

FQ1'24

Financial Results

November 1, 2023



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 November 1, 2023, 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 second 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, 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.



FQ1'24

FINANCIAL RESULTS



FQ1'24 RESULTS SUMMARY

CONTINUED DOUBLE DIGIT GROWTH FUELED BY SAAS & RECURRING REVENUE



Continued Strong Growth

- Quarterly Revenue Growth of 19% Y/Y
- Product Revenue Growth 23% Y/Y
- Non-GAAP EPS \$0.35 EPS¹, up 75% Y/Y



Cloud SaaS Subscriptions

- Ending SaaS Deferred Revenue¹ of \$236M, up 38% Y/Y
- Ending SaaS ARR¹ of \$141M, up 30% Y/Y
- Recurring Revenue¹ of \$95M, up 11% Y/Y



Profitability and Cash Generation

- Non-GAAP Gross Margin of 61%, up 350 BPS Y/Y
- Non-GAAP Operating Margin of 18%, up 560 BPS Y/Y
- Free Cash Flow of \$71M

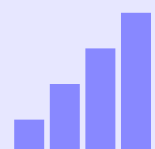
¹ See slides 16, 17, & 18 for definitions of SaaS ARR, SaaS Deferred Revenue, and Recurring Revenue, & GAAP to Non-GAAP Reconciliation.

² Net Cash (Debt) is defined as Cash minus Gross Debt, see slide 14.



CLOUD ADOPTION

SaaS ARR² **\$141M**



30%

SaaS ARR
Growth Y/Y



\$236M

SaaS Deferred
Revenue²



7

New Managed
Service Providers



OPERATING TRENDS

30

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

New Logos⁶ **19%**
% of Total Product Bookings



Double-Digit
Y/Y New
Funnel Growth⁵



27%
Recurring
Revenue³



PROFITABILITY AND CASH FLOW

Non-GAAP Gross
Margin %¹ **61.1%**

17.7% **\$0.35**
Non-GAAP
Operating Margin %¹ Non-GAAP
EPS \$¹



\$71M
Free Cash Flow



Net Cash⁴ **\$27M**

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 Q1 FY24 compared to Q1 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 Education, Government, Service Provider and Retail



GOVT + EDUCATION



>45%

HEALTHCARE



<10%

HOSPITALITY + VENUES



<5%

MANUFACTURING



<10%

RETAIL + TRANSPORTATION



<10%

SERVICE PROVIDER



~10%

GAAP FINANCIAL HIGHLIGHTS – FINANCIAL OPERATIONS

(IN M'S EXCEPT PERCENTAGES AND EPS)



	Quarter		
	Q1'23	Q4'23	Q1'24
GAAP			
Product Revenue	\$206.3	\$261.7	\$253.5
Subscription & Support Revenue	\$91.4	\$102.2	\$99.6
Total Revenue	\$297.7	\$363.9	\$353.1
Total GM %	56.0%	58.9%	60.3%
Operating Income \$	\$17.4	\$37.9	\$35.9
Operating Margin %	5.8%	10.4%	10.2%
Net Income	\$12.6	\$25.4	\$28.7
EBITDA	\$26.8	\$46.2	\$43.1
EPS	\$0.09	\$0.19	\$0.21

NON-GAAP FINANCIAL HIGHLIGHTS – FINANCIAL OPERATIONS

(IN M'S EXCEPT PERCENTAGES AND EPS)



	Quarter		
	Q1'23	Q4'23	Q1'24
Non-GAAP¹			
Product Revenue	\$206.3	\$261.7	\$253.5
Subscription & Support Revenue	\$91.4	\$102.2	\$99.6
Total Revenue	\$297.7	\$363.9	\$353.1
Total GM %	57.6%	60.2%	61.1%
Operating Income \$	\$36.2	\$63.4	\$62.5
Operating Margin %	12.1%	17.4%	17.7%
Net Income	\$27.1	\$43.9	\$46.5
EBITDA - Adjusted	\$41.5	\$68.3	\$67.8
EPS	\$0.20	\$0.33	\$0.35

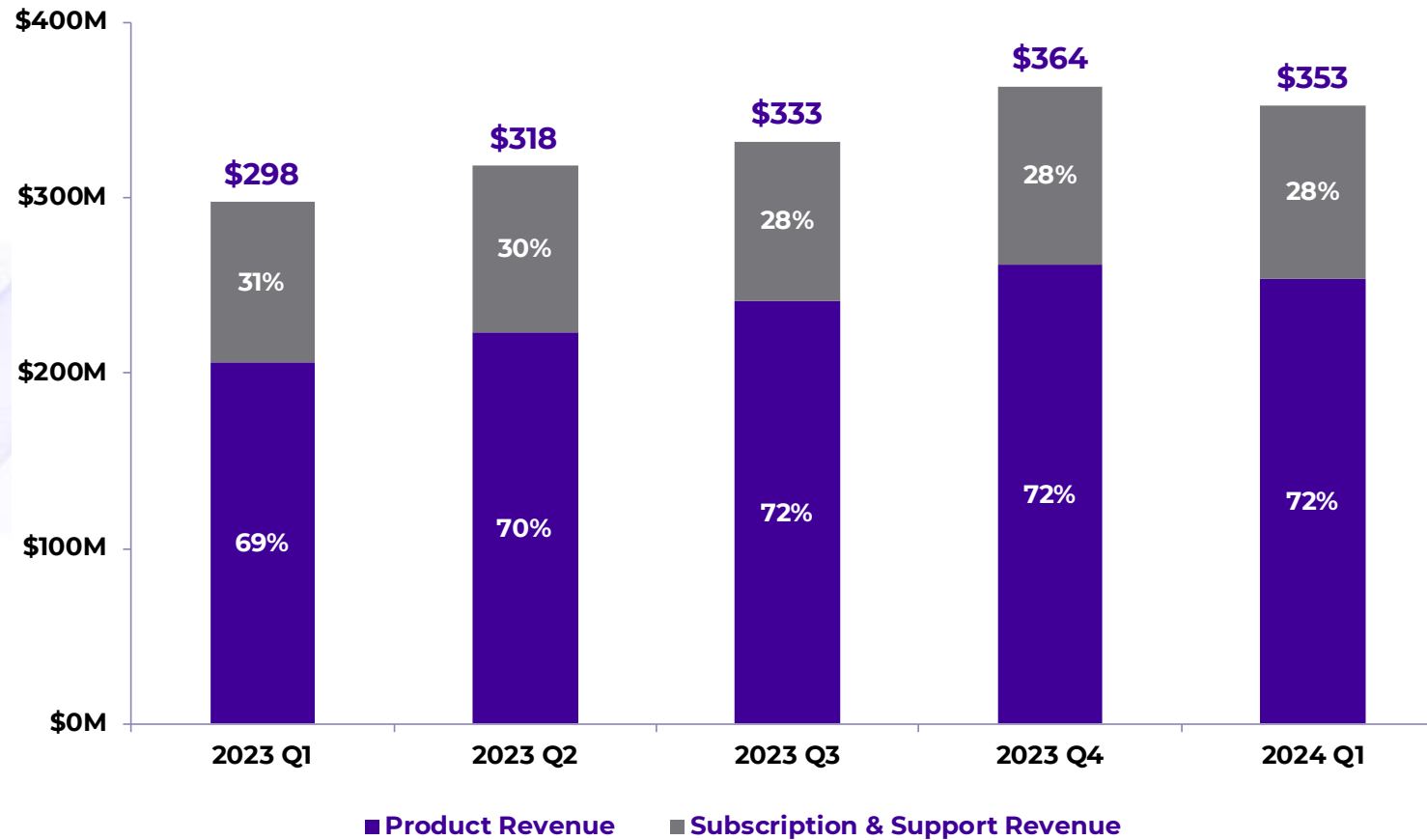
¹ See Appendices for GAAP to Non-GAAP reconciliation.

QUARTERLY RESULTS OF OPERATIONS

(IN M'S)



Total Revenue

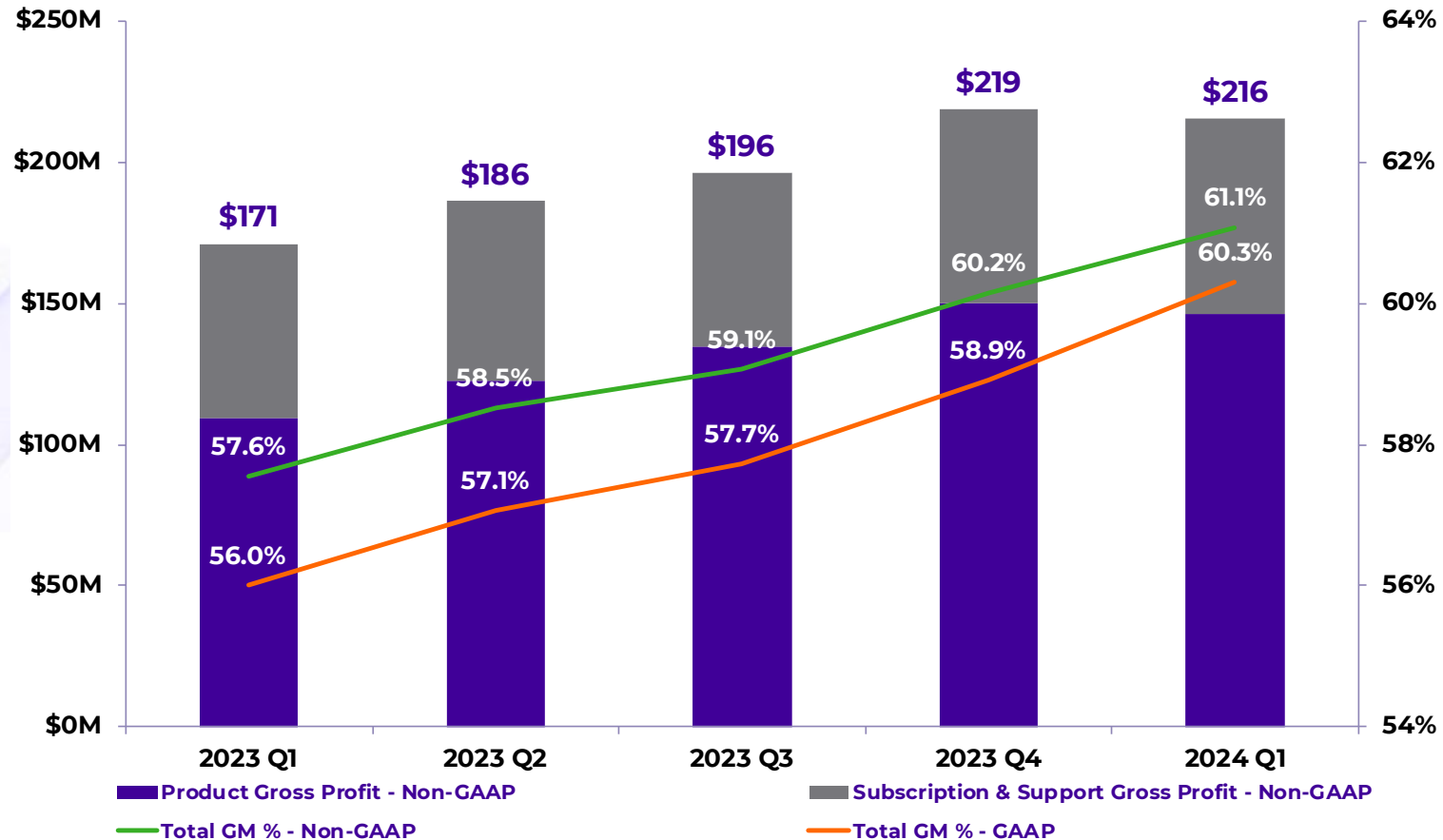


QUARTERLY RESULTS OF OPERATIONS

(IN M'S EXCEPT PERCENTAGES)



Gross Profit - GAAP vs Non-GAAP

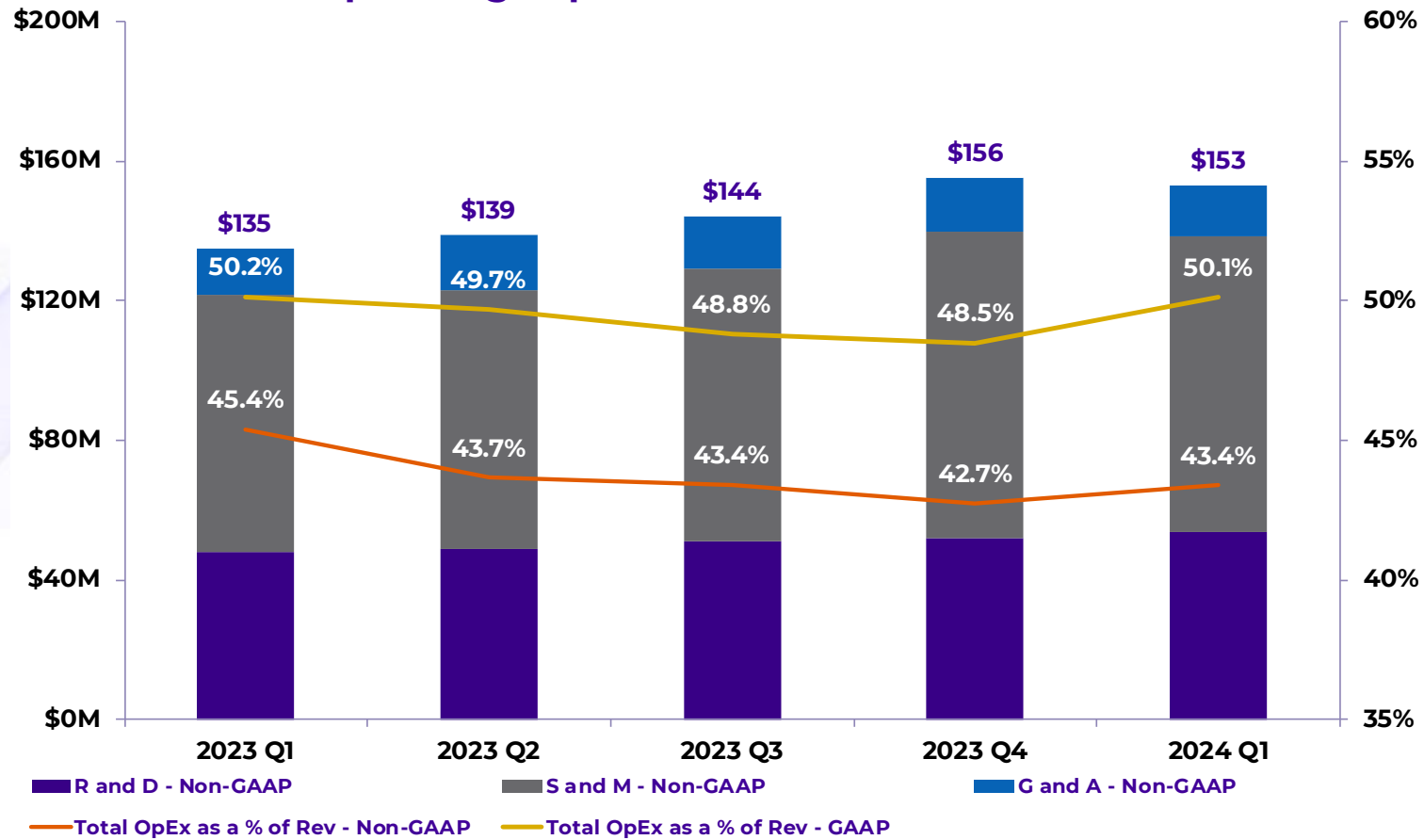


QUARTERLY RESULTS OF OPERATIONS

(IN M'S EXCEPT PERCENTAGES)



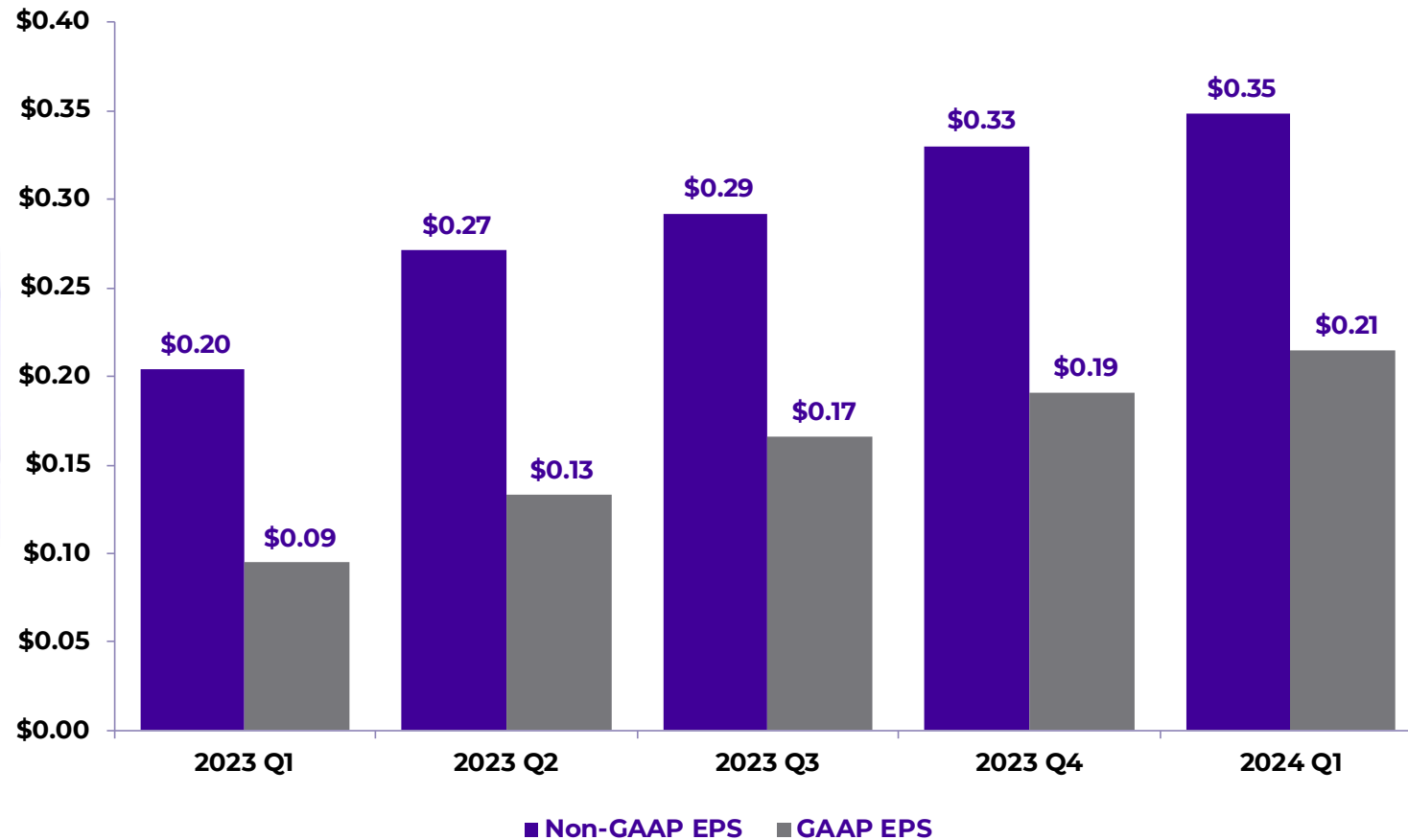
Operating Expenses - GAAP vs Non-GAAP



QUARTERLY RESULTS OF OPERATIONS

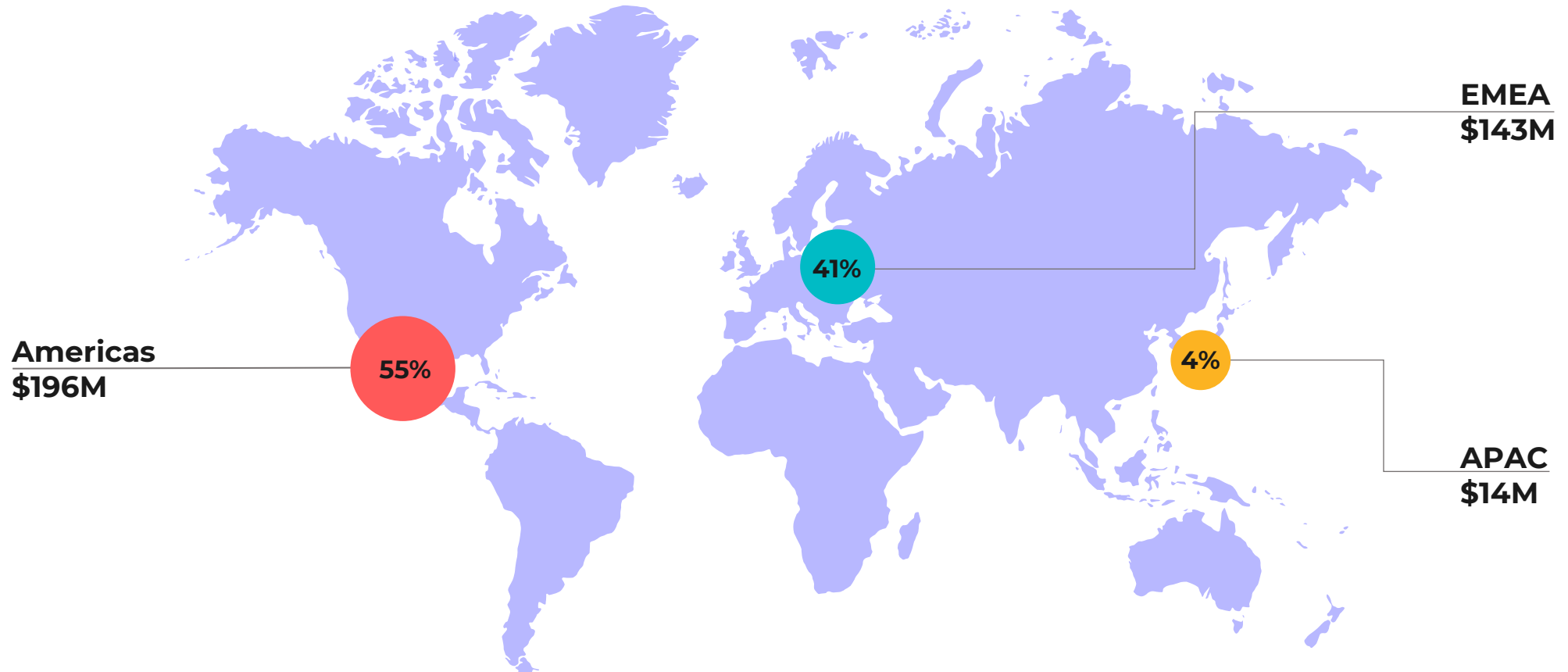


EPS - GAAP vs Non-GAAP



Q1'24 REVENUE BY GEOGRAPHY

(IN \$M'S EXCEPT PERCENTAGES)



FINANCIAL HIGHLIGHTS – BALANCE SHEET

(IN M'S EXCEPT DAYS)



Balance Sheet Highlights	Q1'23	Q4'23	Q1'24
Cash	\$198.3	\$234.8	\$224.4
Accounts Receivable	\$158.7	\$182.0	\$131.5
Inventories	\$51.8	\$89.0	\$100.8
Accounts Payable	\$84.8	\$99.7	\$80.0
Gross Debt*	\$271.5	\$225.0	\$197.5
Net Cash (Debt)**	(\$73.2)	\$9.8	\$26.9

Cash Conversion Cycle Table	Q1'23	Q4'23	Q1'24
Days Sales Outstanding	49	46	34
Days of Inventory	48	71	85
Days Payable Outstanding	78	80	68
Cash Conversion Cycle	19	37	52

*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:

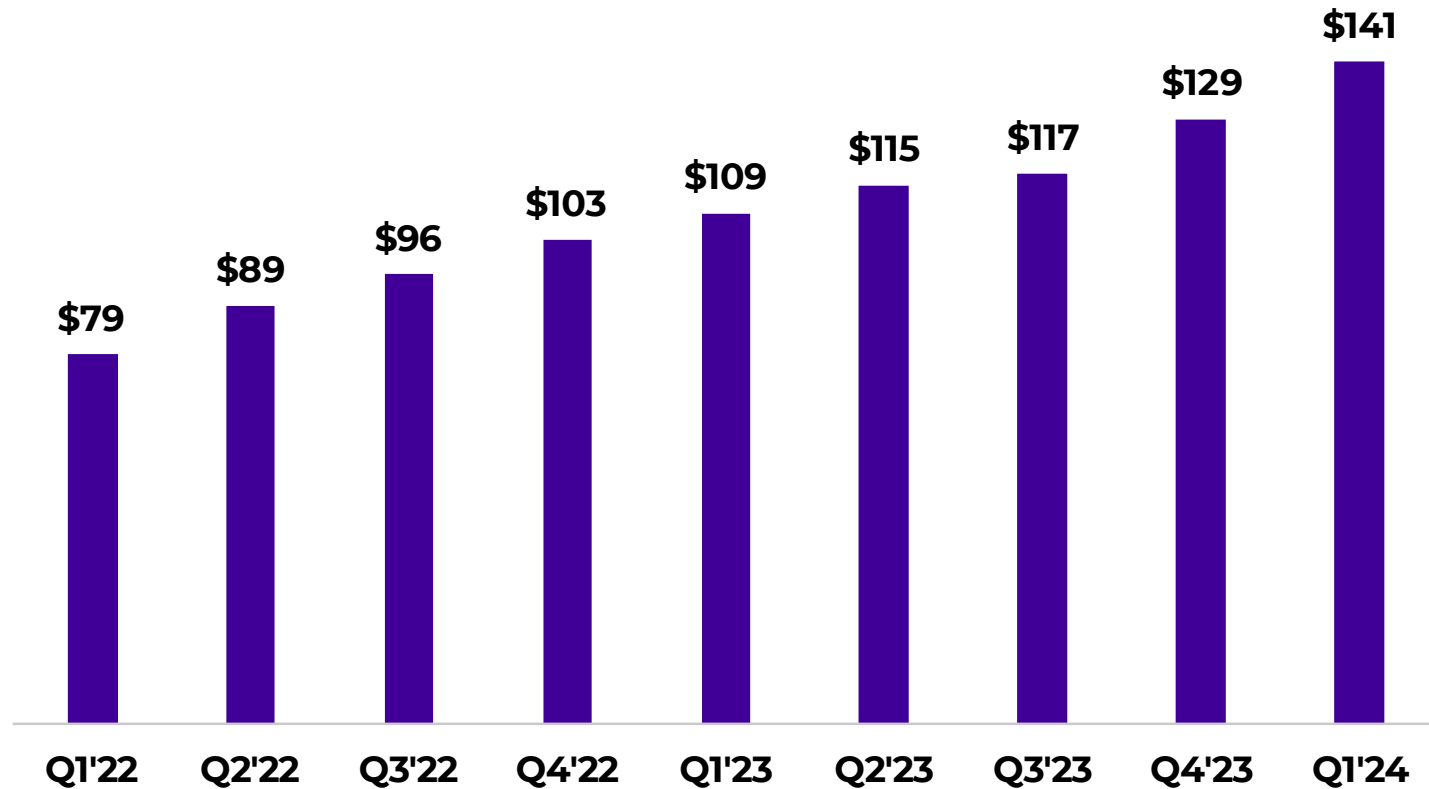
	Q1'23	Q4'23	Q1'24
Operating Cash Flow	\$49.7	\$80.7	\$75.6
PP&E Capital Expenditures	(\$3.1)	(\$5.2)	(\$4.3)
Free Cash Flow	\$46.6	\$75.5	\$71.3

HISTORICAL SAAS DISCLOSURES – SaaS ARR

(IN \$M'S)



SaaS ARR¹



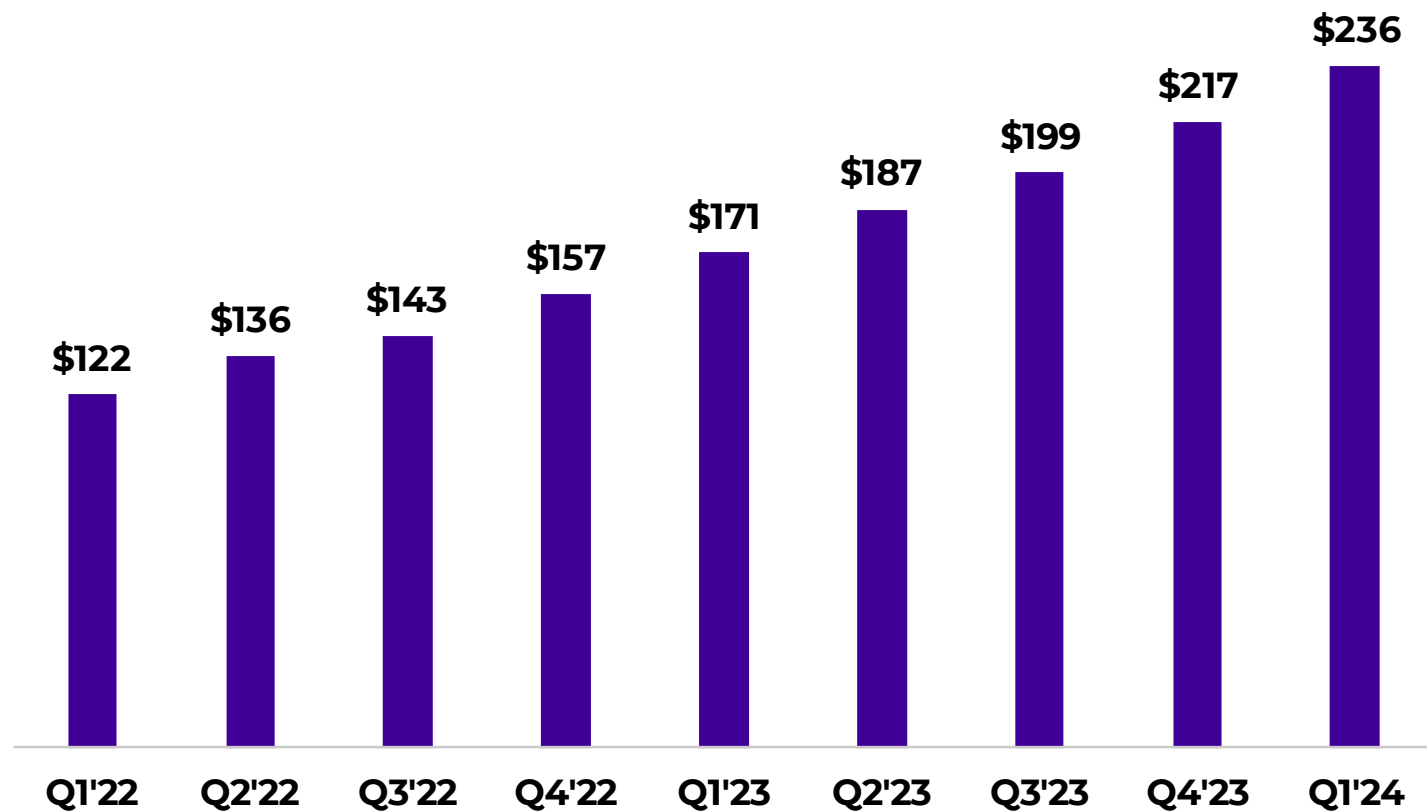
¹Extreme uses SaaS annual recurring revenue (“SaaS ARR”) to identify the annual recurring revenue of ExtremeCloud™ IQ (XIQ) and other subscription revenue, based on the annualized value of quarterly subscription revenue and term-based licenses. We believe that SaaS ARR is an important metric because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



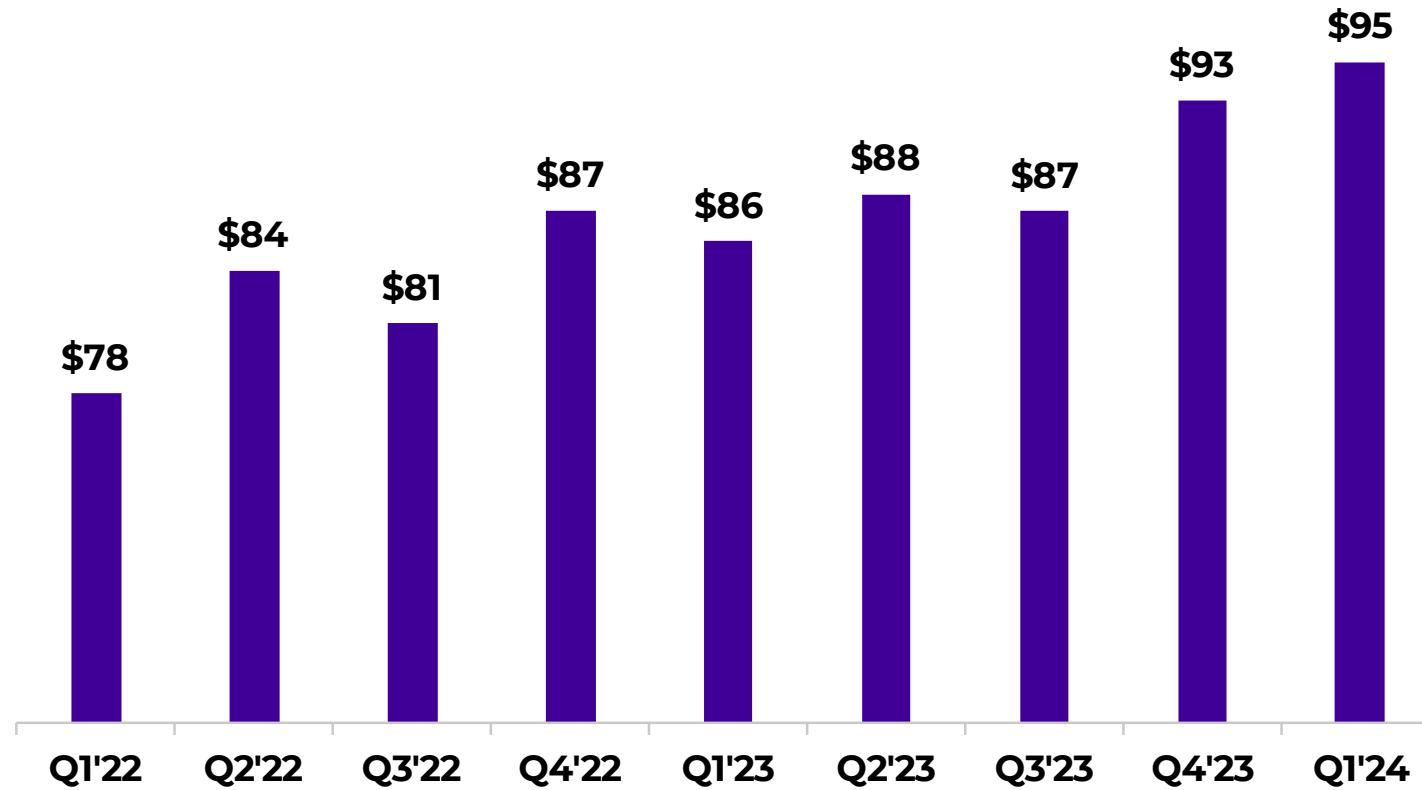
¹SaaS Ending Deferred Revenue refers to the ending quarterly balance of advance payments received for SaaS goods or services that are to be delivered or performed in the future.

HISTORICAL DISCLOSURES – Recurring Revenue

(IN \$M'S)



Annual Recurring Revenue¹

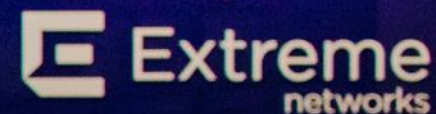


¹Recurring Revenue is the sum of all Subscription and Support revenue that is recognized over multiple periods, quarters or years, rather than a single point in time.

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		
	Q1'23	Q4'23	Q1'24
Product Revenue	\$ 206.3	\$ 261.7	\$ 253.5
Subscription & Support Revenue	91.4	102.2	99.6
Total Revenue - GAAP	\$ 297.7	\$ 363.9	\$ 353.1
Gross Margin - GAAP	166.7	214.4	212.9
Gross Margin % - GAAP	56.0%	58.9%	60.3%
Amortization of Intangibles, Product	2.8	2.3	1.1
Amortization of Intangibles, Subscription & Support	0.8	0.8	0.3
Share-Based Compensation, Product	0.3	0.5	0.5
Share-Based Compensation, Subscription & Support	0.7	0.9	0.9
Gross Margin - Non-GAAP	\$ 171.3	\$ 218.9	\$ 215.7
Gross Margin % - Non-GAAP	57.6%	60.2%	61.1%

GAAP TO NON-GAAP RECONCILIATIONS – OPERATING INCOME

(IN M'S EXCEPT PERCENTAGES)



	Quarter		
	Q1'23	Q4'23	Q1'24
Operating Income - GAAP	\$ 17.4	\$ 37.9	\$ 35.9
Operating Margin - GAAP	5.8%	10.4%	10.2%
Amortization of Intangibles, COGS	3.6	3.1	1.4
Share-Based Compensation, Total	13.8	16.9	19.9
Restructuring Charges, net	0.5	0.5	2.7
Amortization of Intangibles, OpEx	0.5	0.5	0.5
System Transition Costs	-	0.5	0.6
Litigation Costs	-	4.0	1.5
Integration & Acquisition Costs in OpEx	0.4	-	-
Operating Income - Non-GAAP	\$ 36.2	\$ 63.4	\$ 62.5
Operating Margin - Non-GAAP	12.1%	17.4%	17.7%

GAAP TO NON-GAAP RECONCILIATIONS – NET INCOME

(IN M'S EXCEPT EPS)



	Quarter		
	Q1'23	Q4'23	Q1'24
Net Income - GAAP	\$ 12.6	\$ 25.4	\$ 28.7
Shares - GAAP	132.9	132.9	133.5
EPS - GAAP (Diluted)	\$ 0.09	\$ 0.19	\$ 0.21
Amortization of Intangibles, COGS	3.6	3.1	1.4
Share-Based Compensation, Total	13.8	16.9	19.9
Restructuring Charges, net	0.5	0.5	2.7
Amortization of Intangibles, OpEx	0.5	0.5	0.5
System Transition Costs	-	0.5	0.6
Litigation Costs	-	4.0	1.5
Integration and Acquisition Costs in OpEx	0.4	-	-
Debt Refinancing Charges, Interest Expense	-	1.3	-
Debt Refinancing Charges, Other Income (Expense)	-	0.2	-
Tax Effect of non-GAAP Adjustments	(4.3)	(8.5)	(8.7)
Net Non-GAAP Adjustments	14.5	18.5	17.9
Net Income - Non-GAAP	\$ 27.1	\$ 43.9	\$ 46.5
Shares - Non-GAAP	132.9	132.9	133.5
EPS - Non-GAAP	\$ 0.20	\$ 0.33	\$ 0.35

ADJUSTED EBITDA RECONCILIATION

(IN M'S)



	Quarter		
	Q1'23	Q4'23	Q1'24
Net Income - GAAP	\$ 12.6	\$ 25.4	\$ 28.7
Interest	\$ 3.4	\$ 4.6	\$ 3.1
Provision for Income Taxes	\$ 1.7	\$ 7.7	\$ 4.5
Depreciation/Amortization	\$ 9.1	\$ 8.4	\$ 6.8
EBITDA	26.8	46.2	43.1
Net Non-GAAP Adjustments	14.5	18.5	17.9
Tax Effect included in Net Non-GAAP Adjustments	4.3	8.5	8.7
Amortization included in Net Non-GAAP Adjustments	(4.1)	(3.6)	(1.9)
EBITDA - Adjusted	\$ 41.5	\$ 68.3	\$ 67.8

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



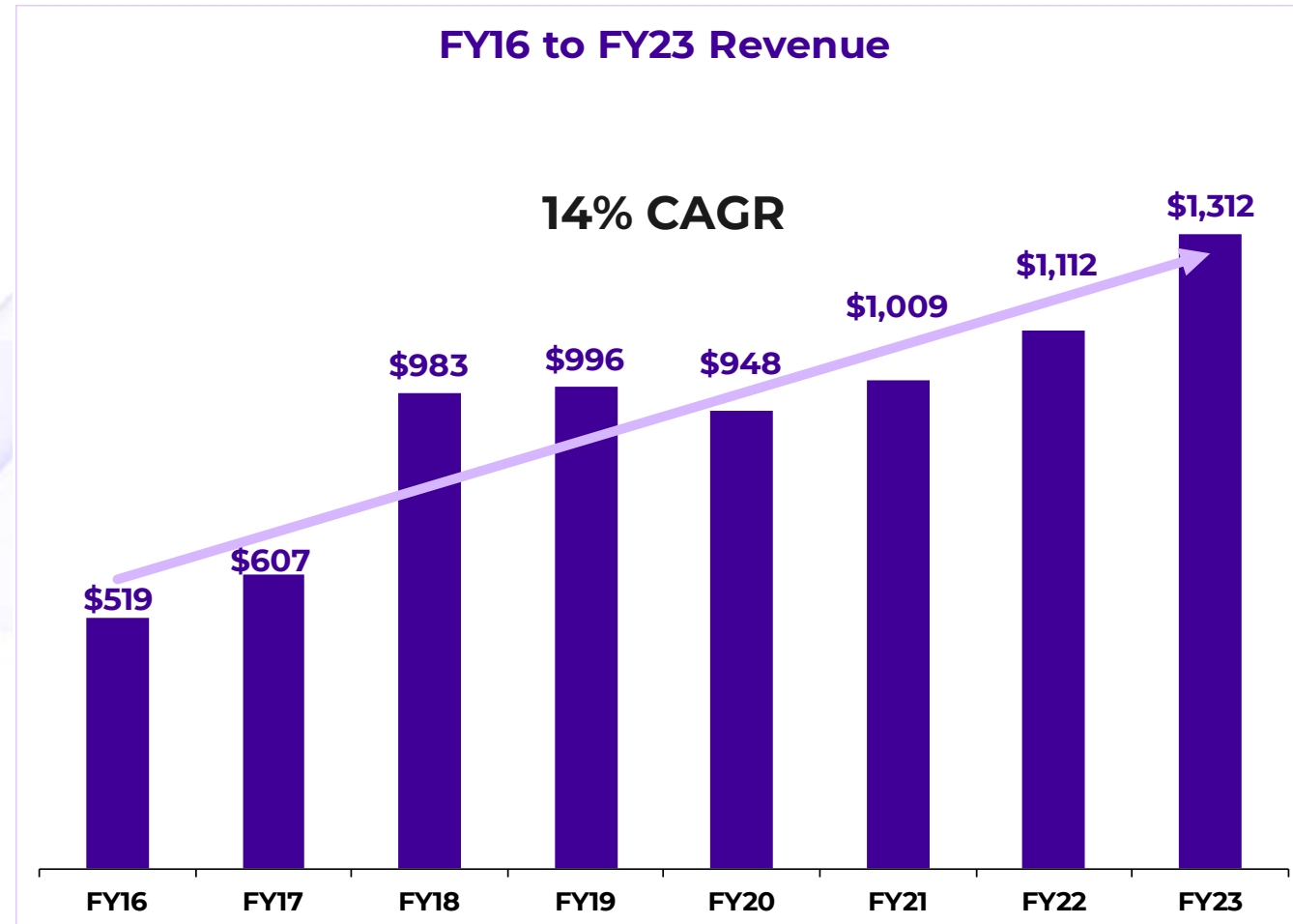
FQ2'24

FINANCIAL GUIDANCE



COMMITTED TO LONG-TERM DOUBLE-DIGIT GROWTH

(IN \$M'S EXCEPT PERCENTAGES)



Considerations for our Q2 and FY24 Outlook



Customers and channel partners digesting prior orders



Macro conditions changed recently, particularly in EMEA



Funnel of new opportunities continues to grow double-digits y/y



We expect growth to resume as customer buying patterns normalize and growth investments bear fruit



Changing our go to market organization to drive improved sales productivity

FQ2'24 GUIDANCE – GAAP

(IN M'S EXCEPT PERCENTAGES AND EPS)



	FQ1'24	FQ2'24 Guidance
Revenue (\$M)	\$353.1	\$312.0 – \$327.0
Gross Margin %	60.3%	59.5% – 61.5%
Operating Margin %	10.2%	5.0% – 7.4%
EPS	\$0.21	\$0.07 – \$0.12

FQ2'24 GUIDANCE – NON-GAAP

(IN M'S EXCEPT PERCENTAGES AND EPS)



	FQ1'24	FQ2'24 Guidance
Revenue (\$M)	\$353.1	\$312.0 – \$327.0
Gross Margin %	61.1%	60.2% – 62.2%
Operating Margin %	17.7%	15.4% – 17.3%
EPS	\$0.35	\$0.26 – \$0.31

FQ2'24 GUIDANCE – GAAP TO NON-GAAP RECONCILIATION



	Gross Margin Rate	Operating Margin Rate	Earnings per Share
GAAP	59.5% - 61.5%	5.0% - 7.4%	\$0.07 - \$0.12
Estimated Adjustments for:			
Share-Based Compensation	0.5%	6.6% - 7.0%	\$0.16
Amortization of Product Intangibles	0.2%	0.2%	\$0.00
Amortization of Non-product Intangibles	-	0.2%	\$0.00
Restructuring Charges, net	-	2.0% - 2.1%	\$0.05
Litigation Charges	-	0.5%	\$0.01
System Transition Costs	-	0.4%	\$0.01
Non-GAAP Tax Adjustment	-	-	(\$0.04)
Non-GAAP	60.2% - 62.2%	15.4% - 17.3%	\$0.26 - \$0.31



Mid to High Single Digit Revenue Growth in FY24



Sustain Mid to High Teens Non-GAAP Operating Margin



Non-GAAP EPS Growth of Over 25% Y/Y



Committed to Double-Digit Long-Term Growth



ADVANCE
WITH US™