

EXTREME NETWORKS

Leading The Infinite Enterprise

November 2021

 ADVANCE
WITH US

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 November 2, 2021, which is posted on the “Investor Relations” section of our website and to pages 19-22 and 26 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.

Investing for Growth in the Infinite Enterprise Era



SDN Solutions
Investment

2013

SECURE NETWORKING
enterasys
Secure Networks™

Fabric Networking
Investment

2017

FABRIC NETWORKING
AVAYA

Cloud Networking
Investment

2019

CLOUD NETWORKING
AEROHIVE
NETWORKS

Simplified
Universal Hardware

2021

EFFORTLESS
CLOUD-DRIVEN
NETWORKING

SCALE

CLOUDIFY

INNOVATE

ACCELERATE

MOBILE NETWORKING

ZEBRA

2016

Mobile Networking
Investment

DATA CENTER NETWORKING

BROCADE

2017

Data Center Networking
Investment

CLOUD-DRIVEN NETWORKING

2020

Refreshed 70% of Portfolio
Investing ~\$200M in R&D Focused on Cloud ©2021

SD-WAN

ipanema

2021

Infinite Enterprise
Investment

Leaders In Targeted Verticals Rely on Extreme



Enterprise Vertical	Revenue Contribution*	Recent Trends	Key Customers
Government / Education	~40%		
Enterprise and Other	>20%		
Manufacturing	~10%		
Healthcare	~10%		
Retail / T&L	>10%		
Sports /Entertainment & Hospitality	~5%		

*Contribution based on Q1 FY22 results

Unique Opportunity to Create Shareholder Value



Growth in Cloud Networking



Significant New Opportunities in 5G



Taking Share of Network Investments



Cloud Adoption Drives Above-Market Product Demand

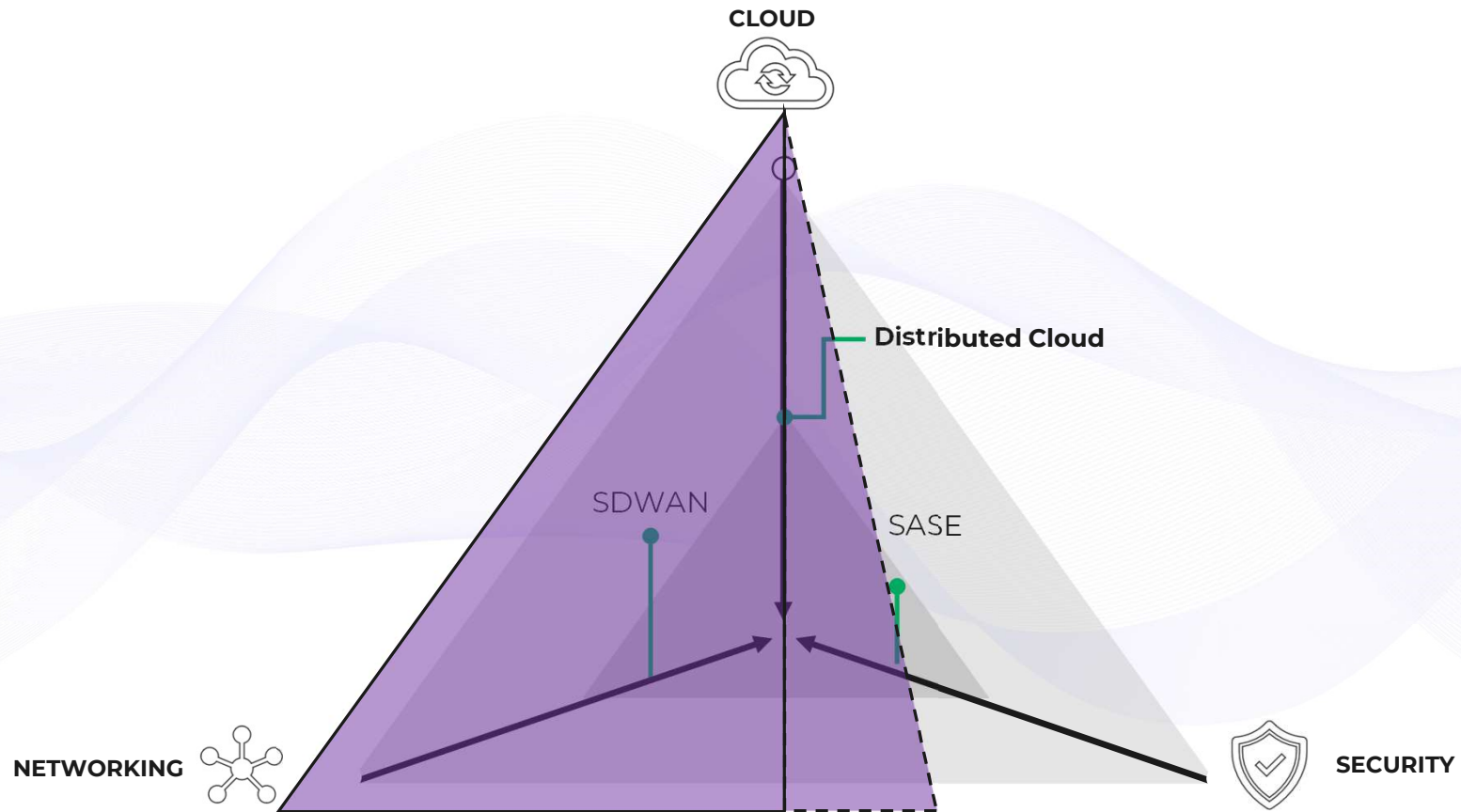


Significant Operating Leverage from Revenue Growth

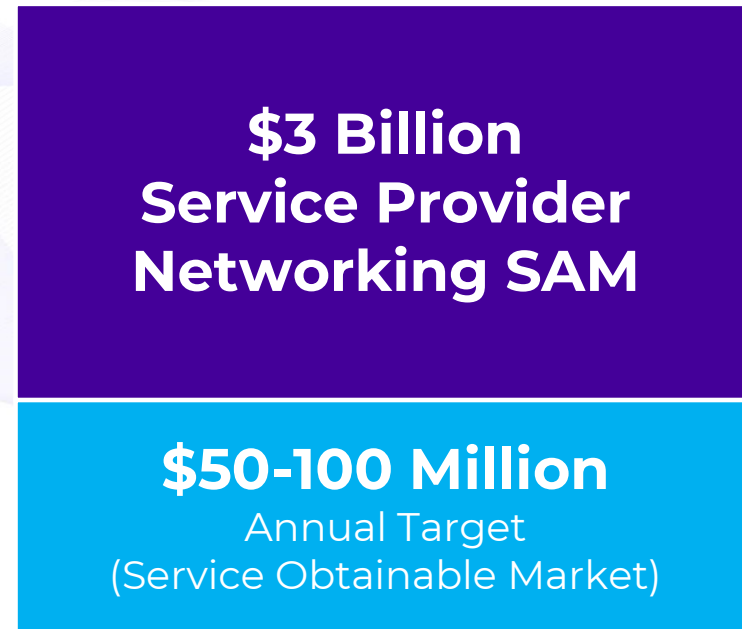


Strong Execution and Y/Y Growth in Cash Flow

Market Convergence – Network, Security, and Cloud



Leveraged to Large and Growing Addressable Market

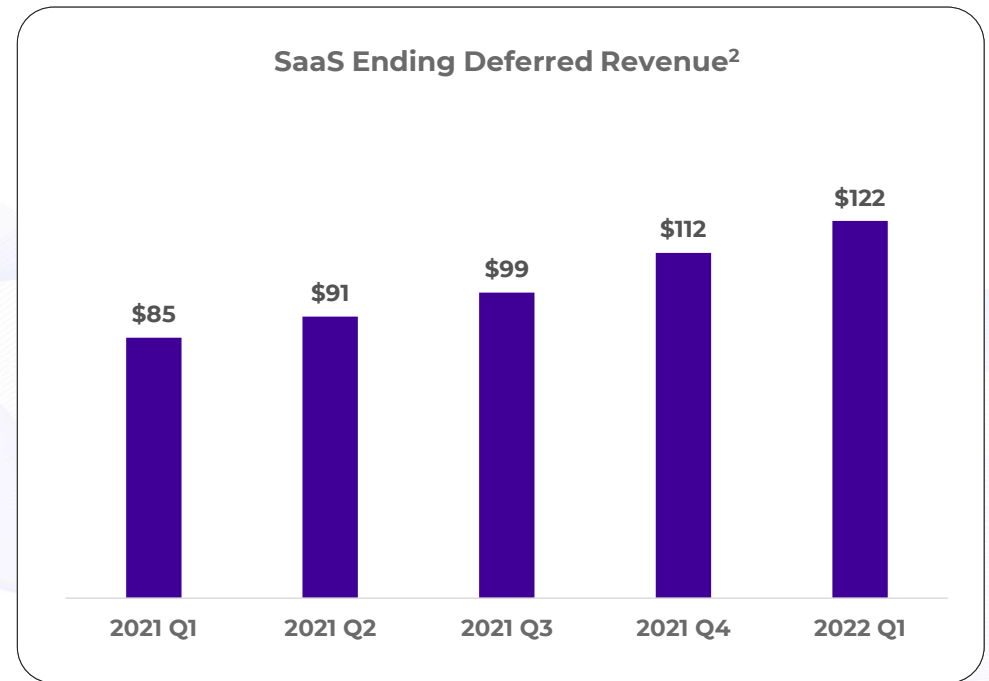
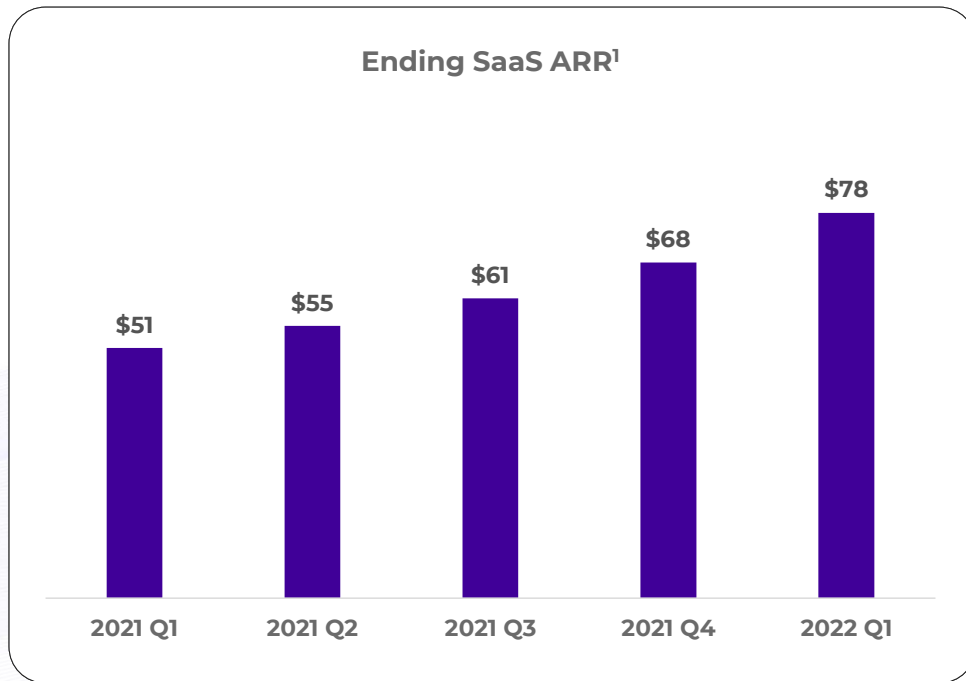


Source: 650 Group, Gartner, IDC, Omdia, Company Reports

Strong SaaS Growth



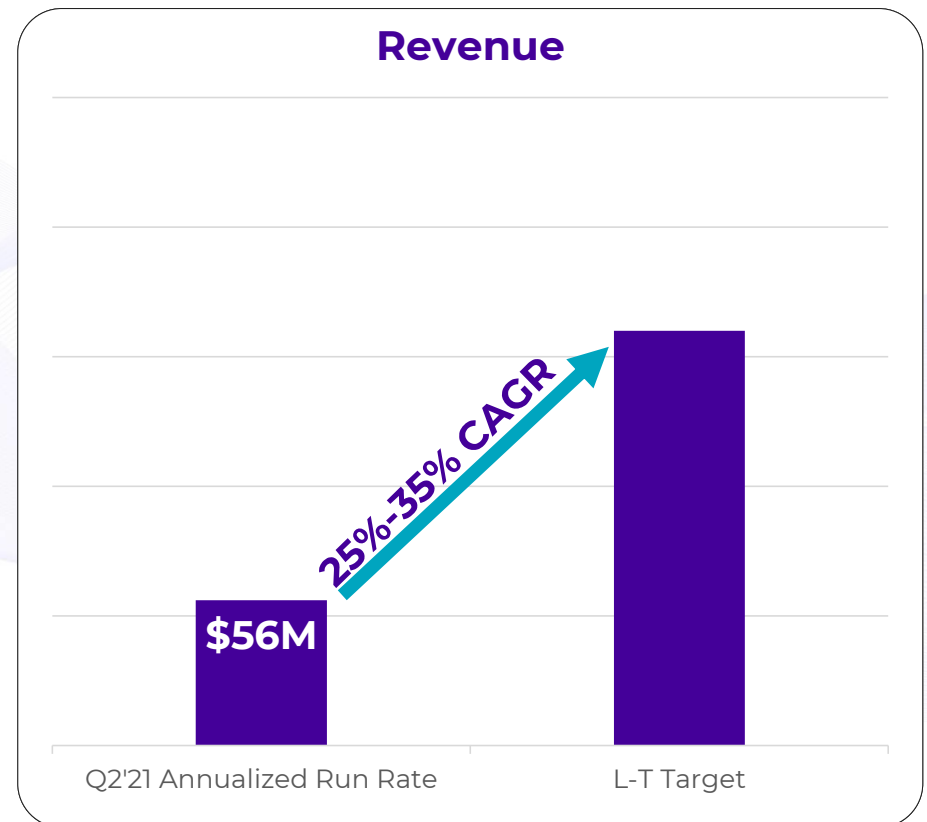
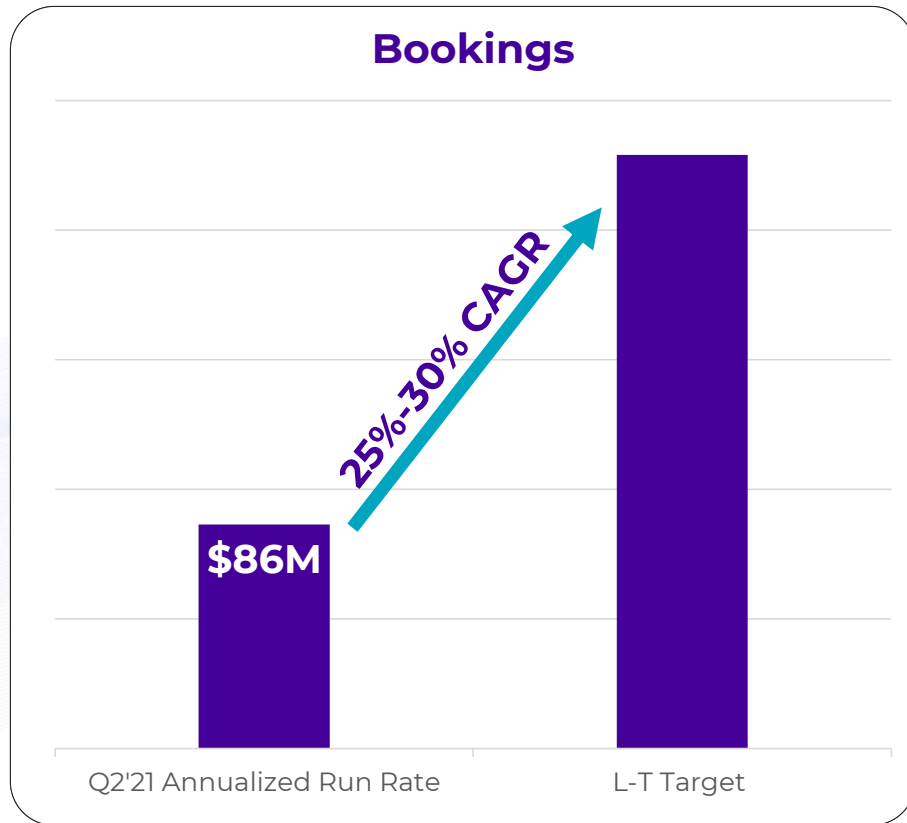
SaaS ARR & SaaS Deferred Ending Revenue (In \$M's except percentages)



¹ SaaS Annual Recurring Revenue (ARR) is the value of the contracted recurring revenue components of term subscriptions normalized to a one-year period. ARR is calculated as (Total Annual Subscription Cost) + (Recurring Revenue From Add-ons and Upgrades) - (Revenue Lost from Churn).

² 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.

Strong Growth Outlook for Cloud Subscriptions



ExtremeCloud IQ: Unparalleled Cloud Differentiation



XIQ Essentials



ExtremeAirDefense



ExtremeLocation



ExtremeGuest



ExtremeloT

Unlimited Data

Data enables us to power the ML/AI algorithms

Cloud Agnostic Architecture Public / Private / Hybrid Cloud

Site Engine (XIQ-SE)
(XIQ) Public Cloud
(XIQ) Private Cloud



ExtremeCloud™ IQ

CoPilot

99.9% False alarm free
“Explainable AI”
Automated comparative analytics and observability

API 2.0

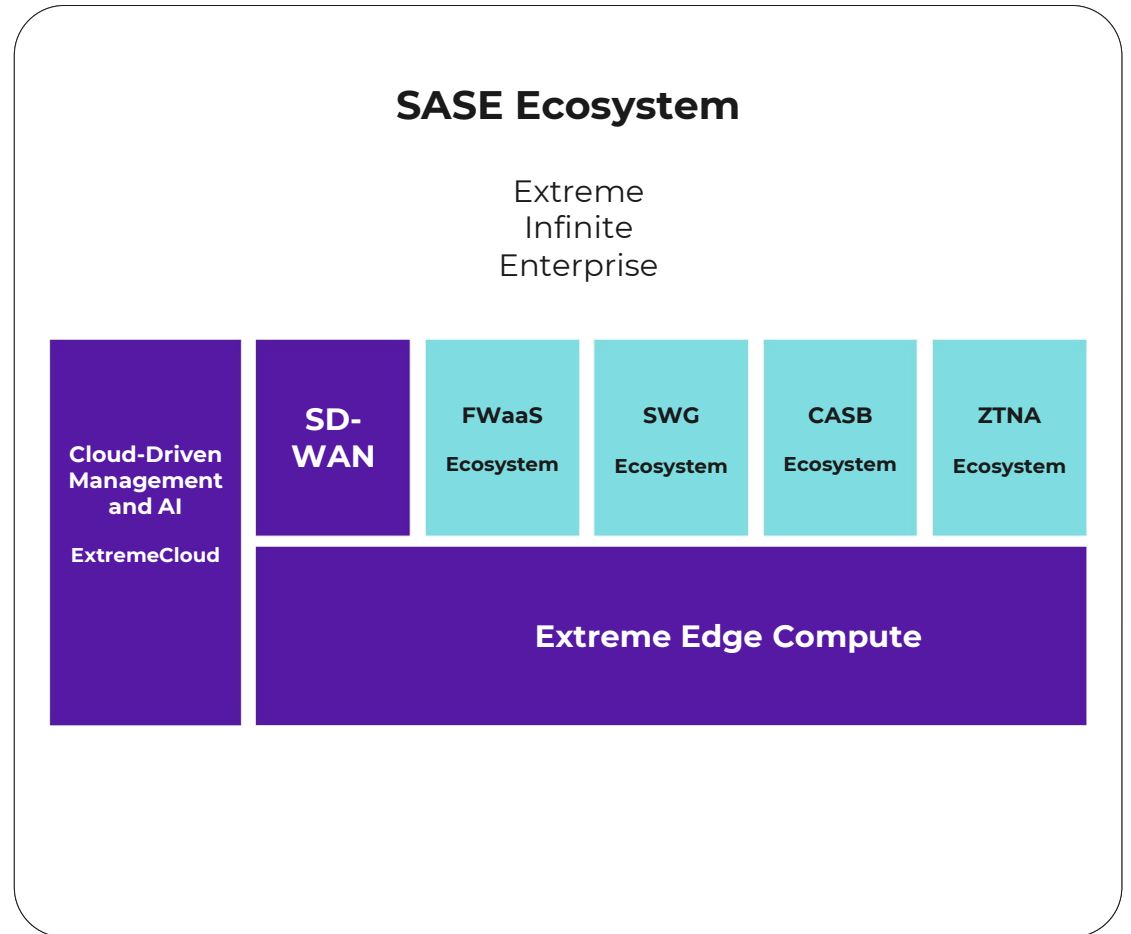
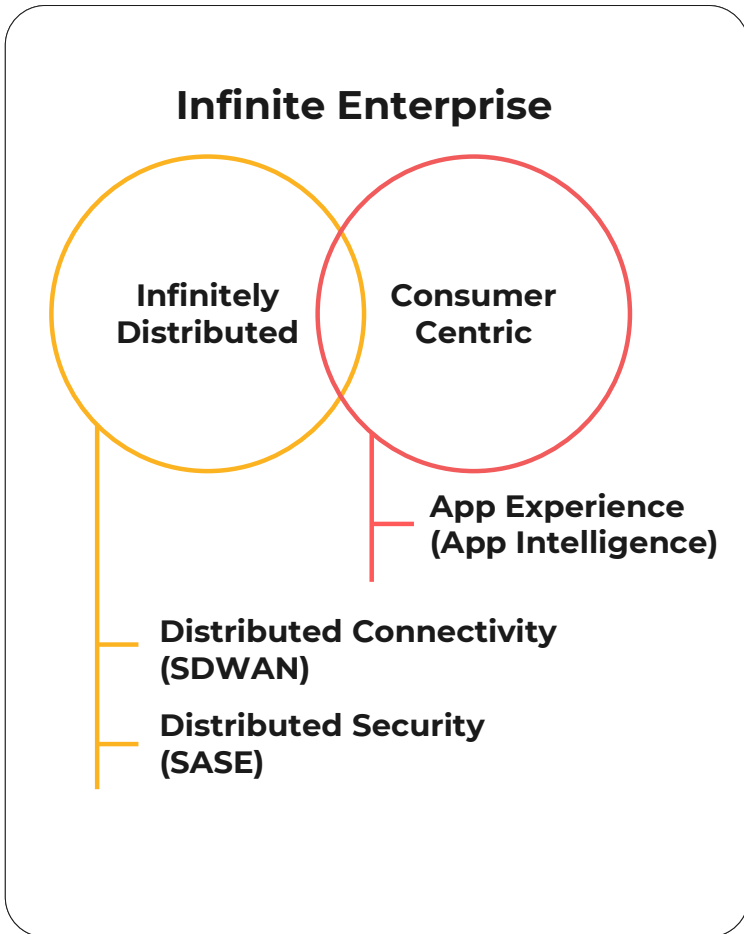
Enhanced logging, reporting, & security
7-10x faster than RESTful APIs

NAC Simplification

The best of Subscription-based & Future Proof
One License: Cloud (A3) + On-Prem (ExtremeControl)

Ipanema SD-WAN Acquisition Expands Infinite Enterprise Opportunity

Accelerates of Infinite Enterprise to the WAN Edge & Provides Building Blocks of SASE

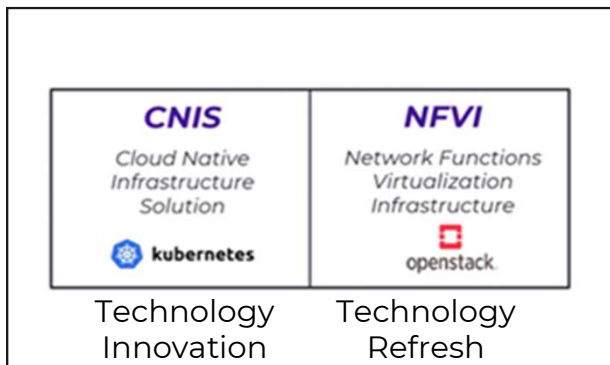


Our Winning Position in 5G Rollouts



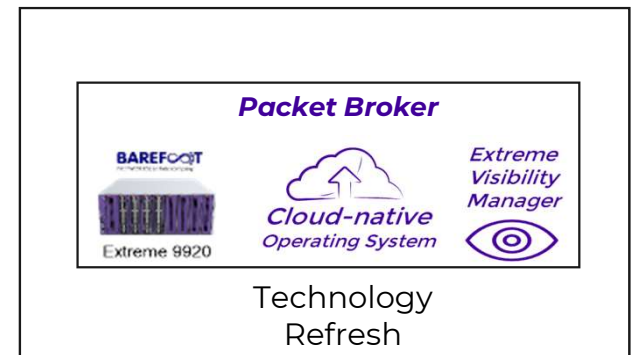
Cloud Native Infrastructure Solutions (CNIS)

- 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**





FQ1'22 Financial Highlights



Q1 2022 Results Summary

Double-Digit Growth Fueled by Strong Demand and Execution



Continued Strong Growth

- Sustained Double-Digit Y/Y Bookings Growth of 45% with record Wireless Bookings
- Product Revenue Drove 15% Y/Y Revenue Growth
- Backlog Doubled During the Quarter to >\$200M



Cloud SaaS Subscriptions

- Total Subscription Bookings Growth of 71% Y/Y
- Annualized Cloud SaaS Bookings of ~\$130 million
- Ending ARR of \$78 million up 54% Y/Y



Robust Profitability and Free Cash Flow

- Record GAAP and Non-GAAP Operating Margin of 6.9% and 13.8% respectively.
- \$37 million in FCF
- Net Debt of \$139 million

Results and Guidance Provide Greater Confidence in Double-Digit Revenue Growth and 10-15% Non-GAAP Operating Margin Outlook for FY22

FQ1'22 Highlights



CLOUD ADOPTION

SaaS ARR²
\$78M

Recurring
Revenue 29%



\$122M

SaaS Deferred
Revenue²



Product Book
to Bill Ratio

1.38x

Service Book
to Bill Ratio

1.28x



DRIVING GROWTH

Backlog >\$200M

Total Revenue
Growth (Y/Y %) **13.5%**

Product Revenue
Growth (Y/Y %) **14.7%**

Service &
Subscription Revenue
Growth (Y/Y %) **10.9%**

SaaS Subscription
Bookings Growth (Y/Y %) **71%**

Large Customers
(Over \$1M in bookings for the Quarter) **43**



PROFITABILITY & CASH FLOW

Non-GAAP
Gross Margin %¹ **60.3 %**

Non-GAAP
Operating
Margin %¹
13.8%

Non-
GAAP
EPS (\$) ¹
\$0.21



Free Cash Flow

\$37M



Net
Debt



² See Appendices for ARR & SaaS Deferred Revenue Definition

¹ See Appendices for GAAP to Non-GAAP reconciliation.

Appendices

- GAAP to Non-GAAP Reconciliations

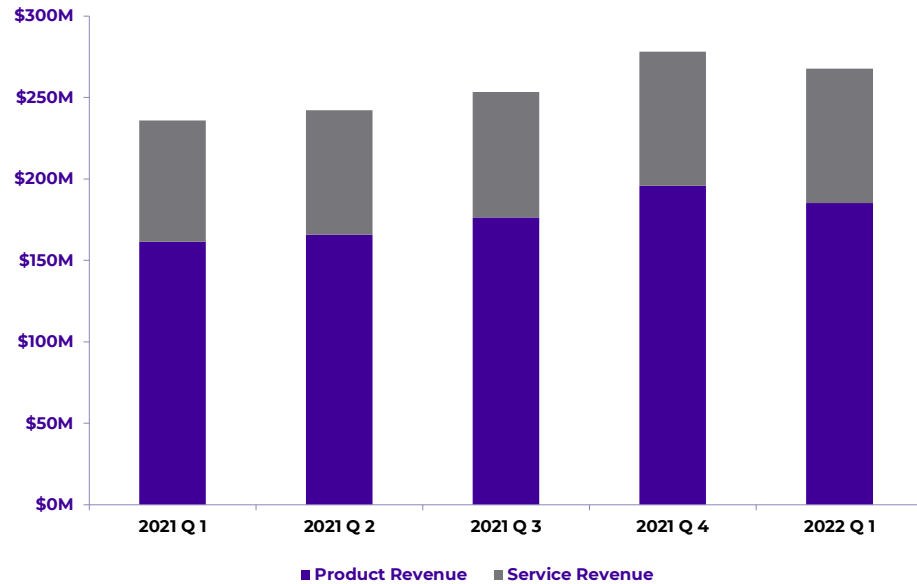
Note: The totals for some periods may not foot due to rounding. Please see press release for full reconciliation.

Quarterly Results Trends

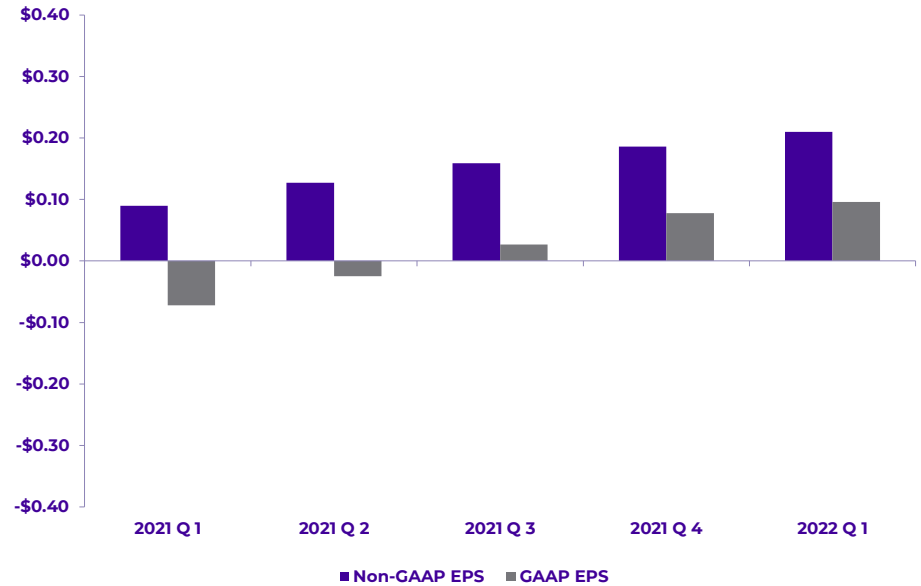
(In M's except percentages and EPS)



Total Revenue

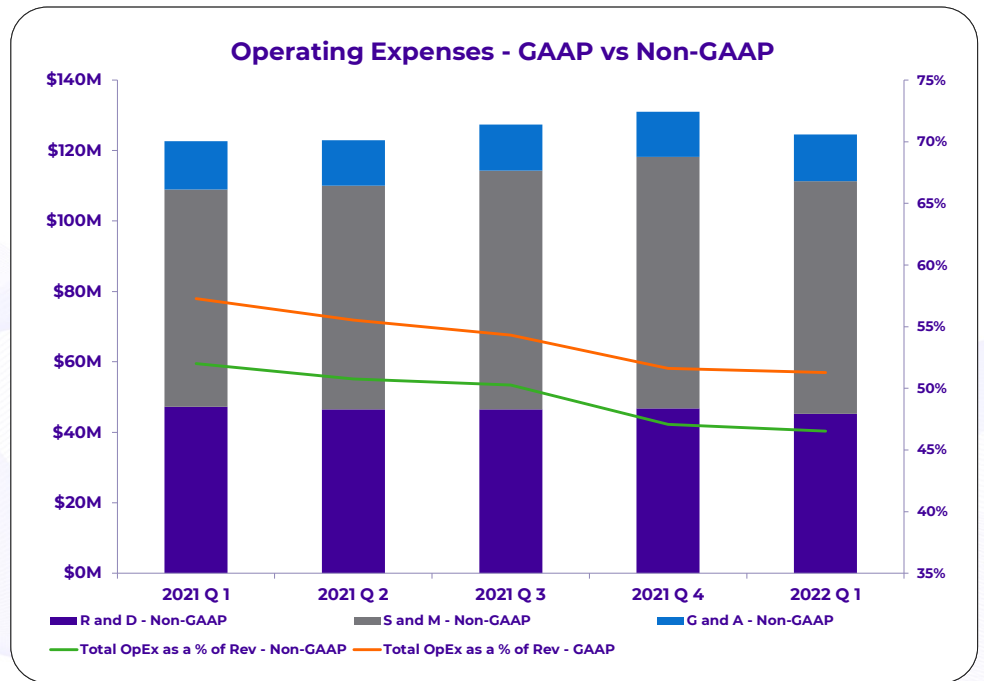
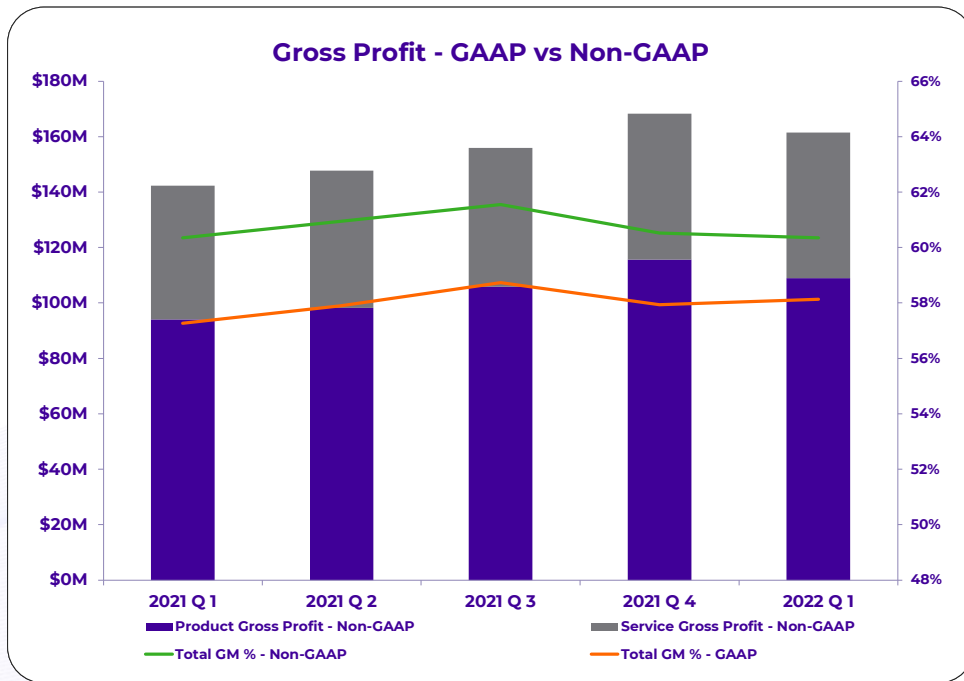


EPS - GAAP vs Non-GAAP



Quarterly Results of Operations

(In M's except percentages and EPS)



Q1 FY22 Non-GAAP Financial Highlights – Financial Operations

(In M's except percentages and EPS)



Non-GAAP ¹	Quarter		
	FQ1'21	FQ4'21	FQ1'22
Product Revenue	\$161.4	\$195.8	\$185.2
Services Revenue	\$74.4	\$82.3	\$82.5
Total Revenue	\$235.8	\$278.1	\$267.7
Total GM %	60.3%	60.5%	60.3%
Operating Income \$	\$19.7	\$37.4	\$37.0
Operating Margin %	8.3%	13.4%	13.8%
Net Income	\$11.0	\$24.6	\$28.0
EBITDA	\$25.6	\$42.4	\$42.4
EPS	\$0.09	\$0.19	\$0.21

¹ See Appendices for GAAP to Non-GAAP reconciliation.

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:

	FQ1'21	FQ4'21	FQ1'22
Operating Cash Flow	\$24.7	\$57.0	\$40.3
PP&E Capital Expenditures	(\$3.0)	(\$4.8)	(\$3.4)
Free Cash Flow	\$21.7	\$52.2	\$36.8

Financial Highlights – Balance Sheet

(In M's except percentages and EPS)



Balance Sheet Highlights

	FQ1'21	FQ4'21	FQ1'22
Cash	\$193.1	\$246.9	\$191.3
Accounts Receivable	\$123.6	\$156.5	\$129.6
Inventories	\$55.8	\$32.9	\$32.4
Accounts Payables	\$59.4	\$60.1	\$63.4
Gross Debt*	\$396.0	\$346.8	\$330.0
Net Debt**	\$202.9	\$99.9	\$138.7

Cash Conversion Cycle Table

	FQ1'21	FQ4'21	FQ1'22
Days Sales Outstanding	48	51	45
Days of Inventory	70	35	37
Days Payable Outstanding	75	64	72
Cash Conversion Cycle	44	22	9

*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.

**Net Debt is defined as Gross Debt minus Cash.

GAAP Financial Highlights – Financial Operations

(In M's except percentages and EPS)



GAAP	Quarter		
	FQ1'21	FQ4'21	FQ1'22
Product Revenue	\$161.4	\$195.8	\$185.2
Services Revenue	\$74.4	\$82.3	\$82.5
Total Revenue	\$235.8	\$278.1	\$267.7
Total GM %	57.3%	57.9%	58.1%
Operating Income (Loss) \$	(\$0.1)	\$17.6	\$18.3
Operating Margin %	(0.0%)	6.3%	6.9%
Net Income (Loss)	(\$8.8)	\$10.3	\$12.7
EBITDA	\$14.3	\$30.5	\$30.2
EPS	(\$0.07)	\$0.08	\$0.10

GAAP to Non-GAAP Reconciliations

Revenue & Gross Margin (In M's except percentages)



	Quarter		
	FQ1'21	FQ4'21	FQ1'22
Product Revenue	\$ 161.4	\$ 195.8	\$ 185.2
Service Revenue	74.4	82.3	82.5
Total Revenue - GAAP	\$ 235.8	\$ 278.1	\$ 267.7
Gross Margin - GAAP	135.0	161.1	155.6
Gross Margin % - GAAP	57.3%	57.9%	58.1%
Inventory Valuation Adjustments	-	-	-
Integration Costs in COGS	-	-	-
Amortization of Product Intangibles	6.6	6.4	5.2
Share-Based Compensation in COGS	0.6	0.8	0.7
Gross Margin - Non-GAAP	\$ 142.3	\$ 168.3	\$ 161.5
Gross Margin % - Non-GAAP	60.3%	60.5%	60.3%

GAAP to Non-GAAP Reconciliations

Operating Income (Loss) (In M's except percentages)



	Quarter		
	FQ1'21	FQ4'21	FQ1'22
Operating Income (Loss) - GAAP	\$ (0.1)	\$ 17.6	\$ 18.3
Operating Margin- GAAP	(0.0%)	6.3%	6.9%
Amortization of Product Intangibles	6.6	6.4	5.2
Total Share-Based Compensation	8.3	11.5	10.4
Restructuring Charges, net	1.0	0.5	0.3
Amortization of Non Product Intangibles	1.8	1.4	1.3
Integration Costs in OpEx	2.0	-	1.5
Operating Income - Non-GAAP	\$ 19.7	\$ 37.4	\$ 37.0
Operating Margin - Non-GAAP	8.3%	13.4%	13.8%

GAAP to Non-GAAP Reconciliations

Net Income (Loss) (In \$M's except EPS)



	Quarter		
	FQ1'21	FQ4'21	FQ1'22
Net Income (Loss) - GAAP	\$ (8.8)	\$ 10.3	\$ 12.7
Shares - GAAP	121.7	132.4	133.2
EPS - GAAP (Diluted)	\$ (0.07)	\$ 0.08	\$ 0.10
Amortization of Product Intangibles	6.6	6.4	5.2
Total Share-Based Compensation	8.3	11.5	10.4
Restructuring Charges, net	1.0	0.5	0.3
Amortization of Non Product Intangibles	1.8	1.4	1.3
Tax Effect of non-GAAP Adjustments	0.1	(5.5)	(3.4)
Integration and Acquisition Costs in OpEx	2.0	-	1.5
Net Non-GAAP Adjustments	19.8	14.3	15.3
Net Income - Non-GAAP	\$ 11.0	\$ 24.6	\$ 28.0
Shares - Non-GAAP	122.6	132.4	133.2
EPS - Non-GAAP	\$ 0.09	\$ 0.19	\$ 0.21

GAAP to Non-GAAP Reconciliations

EBITDA (In \$M's)



	Quarter		
	FQ1'21	FQ4'21	FQ1'22
Net Income (Loss) - GAAP	\$ (8.8)	\$ 10.3	\$ 12.7
Interest	6.5	\$ 4.5	\$ 3.8
Provision for Income Taxes	1.3	\$ 2.7	\$ 2.1
Depreciation/Amortization	15.2	\$ 13.0	\$ 11.6
EBITDA - GAAP	14.3	30.5	30.2
Net Non-GAAP Adjustments	19.8	14.3	15.3
Income taxes included in Net Non-GAAP Adjustments	(0.1)	5.5	3.4
Amortization included in Net Non-GAAP Adjustments	(8.4)	(7.8)	(6.5)
EBITDA - Non-GAAP	\$ 25.6	\$ 42.4	\$ 42.4



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WITH US™