



FQ2'24

Financial Results

January 31, 2024



Extreme[®]
networks



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, SaaS ARR, 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 January 31, 2024, which is posted on the “Investor Relations” section of our website and to pages 20-23 and 29 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, 2024, our most recent Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, 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.



FQ2'24

FINANCIAL RESULTS





Bookings and Revenue Trends

- Product Backlog Normalized
- Product Bookings Approximately In-Line With Revenue
- Double Digit Bookings Growth for EMEA and APAC Y/Y
- Recurring Revenue¹ of \$101M, up 14% Y/Y



Cloud SaaS Subscriptions

- SaaS Deferred Revenue¹ of \$246M, up 32% Y/Y
- SaaS ARR¹ of \$158M, up 37% Y/Y
- Continued Double Digit Subscription Bookings Growth



Profitability and Cash Generation

- Non-GAAP Gross Margin of 62.5%, up 400 BPS Y/Y
- Third Quarter of Over 60% Non-GAAP Gross Margin
- Utilized \$25M of FCF² for Share Buybacks

¹ See slides 16, 17, & 18 for definitions of SaaS ARR, SaaS Deferred Revenue, and Recurring Revenue, & GAAP to Non-GAAP Reconciliation. ©2024 EXTREME NETWORKS, INC. ALL RIGHTS RESERVED.

² See slide 15 for definition of FCF (Free Cash Flow)



CLOUD ADOPTION

SaaS ARR² **\$158M**



37%

SaaS ARR
Growth Y/Y



\$246M

SaaS Deferred
Revenue²



14

Total Managed
Service Providers



OPERATING TRENDS

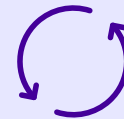
44

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

New Logos⁶ **17%**
% of Total Product Bookings



Double-Digit
Y/Y New
Funnel Growth⁵



34%
Recurring
Revenue³



PROFITABILITY AND CASH FLOW

Non-GAAP Gross
Margin %¹ **62.5%**

14.8% **\$0.24**
Non-GAAP
Operating Margin %¹ Non-GAAP
EPS \$¹



\$29M
Free Cash Flow



Net Cash⁴ **\$26M**

¹ See Appendices for GAAP to Non-GAAP reconciliation.

² See slides 16 & 17 for SaaS ARR & SaaS Deferred Revenue Definitions.

³ 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.

⁴ Net Cash (Debt) is defined as Cash minus Gross Debt, see slide 14.

⁵ New Funnel growth refers to new product opportunities created within Q2 FY24 compared to Q2 FY23, measured in dollars.

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

MAJOR VERTICAL BOOKINGS CONTRIBUTION

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%**

GAAP FINANCIAL HIGHLIGHTS – FINANCIAL OPERATIONS

(IN M'S EXCEPT PERCENTAGES AND EPS)



	Quarter		
	2Q23	1Q24	2Q24
GAAP			
Product Revenue	\$223.4	\$253.5	\$186.6
Subscription & Support Revenue	\$94.9	\$99.6	\$109.8
Total Revenue	\$318.3	\$353.1	\$296.4
Total GM %	57.1%	60.3%	61.9%
Operating Income \$	\$23.4	\$35.9	\$10.3
Operating Margin %	7.4%	10.2%	3.5%
Net Income	\$17.9	\$28.7	\$4.0
EBITDA	\$32.3	\$43.1	\$15.6
EPS	\$0.13	\$0.21	\$0.03

NON-GAAP FINANCIAL HIGHLIGHTS – FINANCIAL OPERATIONS

(IN M'S EXCEPT PERCENTAGES AND EPS)



	Quarter		
	2Q23	1Q24	2Q24
Non-GAAP¹			
Product Revenue	\$223.4	\$253.5	\$186.6
Subscription & Support Revenue	\$94.9	\$99.6	\$109.8
Total Revenue	\$318.3	\$353.1	\$296.4
Total GM %	58.5%	61.1%	62.5%
Operating Income \$	\$47.3	\$62.5	\$43.9
Operating Margin %	14.9%	17.7%	14.8%
Net Income	\$36.5	\$46.5	\$31.5
EBITDA - Adjusted	\$52.5	\$67.8	\$48.2
EPS	\$0.27	\$0.35	\$0.24

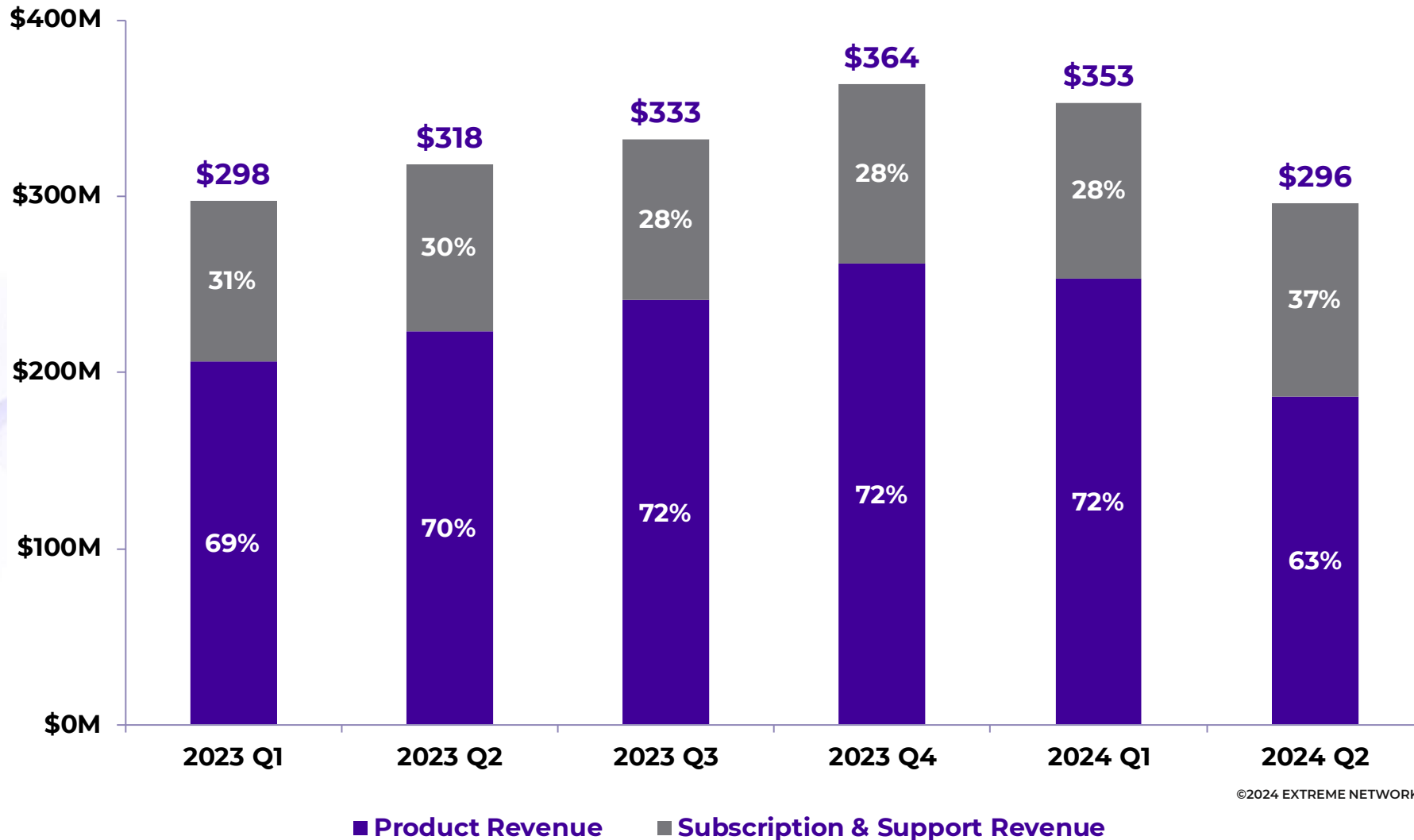
¹ See Appendices for GAAP to Non-GAAP reconciliation.

QUARTERLY RESULTS OF OPERATIONS

(IN M'S)

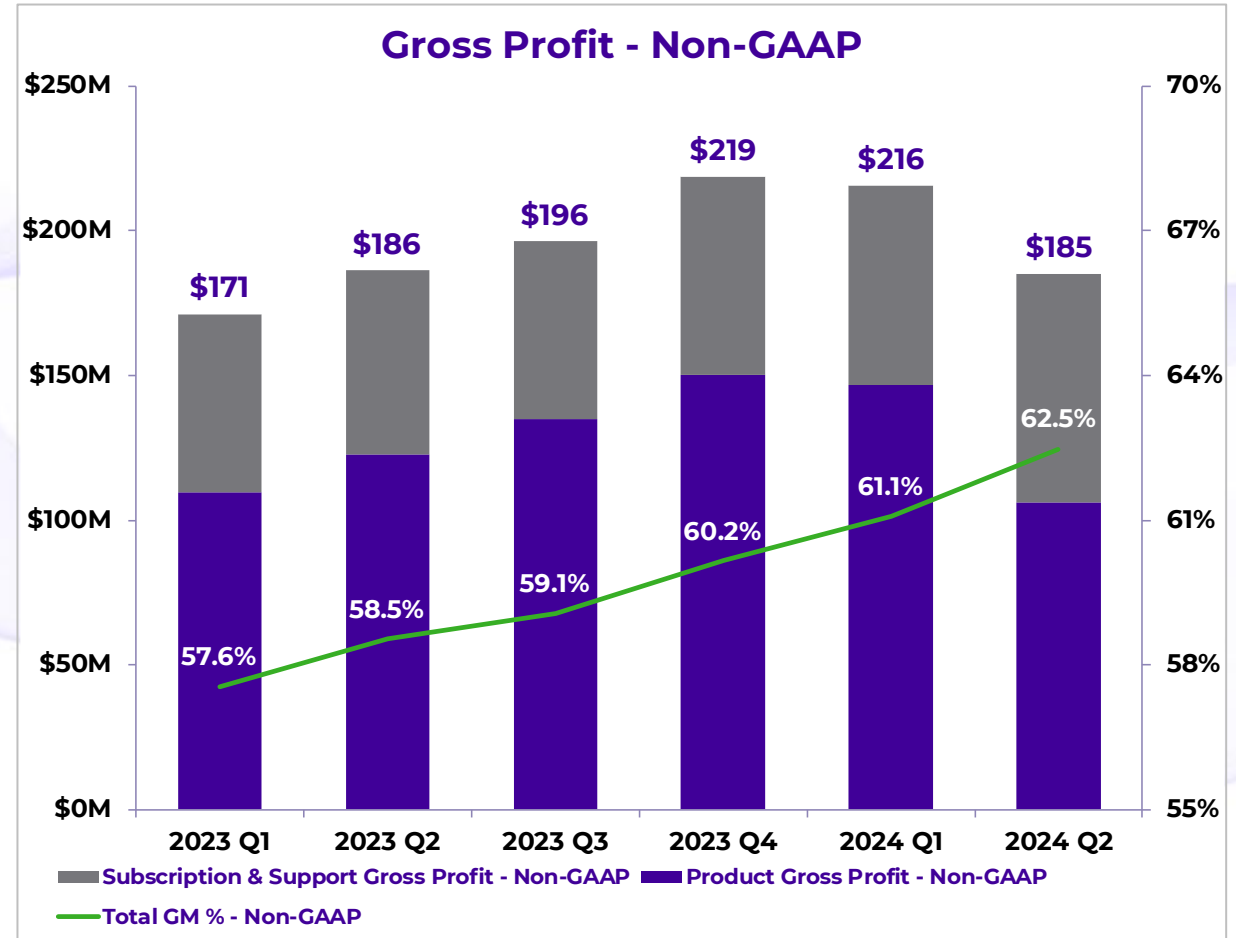
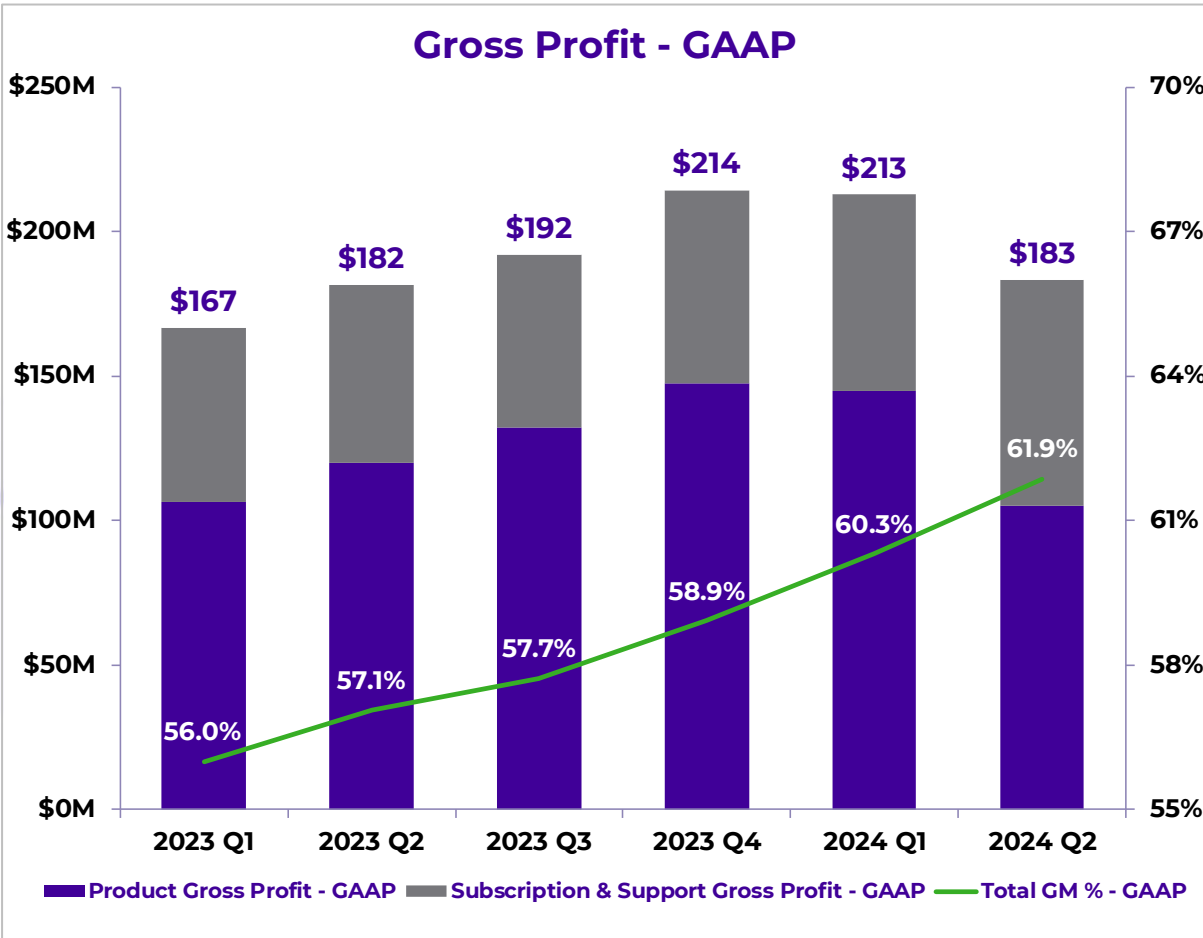


Total Revenue



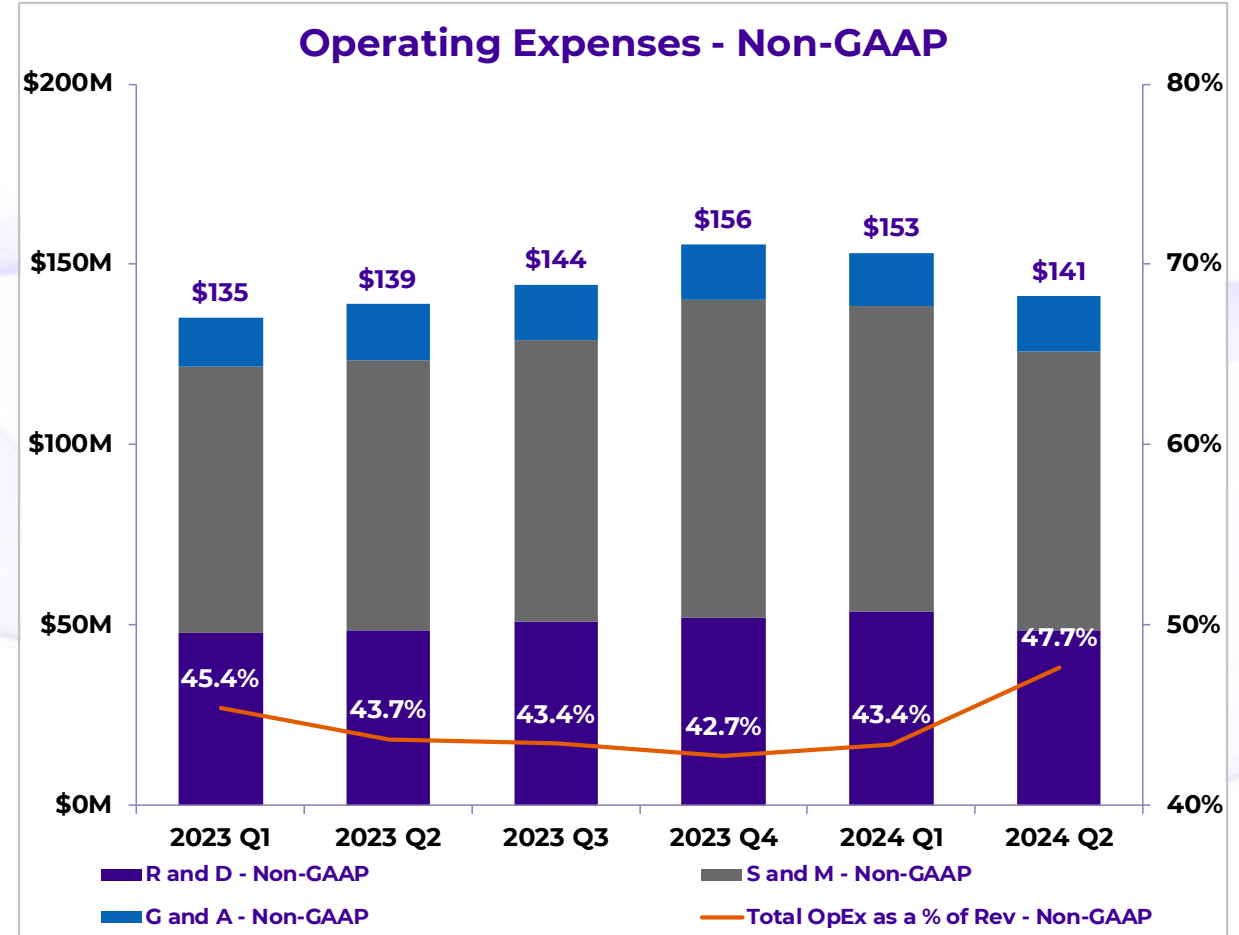
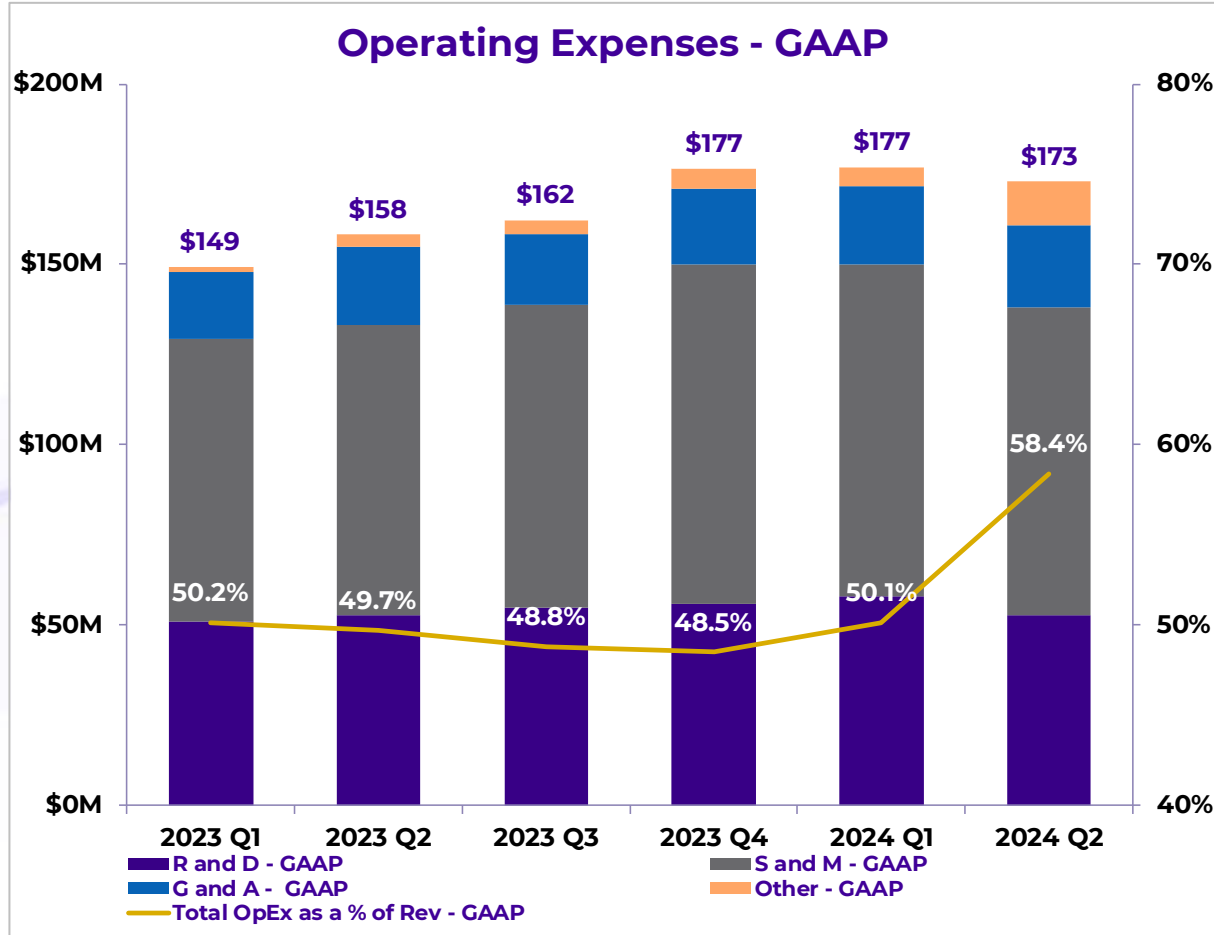
QUARTERLY RESULTS OF OPERATIONS

(IN M'S EXCEPT PERCENTAGES)



QUARTERLY RESULTS OF OPERATIONS

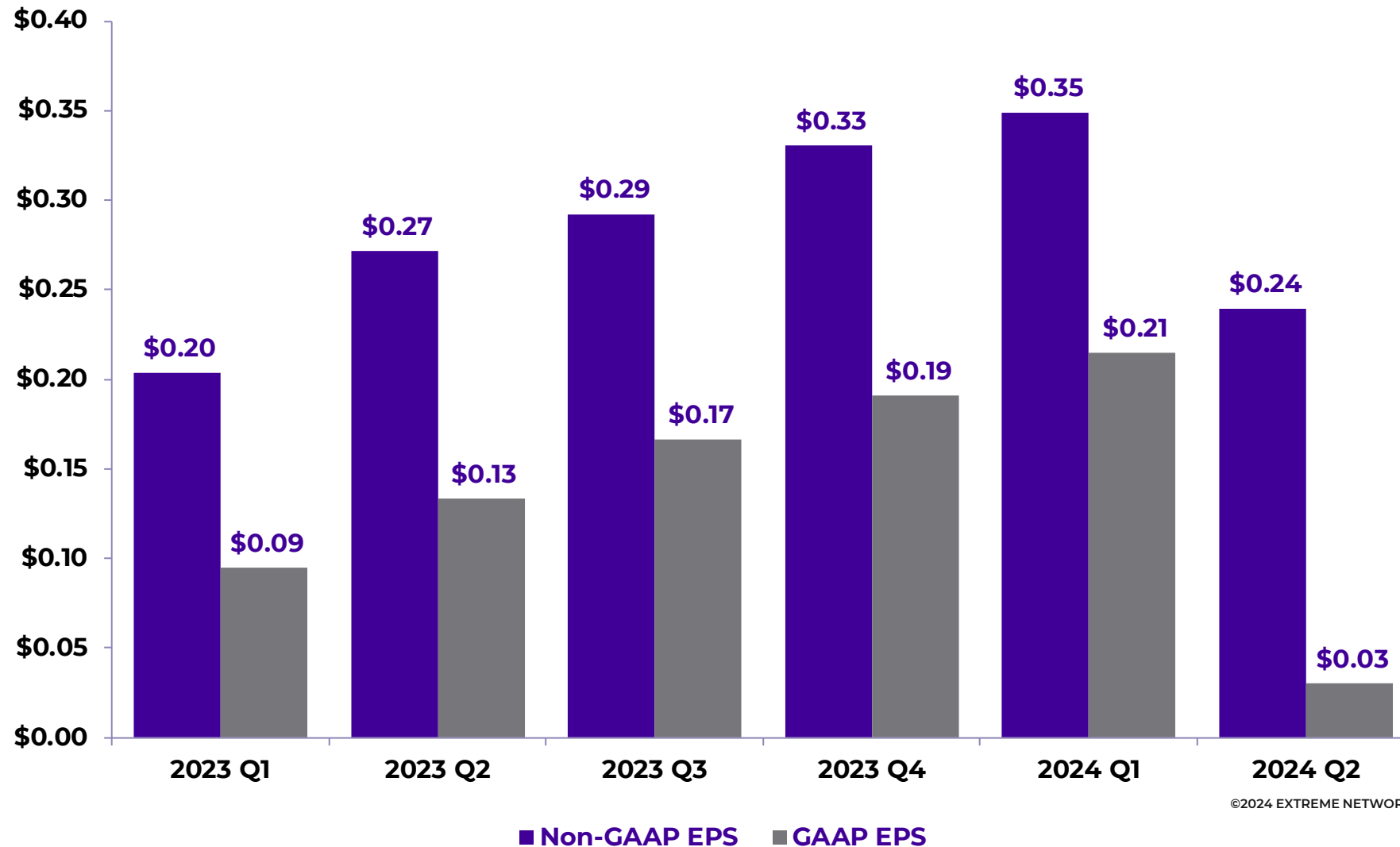
(IN M'S EXCEPT PERCENTAGES)



QUARTERLY RESULTS OF OPERATIONS

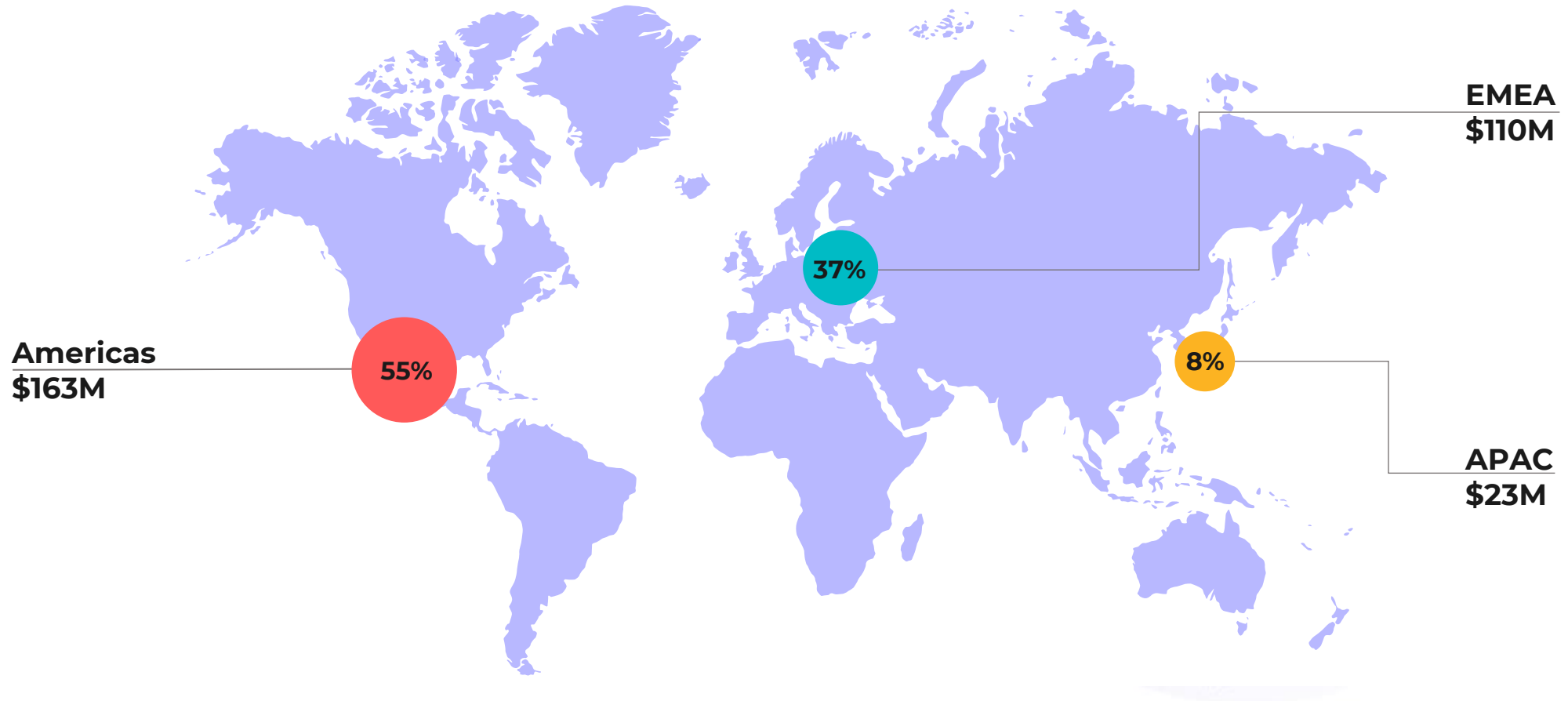


EPS - GAAP vs Non-GAAP



Q2'24 REVENUE BY GEOGRAPHY

(IN \$M'S EXCEPT PERCENTAGES)



FINANCIAL HIGHLIGHTS – BALANCE SHEET

(IN M'S EXCEPT DAYS)



Balance Sheet Highlights	2Q23	1Q24	2Q24
Cash	\$202.5	\$224.4	\$221.4
Accounts Receivable	\$152.1	\$131.5	\$112.0
Inventories	\$63.8	\$100.8	\$152.5
Accounts Payable	\$86.4	\$80.0	\$87.8
Gross Debt*	\$262.0	\$197.5	\$195.0
Net Cash (Debt)**	(\$59.5)	\$26.9	\$26.4

*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 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 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:

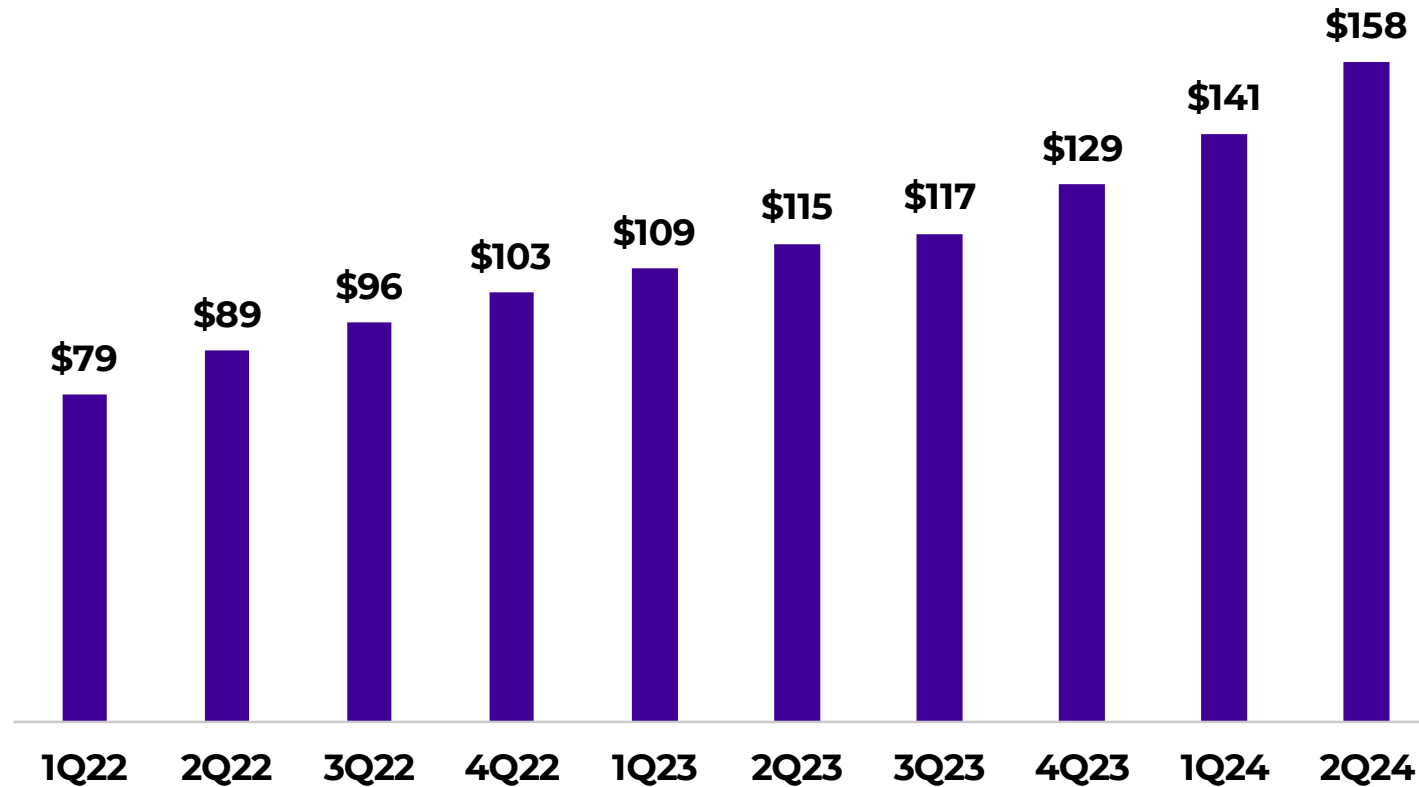
	2Q23	1Q24	2Q24
Operating Cash Flow	\$70.6	\$75.6	\$34.3
PP&E Capital Expenditures	(\$3.1)	(\$4.3)	(\$5.7)
Free Cash Flow	\$67.5	\$71.3	\$28.6

HISTORICAL SAAS DISCLOSURES – SaaS ARR

(IN \$M'S)



SaaS ARR¹



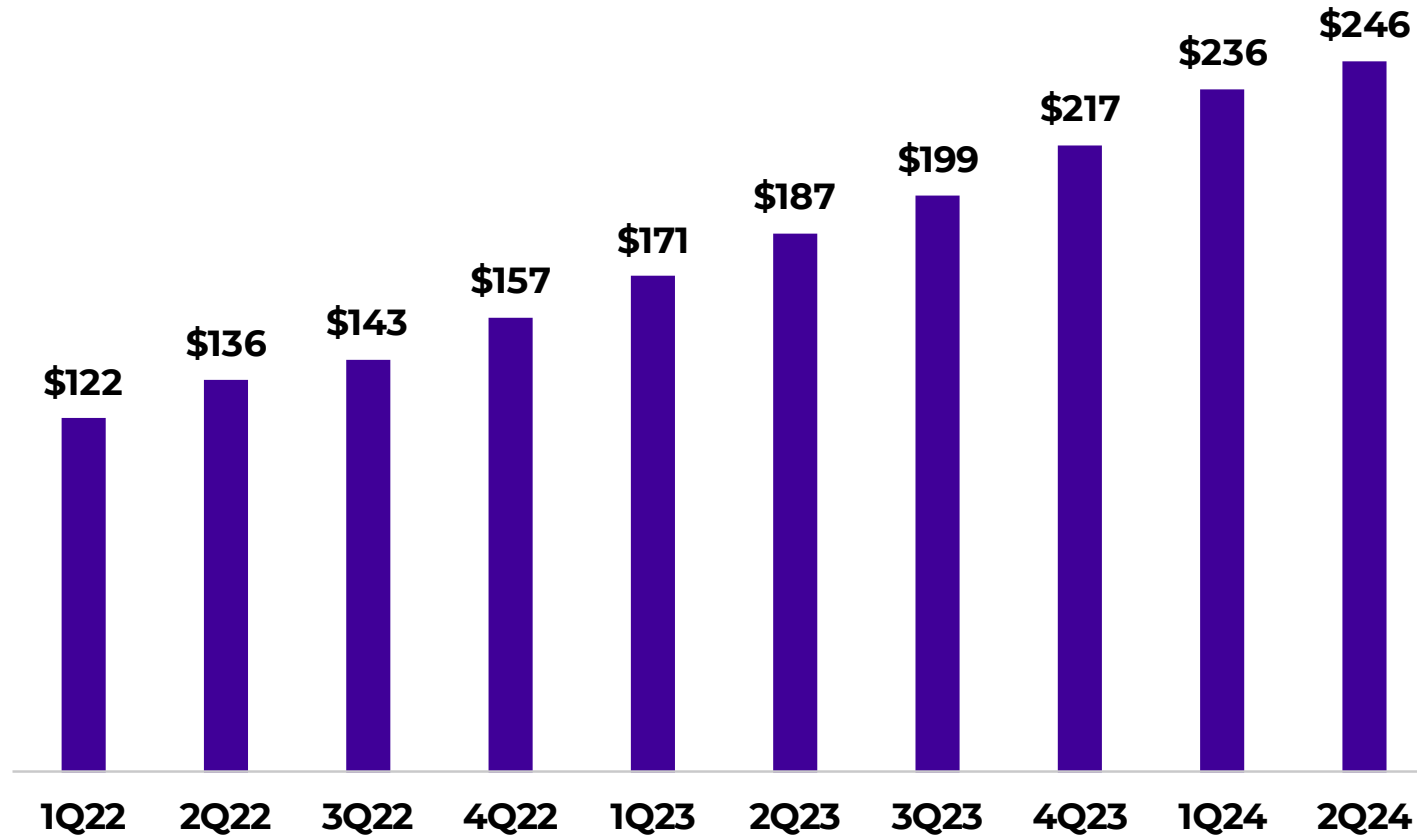
¹Extreme uses SaaS annual recurring revenue (“SaaS ARR”) to identify the annual recurring revenue of ExtremeCloud™ IQ (XIQ) and other subscription revenue, based on the annualized value of quarterly subscription revenue and term-based licenses. We believe that SaaS ARR is an important metric because 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 Revenue¹



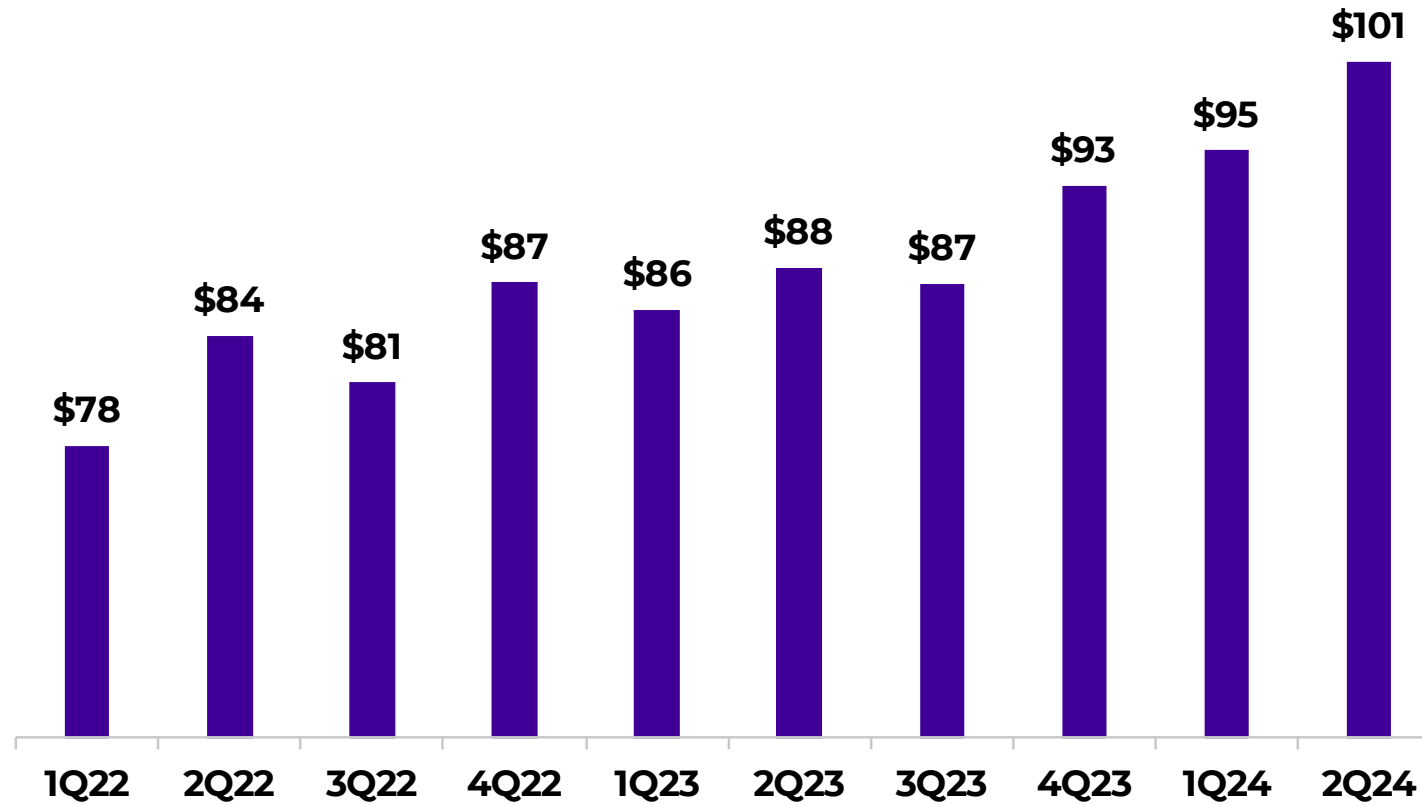
¹SaaS Ending Deferred Revenue refers to the ending quarterly balance of advance payments received for SaaS goods or services that are to be delivered or performed in the future.

HISTORICAL DISCLOSURES – RECURRING REVENUE

(IN \$M'S)



Recurring Revenue¹

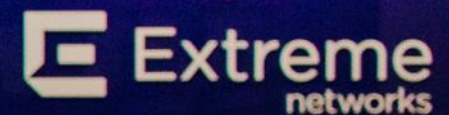


¹Recurring Revenue is the sum of all Subscription and Support revenue that is recognized over multiple periods, quarters or years, rather than a single point in time.

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)



	Quarter		
	2Q23	1Q24	2Q24
Product Revenue	\$ 223.4	\$ 253.5	\$ 186.6
Subscription & Support Revenue	94.9	99.6	109.8
Total Revenue - GAAP	\$ 318.3	\$ 353.1	\$ 296.4
Gross Margin - GAAP	181.7	212.9	183.4
Gross Margin % - GAAP	57.1%	60.3%	61.9%
Amortization of Intangibles, Product	2.4	1.1	0.6
Amortization of Intangibles, Subscription & Support	0.8	0.3	-
Share-Based Compensation, Product	0.5	0.5	0.5
Share-Based Compensation, Subscription & Support	0.9	0.9	0.7
Gross Margin - Non-GAAP	\$ 186.3	\$ 215.7	\$ 185.2
Gross Margin % - Non-GAAP	58.5%	61.1%	62.5%

GAAP TO NON-GAAP RECONCILIATIONS – OPERATING INCOME

(IN M'S EXCEPT PERCENTAGES)



	Quarter		
	2Q23	1Q24	2Q24
Operating Income - GAAP	\$ 23.4	\$ 35.9	\$ 10.3
Operating Margin - GAAP	7.4%	10.2%	3.5%
Amortization of Intangibles, COGS	3.2	1.4	0.5
Share-Based Compensation, Total	17.4	19.9	21.0
Restructuring Charges, net	0.5	2.7	9.2
Amortization of Intangibles, OpEx	0.5	0.5	0.5
System Transition Costs	-	0.6	1.0
Litigation Costs	2.3	1.5	1.4
Operating Income - Non-GAAP	\$ 47.3	\$ 62.5	\$ 43.9
Operating Margin - Non-GAAP	14.9%	17.7%	14.8%

GAAP TO NON-GAAP RECONCILIATIONS – NET INCOME

(IN M'S EXCEPT EPS)



	Quarter		
	2Q23	1Q24	2Q24
Net Income - GAAP	\$ 17.9	\$ 28.7	\$ 4.0
Shares - GAAP	134.5	133.5	131.5
EPS - GAAP (Diluted)	\$ 0.13	\$ 0.21	\$ 0.03
Amortization of Intangibles, COGS	3.2	1.4	0.5
Share-Based Compensation, Total	17.4	19.9	21.0
Restructuring Charges, net	0.5	2.7	9.2
Amortization of Intangibles, OpEx	0.5	0.5	0.5
System Transition Costs	-	0.6	1.0
Litigation Costs	2.3	1.5	1.4
Tax Effect of non-GAAP Adjustments	(5.3)	(8.7)	(6.1)
Net Non-GAAP Adjustments	18.6	17.9	27.5
Net Income - Non-GAAP	\$ 36.5	\$ 46.5	\$ 31.5
Shares - Non-GAAP	134.5	133.5	131.5
EPS - Non-GAAP	\$ 0.27	\$ 0.35	\$ 0.24

ADJUSTED EBITDA RECONCILIATION

(IN M'S)



	Quarter		
	2Q23	1Q24	2Q24
Net Income - GAAP	\$ 17.9	\$ 28.7	\$ 4.0
Interest	3.0	3.1	2.8
Provision for Income Taxes	2.6	4.5	3.1
Depreciation/Amortization	8.8	6.8	5.7
EBITDA	\$ 32.3	\$ 43.1	\$ 15.6
Net Non-GAAP Adjustments	18.6	17.9	27.5
Interest included in Net Non-GAAP Adjustments	-	-	-
Tax Effect included in Net Non-GAAP Adjustments	5.3	8.7	6.1
Amortization included in Net Non-GAAP Adjustments	(3.7)	(1.9)	(1.0)
EBITDA - Adjusted	\$ 52.5	\$ 67.8	\$ 48.2

For "Net Non-GAAP Adjustments" refer to slide 22



FQ3'24

FINANCIAL GUIDANCE



Considerations for 2H FY24 Outlook



Expect reduction of channel inventory to accelerate in the third quarter



Bookings trends stabilized in EMEA and APAC continues to grow



Funnel of new opportunities continues to grow – led by Education vertical



New growth opportunities with service providers and managed service providers



Changing our go to market organization to drive improved sales productivity

FQ3'24 GUIDANCE – GAAP

(IN M'S EXCEPT PERCENTAGES AND EPS)



	FQ2'24	FQ3'24 Guidance
Revenue (\$M)	\$296.4	\$200.0 - \$210.0
Gross Margin %	61.9%	58.6% - 60.6%
Operating Margin %	3.5%	(33.7%) - (29.2%)
EPS	\$0.03	(\$0.55) - (\$0.50)

FQ3'24 GUIDANCE – NON-GAAP

(IN M'S EXCEPT PERCENTAGES AND EPS)



	FQ2'24	FQ3'24 Guidance
Revenue (\$M)	\$296.4	\$200.0 - \$210.0
Gross Margin %	62.5%	59.5% - 61.5%
Operating Margin %	14.8%	(13.4%) - (9.8%)
EPS	\$0.24	(\$0.22) - (\$0.17)

FQ3'24 GUIDANCE – GAAP TO NON-GAAP RECONCILIATION



	Gross Margin Rate	Operating Margin Rate	Earnings per Share
GAAP	58.6% - 60.6%	(33.7%) – (29.2%)	(\$0.55) – (\$0.50)
Estimated Adjustments for:			
Share-Based Compensation	0.6%	10.0% - 10.6%	\$0.16
Amortization of Product Intangibles	0.3%	0.3%	\$0.01
Amortization of Non-product Intangibles	-	0.3%	\$0.00
Restructuring Charges, net	-	7.3% - 7.6%	\$0.12
Litigation Charges	-	0.8%	\$0.01
System Transition Costs	-	0.7%	\$0.01
Non-GAAP Tax Adjustment	-	-	\$0.02
Non-GAAP	59.5% - 61.5%	(13.4%) – (9.8%)	(\$0.22) – (\$0.17)



FQ4'24

Revenue (\$M)

\$265 – \$275

GAAP & Non-GAAP Gross Margin %

Flat to up slightly from Q3

GAAP Operating Margin %

(2%) – 1%

Non-GAAP Operating Margin %

10% – 13%



ADVANCE
WITH US™