

**FQ3'24**

*Financial Results*

May 1, 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, non-GAAP EPS, non-GAAP Operating Margin, Free Cash Flow, Net Cash (Debt), Non-GAAP Gross Margin, Non-GAAP Operating Income, 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. Please refer to our most recent earnings press release dated May 1, 2024, which is posted on the “Investor Relations” section of our website and to pages 19-22, 26, & 27 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: the expected performance and growth of the Company, including its business outlook, strategy and plans; future operating metrics and financial and operating results for the third quarter of fiscal year 2024 and the full fiscal year 2024; expectations regarding growth trends across relevant verticals and geographies and channel and customer demand. 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, 2023, our most recent Quarterly Report on Form 10-Q for the quarter ended December 31, 2023, 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.*



**FQ3'24**

*FINANCIAL RESULTS*





## Bookings and Revenue Trends

- Reduced Channel Inventory Position
- Product Bookings Significantly Ahead of Product Revenue
- Subscription and Support Revenue of \$105M, up 14% Y/Y



## Cloud SaaS Subscriptions

- SaaS Deferred Revenue<sup>1</sup> of \$258M, up 29% Y/Y
- SaaS ARR<sup>1</sup> of \$162M, up 38% Y/Y



## Profitability and Cash Generation

- Non-GAAP Gross Margin<sup>2</sup> of 57.6%
- Subscription and Support Non-GAAP Gross Margin<sup>2</sup> of 71.7%

<sup>1</sup> See slides 15 & 16 or definitions of SaaS ARR and SaaS Deferred Revenue.

<sup>2</sup> See slides 19 – 22, 26, & 27 for GAAP to Non-GAAP reconciliation.



## CLOUD ADOPTION

SaaS ARR<sup>2</sup> **\$162M**



**38%**

SaaS ARR  
Growth Y/Y



**\$258M**

SaaS Deferred  
Revenue<sup>2</sup>



**23**

Total Managed  
Service Providers



## OPERATING TRENDS

**28**

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

New Logos<sup>6</sup> **31%**  
% of Total Product Bookings



Double-Digit  
Y/Y New  
Funnel Growth<sup>5</sup>



**47%**

Recurring  
Revenue<sup>3</sup>



## PROFITABILITY AND CASH FLOW

Non-GAAP Gross  
Margin %<sup>1</sup> **57.6%**

**(12.2%)**

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

**(\$0.19)**

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



**\$151M**

Cash



Net Debt

**\$42M**

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

<sup>2</sup> See slides 15 & 16 for SaaS ARR & SaaS Deferred Revenue Definitions.

<sup>3</sup> Recurring Revenue is the sum of all Subscription and Support revenue that is recognized over multiple periods, quarters or years, rather than a single point in time.

<sup>4</sup> Net Cash (Debt) is defined as Cash and cash equivalents minus Gross Debt, see slide 13

<sup>5</sup> New Funnel growth refers to new product opportunities created within Q3 FY24 compared to Q3 FY23, measured in dollars.

<sup>6</sup> New logos are defined as customers who have not purchased from Extreme in the last three years.

# MAJOR VERTICAL BOOKINGS CONTRIBUTION IN Q3

Relative Bookings Strength in Healthcare, Education, Manufacturing, and Transportation / Logistics



## GOVT + EDUCATION



>**40%**

## HEALTHCARE



<**15%**

## HOSPITALITY + VENUES



>**5%**

## MANUFACTURING



<**10%**

## RETAIL + TRANSPORTATION



~**10%**

## SERVICE PROVIDER



>**5%**

# FINANCIAL HIGHLIGHTS

(IN M'S EXCEPT PERCENTAGES AND EPS)

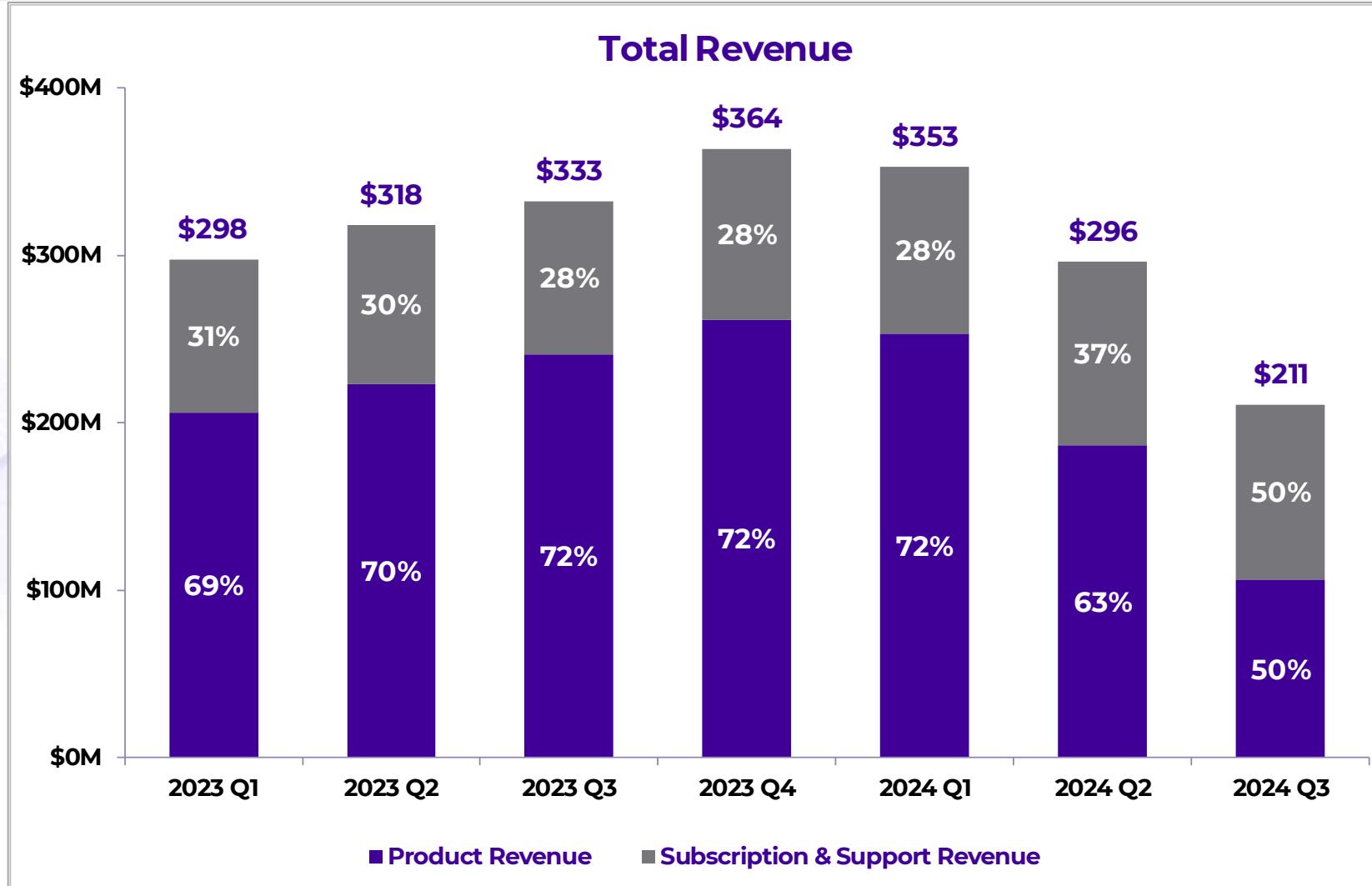


	GAAP			Non-GAAP <sup>1</sup>		
	3Q23	2Q24	3Q24	3Q23	2Q24	3Q24
Product Revenue	\$241.1	\$186.6	\$106.4	\$241.1	\$186.6	\$106.4
Subscription & Support Revenue	\$91.4	\$109.8	\$104.6	\$91.4	\$109.8	\$104.6
Total Revenue	\$332.5	\$296.4	\$211.0	\$332.5	\$296.4	\$211.0
Total GM %	57.7%	61.9%	56.8%	59.1%	62.5%	57.6%
Operating Income (Loss) \$	\$29.6	\$10.3	(\$62.5)	\$52.0	\$43.9	(\$25.7)
Operating Margin %	8.9%	3.5%	(29.6%)	15.6%	14.8%	(12.2%)
Net Income (Loss)	\$22.1	\$4.0	(\$64.4)	\$38.8	\$31.5	(\$24.8)
EBITDA	\$37.8	\$15.6	(\$56.6)	\$56.7	\$48.2	(\$20.9)
EPS	\$0.17	\$0.03	(\$0.50)	\$0.29	\$0.24	(\$0.19)

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

# QUARTERLY RESULTS OF OPERATIONS

(IN M'S)



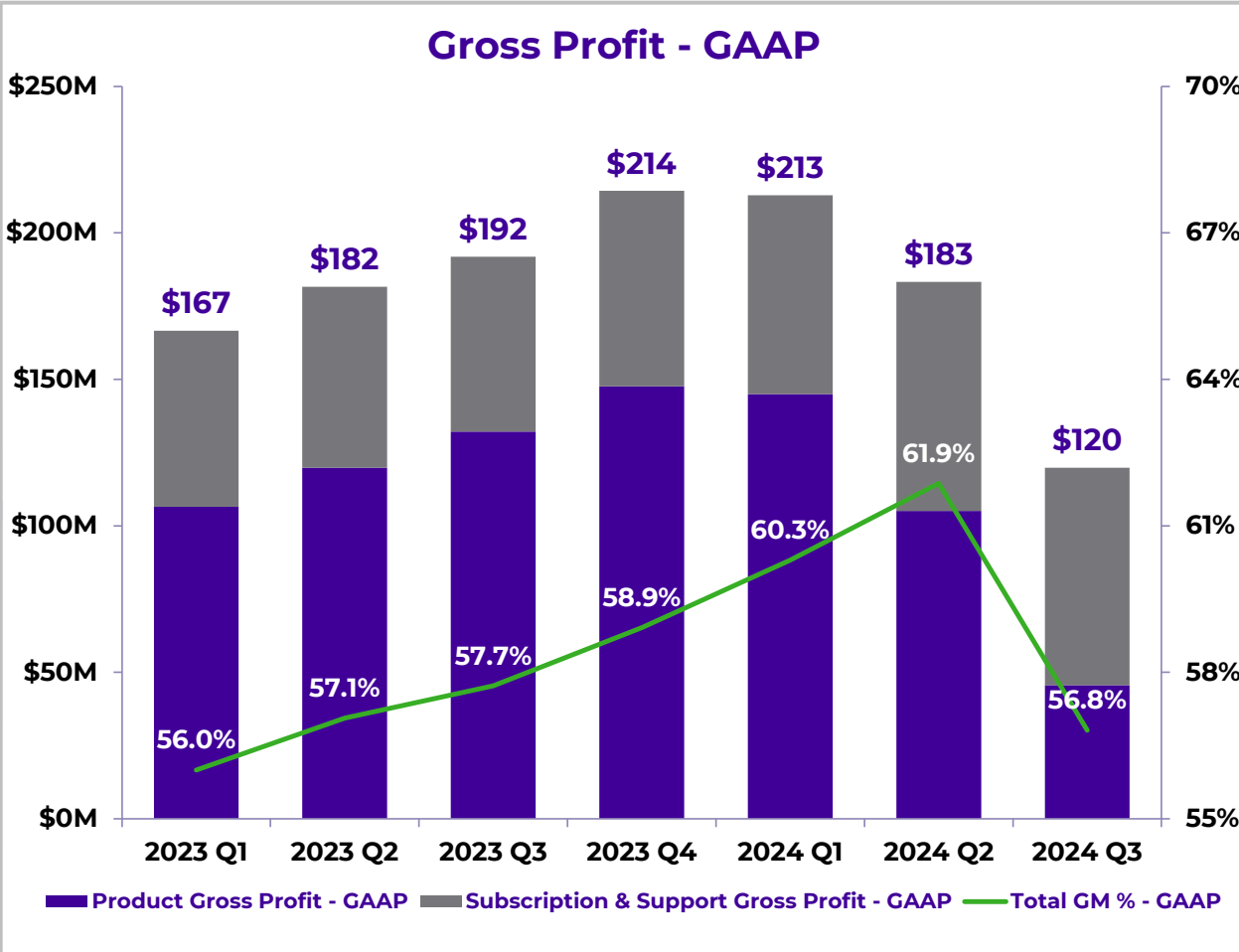


# QUARTERLY RESULTS OF OPERATIONS

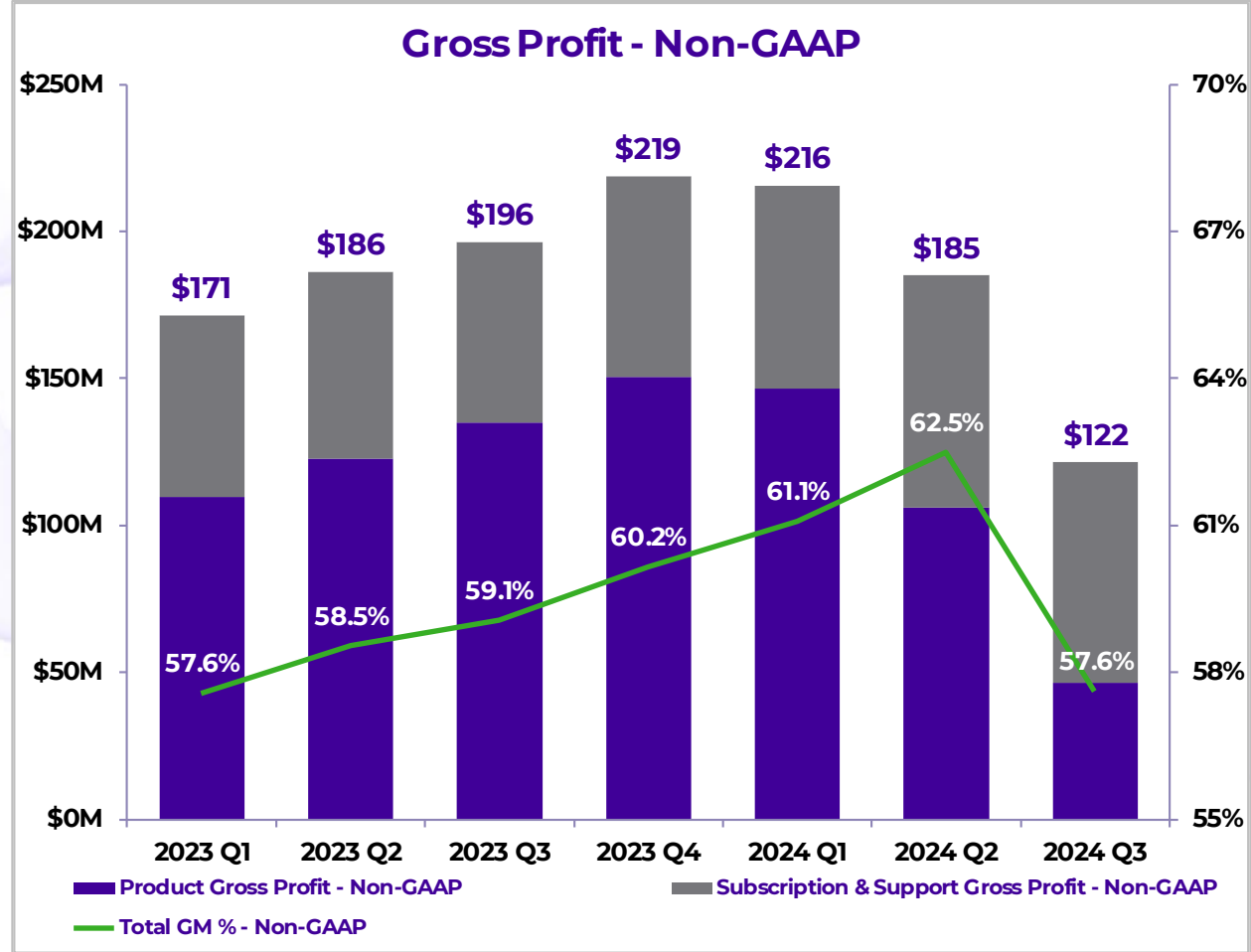
(IN M'S EXCEPT PERCENTAGES)



### Gross Profit - GAAP



### Gross Profit - Non-GAAP

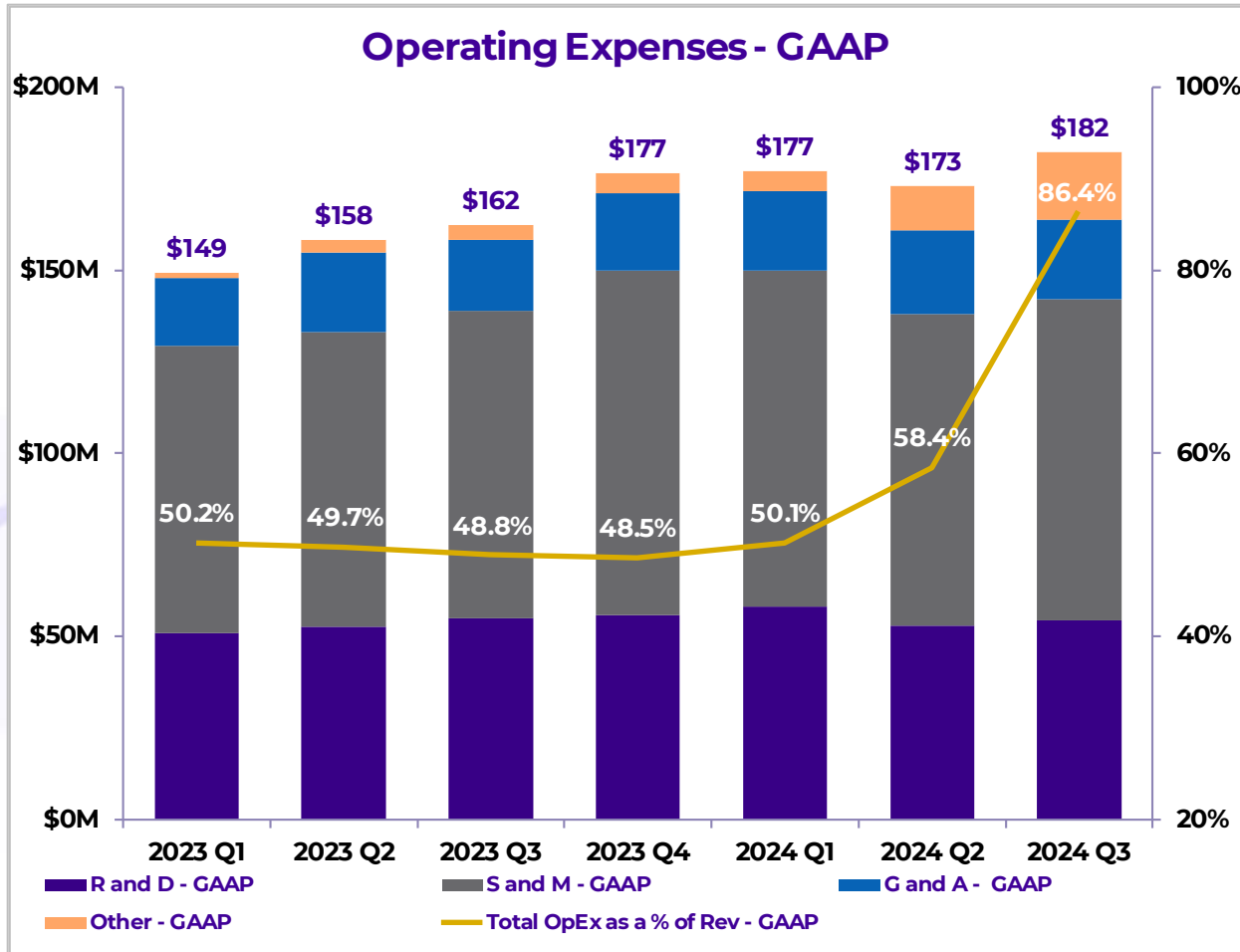


# QUARTERLY RESULTS OF OPERATIONS

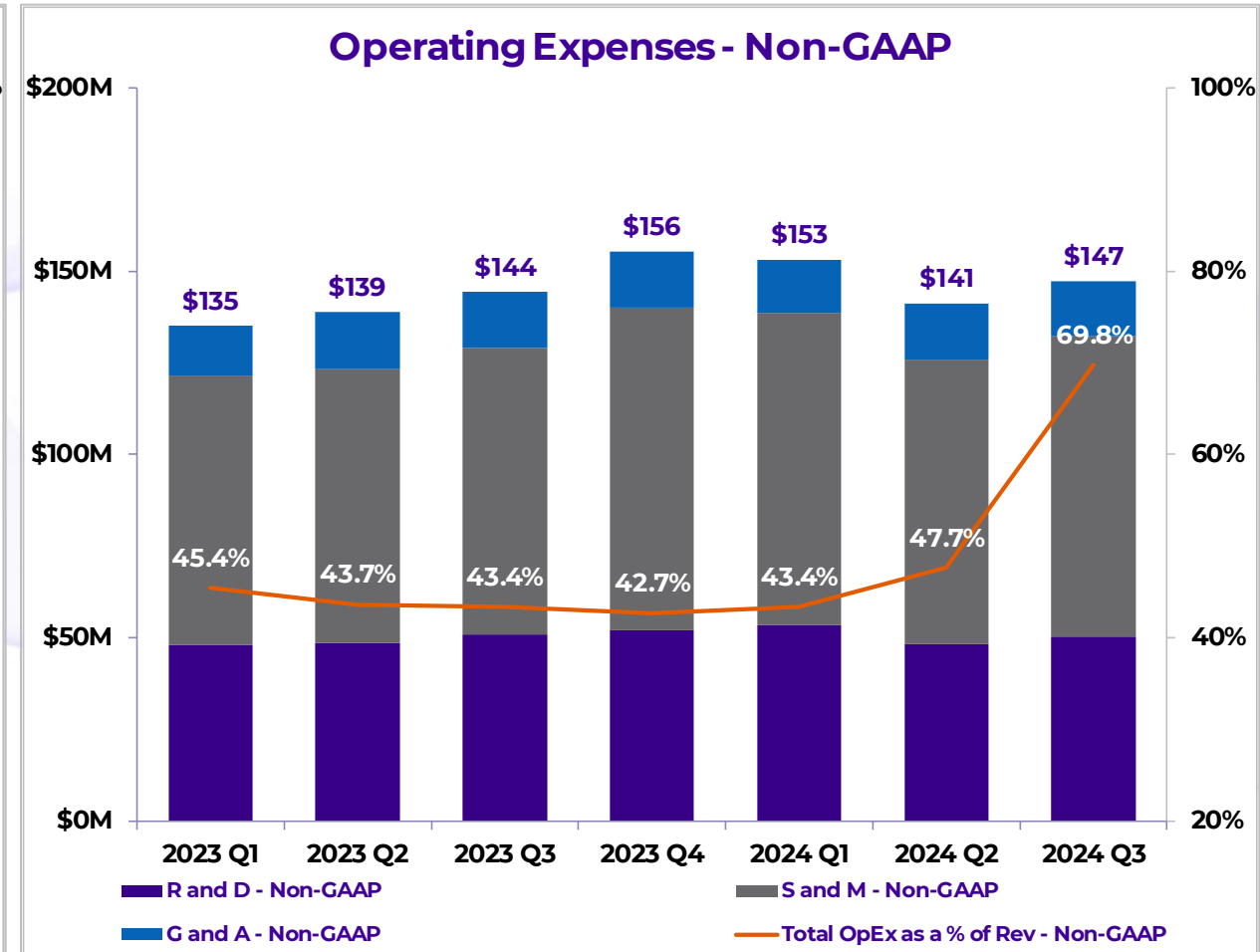
(IN M'S EXCEPT PERCENTAGES)



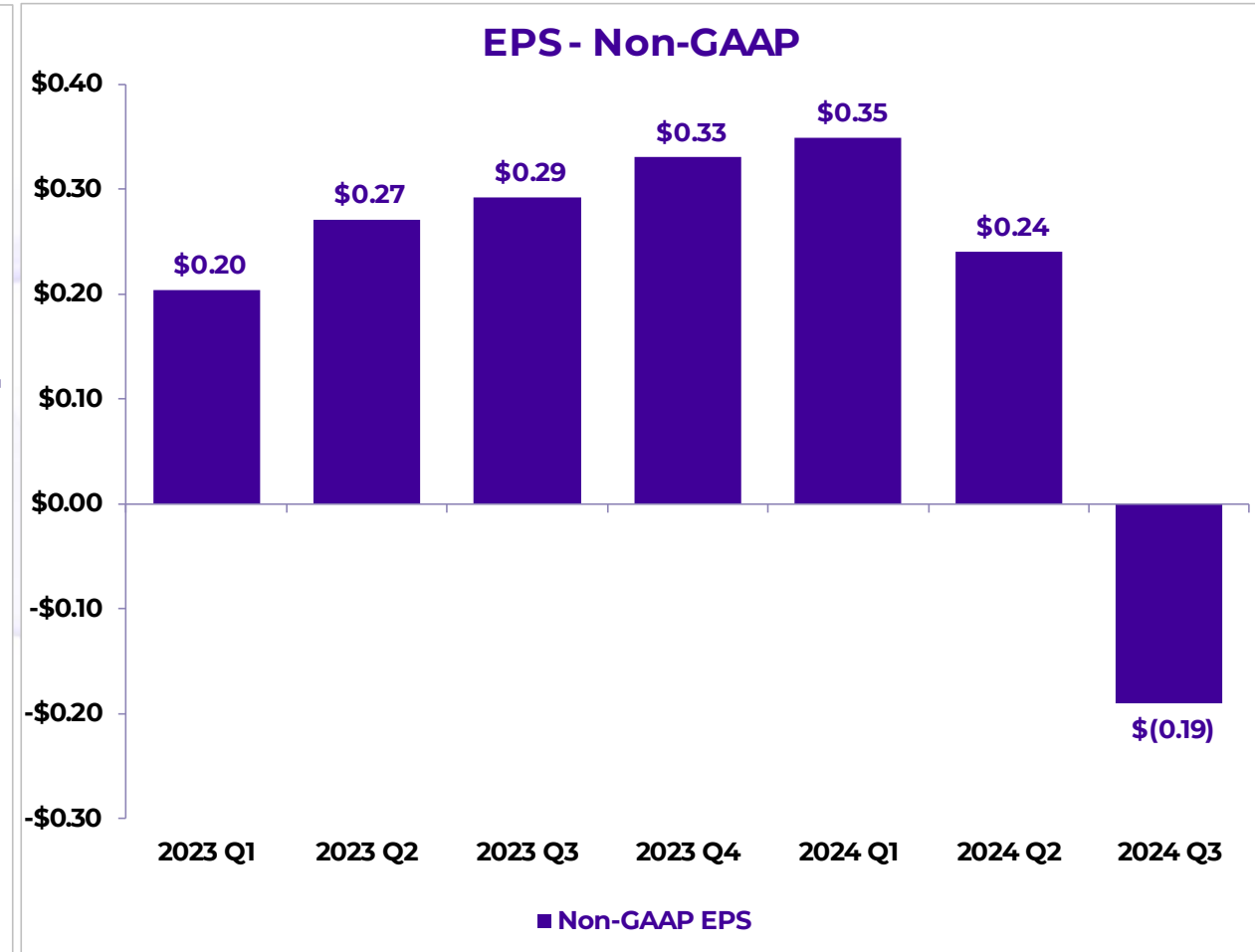
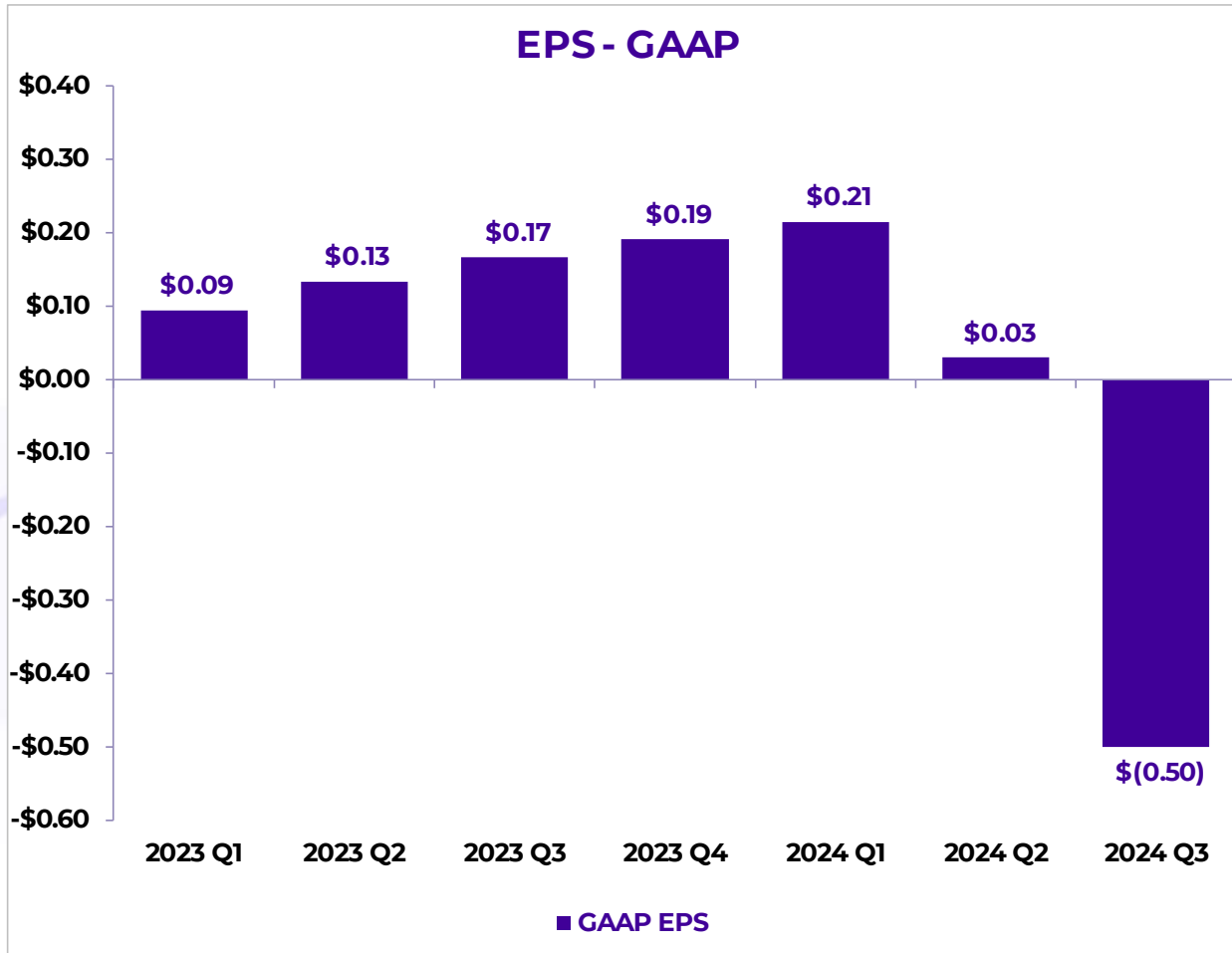
## Operating Expenses - GAAP



## Operating Expenses - Non-GAAP

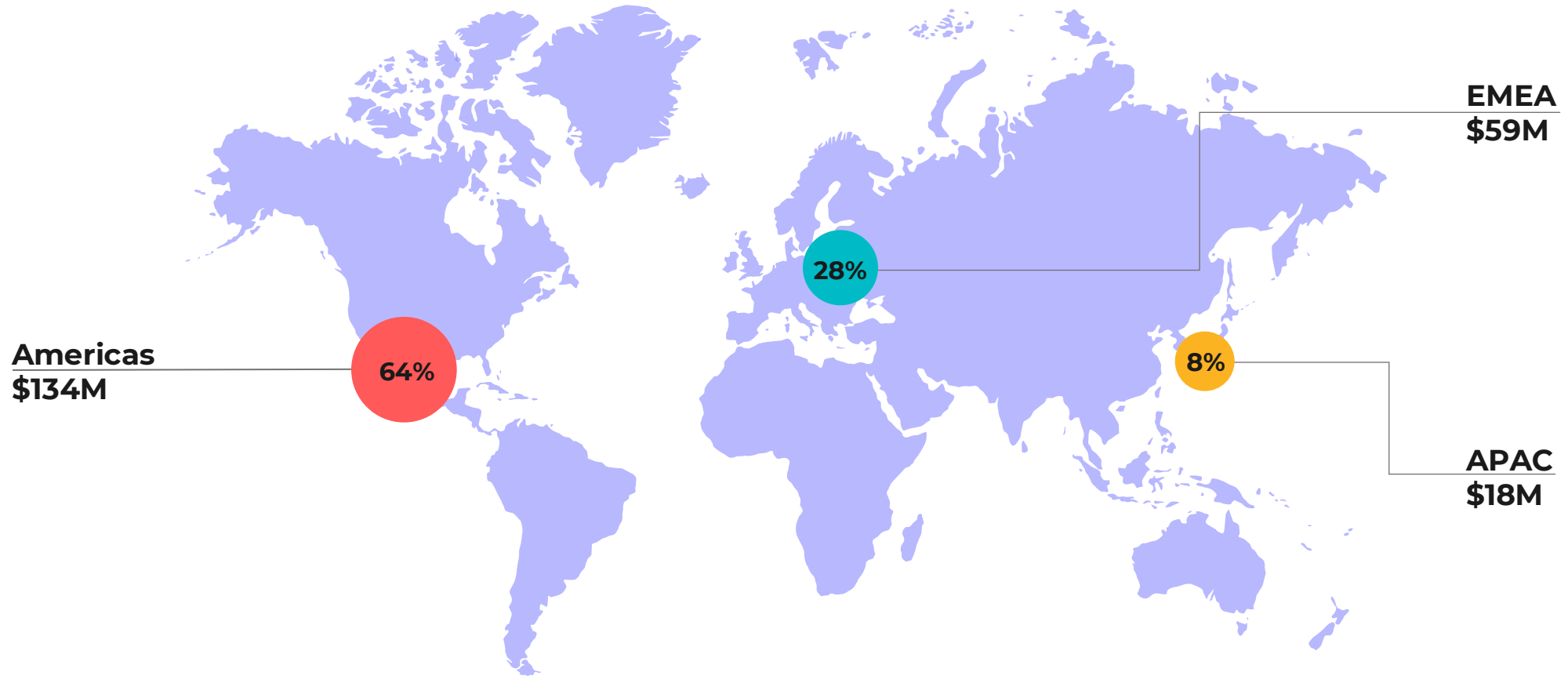


# QUARTERLY RESULTS OF OPERATIONS



# Q3'24 REVENUE BY GEOGRAPHY

(IN \$M'S EXCEPT PERCENTAGES)



# FINANCIAL HIGHLIGHTS – BALANCE SHEET

(IN M'S EXCEPT DAYS)



<b>Balance Sheet Highlights</b>	<b>3Q23</b>	<b>2Q24</b>	<b>3Q24</b>
<b>Cash and Cash Equivalents</b>	\$203.0	\$221.4	\$151.0
<b>Accounts Receivable</b>	\$158.6	\$112.0	\$94.4
<b>Inventories</b>	\$70.3	\$152.5	\$185.4
<b>Accounts Payable</b>	\$96.0	\$87.8	\$81.5
<b>Gross Debt*</b>	\$237.0	\$195.0	\$192.5
<b>Net Cash (Debt)**</b>	(\$34.0)	\$26.4	(\$41.5)

\*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.

\*\*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:

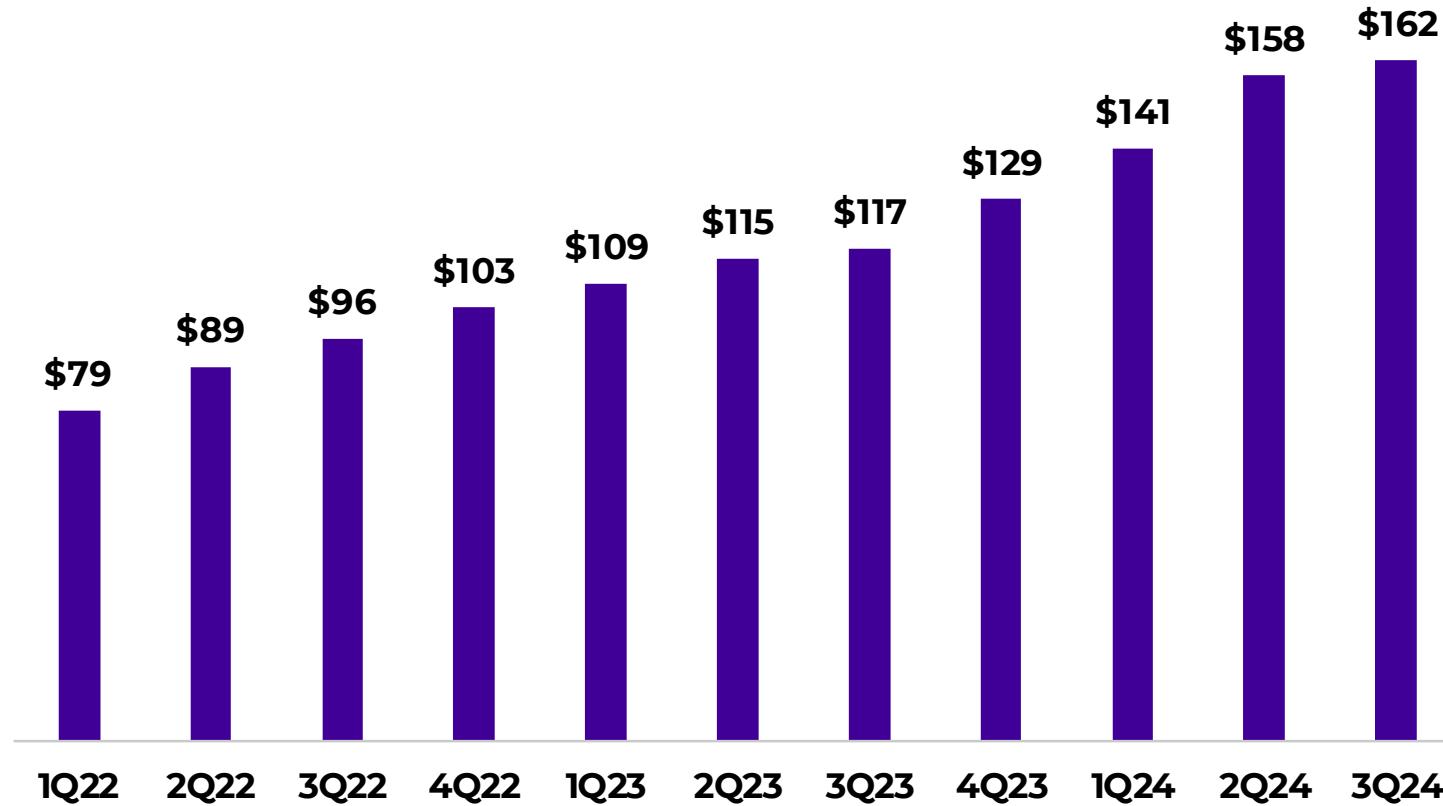
Flow	3Q23	2Q24	3Q24
Operating Cash Flow	\$48.2	\$34.3	(\$69.9)
PP&E Capital Expenditures	(2.4)	(5.7)	(3.7)
<b>Free Cash Flow</b>	<b>\$45.8</b>	<b>\$28.6</b>	<b>(\$73.6)</b>

# HISTORICAL SAAS DISCLOSURES – SaaS ARR

(IN \$M'S)



## SaaS ARR<sup>1</sup>



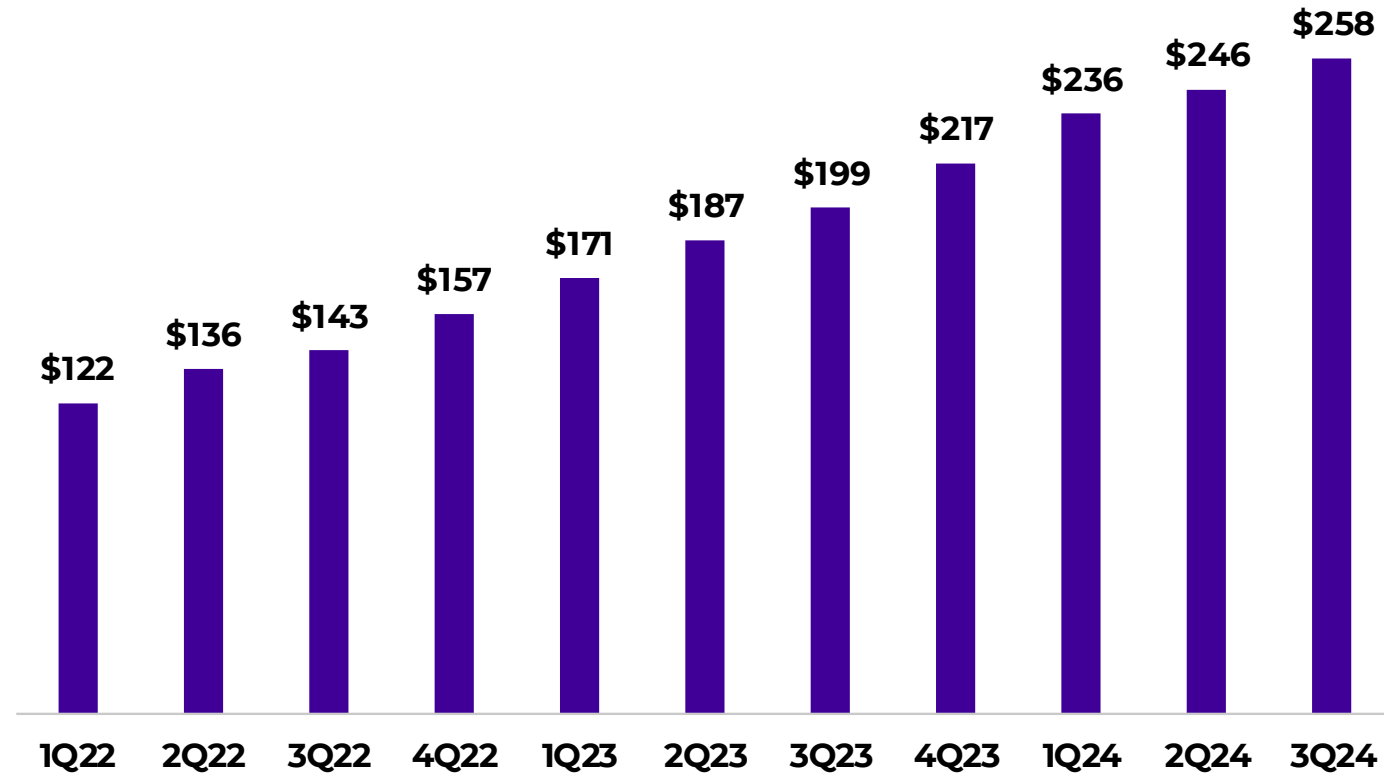
<sup>1</sup>Extreme uses SaaS annual recurring revenue (“SaaS ARR”) to identify the annual recurring revenue of ExtremeCloud™ IQ (XIQ) and other subscription revenue, based on the annualized value of quarterly subscription revenue and term-based licenses. We believe that SaaS ARR is an important metric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

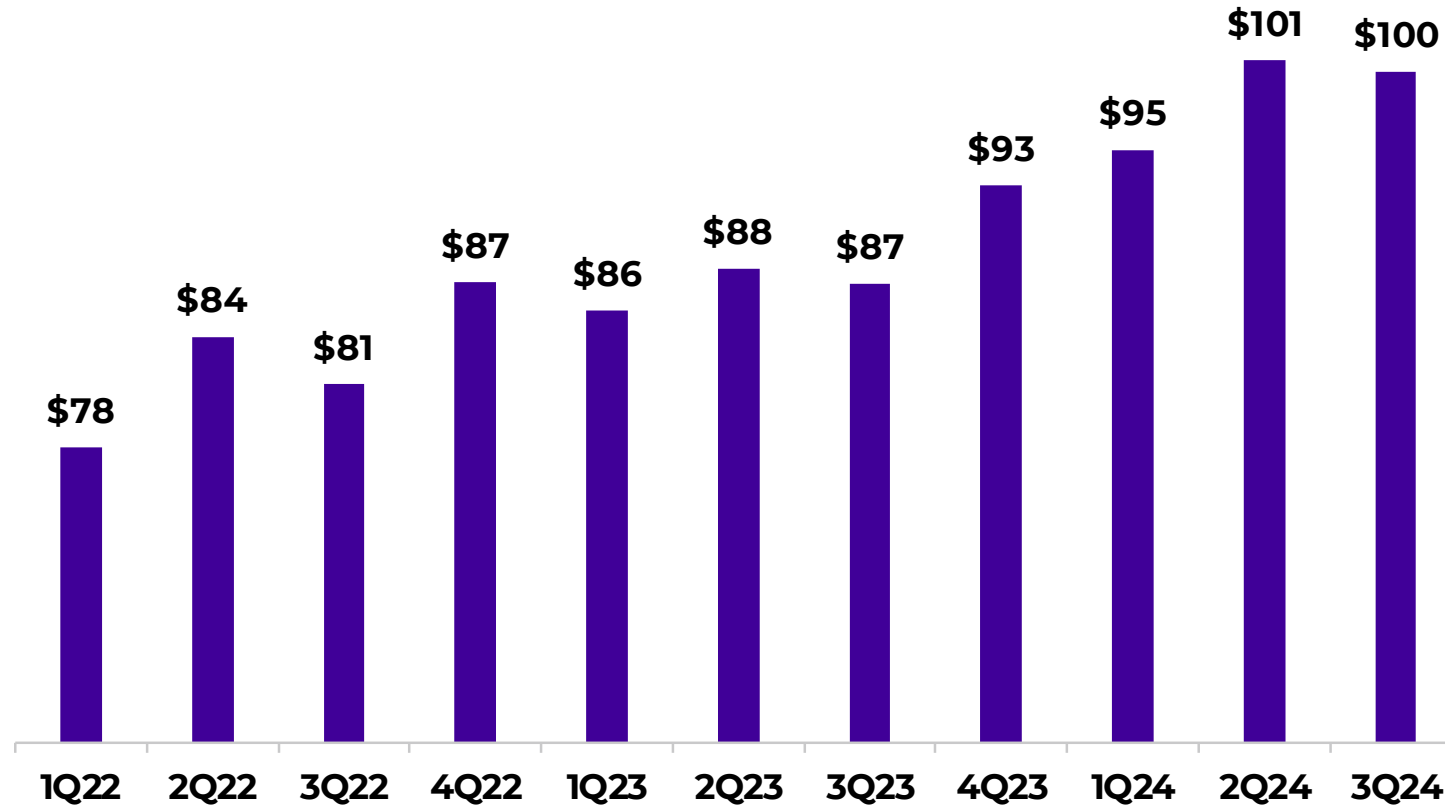


# HISTORICAL DISCLOSURES – RECURRING REVENUE

(IN \$M'S)



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

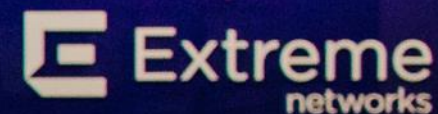


<sup>1</sup>Recurring Revenue is the sum of all Subscription and Support revenue that is recognized over multiple periods, quarters or years, rather than a single point in time.

# APPENDICES

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

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



# GAAP TO NON-GAAP RECONCILIATIONS – GROSS MARGIN

(IN M'S EXCEPT PERCENTAGES)



	3Q23	2Q24	3Q24
Product Revenue	\$ 241.1	\$ 186.6	\$ 106.4
Subscription & Support Revenue	91.4	109.8	104.6
<b>Total Revenue - GAAP</b>	<b>\$ 332.5</b>	<b>\$ 296.4</b>	<b>\$ 211.0</b>
<b>Gross Margin - GAAP</b>	<b>191.9</b>	<b>183.4</b>	<b>119.9</b>
<b>Gross Margin % - GAAP</b>	<b>57.7%</b>	<b>61.9%</b>	<b>56.8%</b>
Amortization of Intangibles, Product	2.2	0.6	0.6
Amortization of Intangibles, Subscription & Support	0.8	-	-
Share-Based Compensation, Product	0.6	0.5	0.4
Share-Based Compensation, Subscription & Support	0.9	0.7	0.7
<b>Gross Margin - Non-GAAP</b>	<b>\$ 196.4</b>	<b>\$ 185.2</b>	<b>\$ 121.6</b>
<b>Gross Margin % - Non-GAAP</b>	<b>59.1%</b>	<b>62.5%</b>	<b>57.6%</b>

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

(IN M'S EXCEPT PERCENTAGES)



	3Q23	2Q24	3Q24
<b>Operating Income (Loss) - GAAP</b>	\$ 29.6	\$ 10.3	\$ (62.5)
<b>Operating Margin - GAAP</b>	8.9%	3.5%	(29.6%)
Amortization of Intangibles, COGS	3.0	0.5	0.6
Share-Based Compensation, Total	15.4	21.0	17.8
Restructuring and Related Charges	1.4	9.2	14.4
Amortization of Intangibles, OpEx	0.5	0.5	0.5
System Transition Costs	0.5	1.0	0.9
Litigation Costs	1.7	1.4	2.6
<b>Operating Income (Loss) - Non-GAAP</b>	<u>\$ 52.0</u>	<u>\$ 43.9</u>	<u>\$ (25.7)</u>
<b>Operating Margin - Non-GAAP</b>	15.6%	14.8%	(12.2%)

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

(IN M'S EXCEPT EPS)



	3Q23	2Q24	3Q24
<b>Net Income (Loss) - GAAP</b>	\$ 22.1	\$ 4.0	\$ (64.4)
Shares - GAAP	133.0	131.5	129.3
<b>EPS - GAAP (Diluted)</b>	\$ 0.17	\$ 0.03	\$ (0.50)
Amortization of Intangibles, COGS	3.0	0.5	0.6
Share-Based Compensation, Total	15.4	21.0	17.8
Restructuring and Related Charges	1.4	9.2	14.4
Amortization of Intangibles, OpEx	0.5	0.5	0.5
System Transition Costs	0.5	1.0	0.9
Litigation Costs	1.7	1.4	2.6
Tax Effect of non-GAAP Adjustments	(5.8)	(6.1)	2.8
<b>Net Non-GAAP Adjustments</b>	16.7	27.5	39.6
<b>Net Income (Loss) - Non-GAAP</b>	\$ 38.8	\$ 31.5	\$ (24.8)
Shares - Non-GAAP	133.0	131.5	129.3
<b>EPS - Non-GAAP</b>	\$ 0.29	\$ 0.24	\$ (0.19)

# ADJUSTED EBITDA RECONCILIATION

(IN M'S)



	3Q23	2Q24	3Q24
<b>Net Income (Loss) - GAAP</b>	\$ 22.1	\$ 4.0	\$ (64.4)
Interest	3.2	2.8	2.9
Provision for (Benefit from) Income Taxes	3.9	3.1	(0.6)
Depreciation/Amortization	8.6	5.7	5.5
<b>EBITDA</b>	\$ 37.8	\$ 15.6	\$ (56.6)
Net Non-GAAP Adjustments	16.7	27.5	39.6
Tax Effect included in Net Non-GAAP Adjustments	5.8	6.1	(2.8)
Amortization included in Net Non-GAAP Adjustments	(3.6)	(1.0)	(1.1)
<b>EBITDA - Adjusted</b>	\$ 56.7	\$ 48.2	\$ (20.9)

For "Net Non-GAAP Adjustments" refer to slide 21



**FQ4'24**

*FINANCIAL GUIDANCE*



# FQ4'24 GUIDANCE

(IN M'S EXCEPT PERCENTAGES AND EPS)



	<b>GAAP FQ3'24</b>	<b>GAAP FQ4'24</b>	<b>NON-GAAP FQ4'24</b>
Revenue (\$M)	\$211.0	\$250.0 - \$260.0	\$250.0 - \$260.0
Gross Margin %	56.8%	60.9% - 62.9%	61.6% - 63.6%
Operating Margin %	(29.6%)	(3.8%) - (0.9%)	9.0% - 11.5%
EPS	(\$0.50)	(\$0.11) - (\$0.05)	\$0.11 - \$0.15



# FY24 GUIDANCE

(IN M'S EXCEPT PERCENTAGES AND EPS)



	<b>GAAP FY'23</b>	<b>GAAP FY'24</b>	<b>NON-GAAP FY'24</b>
Revenue (\$M)	\$1,312.5	\$1,110.5 - \$1,120.5	\$1,110.5 - \$1,120.5
Gross Margin %	57.5%	60.2% - 60.6%	60.9% - 61.4%
Operating Margin %	8.3%	(2.4%) - (1.7%)	9.3% - 9.9%
EPS	\$0.58	(\$0.35) - (\$0.30)	\$0.51 - \$0.55

# FQ4'24 GUIDANCE – GAAP TO NON-GAAP RECONCILIATION



	Gross Margin Rate	Operating Margin Rate	Earnings per Share
<b>GAAP</b>	<b>60.9% - 62.9%</b>	<b>(3.8%) – (0.9%)</b>	<b>(\$0.11) – (\$0.05)</b>
Estimated Adjustments for:			
Share-Based Compensation	0.4%	7.5% - 7.8%	\$0.15
Amortization of Product Intangibles	0.3%	0.3%	\$0.00
Amortization of Non-product Intangibles	-	0.2%	\$0.00
Restructuring Charges, net	-	2.7% - 2.8%	\$0.05
Litigation Charges	-	0.9%	\$0.02
System Transition Costs	-	0.8%	\$0.02
Non-GAAP Tax Adjustment	-	-	(\$0.02) – (0.04)
<b>Non-GAAP</b>	<b>61.6% - 63.6%</b>	<b>9.0% – 11.5%</b>	<b>\$0.11 – \$0.15</b>

# FY24 GUIDANCE – GAAP TO NON-GAAP RECONCILIATION



	Gross Margin Rate	Operating Margin Rate	Earnings per Share
<b>GAAP</b>	<b>60.2% - 60.6%</b>	<b>(2.4%) – (1.7%)</b>	<b>(\$0.35) – (\$0.30)</b>
Estimated Adjustments for:			
Share-Based Compensation	0.5%	7.0%	\$0.60
Amortization of Product Intangibles	0.3%	0.3%	\$0.02
Amortization of Non-product Intangibles	-	0.2%	\$0.01
Restructuring Charges, net	-	3.0%	\$0.26
Litigation Charges	-	0.7%	\$0.06
System Transition Costs	-	0.4%	\$0.03
Non-GAAP Tax Adjustment	-	-	(\$0.12) – (\$0.13)
<b>Non-GAAP</b>	<b>60.9% - 61.4%</b>	<b>9.3% – 9.9%</b>	<b>\$0.51 – \$0.55</b>



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