# 2Q25

## *Financial Results*

*January 29, 2025*

Extreme networks

# DISCLAIMER

## 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 Gross Profit, Non-GAAP EPS, Free Cash Flow, Non-GAAP Gross Margin, Non-GAAP Operating Margin, Net Cash (Debt), Non-GAAP Operating Income (Loss), EBITDA, Non-GAAP Net Income (Loss), Non-GAAP Operating Expense, Gross Debt, 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. We provide Adjusted Results that show the results for FY'24 excluding the Non-GAAP adjustments, the additional provision for E&O inventory and adjustments for the related tax impact. Please refer to our most recent earnings press release dated January 29, 2025, which is posted on the "Investor Relations" section of our website and to pages 25-29 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: (i) the Company's business outlook and future operating metrics, and financial and operating results, (ii) global demand, (iii) the Company's differentiated enterprise networking solutions resonating with customers, and (iv) anticipated growth and funnel opportunities. 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 fiscal 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.*

# 2Q25

## *FINANCIAL RESULTS*

# 2Q25 RESULTS SUMMARY

| | |
|---|---|
| **Bookings and Revenue Trends** | • Sequential Growth in Revenue led by growth in EMEA<br>• Sequential Growth in Product Revenue<br>• Recurring Revenue [2] of **$103M**, Up 2% Y/Y |
| **Cloud SaaS Subscriptions** | • SaaS ARR [1] of **$181M**, Up 14% Y/Y<br>• Continued Growth in New Subscription Bookings<br>• SaaS Deferred Revenue [1] of **$290M**, up 18% Y/Y |
| **Profitability and Cash Generation** | • Sequential Improvement in **Profitability** and **Cash Flow**<br>• Balance Sheet approaching net cash neutral<br>• Stable Cash Position of $170M |

[1] *See slides 14 & 15 for definitions of SaaS ARR and SaaS Deferred Revenue.*

[2] *See slide 16 for definitions of Recurring Revenue.*

# 2Q25 HIGHLIGHTS

| Total Revenue | Non-GAAP Gross Profit [1] | Non-GAAP EPS [1] $ | Free Cash Flow [5] |
|---|---|---|---|
| **$279M** | **$177M** | **$0.21** | **$16M** |
| **$181M** SaaS ARR [2] | **63.4%** Non-GAAP Gross Margin [1] % | **14.7%** Non-GAAP Operating Margin [1] % | **$15M** Net Debt [4] |
| **14%** SaaS ARR [2] Growth Y/Y | **37%** Recurring Revenue [3] | **36** Large $1M+ Customers *(Over $1M in bookings for the Fiscal Quarter)* | **37** Total Managed Service Providers |

*[1] See Appendices for GAAP to Non-GAAP reconciliation.*
*[2] See slide 14 for SaaS ARR Definition.*
*[3] See slide 16 for Recurring Revenue definition.*
*[4] Net Cash (Debt) is defined as Cash and cash equivalents minus Gross Debt, see slide 12.*
*[5] See slide 13 for Free Cash Flow definition.*

# FINANCIAL HIGHLIGHTS

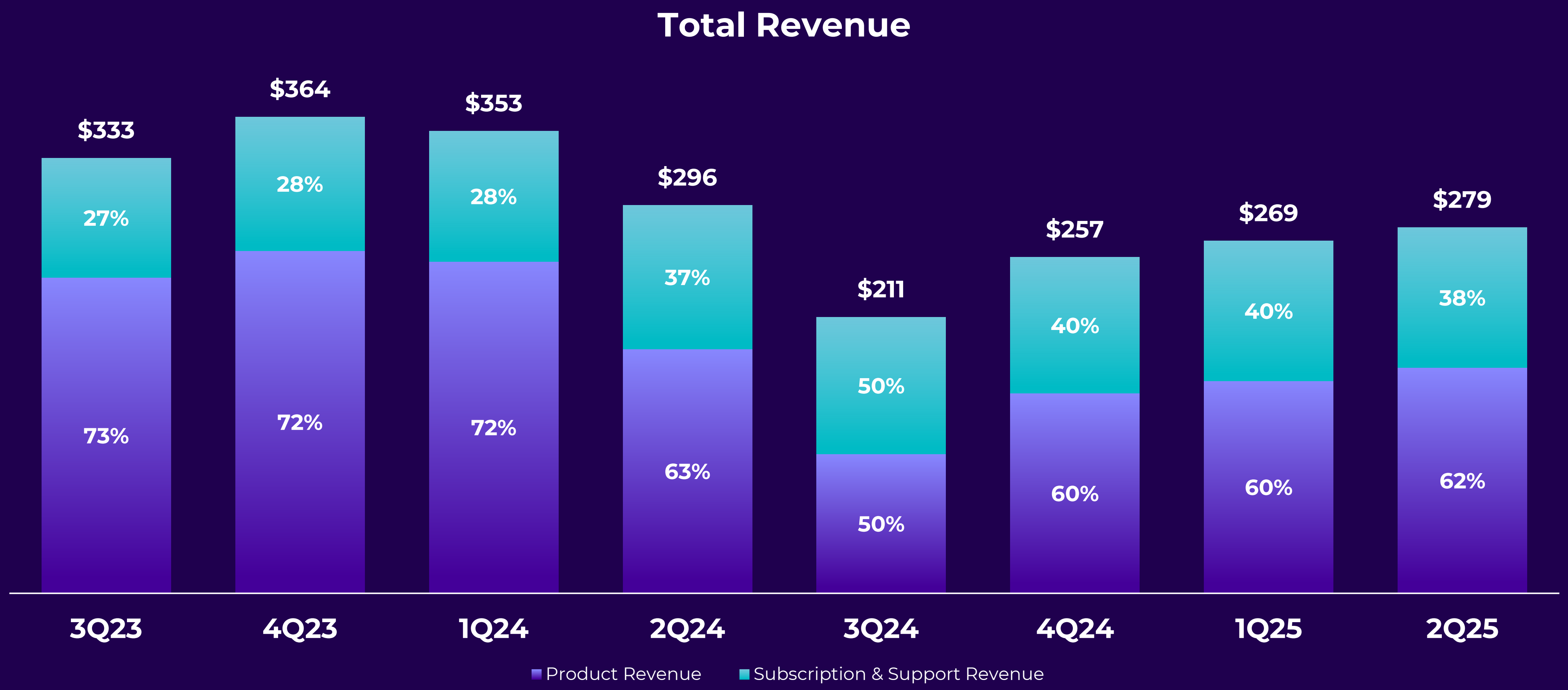
(IN $M'S EXCEPT PERCENTAGES AND EPS)

| | GAAP | | | Non-GAAP[1] | | |
|---|---|---|---|---|---|---|
| | 2Q24 | 1Q25 | 2Q25 | 2Q24 | 1Q25 | 2Q25 |
| Product Revenue | $186.6 | $162.3 | $172.3 | $186.6 | $162.3 | $172.3 |
| Subscription & Support Revenue | $109.8 | $106.9 | $107.1 | $109.8 | $106.9 | $107.1 |
| **Total Revenue** | **$296.4** | **$269.2** | **$279.4** | **$296.4** | **$269.2** | **$279.4** |
| Total GM % | 61.9% | 63.0% | 62.7% | 62.5% | 63.7% | 63.4% |
| Operating Income (Loss) | $10.3 | ($4.7) | $12.7 | $43.9 | $33.5 | $41.2 |
| Operating Margin % | 3.5% | (1.8%) | 4.5% | 14.8% | 12.4% | 14.7% |
| EBITDA | $15.6 | ($0.3) | $18.3 | $48.2 | $36.9 | $45.7 |
| Net Income (Loss) | $4.0 | ($10.5) | $7.4 | $31.5 | $22.4 | $28.6 |
| **EPS** | **$0.03** | **($0.08)** | **$0.06** | **$0.24** | **$0.17** | **$0.21** |

[1] *See Appendices for GAAP to Non-GAAP reconciliation.*

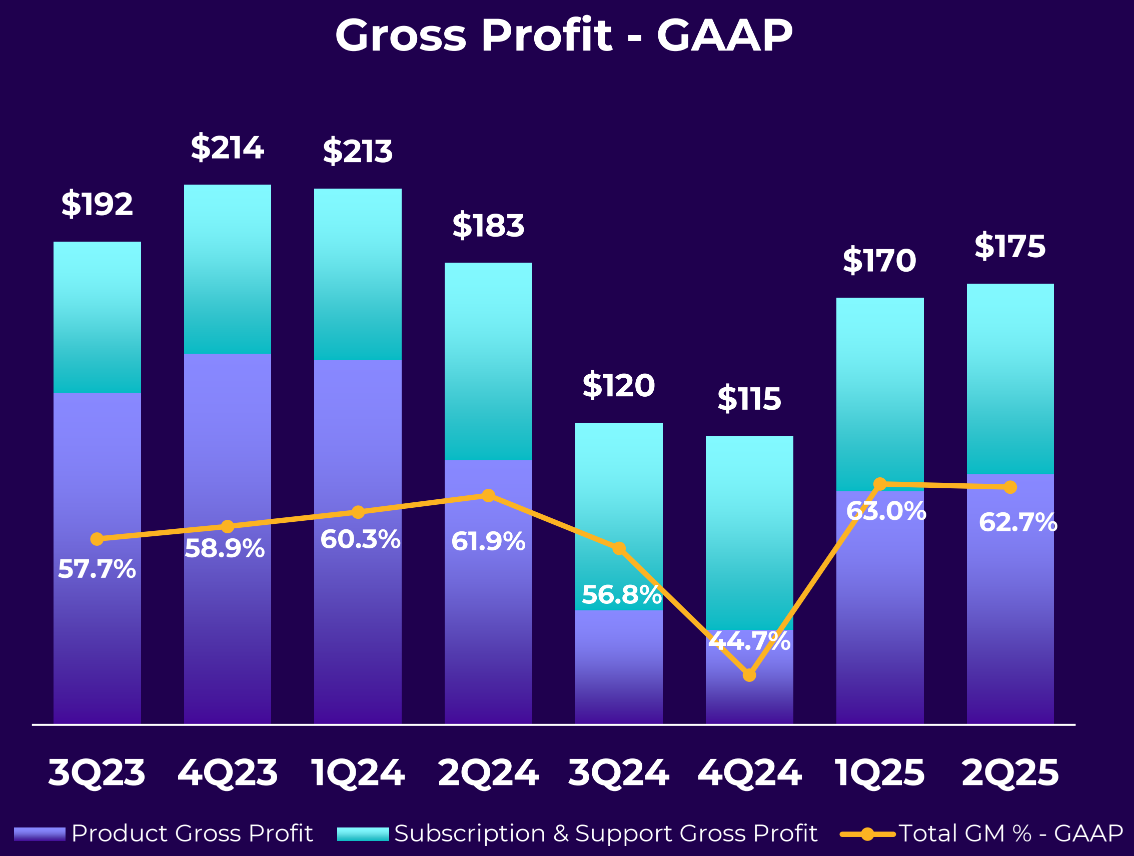
# QUARTERLY REVENUE RESULTS

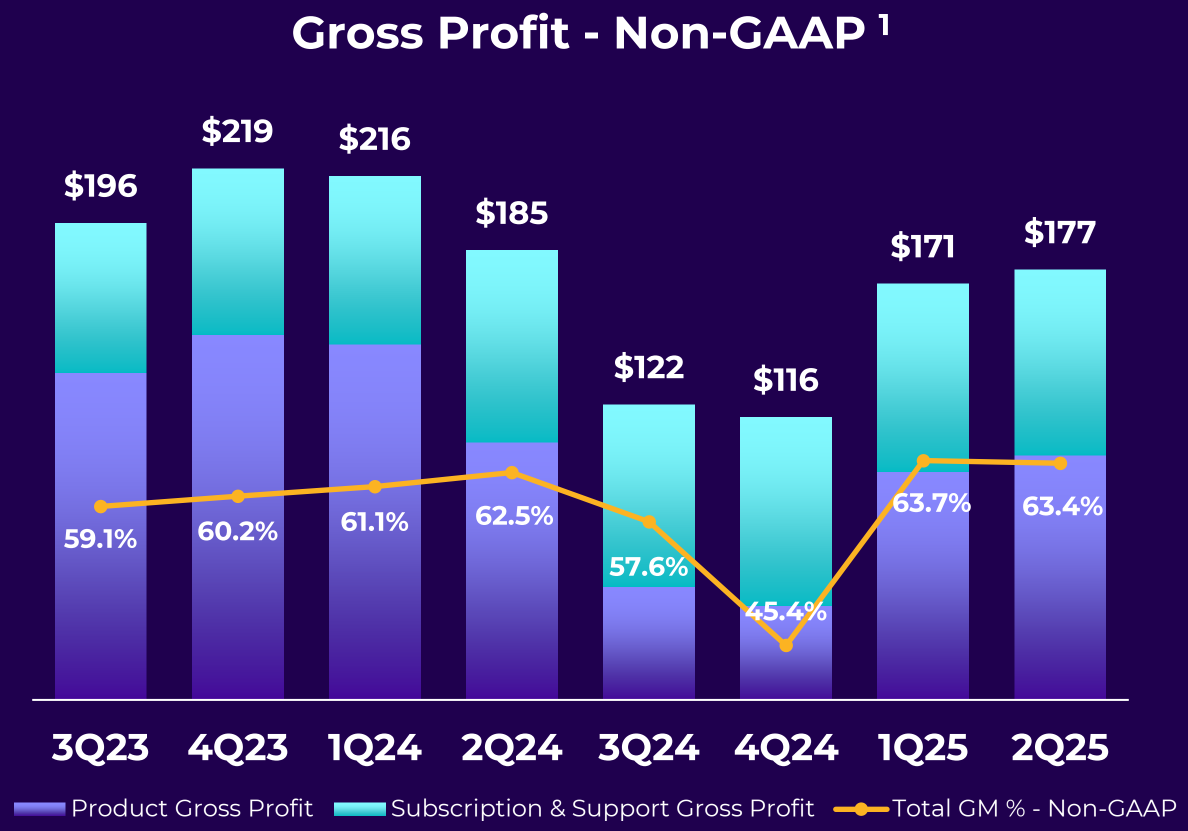
(IN $M'S EXCEPT PERCENTAGES )



# QUARTERLY GROSS PROFIT AND MARGIN

(IN $M'S EXCEPT PERCENTAGES)

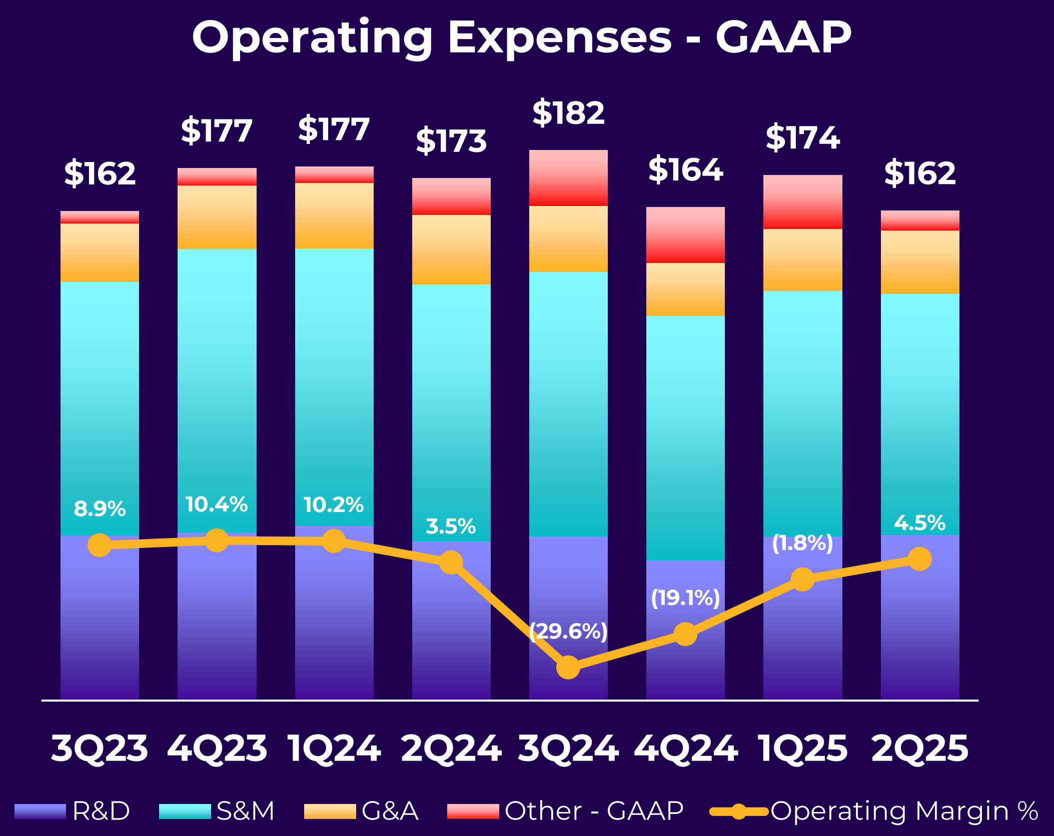


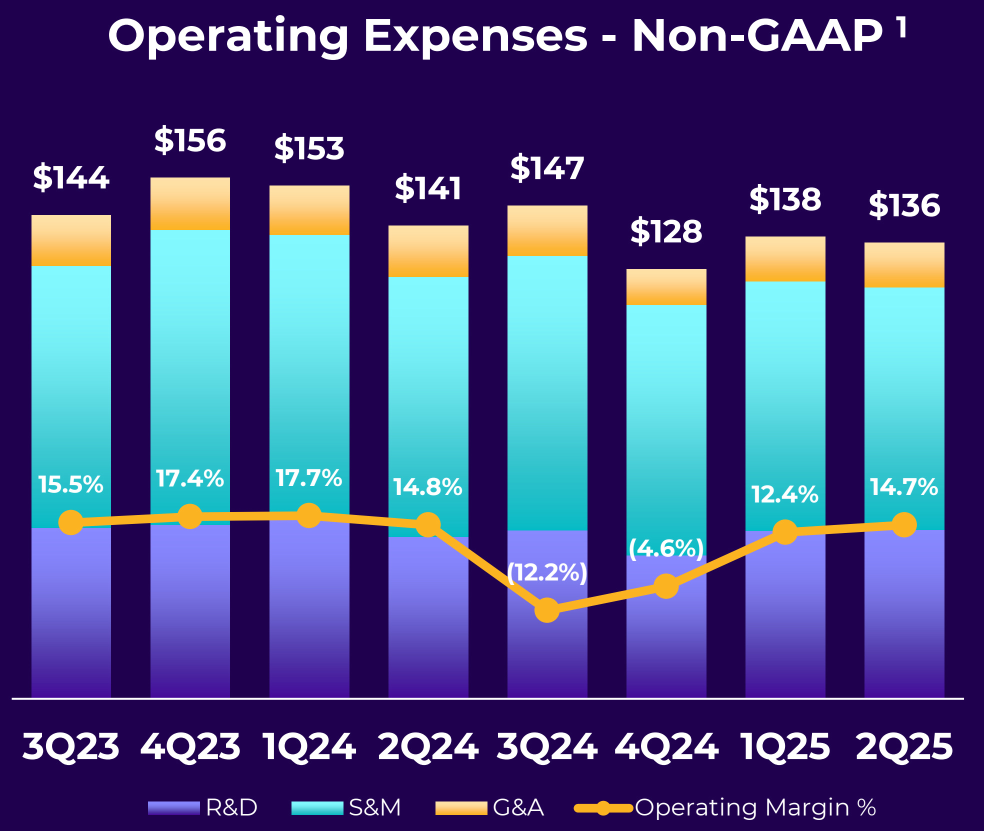




[1] *See Appendices for GAAP to Non-GAAP reconciliation.*

# QUARTERLY OPERATING EXPENSE AND MARGIN

(IN $M'S EXCEPT PERCENTAGES)

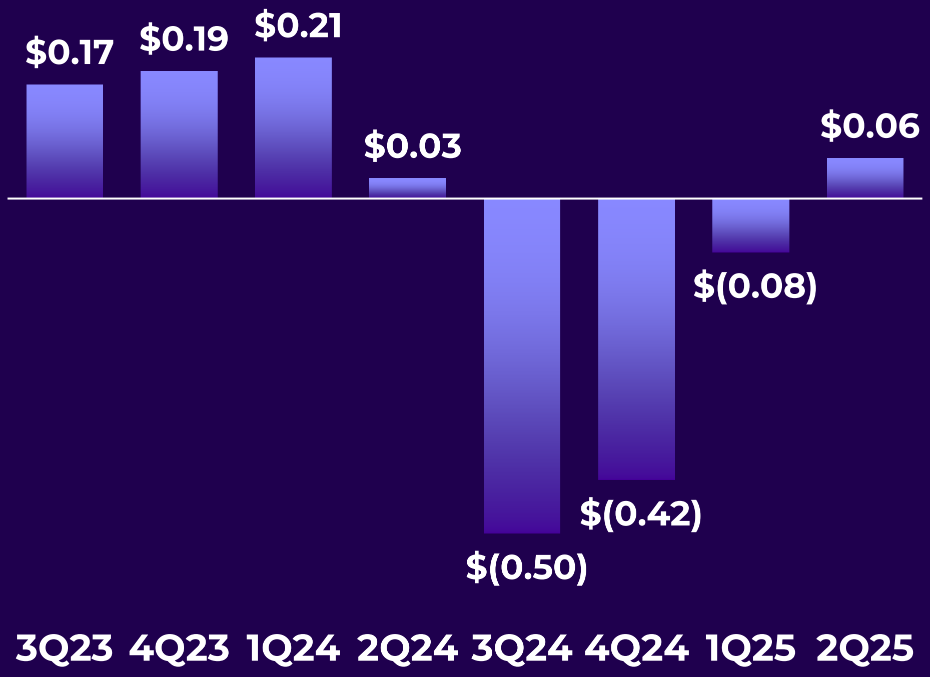


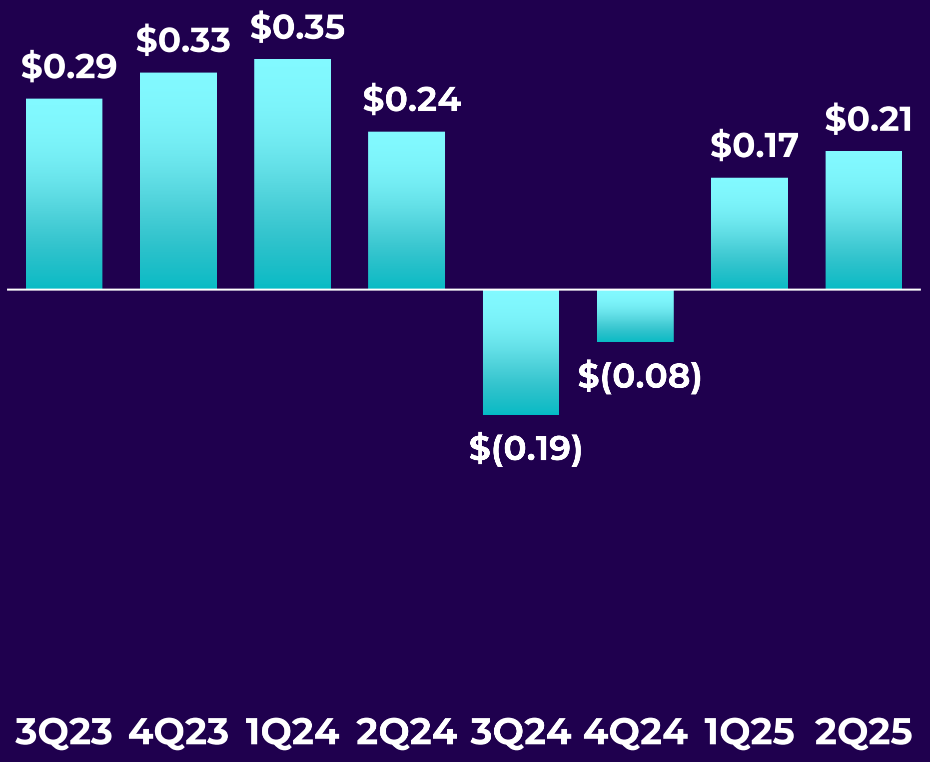

[1] *See Appendices for GAAP to Non-GAAP reconciliation.*

# QUARTERLY EPS

## EPS - GAAP




## EPS - Non-GAAP [1]




[1] *See Appendices for GAAP to Non-GAAP reconciliation.*

# 2Q25 REVENUE BY GEOGRAPHY

(IN $M'S EXCEPT PERCENTAGES)

| AMERICAS | EMEA | APAC |
|---|---|---|
| $131M | $128M | $20M |
| 47% of Revenue | 46% of Revenue | 7% of Revenue |

# FINANCIAL HIGHLIGHTS – BALANCE SHEET

(IN $M'S )

| Balance Sheet Highlights | 2Q24 | 1Q25 | 2Q25 |
|---|---|---|---|
| Cash and Cash Equivalents | $221.4 | $159.5 | $170.3 |
| Accounts Receivable | $112.0 | $97.2 | $117.6 |
| Inventories | $152.5 | $143.6 | $132.3 |
| Accounts Payable | $87.8 | $65.8 | $52.4 |
| Gross Debt* | $195.0 | $187.5 | $185.0 |
| Net Cash (Debt)** | $26.4 | ($28.0) | ($14.7) |

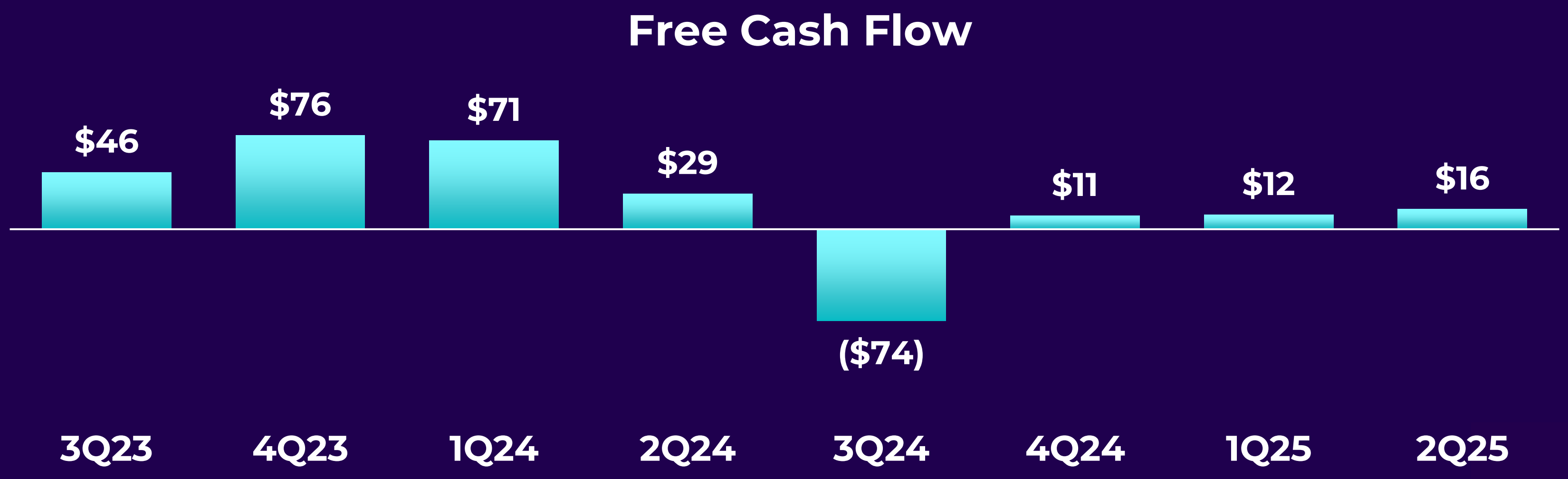
[1]Gross Debt is defined as long-term and current portion of long-term debt as shown on the balance sheet plus unamortized debt issuance costs, if any.
[2]Net Cash (Debt) is defined as Cash and Cash Equivalents minus Gross Debt.

# FREE CASH FLOW

(IN $M'S)

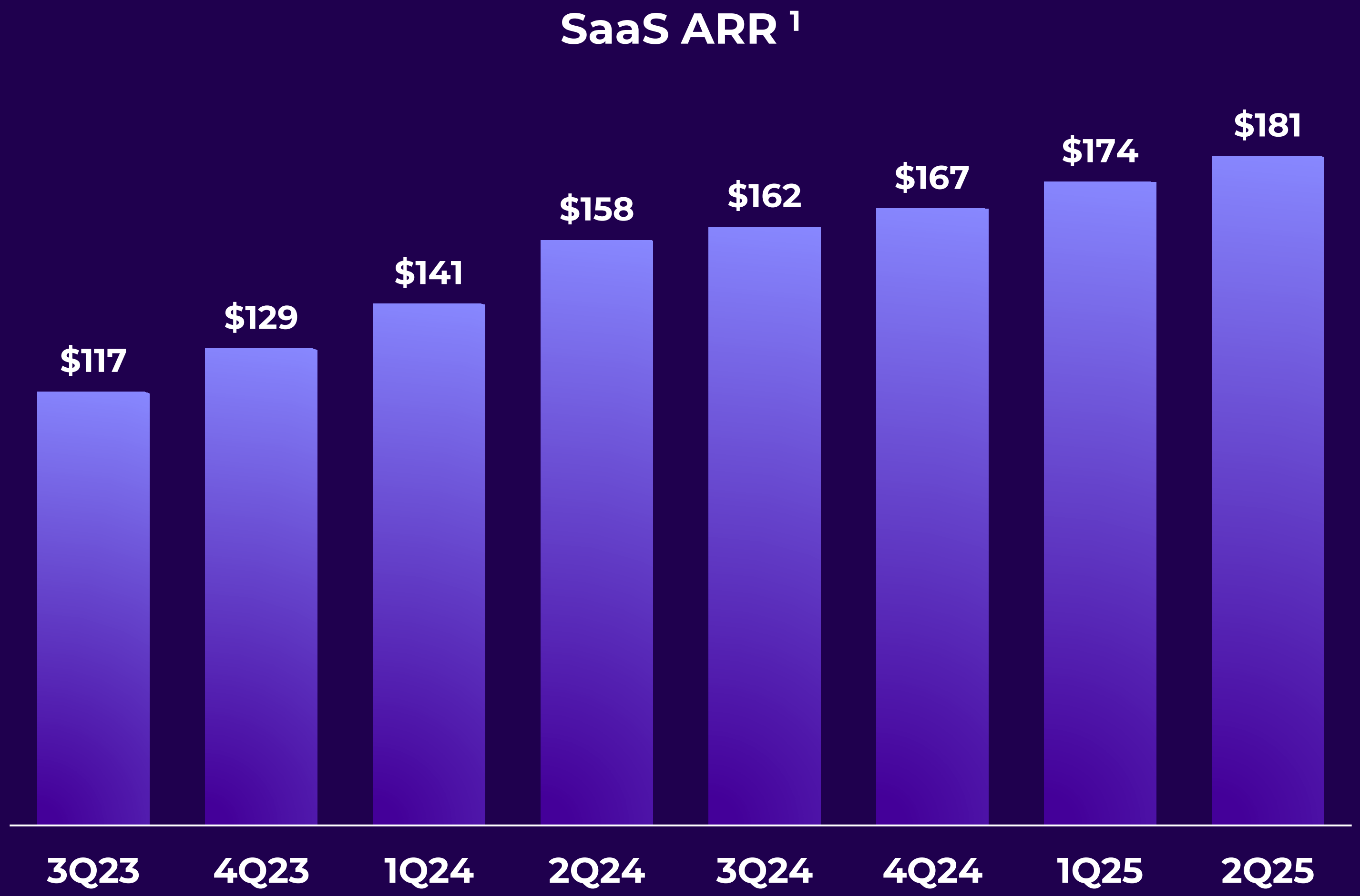
Extreme uses the free cash flow metric as a measure of operating performance. Free cash flow represents GAAP net cash provided by (used in) operating activities, less capital expenditures for purchases of property and equipment and capitalized software development costs. Extreme considers free cash flow to be useful information for management and investors regarding the amount of cash generated by the business after the purchases of property and equipment and capitalized software development costs, 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 this 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. The following table shows calculation (in millions):

| Free Cash Flow | 2Q24 | 1Q25 | 2Q25 |
|---|---|---|---|
| Operating Cash Flow | $34.3 | $18.6 | $21.5 |
| PP&E Capital Expenditures | (5.7) | (6.9) | (5.4) |
| **Free Cash Flow** | **$28.6** | **$11.7** | **$16.1** |



# SaaS ARR CONTINUES TO GROW

(IN $M'S)




[1] 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.

# SaaS DEFERRED REVENUE RISING

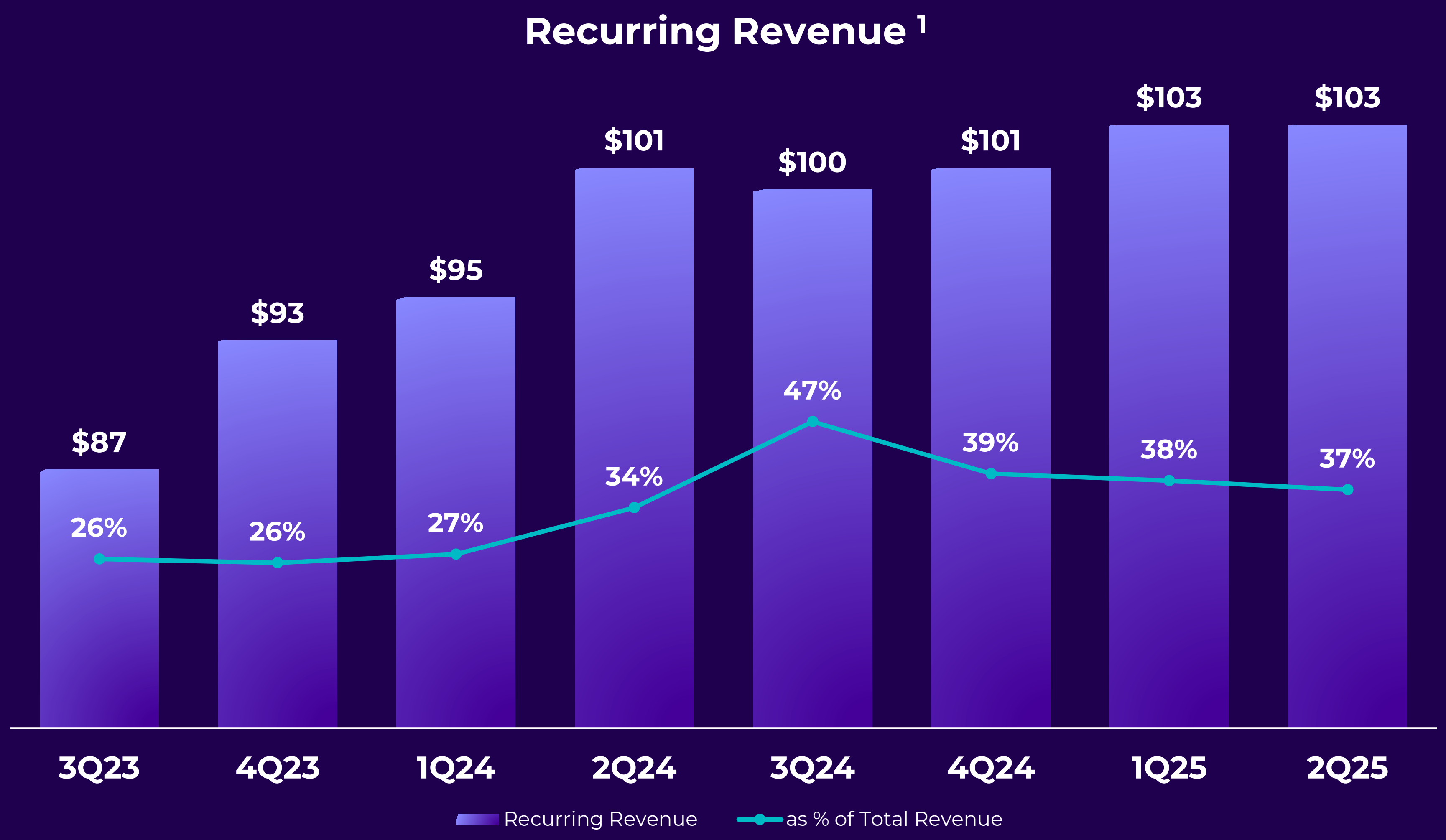
(IN $M'S)

## SaaS Deferred Revenue [1]


[1] 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.

# STABLE RECURRING REVENUE

(IN $M'S)




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

# 3Q25 & FY25

## *FINANCIAL GUIDANCE*

# 3Q25 GUIDANCE

(IN $M'S EXCEPT PERCENTAGES AND EPS)

| | Non-GAAP [1] 2Q25 | GAAP 3Q25 | Non-GAAP [1] 3Q25 |
|---|---|---|---|
| Revenue ($M) | $279.4 | $276.0 – $284.0 | $276.0 – $284.0 |
| Gross Margin % | 63.4% | 61.2% – 62.2% | 62.0% – 63.0% |
| Operating Margin % | 14.7% | 0.0% – 2.1% | 12.0% – 13.7% |
| EPS | $0.21 | ($0.04) – $0.00 | $0.16 – $0.20 |

[1] *See slides 25-29 for GAAP to Non-GAAP reconciliation.*

# FY25 GUIDANCE

(IN $M'S)

| | FY24 | FY25 |
|---|---|---|
| Revenue ($M) | $1,117 | $1,120 – $1,138 |

# APPENDICES

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

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

# SUPPLEMENTAL INFORMATION: GAAP TO ADJUSTED RESULTS

(IN $M'S EXCEPT PERCENTAGES AND EPS)

*We recorded an additional provision for excess and obsolete ("E&O") inventory and loss on our supplier commitments of $64.5 million during fiscal 2024. The quarterly split was as follows: 1Q24: $10.5m, 3Q24: $7.5m, and 4Q24: $46.5m. The additional provision was taken for certain of the Company's older products which are scheduled to go end of sale during fiscal year 2025 and for which the excess of such inventories is beyond the demand forecast. To provide more clarity on the impact of this provision, we provide the following that shows the results excluding the Non-GAAP adjustments, the additional provision for E&O inventory, and adjustments for the related tax impact.*

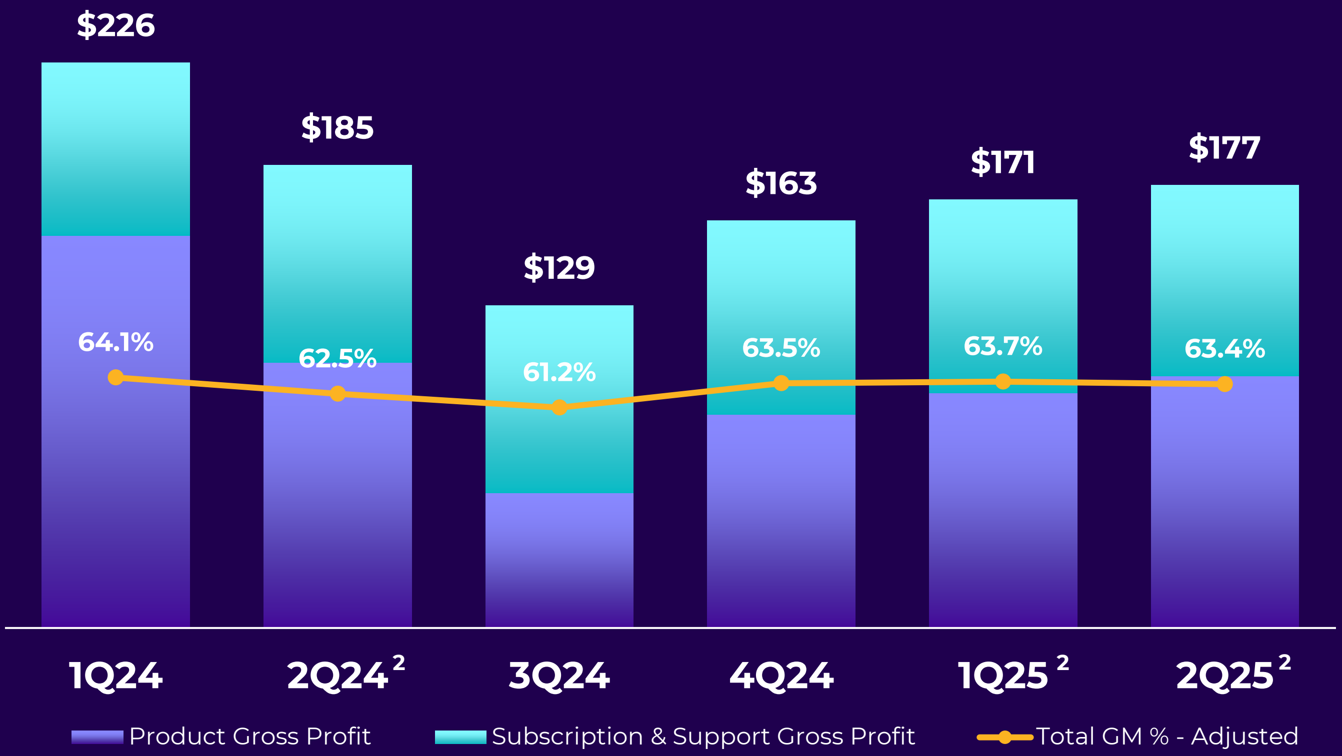
| | 1Q24 | | | | 2Q24 | | | | 3Q24 | | | | 4Q24 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | GAAP | Non-GAAP [1] | E&O Adj | Adjusted | GAAP | Non-GAAP [1] | E&O Adj | Adjusted | GAAP | Non-GAAP [1] | E&O Adj | Adjusted | GAAP | Non-GAAP [1] | E&O Adj | Adjusted |
| Product Revenue | $253.5 | $253.5 | - | $253.5 | $186.6 | $186.6 | - | $186.6 | $106.4 | $106.4 | - | $106.4 | $152.8 | $152.8 | - | $152.8 |
| Subscription & Support Revenue | $99.6 | $99.6 | - | $99.6 | $109.8 | $109.8 | - | $109.8 | $104.6 | $104.6 | - | $104.6 | $103.9 | $103.9 | - | $103.9 |
| **Total Revenue** | **$353.1** | **$353.1** | **-** | **$353.1** | **$296.4** | **$296.4** | **-** | **$296.4** | **$211.0** | **$211.0** | **-** | **$211.0** | **$256.7** | **$256.7** | **-** | **$256.7** |
| Total GM% | 60.3% | 61.1% | 3.0% | 64.1% | 61.9% | 62.5% | - | 62.5% | 56.8% | 57.6% | 3.6% | 61.2% | 44.7% | 45.4% | 18.1% | 63.5% |
| Operating Income (Loss) | $35.9 | $62.5 | $10.5 | $73.0 | $10.3 | $43.9 | - | $43.9 | ($62.5) | ($25.7) | $7.5 | ($18.2) | ($48.9) | ($11.8) | $46.5 | $34.7 |
| Operating Margin % | 10.2% | 17.7% | 3.0% | 20.7% | 3.5% | 14.8% | - | 14.8% | (29.6%) | (12.2%) | 3.6% | (8.6%) | (19.1%) | (4.6%) | 18.1% | 13.5% |
| EBITDA | $43.1 | $67.8 | $10.5 | $78.3 | $15.6 | $48.2 | - | $48.2 | ($56.6) | ($20.9) | $7.5 | ($13.4) | ($37.8) | ($7.7) | $46.5 | $38.8 |
| Net Income (Loss) | $28.7 | $46.5 | $8.2 | $54.7 | $4.0 | $31.5 | - | $31.5 | ($64.4) | ($24.8) | $6.6 | ($18.2) | ($54.2) | ($9.9) | $34.6 | $24.7 |
| **EPS** | **$0.21** | **$0.35** | **$0.06** | **$0.41** | **$0.03** | **$0.24** | **-** | **$0.24** | **($0.50)** | **($0.19)** | **$0.05** | **($0.14)** | **($0.42)** | **($0.08)** | **$0.27** | **$0.19** |

[1] *See slides 25-28 for GAAP to Non-GAAP reconciliation.*

# ADJUSTED QUARTERLY RESULTS OF OPERATIONS

(IN $M'S EXCEPT PERCENTAGES)

## Gross Profit - Adjusted Results [1]



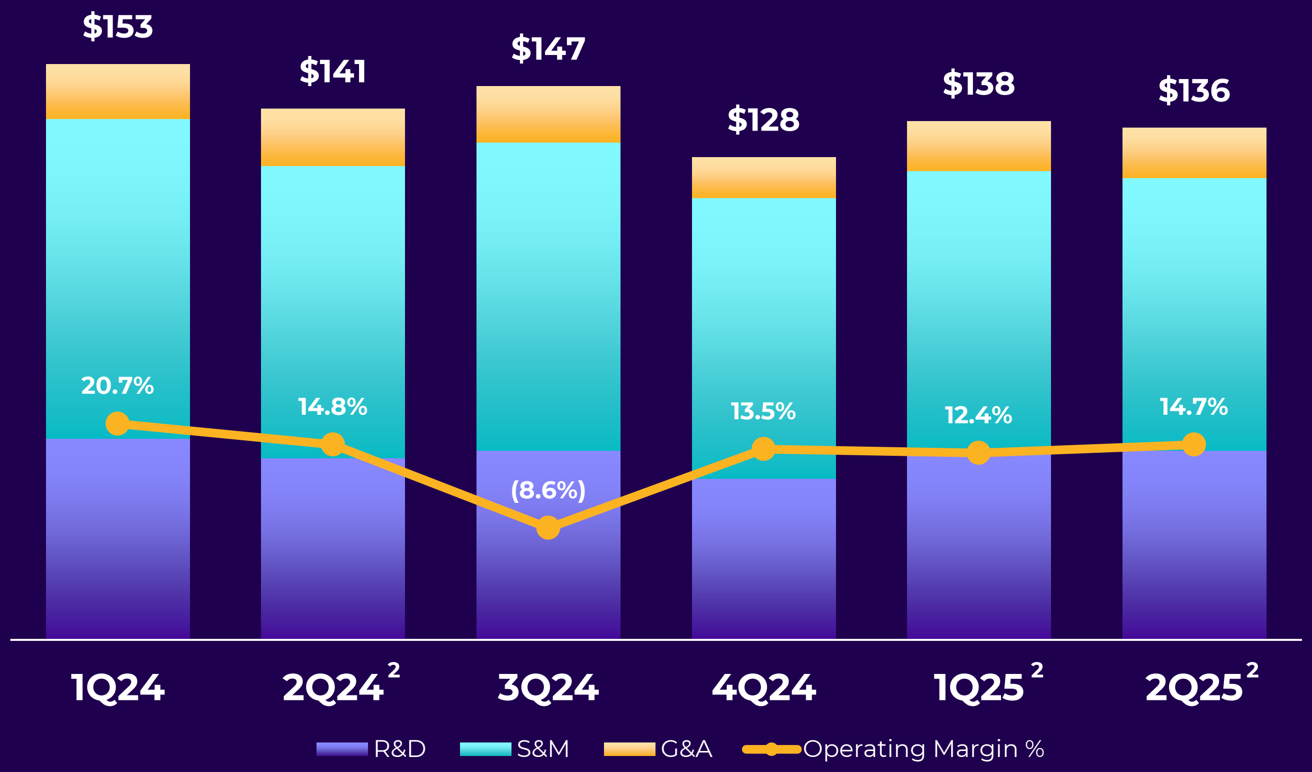

[1] *Adjusted Results exclude the Non-GAAP adjustments and the additional provision for E&O inventory. Adjustments were made in* ***1Q24***, ***3Q24*** *and* ***4Q24***. *See slide 21 for GAAP to Adjusted Results reconciliation.*

[2] *2Q25, 1Q25 and 2Q24 are presented on an unadjusted Non-GAAP basis. See slides 25-28 for GAAP to Non-GAAP reconciliation.*

# ADJUSTED QUARTERLY RESULTS OF OPERATIONS

(IN $M'S EXCEPT PERCENTAGES)

## Operating Expenses - Adjusted Results [1]

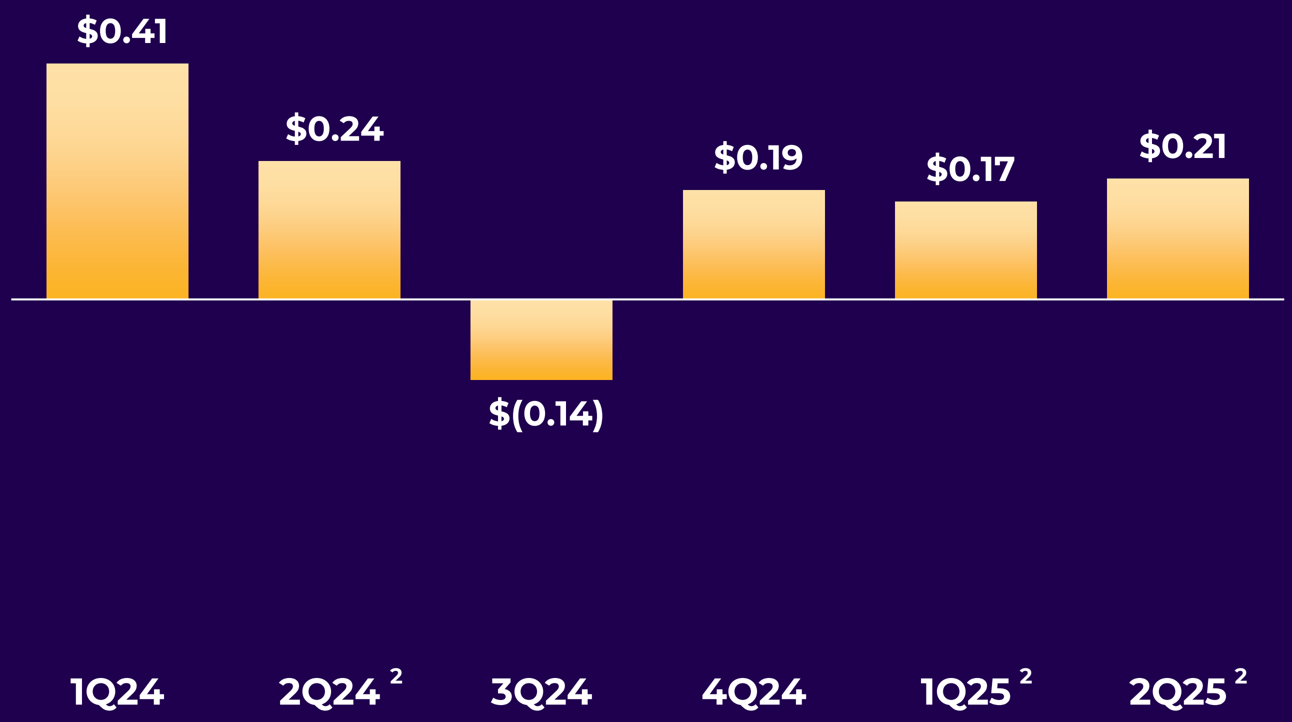



[1] Adjusted Results exclude the Non-GAAP adjustments and the additional provision for E&O inventory. Adjustments were made in **1Q24**, **3Q24** and **4Q24**. See slide 21 for GAAP to Adjusted Results reconciliation.

[2] 2Q25, 1Q25 and 2Q24 are presented on an unadjusted Non-GAAP basis. See slides 25-28 for GAAP to Non-GAAP reconciliation.

# ADJUSTED QUARTERLY RESULTS OF OPERATIONS

## EPS - Adjusted Results [1]




[1] *Adjusted Results exclude the Non-GAAP adjustments and the additional provision for E&O inventory. Adjustments were made in* ***1Q24***, ***3Q24*** *and* ***4Q24***. *See slide 21 for GAAP to Adjusted Results reconciliation.*

[2] *2Q25, 1Q25 and 2Q24 are presented on an unadjusted Non-GAAP basis. See slides 25-28 for GAAP to Non-GAAP reconciliation.*

# GAAP TO NON-GAAP RECONCILIATIONS – GROSS MARGIN

(IN $M'S EXCEPT PERCENTAGES)

| | 2Q24 | 1Q25 | 2Q25 |
|---|---|---|---|
| Product Revenue | $186.6 | $162.3 | $172.3 |
| Subscription & Support Revenue | 109.8 | 106.9 | 107.1 |
| **Total Revenue - GAAP** | **$296.4** | **$269.2** | **$279.4** |
| **Gross Margin - GAAP** | **183.4** | **169.5** | **175.1** |
| **Gross Margin % - GAAP** | 61.9% | 63.0% | 62.7% |
| Amortization of Intangibles, Product | 0.6 | 0.6 | 0.6 |
| Share-Based Compensation, Product | 0.5 | 0.6 | 0.7 |
| Share-Based Compensation, Subscription & Support | 0.7 | 0.7 | 0.8 |
| **Gross Margin - Non-GAAP** | **$185.2** | **$171.4** | **$177.2** |
| **Gross Margin % - Non-GAAP** | 62.5% | 63.7% | 63.4% |

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

(IN $M'S EXCEPT PERCENTAGES)

| | 2Q24 | 1Q25 | 2Q25 |
|---|---|---|---|
| **Operating Income (Loss) - GAAP** | **$10.3** | **($4.7)** | **$12.7** |
| **Operating Margin - GAAP** | **3.5%** | **(1.8%)** | **4.5%** |
| Amortization of Intangibles, COGS | 0.5 | 0.6 | 0.6 |
| Share-Based Compensation, Total | 21.0 | 19.8 | 21.5 |
| Restructuring and Related Charges | 9.2 | 1.3 | 1.0 |
| Amortization of Intangibles, OpEx | 0.5 | 0.5 | 0.5 |
| System Transition Costs | 1.0 | 5.3 | 4.0 |
| Litigation Costs | 1.4 | 10.7 | 0.9 |
| **Operating Income (Loss) - Non-GAAP** | **$43.9** | **$33.5** | **$41.2** |
| **Operating Margin - Non-GAAP** | **14.8%** | **12.4%** | **14.7%** |

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

(IN $M'S EXCEPT EPS)

| | 2Q24 | 1Q25 | 2Q25 |
|---|---|---|---|
| **Net Income (Loss) - GAAP** | **$4.0** | **($10.5)** | **$7.4** |
| Shares - GAAP | 131.5 | 131.2 | 134.1 |
| **EPS - GAAP (Diluted)** | **$0.03** | **($0.08)** | **$0.06** |
| Amortization of Intangibles, COGS | 0.5 | 0.6 | 0.6 |
| Share-Based Compensation, Total | 21.0 | 19.8 | 21.5 |
| Restructuring and Related Charges | 9.2 | 1.3 | 1.0 |
| Amortization of Intangibles, OpEx | 0.5 | 0.5 | 0.5 |
| System Transition Costs | 1.0 | 5.3 | 4.0 |
| Litigation Costs | 1.4 | 10.7 | 0.9 |
| Debt Refinancing Charges, Other Income (Expense) | - | 0.1 | - |
| Tax Effect of non-GAAP Adjustments | (6.1) | (5.4) | (7.3) |
| **Net Non-GAAP Adjustments** | **27.5** | **32.9** | **21.2** |
| **Net Income (Loss) - Non-GAAP** | **$31.5** | **$22.4** | **$28.6** |
| Shares - Non-GAAP | 131.5 | 132.3 | 134.1 |
| **EPS - Non-GAAP (Diluted)** | **$0.24** | **$0.17** | **$0.21** |

# ADJUSTED EBITDA RECONCILIATION

(IN $M'S)

| | 2Q24 | 1Q25 | 2Q25 |
|---|---|---|---|
| **Net Income (Loss) - GAAP** | **$4.0** | **($10.5)** | **$7.4** |
| Interest | 2.8 | 3.6 | 3.3 |
| Provision for (Benefit from) Income Taxes | 3.1 | 1.5 | 2.6 |
| Depreciation/Amortization | 5.7 | 5.1 | 5.0 |
| **EBITDA** | **$15.6** | **($0.3)** | **$18.3** |
| Net Non-GAAP Adjustments | 27.5 | 32.9 | 21.2 |
| Tax Effect included in Net Non-GAAP Adjustments | 6.1 | 5.4 | 7.3 |
| Amortization included in Net Non-GAAP Adjustments | (1.0) | (1.1) | (1.1) |
| **EBITDA - Adjusted** | **$48.2** | **$36.9** | **$45.7** |

For "Net Non-GAAP Adjustments" refer to slide 27.

# GAAP TO NON-GAAP RECONCILIATIONS – 3Q25 GUIDANCE

| | Gross Margin Rate | Operating Margin Rate | Earnings per Share |
|---|---|---|---|
| **GAAP** | **61.2% – 62.2%** | **0.0% – 2.1%** | **($0.04) – $0.00** |
| Estimated Adjustments for: | | | |
| Share-Based Compensation | 0.6% | 7.4% – 7.8% | 0.16 |
| Amortization of Product Intangibles | 0.2% | 0.2% | 0.01 |
| Amortization of Non-product Intangibles | – | 0.2% | – |
| Restructuring Charges, net | – | 1.0% | 0.02 |
| Litigation Charges | – | 0.7% | 0.01 |
| System Transition Costs | – | 2.1% | 0.04 |
| Non-GAAP Tax Adjustment | – | – | (0.04) |
| **Non-GAAP** | **62.0% – 63.0%** | **12.0% – 13.7%** | **$0.16 – $0.20** |

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