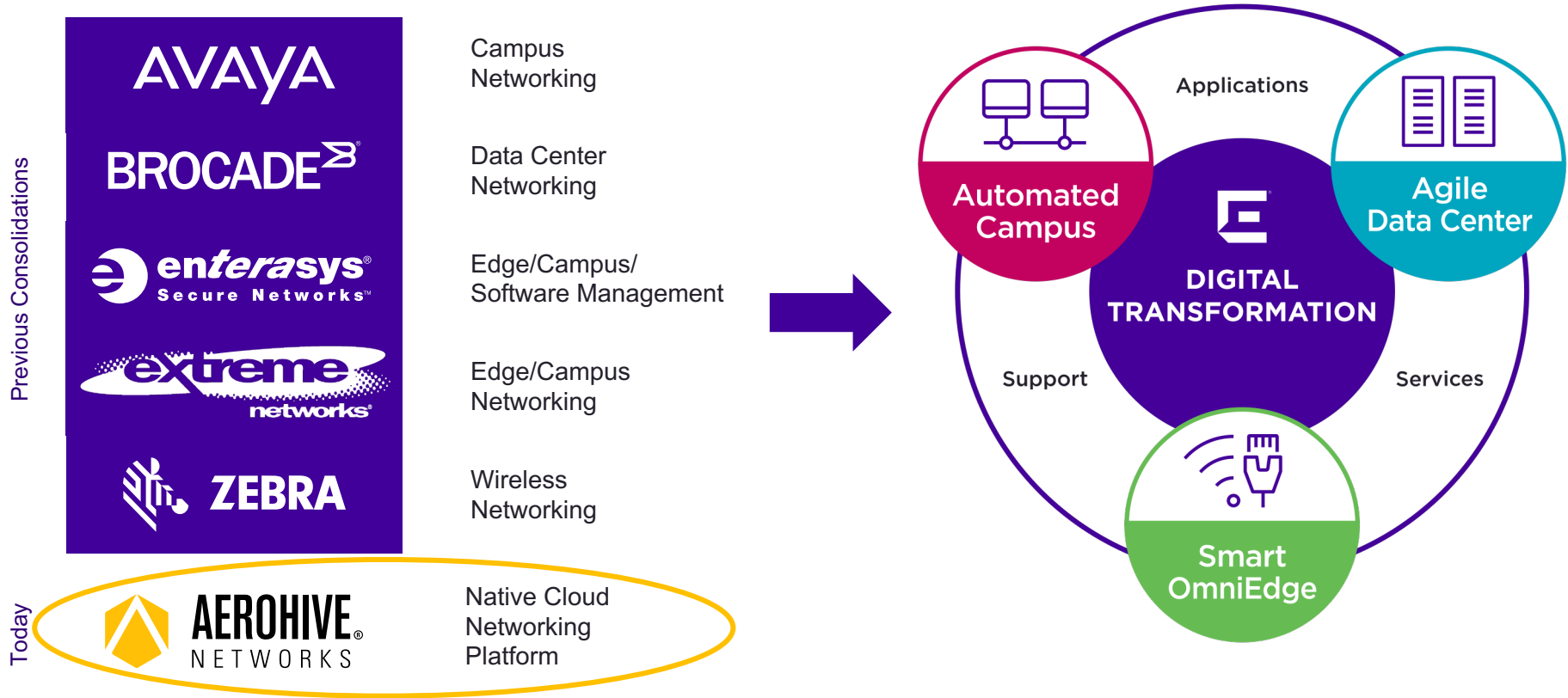
Enterprise WLAN Access Points, Vendor Revenue, Worldwide, 4Q18 (Millions of Dollars)



Source: Dell'Oro Group



Integrated Our Acquisitions Into One Portfolio



Dynamic Growth Opportunity Particularly on Network Edge

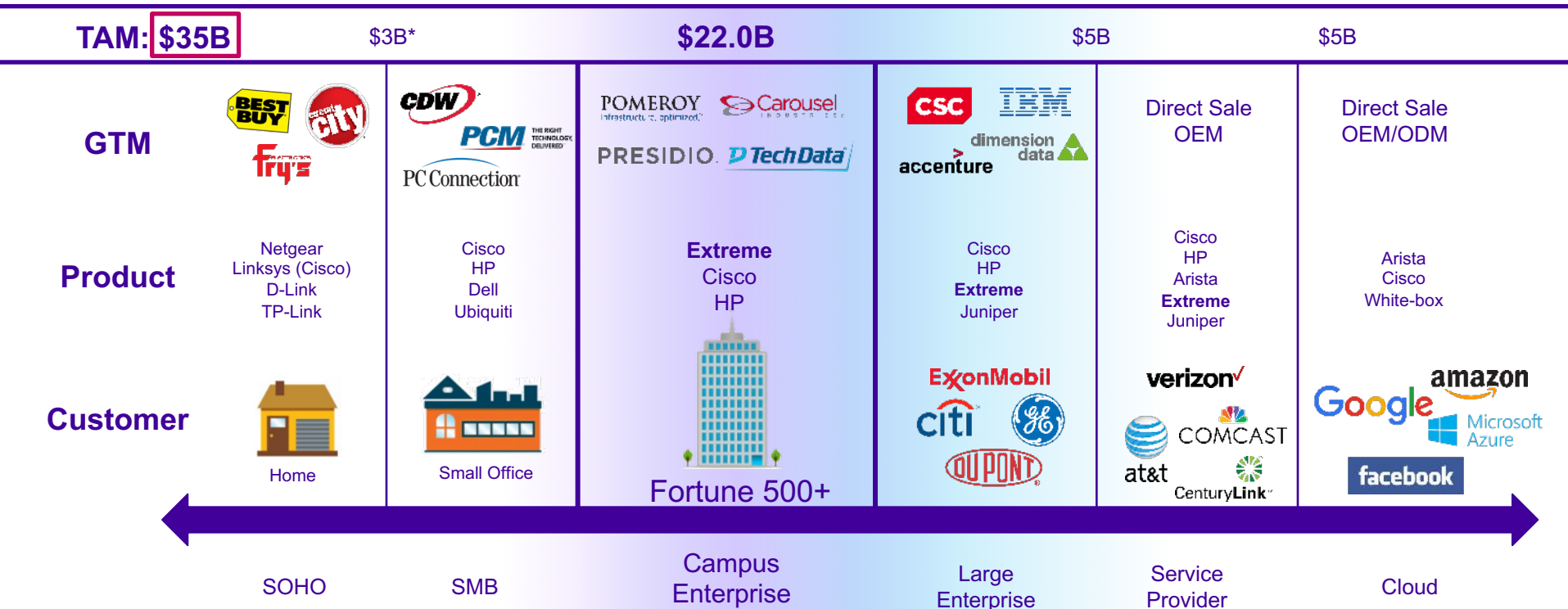
Market	Total Market 2019	Total Market CAGR (2019-2022)	Extreme TAM 2019	Extreme TAM CAGR (2019-2022)
Wireless LAN	\$7.0B	9.5%	\$4.9B	8.9%
Data Center	\$14.2B	6.6%	\$9.6B	2.5%
Ethernet Switching and Campus LAN	\$12.2B	2.4%	\$7.7B	1.1%
Enterprise Edge (Campus)	\$10.4B	2.4%	\$6.5B	2.5%
Enterprise Switching (Core)	\$1.8B	-0.9%	\$1.2B	-4.4%
SD-WAN	\$1.6B	18.8%	\$1.0B	18.8%
Total Addressable Market	\$35.0B	5.8%	\$22.2B	4.9%
<i>Total "Edge" (WLAN + Campus Switching)</i>	<i>\$17.4B</i>	<i>5.2%</i>	<i>\$11.3B</i>	<i>5.2%</i>

**Based on Extreme estimates utilizing Gartner, IDC, Dell'Oro Group, and publicly available information*



Evolution of Enterprise Strategy

Strategy: End-to-End Wired/Wireless software driven networking solutions



*Only includes wireless – do not report consumer wired



How We Win in a Competitive Environment

Extreme's Differentiation

Cisco



Support



Single Pane of Glass



ExtremeApplications



Total Cost of Ownership

HPE



Support



Single Pane of Glass



ExtremeApplications



Agile Data Center



Internet of Things



Fabric



Analytics

Juniper



Support



Single Pane of Glass



ExtremeApplications



Smart OmniEdge



Fabric

Arista



Support



Single Pane of Glass



ExtremeApplications



Smart OmniEdge

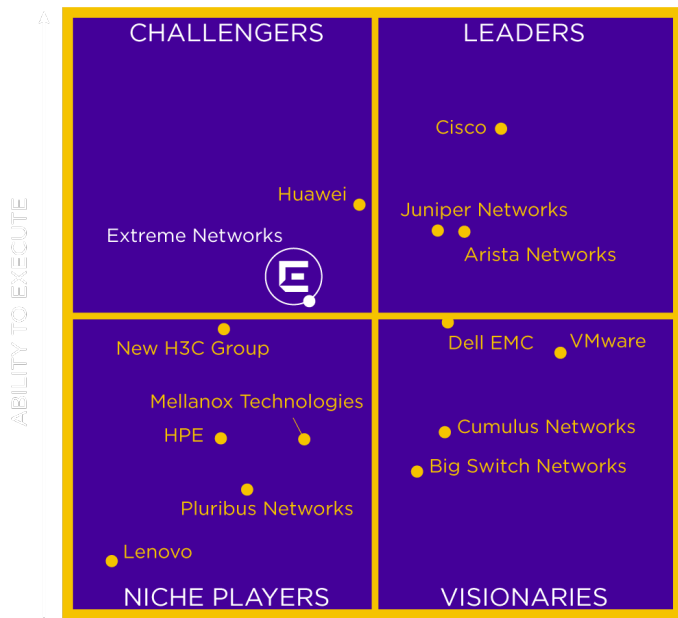


Internet of Things



Gartner Magic Quadrant for Wired / Wireless LAN & Data Center

Data Center

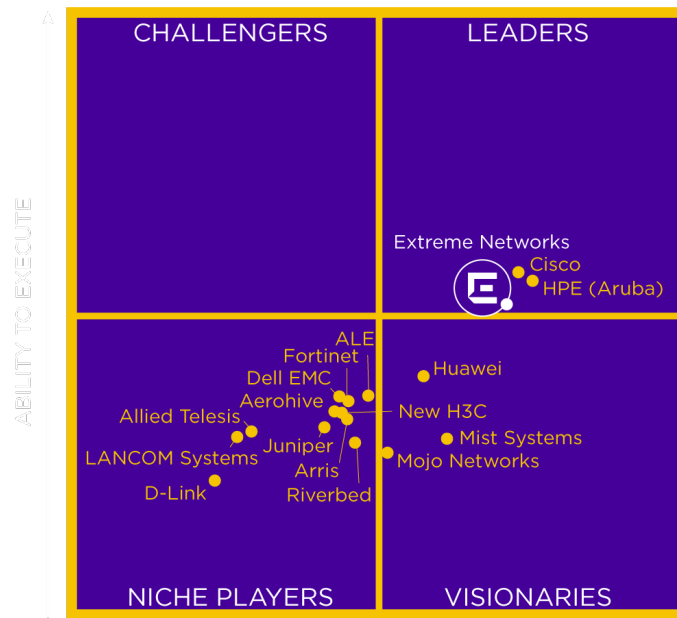


Gartner also ranks us as a Leader in the 2018 LAN/WAN magic quadrant.

This graphic was published by Gartner, Inc. as part of a larger research document and should be evaluated in the context of the entire document. The Gartner document is available upon request from <https://extr.co/2KOk7B1>

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Wired/Wireless LAN



Gartner also ranks us as a Challenger in the 2018 data center magic quadrant.

This graphic was published by Gartner, Inc. as part of a larger research document and should be evaluated in the context of the entire document. The Gartner document is available upon request from <https://extr.co/2upPsQQ>

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Trusted by Over 50% of the Fortune 50



Healthcare



Government



Education



Hospitality



Manufacturing



Transportation
and Logistics



Retail






100% Insourced Services Makes a Difference

Extreme Networks has an
Overall Rating
of **4.8** out of 5

in the
**Data Center
Networking**
market

Source: Gartner

97% of reviewers would recommend
Extreme Networks
81% would recommend Cisco
93% would recommend Juniper

	 Extreme	 cisco	 JUNIPER NETWORKS
Overall Peer Rating	4.8	4.5	4.6
Willingness to Recommend	97%	81%	93%

“Solid alternative to Cisco - advanced features at a value price”
—CIO in the Healthcare Industry

“I cannot believe it. When I called in to the Extreme TAC, I immediately spoke to a level two engineer, and he was able to solve my problem. What an amazing experience.” —**Fortune 500 Retailer**



DATA CENTER

Overall Peer Rating

4.7

Cisco 4.5
HPE 4.5

Willingness to Recommend

91%

Cisco 81%
HPE 81%



WIRED/WLAN

Overall Peer Rating

4.6

Cisco 4.5
HPE 4.5

Willingness to Recommend

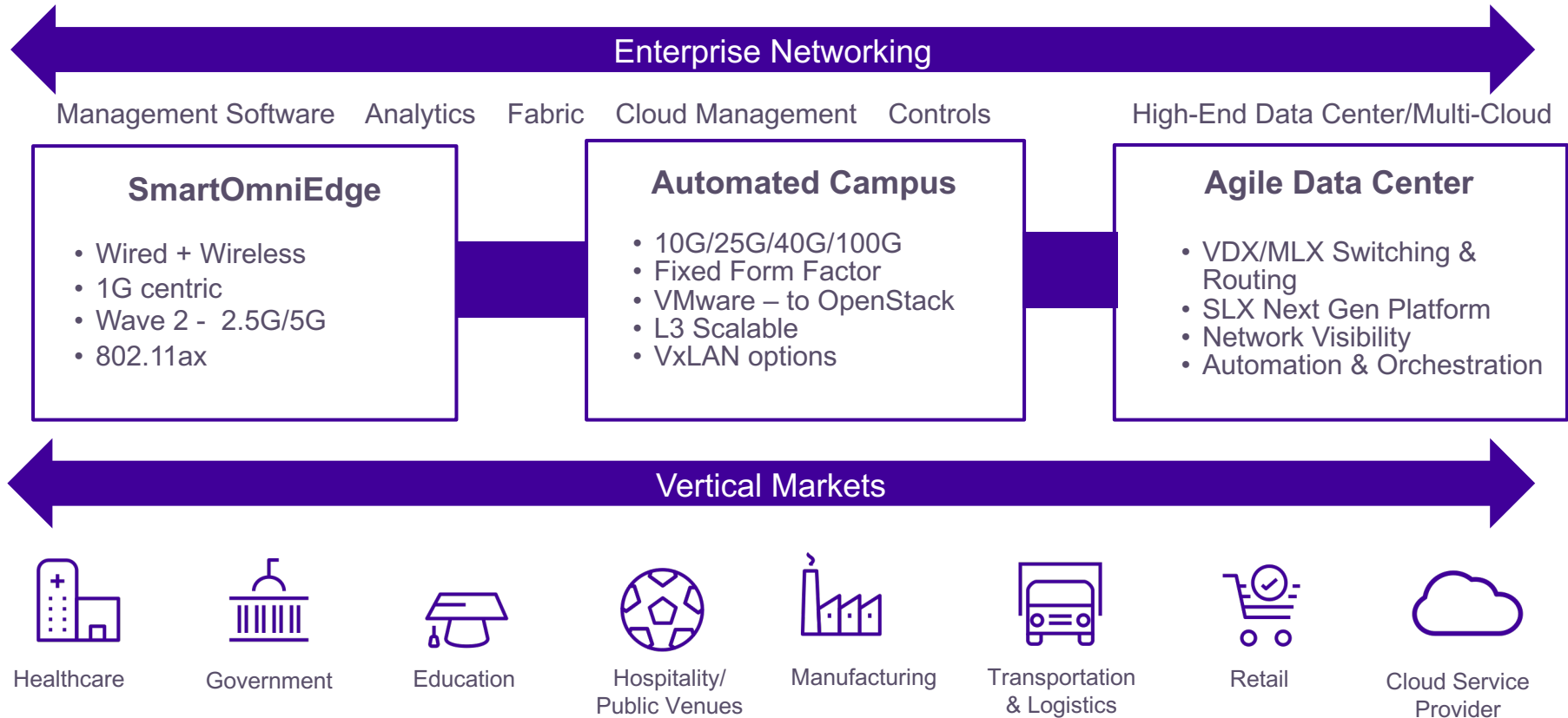
89%

Cisco 83%
HPE 86%

<https://www.gartner.com/reviews/market/data-center-networking>

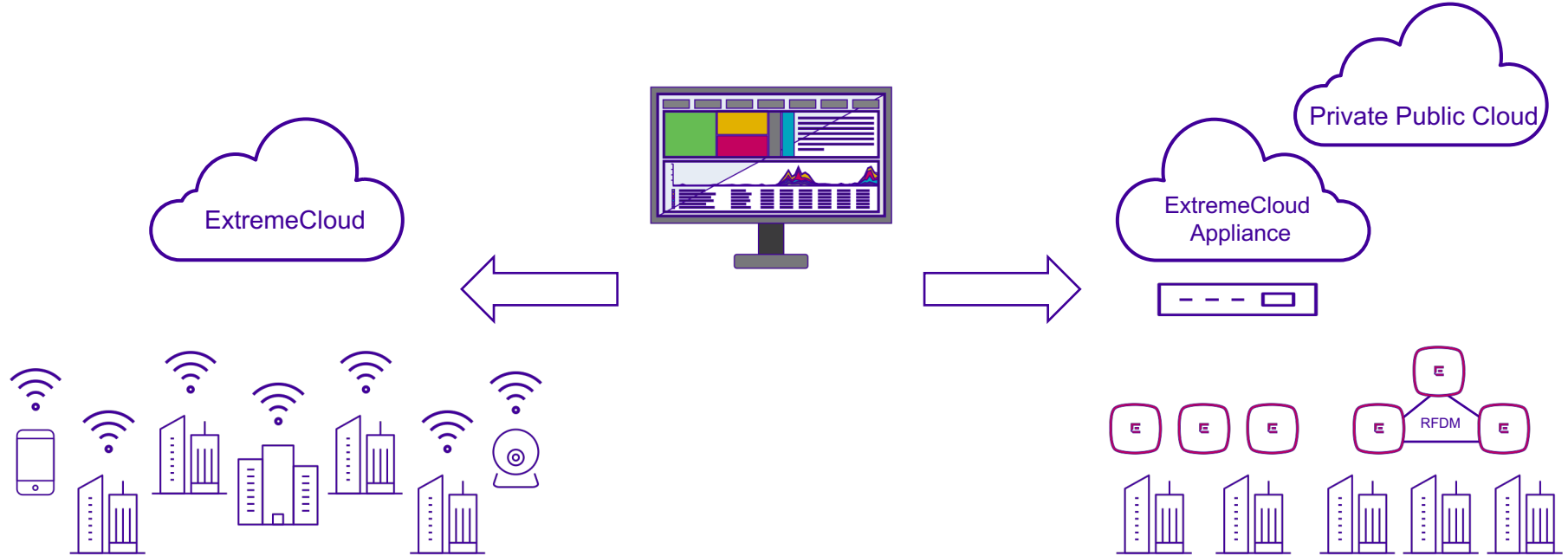
<https://www.gartner.com/reviews/market/wired-wireless-lan-access-infrastructure>

Play to Strength



Integrated Management Platform

Consistent Experience – Orchestration, Applications, Intelligence



Unified Applications – Shifting From Traditional



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

Acquired Product Family	Post-Acquisition Gross Margin	CQ2'19 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	65%
Total Post Next M&A Extreme		Accelerates Path to >60%



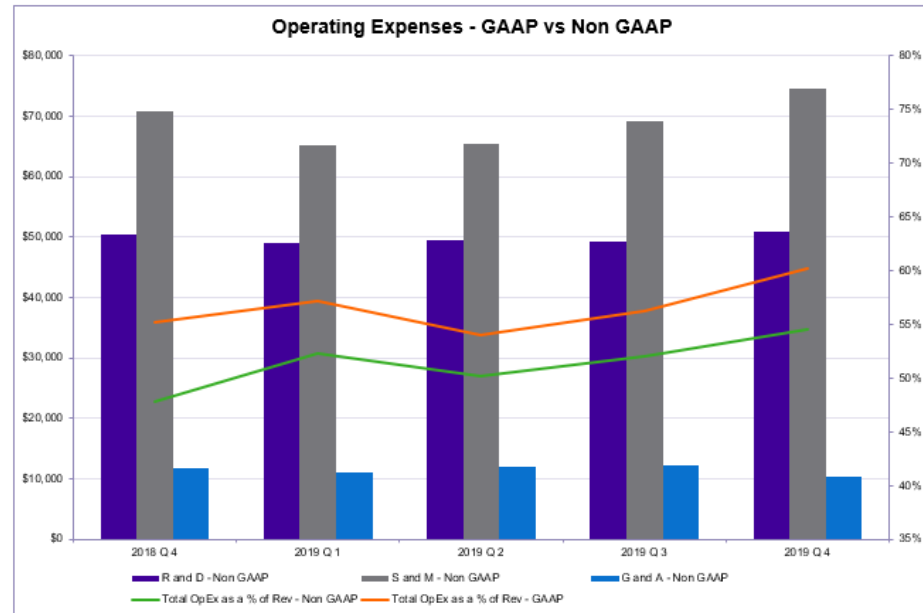
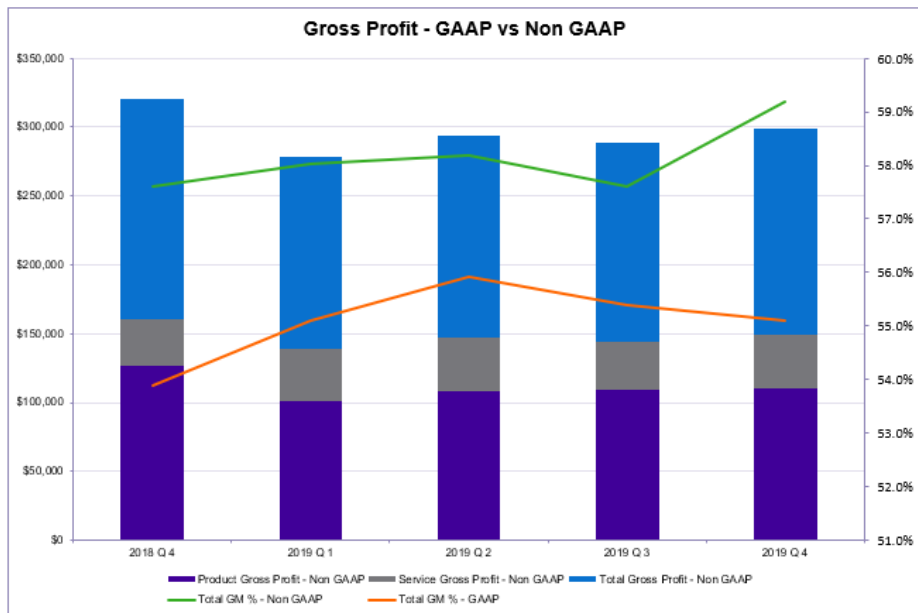
Financial Highlights – Financial Operations

	Quarter			Full Year	
	FQ4'18	FQ3'19	FQ4'19	FY18	FY19
GAAP					
Product Revenue	\$221.3	\$190.8	\$189.6	\$764.4	\$747.6
Services Revenue	\$57.0	\$60.1	\$62.8	\$218.7	\$248.2
Total Revenue	\$278.3	\$250.9	\$252.4	\$983.1	\$995.8
Total GM %	54.0%	55.4%	55.1%	54.4%	55.4%
Operating Income (Loss) \$	(\$3.4)	(\$2.3)	(\$12.2)	(\$38.2)	(\$14.7)
Operating Margin %	(1.2%)	(0.9%)	(4.8%)	(3.9%)	(1.5%)
Net Income (Loss)	(\$5.6)	(\$6.9)	(\$17.1)	(\$46.8)	(\$25.9)
EBITDA	\$13.0	\$10.1	\$0.4	\$13.5	\$37.6
EPS	(\$0.05)	(\$0.06)	(\$0.14)	(\$0.41)	(\$0.22)
Non GAAP¹					
Product Revenue	\$221.3	\$190.8	\$189.6	\$764.5	\$747.6
Services Revenue	\$57.0	\$60.1	\$62.8	\$218.7	\$248.2
Total Revenue	\$278.3	\$250.9	\$252.4	\$983.1	\$995.8
Total GM %	57.6%	57.6%	59.2%	57.9%	58.2%
Operating Income \$	\$27.4	\$13.9	\$12.5	\$94.6	\$60.6
Operating Margin %	9.8%	5.6%	4.9%	9.6%	6.1%
Net Income	\$24.0	\$9.3	\$7.6	\$78.0	\$41.8
EBITDA	\$35.8	\$20.2	\$19.0	\$117.0	\$87.2
EPS	\$0.20	\$0.08	\$0.06	\$0.65	\$0.35

¹ See Appendices for GAAP to Non-GAAP reconciliation



Focusing on Profitability



Strong Balance Sheet and Cash Flow Generation (GAAP)

	FQ4'18	FQ3'19	FQ4'19
Cash	\$121.1	\$156.8	\$169.6
AR	\$212.4	\$141.5	\$174.4
DSO	69	51	63
Inventories	\$63.9	\$57.6	\$63.6
DOI	56	60	69
Accounts Payables	\$75.7	\$49.1	\$65.7
DPO	60	51	71
Debt Payable	\$200.0	\$182.9	\$180.5



FQ1'20 Guidance – Non GAAP (in M's except EPS)

	FQ4'19	FQ1'20 Standalone Guidance	FQ1'20 Aerohive Prorated Contribution	FQ1'20 Consolidated Guidance
Revenue (\$M)	\$252.4	\$235.0 – \$245.0	\$15.0	\$250.0 - \$260.0
Gross Margin %	59.2%	57.5% – 59.5%	68.6%	58.1% - 60.1%
Net Income (Loss)	\$7.6	\$4.0 – \$9.2	(\$3.5)	\$0.5 – \$5.7
EPS: non-GAAP	\$0.06	\$0.03 –\$0.07	(\$0.03)	\$0.01 – \$0.05



Longer-Term Gross Margin Opportunity



Target Operating Model* (Non-GAAP)

<i>\$ in millions, except per share amounts</i>	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Outlook	Long-Term Target
Revenue	\$598	\$983	\$996	Low Single Digit	3-5%
Non-GAAP Gross Profit % of Revenue	\$341 57.0%	\$569 57.9%	\$580 58.2%	60%+	60 – 62%
Total Non-GAAP Opex	\$282	\$475	\$519		
(Non-GAAP) Operating Income % of Revenue	\$59 9.8%	\$95 9.6%	\$61 6.1%	15% Exit Rate	>15%
Non-GAAP Net Income % of Revenue	\$51 8.5%	\$78 7.9%	\$42 4.2%		
Non-GAAP EPS	\$0.46	\$0.65	\$0.35		



Strengthening Financial Position and Outlook Post Aerohive

>\$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

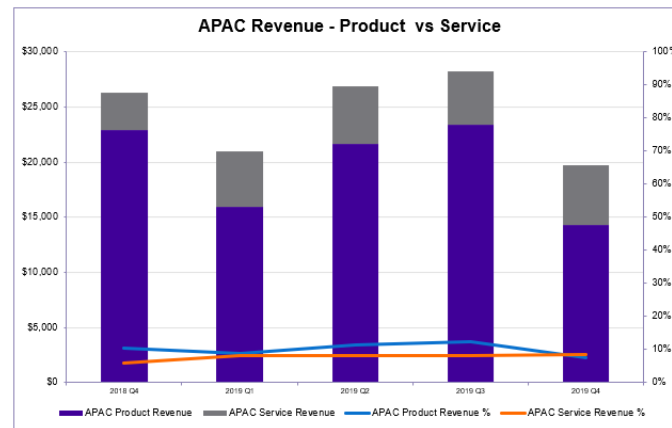
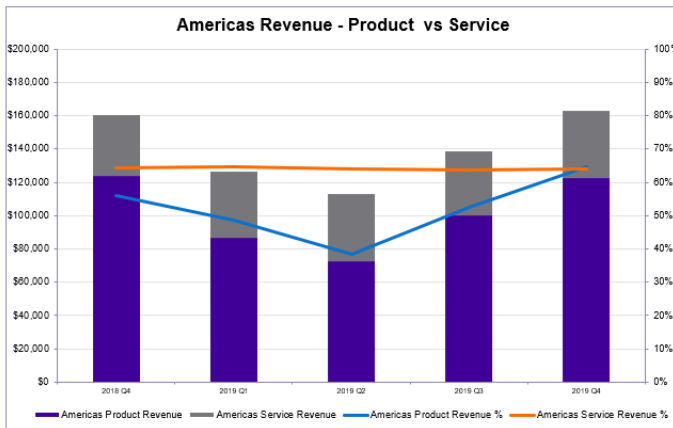
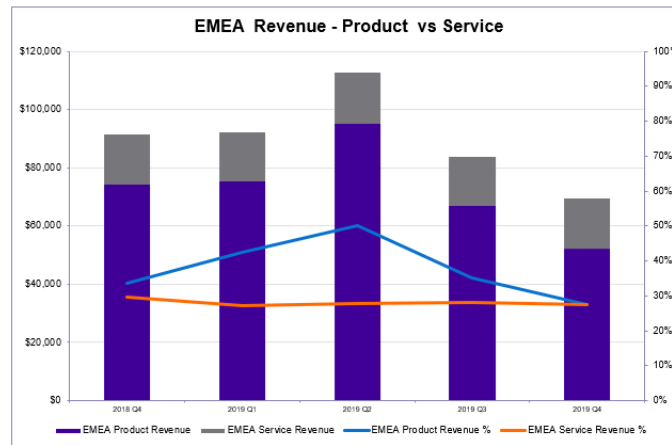
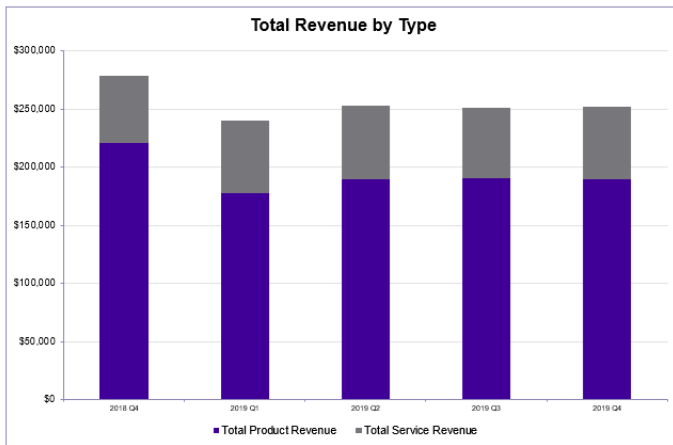


Balanced
Capital Return



Supplemental Information

Revenue by Type and by Geography



GAAP to Non GAAP Reconciliations

Revenue & Gross Margin

	Quarter			Full Year	
	FQ4'18	FQ3'19	FQ4'19	FY18	FY19
Product Revenue	\$ 221.3	\$ 190.8	\$ 189.6	\$ 764.4	\$ 747.6
Service Revenue	57.0	60.1	62.8	218.7	248.2
Total Revenue - GAAP Basis	\$ 278.3	\$ 250.9	\$ 252.4	\$ 983.1	\$ 995.8
Gross Margin - GAAP Basis	150.2	138.9	138.9	534.5	551.2
Gross Margin % - GAAP Basis	54.0%	55.4%	55.1%	54.4%	55.4%
Adjustment to Acquired Inventories	0.5	-	-	5.3	-
Integration Costs in COGS	3.6	-	-	11.2	1.8
Amortization of Product Intangibles	5.5	4.8	4.8	16.6	19.2
Inventory Valuation Adjustments	-	-	5.3	-	5.3
Stock Comp in COGS	0.5	0.9	0.3	1.7	2.5
Gross Margin - Non GAAP Basis	\$ 160.3	\$ 144.6	\$ 149.3	\$ 569.3	\$ 580.0
Gross Margin % - Non GAAP Basis	57.6%	57.6%	59.2%	57.9%	58.2%



GAAP to Non GAAP Reconciliations

Operating Income (Loss)

	Quarter			Full Year	
	FQ4'18	FQ3'19	FQ4'19	FY18	FY19
Operating Income (Loss) - GAAP Basis	\$ (3.4)	\$ (2.3)	\$ (12.2)	\$ (38.2)	\$ (14.7)
Operating Margin- GAAP Basis	(1.2%)	(0.9%)	(4.8%)	(3.9%)	(1.5%)
Adjustment to Acquired Inventories	0.5	-	-	5.3	-
Integration Costs in COGS	3.6	-	-	11.2	1.8
Amortization of Product Intangibles	5.5	4.8	4.8	16.6	19.2
Inventory Valuation Adjustments	-	-	5.3	-	5.3
Total Stock Comp	8.0	8.8	8.6	27.6	32.9
Restructuring Charges, net	3.2	-	3.8	8.1	5.1
Amortization of Non Product Intangibles	2.3	1.3	1.4	8.7	6.3
Litigation	-	-	-	(0.2)	-
Contingent Consideration Liability	1.5	-	-	1.5	-
Integration Costs in OpEx	6.2	-	0.8	54.0	3.4
Loss on Lease Contracts	-	1.3	-	-	1.3
Operating Income - Non GAAP Basis	\$ 27.4	\$ 13.9	\$ 12.5	\$ 94.6	\$ 60.6
Operating Margin - Non GAAP Basis	9.8%	5.6%	4.9%	9.6%	6.1%



GAAP to Non GAAP Reconciliations

Net Income (Loss)

	Quarter			Full Year	
	FQ4'18	FQ3'19	FQ4'19	FY18	FY19
Net Income (Loss) - GAAP Basis	\$ (5.6)	\$ (6.9)	\$ (17.1)	\$ (46.8)	\$ (25.9)
Shares - GAAP Basis	116.0	117.9	122.2	114.2	118.0
EPS - GAAP Basis	\$ (0.05)	\$ (0.06)	\$ (0.14)	\$ (0.41)	\$ (0.22)
Adjustment to Acquired Inventories	0.5	-	-	5.3	-
Integration Costs in COGS	3.6	-	-	11.2	1.8
Amortization of Product Intangibles	5.5	4.8	4.8	16.6	19.2
Inventory Valuation Adjustments	-	-	5.3	-	5.3
Total Stock Comp	8.0	8.8	8.6	27.6	32.9
Restructuring Charges, net	3.2	-	3.8	8.1	5.1
Amortization of Non Product Intangibles	2.3	1.3	1.4	8.7	6.3
Litigation	-	-	-	(0.2)	-
Tax Adjustment	(3.5)	-	-	(6.7)	(7.6)
Gain on Sale of Investment	(0.2)	-	-	(3.9)	-
Loss on Extinguishment of Debt	1.2	-	-	1.2	-
Contingent Consideration Liability	1.5	-	-	1.5	-
Interest Expense on Contingent Liability	1.4	-	-	1.4	-
Loss on Lease Contracts in G&A	-	1.3	-	-	1.3
Integration and Acquisition Costs in OpEx	6.2	-	0.8	54.0	3.4
Net Non GAAP Adjustments	29.6	16.2	24.7	124.8	67.7
Net Income - Non GAAP Basis	<u>\$ 24.0</u>	<u>\$ 9.3</u>	<u>\$ 7.6</u>	<u>\$ 78.0</u>	<u>\$ 41.8</u>
Shares - Non GAAP Basis	120.4	120.8	122.2	119.8	120.7
EPS - Non GAAP Basis	<u>\$ 0.20</u>	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ 0.65</u>	<u>\$ 0.35</u>



GAAP to Non GAAP Reconciliations

EBITDA

	Quarter			Full Year	
	FQ4'18	FQ3'19	FQ4'19	FY18	FY19
Net Income (Loss) - GAAP Basis	\$ (5.6)	\$ (6.9)	\$ (17.1)	\$ (46.8)	\$ (25.9)
Interest	4.4	2.4	2.4	11.1	10.6
Taxes	(1.6)	1.9	2.0	0.1	(0.0)
Depreciation/Amortization	15.8	12.7	13.1	49.1	52.9
EBITDA - GAAP	13.0	10.1	0.4	13.5	37.6
Net Non GAAP Adjustments	29.6	16.2	24.7	124.8	67.7
Interest included in Net Non GAAP Adjustments	(2.6)	-	-	(2.5)	-
Income taxes included in Net Non GAAP Adjustments	3.5	-	-	6.7	7.6
Amortization included in Net Non GAAP Adjustments	(7.7)	(6.1)	(6.2)	(25.5)	(25.7)
EBITDA - Non GAAP	\$ 35.8	\$ 20.2	\$ 18.9	\$ 117.0	\$ 87.2



FQ1'20 Guidance – GAAP (in M's except EPS)

	FQ4'19	FQ1'20 Standalone Guidance	FQ1'20 Aerohive Prorated Contribution	FQ1'20 Consolidated Guidance
Revenue (\$M)	\$252.4	\$235.0 – \$245.0	\$15.0	\$250.0 - \$260.0
Gross Margin %	55.1%	55.1% – 57.2%	68.6%	55.9% - 57.9%
Net Income (Loss)	(\$17.1)	(\$15.8) – (\$10.6)	(\$9.2)	(\$24.9) – (\$19.7)
EPS: GAAP	(\$0.14)	(\$0.13) – (\$0.09)	(\$0.08)	(\$0.21) – (\$0.17)



FQ1'20 Guidance - GAAP to Non GAAP Reconciliation

	Gross Margin Rate	Operating Margin Rate	Earnings per Share
GAAP	55.9% - 57.9%	(7.3)% - (5.0)%	(\$0.21) – (\$0.17)
Estimated Adjustments for:			
Amortization of Product Intangibles	2.1%	2.1%	\$0.04
Stock Based Compensation	0.1%	3.0%	\$0.08
Restructuring	-	2.6%	\$0.05
Acquisition	-	1.2%	\$0.03
Amortization of non product intangibles	-	0.9%	\$0.02
Non-GAAP	58.1% - 60.1%	2.9% - 4.8%	\$0.01 - \$0.05

** The total of percentage rate changes may not equal the total change in all cases due to rounding.*



New Target Operating Model* (GAAP)

	FY17 Actual	FY18 Actual	FY19 Actual
Revenue	\$598	\$983	\$743
GAAP Gross Profit	\$324	\$535	\$412
% of Revenue	54.3%	54.4%	55.4%
Total GAAP Opex	\$325	\$573	\$415
GAAP Operating Income (Loss)	(\$1)	(\$38)	(\$3)
% of Revenue	(0.1%)	(3.9%)	(0.3%)
GAAP Net Income (Loss)	(\$9)	(\$47)	(\$9)
% of Revenue	(1.4%)	(4.8%)	(-1.2%)
GAAP EPS	(\$0.08)	(\$0.41)	(\$0.07)

\$ in millions, except per share amounts

*Corresponds to slide 87 Non-GAAP information





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