

Extreme Networks Investor Presentation

May 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 May 1, 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.

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



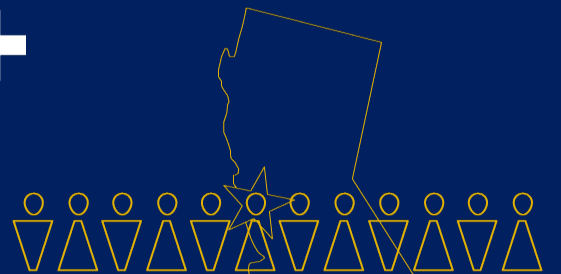
NASDAQ: \$EXTR

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

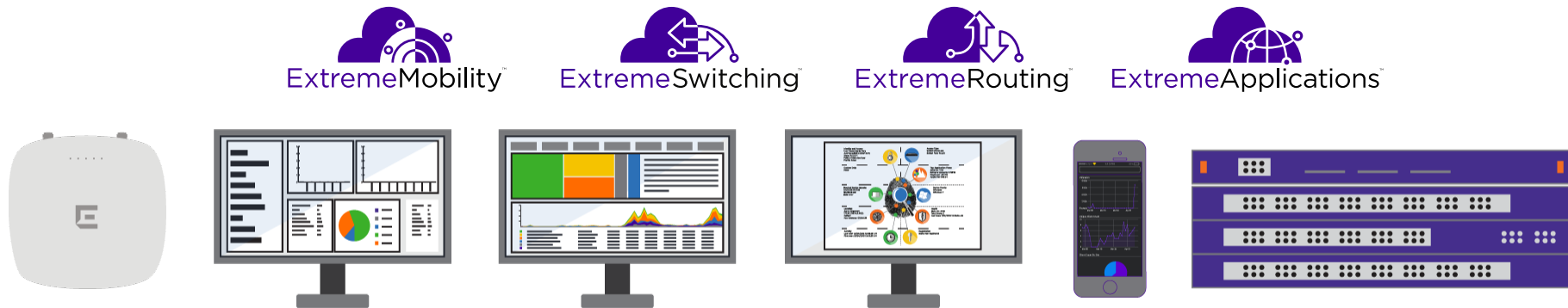
Thanks to the reliable and easy-to-use Extreme equipment and management tools that we've invested in, we are able to take advantage of the talent on the team and use it in other areas to **make our IT program exemplary**.

Beverly Miller
Greeneville City Schools

Company Snapshot

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

- **Revenue:** ~\$1.0 billion
- **Market capitalization:** ~\$800 Million
- **Fiscal year-end:** June 30
- **Shares outstanding:** 118.8 million
- **Average daily volume:** 1,500,000 shares
- **Nasdaq:** EXTR



Network is the Gateway to Digital Transformation



Cloud



Mobile



Analytics



IoT



CyberSecurity



Autonomous
Networking



Edge Computing



Machine
Learning/AI



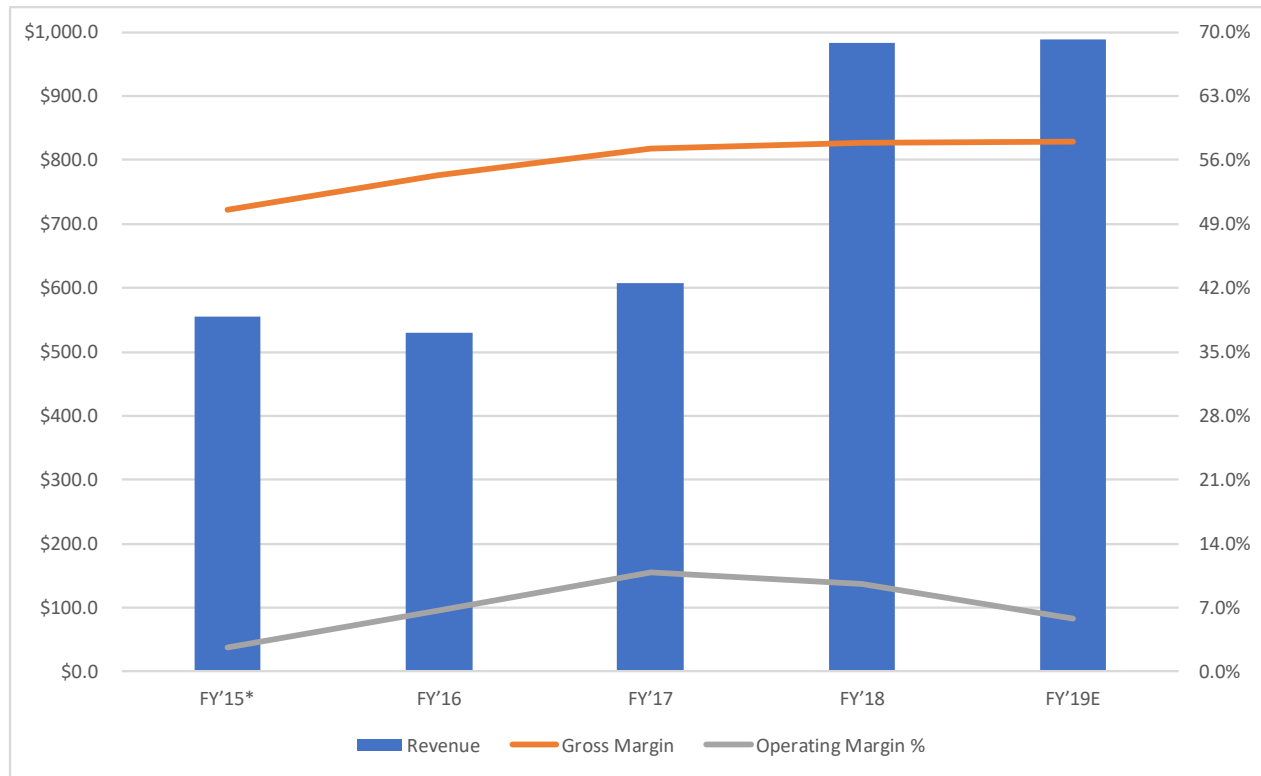
Automation



Branch Solutions



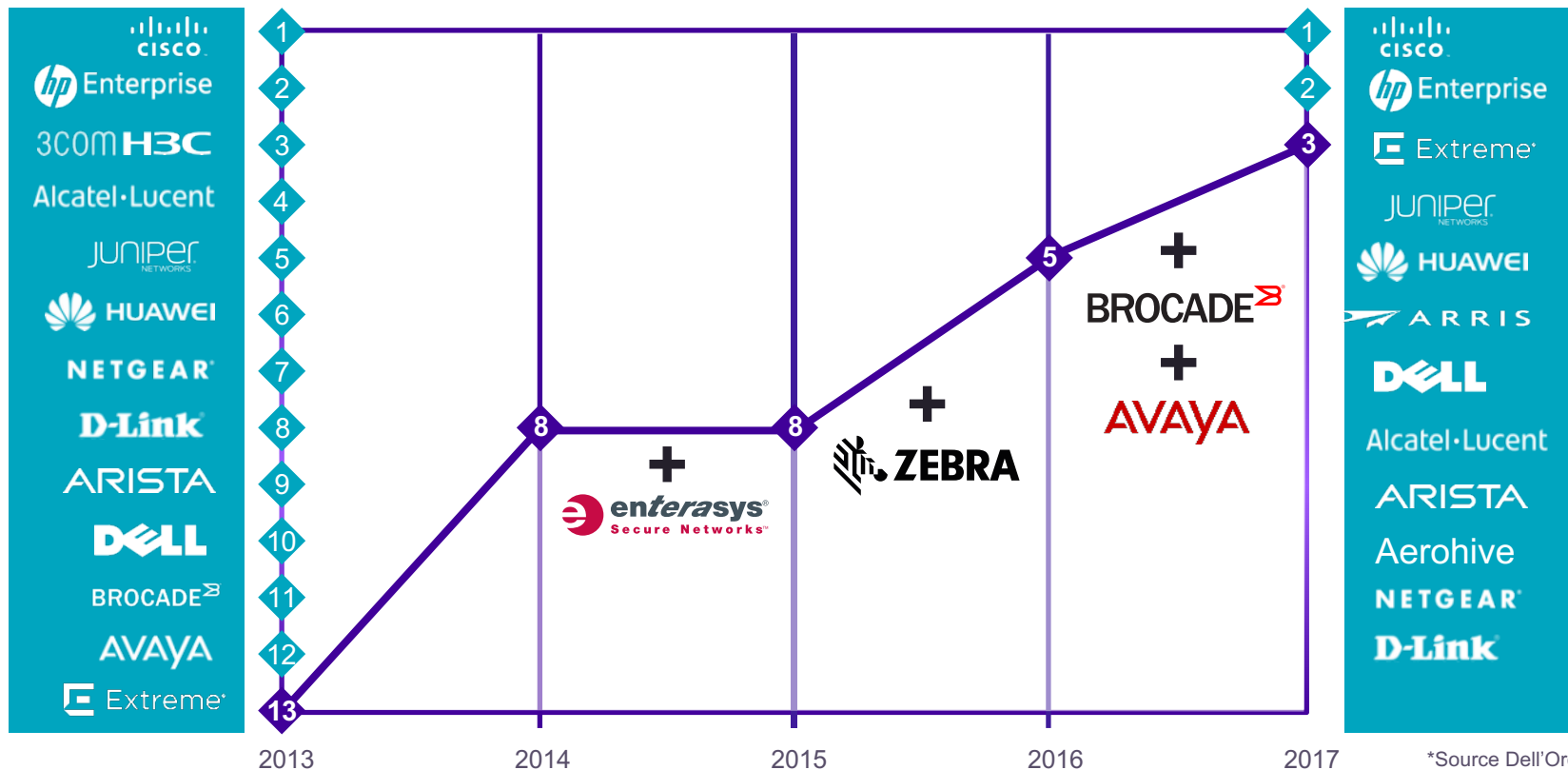
Doubling in Size Over Past 5 Years



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



#3 End-to-End Enterprise Networking Vendor*



*Source Dell'Oro



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	1.0%
Enterprise Edge (Campus)	\$10.4B	2.4%	\$6.5B	1.9%
Enterprise Switching (Core)	\$1.8B	-0.9%	\$1.2B	-3.4%
Total Addressable Market	\$33.4B	4.3%	\$22.2B	3.0%
<i>Total "Edge" (WLAN + Campus Switching)</i>	<i>\$17.4B</i>	<i>5.2%</i>	<i>\$11.3B</i>	<i>4.9%</i>

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



Integrated Our Acquisitions Into One Portfolio



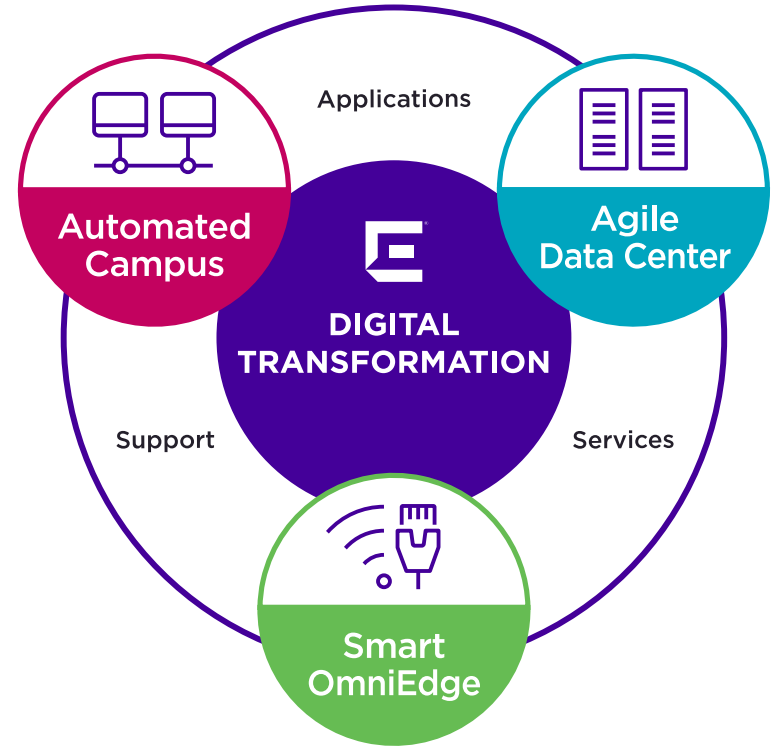
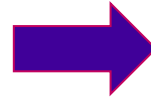
Campus
Networking

Data Center
Networking

Edge/Campus/
Software Management

Edge/Campus
Networking

Wireless
Networking



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

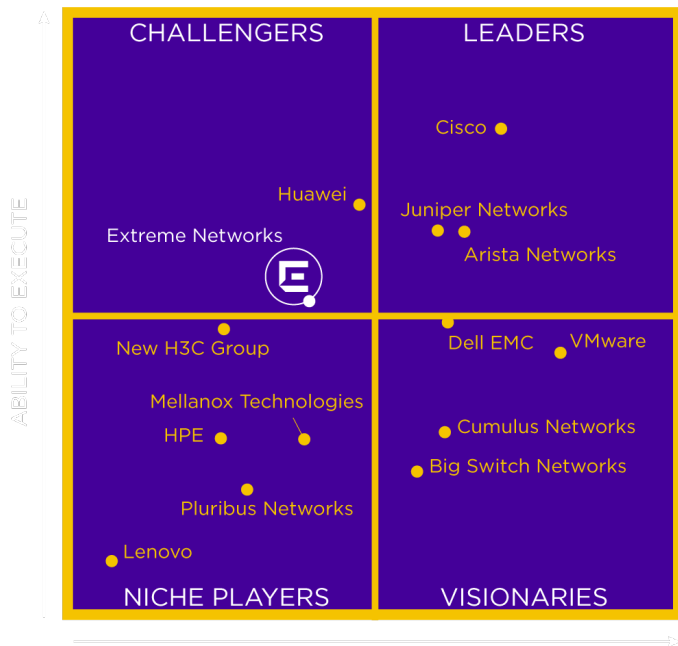


Internet of Things



Gartner Magic Quadrant for Wired / Wireless LAN & Data Center

Data Center

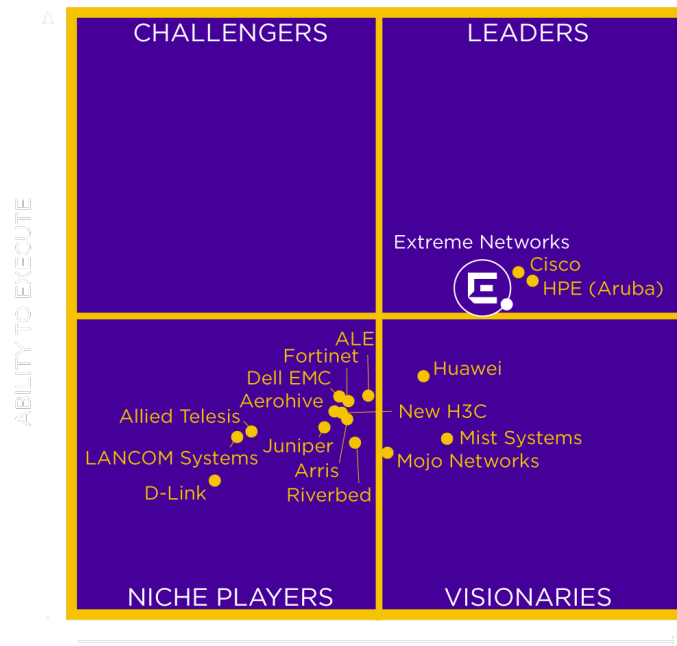


Gartner also ranks us as a Leader in the 2018 LAN/WAN magic quadrant.

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Wired/Wireless LAN



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

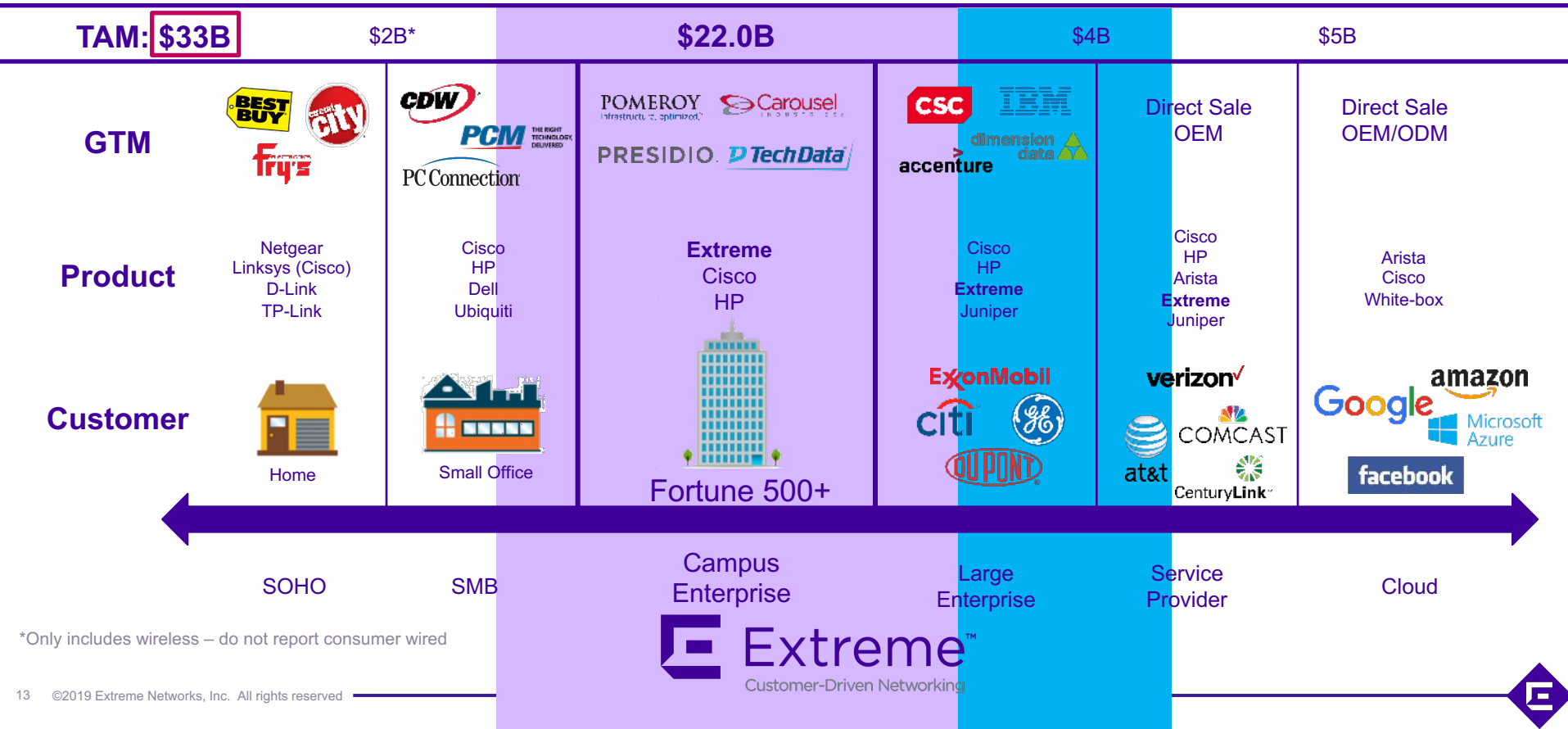
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Evolution of Enterprise Strategy

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



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%

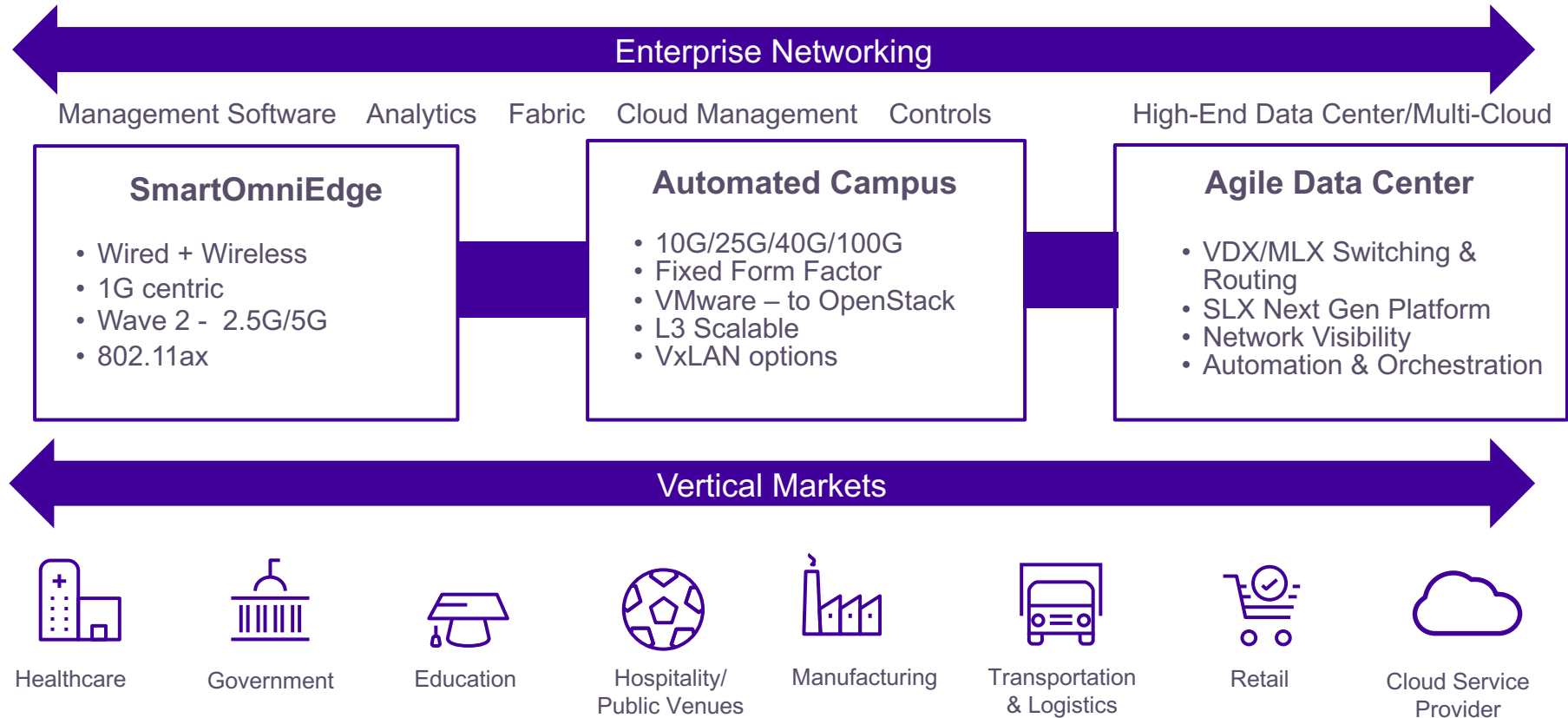
Cisco 83%
HPE 86%

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

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

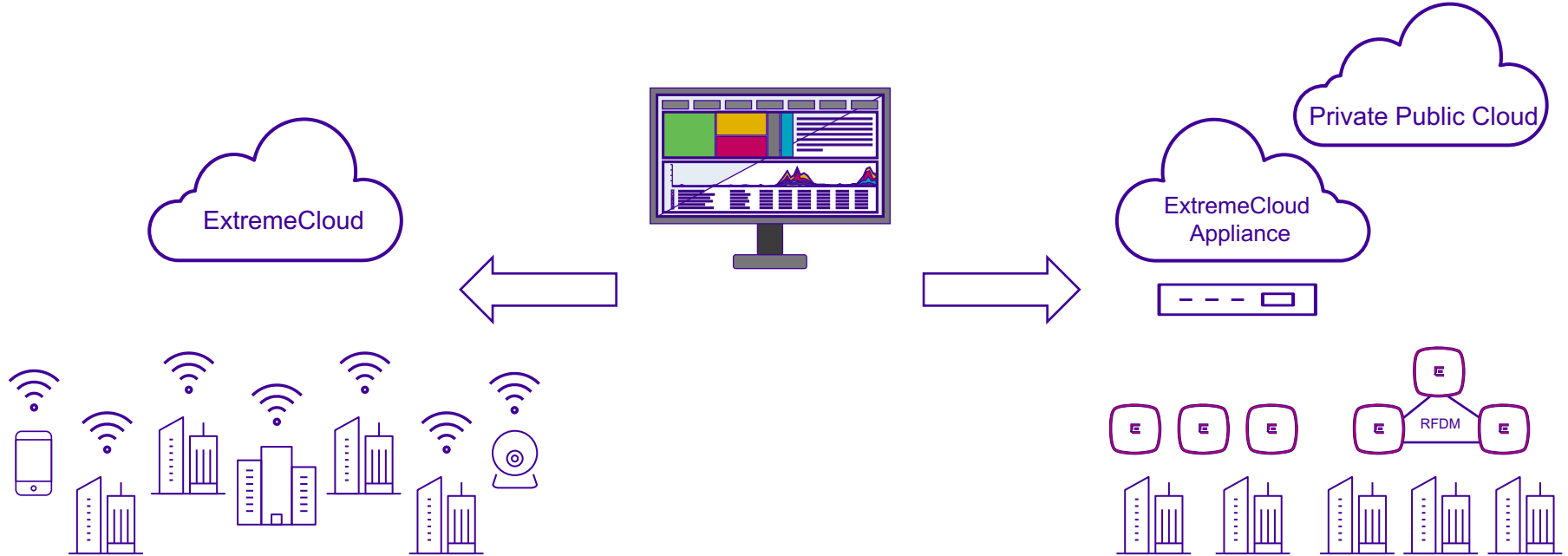


Play to Strength



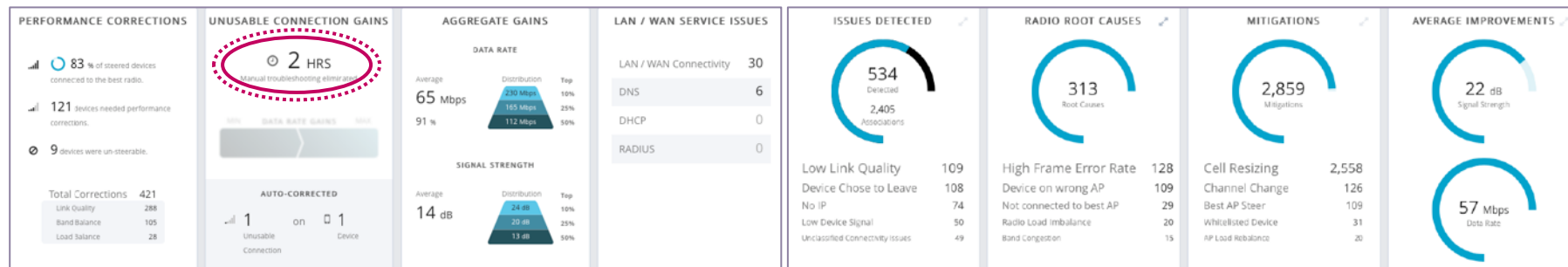
Integrated Management Platform

Consistent Experience – Orchestration, Applications, Intelligence



Smart OmniEdge - Machine Learning Example

- Extreme's first machine learning solution
 - Works with private cloud on-premise and public cloud deployments
- Self-optimization and autonomous-correction from learned history, events, users, devices, and environments
- Incredible KPI's to validate and prove performance gains!



Unified Applications – Shifting From Traditional



Capital Allocation Position and Outlook*

\$45M

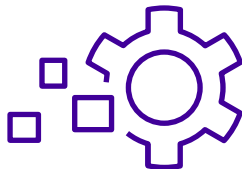
Remaining Share
Repurchase Authorization



Cash On-Hand
of \$157M

<2x

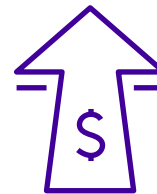
Current Debt / EBITDA



Expect Capex ~2-3% of
Revenue Going Forward
Post DT Investment

\$140M

Debt Capacity



Balanced Approach to
Capital Return and
Opportunistic Investments

*All Figures as of FQ3'19



Strong Execution on Gross Margin Improvement Post M&A

Acquired Product Family	Post-Acquisition Gross Margin	Q3 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
Total Company		Headed to >60%



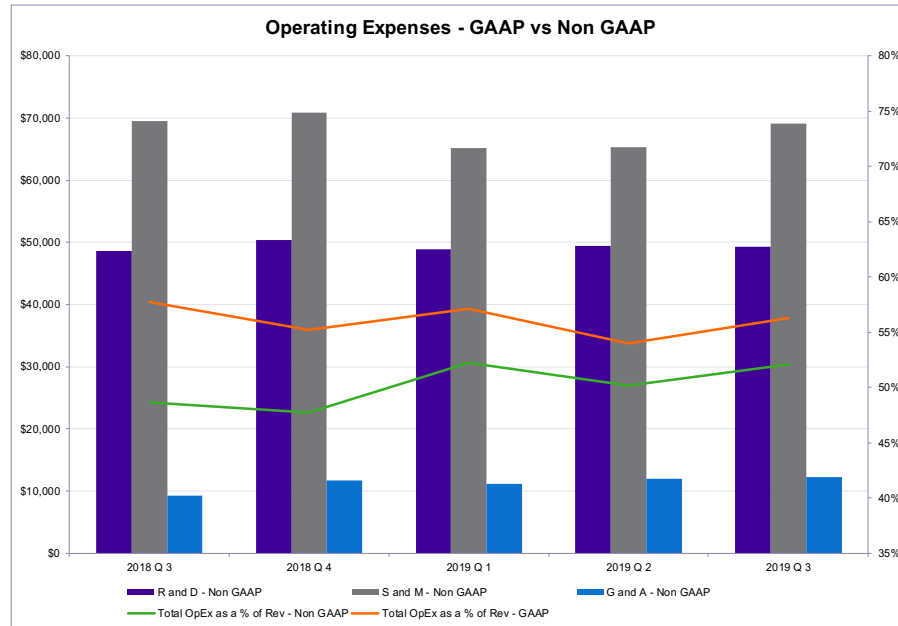
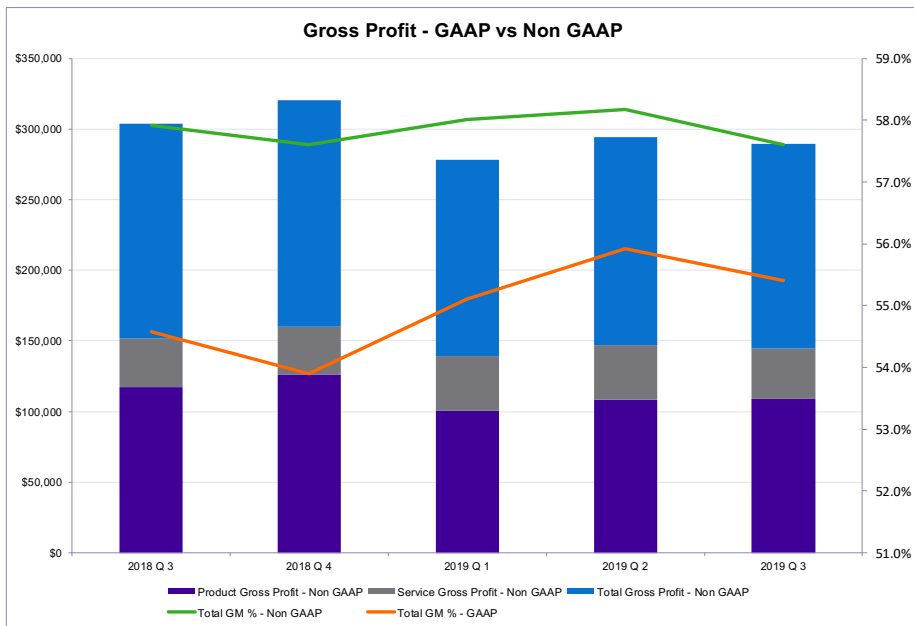
Financial Highlights – Financial Operations

	FQ3'18	FQ2'19	FQ3'19
GAAP			
Product Revenue	\$203.5	\$189.6	\$190.8
Services Revenue	\$58.5	\$63.1	\$60.1
Total Revenue	\$262.0	\$252.7	\$250.9
Total GM %	54.6%	55.9%	55.4%
Operating Income (Loss) \$	(\$8.2)	\$4.8	(\$2.3)
Operating Margin %	(3.1%)	1.9%	(0.9%)
Net Income (Loss)	(\$13.6)	\$7.2	(\$6.9)
EBITDA	\$5.5	\$17.5	\$10.1
EPS	(\$0.12)	\$0.06	(\$0.06)
Non GAAP¹			
Product Revenue	\$203.5	\$189.6	\$190.8
Services Revenue	\$58.5	\$63.1	\$60.1
Total Revenue	\$262.0	\$252.7	\$250.9
Total GM %	57.9%	58.2%	57.6%
Operating Income \$	\$24.4	\$20.3	\$13.9
Operating Margin %	9.3%	8.0%	5.6%
Net Income	\$19.0	\$15.5	\$9.3
EBITDA	\$31.4	\$26.7	\$20.2
EPS	\$0.16	\$0.13	\$0.08

¹ See Appendices for GAAP to Non-GAAP reconciliation



Focusing on Profitability



Strong Balance Sheet and Cash Flow Generation (GAAP)

	FQ2'19	FQ3'19
Cash	\$140.6	\$156.8
AR	\$144.9	\$141.5
DSO	53	51
Inventories	\$58.3	\$57.6
DOI	62	60
Accounts Payables	\$35.0	\$49.1
DPO	37	51
Debt Payable	\$185.3	\$182.9

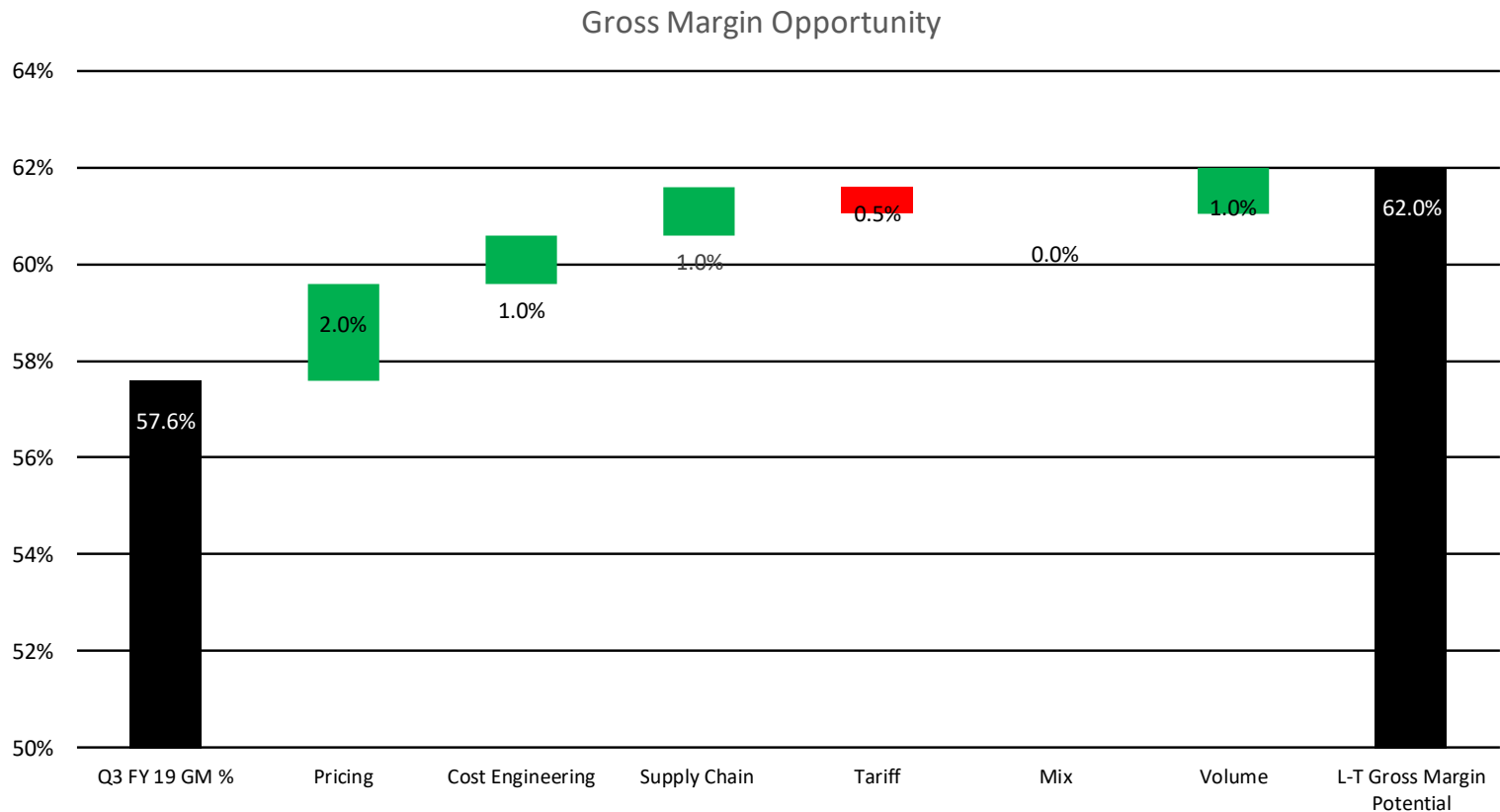


FQ3'19 Guidance – Non GAAP (in M's except EPS)

	FQ3'19 Results	FQ4'19 Guidance
Revenue (\$M)	\$250.9	\$240.0 – \$250.0
Gross Margin %	57.6%	57.5% – 59.5%
Net Income	\$9.3	\$2.5 – \$7.7
EPS: Non-GAAP	\$0.08	\$0.02 – \$0.06



Gross Margin Opportunity



New Target Operating Model* (Non-GAAP)

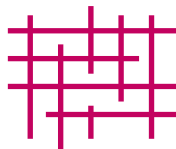
<i>\$ in millions, except per share amounts</i>	FY16 Actual	FY17 Actual	FY18 Actual	YTD FY19 Actual	Long-Term Target
Revenue	\$530	\$598	\$983	\$743	>5%
Non-GAAP Gross Profit	\$288	\$341	\$569	\$431	
% of Revenue	54.3%	57.0%	57.9%	57.9%	60 – 62%
Total Non-GAAP Opex	\$252	\$282	\$475	\$383	
(Non-GAAP) Operating Income	\$36	\$59	\$95	\$48	
% of Revenue	6.7%	9.8%	9.6%	6.5%	>15%
Non-GAAP Net Income	\$29	\$51	\$78	\$34	
% of Revenue	5.5%	8.5%	7.9%	4.6%	
Non-GAAP EPS	\$0.28	\$0.46	\$0.65	\$0.28	



We're Just Getting Started ...



Blue Chip Customers



Competitive Technology



#1 Service and Support



Experienced,
Talented Team



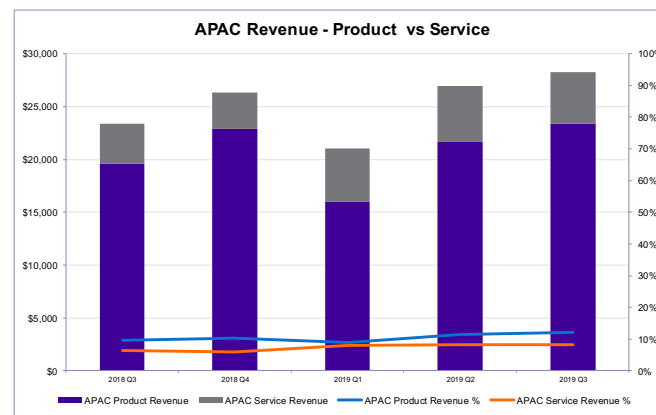
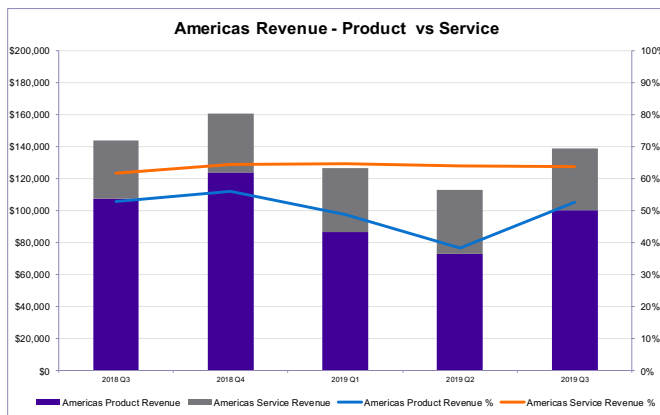
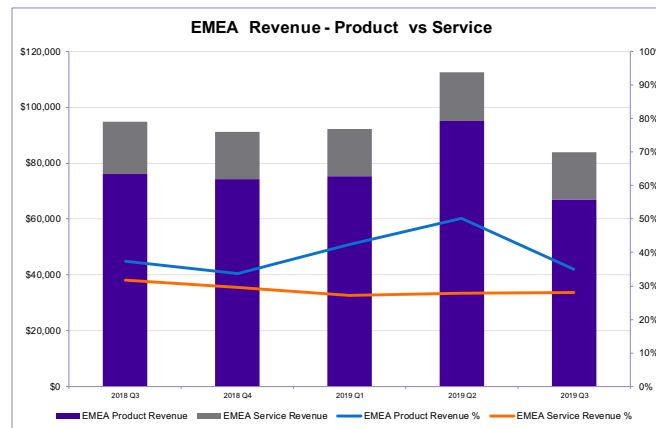
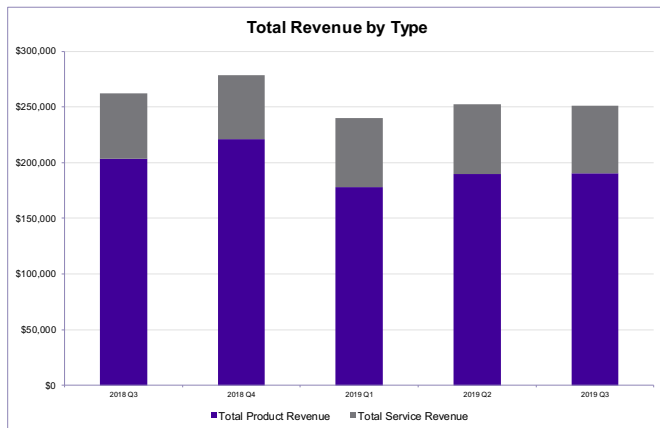
Drive Growth and
Profitability



Strong No. 3
Competitive Position

Supplemental Information

Revenue by Type and by Geography



GAAP to Non GAAP Reconciliations

Revenue & Gross Margin

	FQ3'18	FQ2'19	FQ3'19
Total Revenue - GAAP Basis	\$ 262.0	\$ 252.7	\$ 250.9
Gross Margin - GAAP Basis	143.0	141.3	138.9
Gross Margin % - GAAP Basis	54.6%	55.9%	55.4%
Adjustment to Acquired Inventories	0.6	-	-
Integration Costs in COGS	3.1	-	-
Amortization of Product Intangibles	4.6	4.8	4.8
Stock Comp in COGS	0.5	0.9	0.9
Gross Margin - Non GAAP Basis	<u>\$ 151.7</u>	<u>\$ 147.0</u>	<u>\$ 144.6</u>
Gross Margin % - Non GAAP Basis	<u>57.9%</u>	<u>58.2%</u>	<u>57.6%</u>



GAAP to Non GAAP Reconciliations

Operating Income (Loss)

	FQ3'18	FQ2'19	FQ3'19
Operating Income (Loss) - GAAP Basis	\$ (8.2)	\$ 4.8	\$ (2.3)
Operating Margin- GAAP Basis	(3.1%)	1.9%	(0.9%)
Adjustment to Acquired Inventories	0.6	-	-
Integration Costs in COGS	3.1	-	-
Amortization of Product Intangibles	4.6	4.8	4.8
Total Stock Comp	7.8	8.7	8.8
Restructuring Charges, net	4.9	0.5	-
Amortization of Non Product Intangibles	2.1	1.6	1.3
Litigation	0.2	-	-
Integration Costs in OpEx	9.3	-	-
Loss on Lease Contracts	-	-	1.3
Operating Income - Non GAAP Basis	\$ 24.4	\$ 20.3	\$ 13.9
Operating Margin - Non GAAP Basis	9.3%	8.0%	5.6%



GAAP to Non GAAP Reconciliations

Net Income (Loss)

	FQ3'18	FQ2'19	FQ3'19
Net Income (Loss) - GAAP Basis	\$ (13.6)	\$ 7.2	\$ (6.9)
Shares - GAAP Basis	115.1	119.5	117.9
EPS - GAAP Basis	\$ (0.12)	\$ 0.06	\$ (0.06)
Adjustment to Acquired Inventories	0.6	-	-
Integration Costs in COGS	3.1	-	-
Amortization of Product Intangibles	4.6	4.8	4.8
Total Stock Comp	7.8	8.7	8.8
Restructuring Charges, net	4.9	0.5	-
Amortization of Non Product Intangibles	2.1	1.6	1.3
Litigation	0.2	-	-
Tax Adjustment	-	(7.3)	-
Loss on Lease Contracts in G&A	-	-	1.3
Integration and Acquisition Costs in OpEx	9.3	-	-
Net Non GAAP Adjustments	32.6	8.3	16.2
Net Income - Non GAAP Basis	\$ 19.0	\$ 15.5	\$ 9.3
Shares - Non GAAP Basis	120.7	119.5	120.8
EPS - Non GAAP Basis	\$ 0.16	\$ 0.13	\$ 0.08



GAAP to Non GAAP Reconciliations

EBITDA

	FQ3'18	FQ2'19	FQ3'19
Net Income (Loss) - GAAP Basis	\$ (13.6)	\$ 7.2	\$ (6.9)
Interest	3.3	2.4	2.4
Taxes	1.7	(5.3)	1.9
Depreciation/Amortization	14.1	13.2	12.7
EBITDA - GAAP	5.5	17.5	10.1
Net Non GAAP Adjustments	32.6	8.3	16.2
Income taxes included in Net Non GAAP Adjustments	-	7.3	-
Amortization included in Net Non GAAP Adjustments	(6.7)	(6.4)	(6.1)
EBITDA - Non GAAP	\$ 31.4	\$ 26.7	\$ 20.2



FQ3'19 Guidance – GAAP (in M's except EPS)

	FQ3'19	FQ4'19 Guidance
Revenue (\$M)	\$250.9	\$240.0 – \$250.0
Gross Margin %	55.4%	52.9% – 55.1%
Net Income (Loss)	(\$6.9)	(\$17.8) – (\$12.6)
EPS: GAAP	(\$0.06)	(\$0.15) – (\$0.11)



New Target Operating Model* (GAAP)

	FY16 Actual	FY17 Actual	FY18 Actual	YTD FY19 Actual
Revenue	\$528	\$598	\$983	\$743
GAAP Gross Profit	\$271	\$324	\$535	\$412
% of Revenue	51.2%	54.3%	54.4%	55.4%
Total GAAP Opex	\$296	\$325	\$573	\$415
GAAP Operating Income (Loss)	(\$26)	(\$1)	(\$38)	(\$3)
% of Revenue	(4.8%)	(0.1%)	(3.9%)	(0.3%)
GAAP Net Income (Loss)	(\$32)	(\$9)	(\$47)	(\$9)
% of Revenue	(6.0%)	(1.4%)	(4.8%)	(-1.2%)
GAAP EPS	(\$0.31)	(\$0.08)	(\$0.41)	(\$0.07)

\$ in millions, except per share amounts

**Corresponds to slide 87 Non-GAAP information*





ExtremeTM

Customer-Driven Networking

Thank You

WWW.EXTREMENETWORKS.COM

