



# Ribbon Communications

Jefferies Virtual Software Conference

September 14, 2021

# Note Regarding Forward-Looking Statements and Non-GAAP Financial Measures

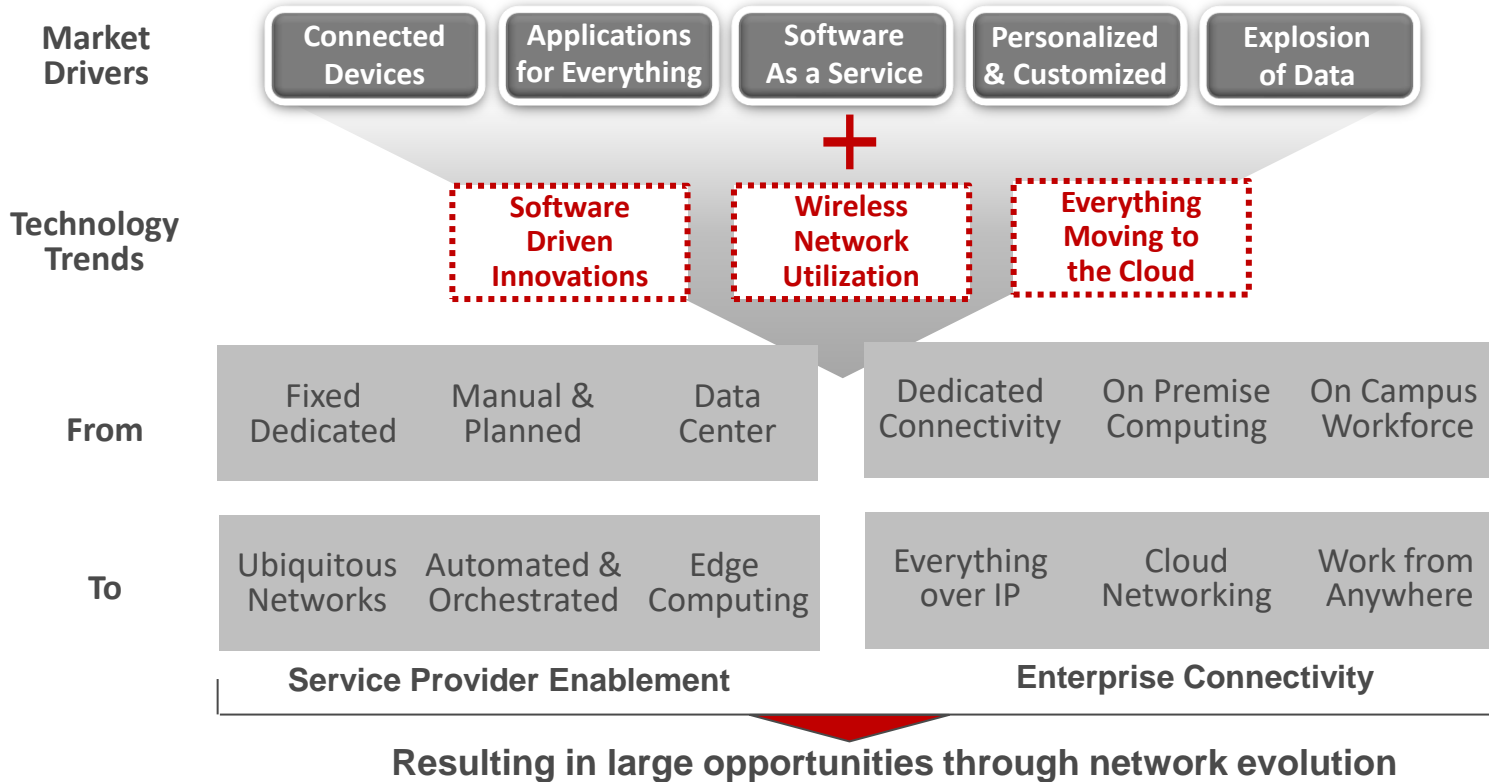
This presentation contains “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, which are subject to a number of risks and uncertainties. All statements other than statements of historical facts contained in this presentation, including without limitation statements regarding the projected financial results for the third quarter of 2021 and beyond, potential COVID-19 impacts, customer engagement and momentum, and plans for future product development and manufacturing, are forward-looking statements. Without limiting the foregoing, the words “believes”, “estimates”, “expects”, “expectations”, “intends”, “may”, “plans”, “projects” and other similar language, are intended to identify forward-looking statements.

Forward-looking statements are based on our current expectations and assumptions and are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results to be materially different from any future results or performance expressed or implied by the forward-looking statements including, but not limited to, risks related to the continuing COVID-19 pandemic, including delays in customer deployments as a result of increases in cases; risks that we will not realize estimated cost savings and/or anticipated benefits from the acquisition of ECI Telecom Group Ltd. (“ECI”) and/or the sale of the Kandy Communications business (“Kandy”); supply chain disruptions resulting from component availability and/or geopolitical instabilities and disputes; failure to compete successfully against telecommunications equipment and networking companies; credit risks; the timing of customer purchasing decisions and our recognition of revenues; macro economic conditions; our ability to recruit and retain key personnel; the impact of restructuring and cost-containment activities; litigation; rapid technological and market change; our ability to protect our intellectual property rights and obtain necessary licenses; risks related to cybersecurity and data intrusion; the potential for defects in our products; risks related to the terms of our credit agreement; increases in tariffs, trade restrictions or taxes on our products; currency fluctuations; failure or circumvention of our controls and procedures and the other risks and uncertainties disclosed in our periodic reports filed with the U.S. Securities and Exchange Commission, including our most recent Annual Report on Form 10-K.

Any forward-looking statements represent our views only as of the date on which such statement is made and should not be relied upon as representing our views as of any subsequent date. While we may elect to update forward-looking statements at some point, we specifically disclaim any obligation to do so, except as may be required by law.

This presentation also includes certain non-GAAP financial measures in addition to the U.S. GAAP financials. Our management believes that presenting certain non-GAAP financial measures provides meaningful information to investors in understanding our operating results and may enhance investors' ability to analyze financial and business trends including the ability to compare period to period more easily by excluding items that could have a disproportionately negative or positive impact on results in a given financial period. The non-GAAP measures have limitations as analytical tools and you should not consider them in isolation or as a substitute for the most directly comparable financial measures prepared in accordance with U.S. GAAP. We urge you to review the reconciliation of our non-GAAP financial measures to the most directly comparable GAAP financial measures set forth in the Appendix to this presentation, and not to rely on any single financial measure to evaluate our business.

# Key Technology Trends Are Transforming Our Communications Networks



# Carriers and Enterprises are Facing Evolving Network Challenges

## Global Internet Users

**66%**

Global  
Connected  
Population  
in 2023

- Global Internet Users to surpass 5.3B by 2023
- 17% growth from 2020 to 2023

## 5G Mobile Subscriptions

**3.5B**

Global 5G  
subscriptions  
by 2026

- 55% CAGR from 2020 to 2026
- 5G to reach 40% of all mobile subs by 2026

## Unified Communications

**>1B**

Combined total  
daily participants  
reported by Zoom,  
Teams, WebEx

- Zoom has 497k customers with >10 employees
- MSFT reported 90% growth in daily users in 2021

## Connected Devices

**29.3B**

Global  
Connected  
Devices  
by 2023

- 9% CAGR from 2020 to 2023
- M2M to grow to 50% of connected devices by 2023

## Mobile Data Traffic

**300**  
Exabytes/Month

Global Mobile  
Data Traffic  
in 2026

- 30% CAGR from 2020 to 2026
- >50% of the traffic is estimated to be 5G by 2026

## Voice Subscriber Networks

**6.4B**

Global Voice  
over LTE  
subscribers  
by 2025

- 16% CAGR from 2020 to 2025
- 5G and LTE driving growth in voice applications

Sources: Cisco 2020 Annual Internet Report, Ericsson June 2021 Mobility Report, Company public disclosures

# Ribbon at a Glance



**Global provider of software and network solutions to service providers, enterprises, and critical infrastructure sectors enabling communications and high-bandwidth networking and connectivity**

Headquarters: **Plano, Texas** • NASDAQ: **RBBN**

**1000+**  
Customers<sup>1</sup>

**\$844M**  
2020 Revenue

**3,700**  
Employees<sup>1</sup>  
(global)

**140**  
Countries<sup>1</sup>

**1000+**  
Patents<sup>1</sup>

**Software & Services**  
66% of 2020 Revenue

**Maintenance**  
Over 90% of 2021 Renewals  
Completed by end of 2Q21

**Geographic Mix**  
55% of 2020  
Revenues Non-US

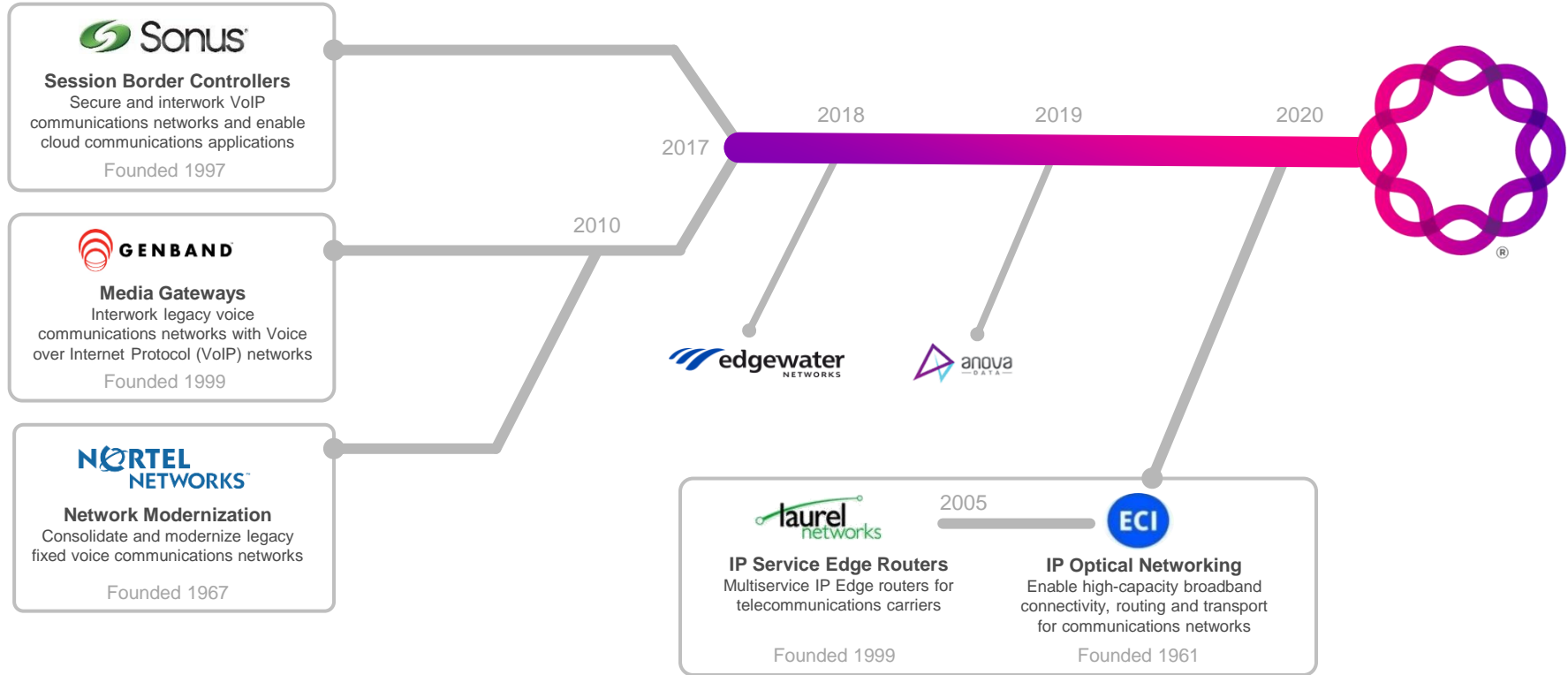
**RBBN Stock<sup>2</sup>**  
58% Increase YoY  
(NASDAQ 39%)

**Notes:**

1. As of December 31, 2020.

2. As of September 13, 2021.

# Rich History of Innovation Brought Together as Ribbon



# Positioned for Increased Growth and On-Going Success

## Favorable Industry Trends

- 4.5X growth in global mobile traffic from 2020-2026<sup>1</sup>
- Growth in fixed broadband IP traffic
- Shift to open networking
- Expanding use of 5G, cloud and edge technologies
- Exploiting weakened competitors

5G

Open ROADM



RDOF

## Focused on Large Market Segments

- Optical Transport
  - Metro WDM
  - Open, pluggable optics
- IP Switching and Routing
  - Edge IP/MPLS and Segment Routing
  - 5G Backhaul
- Adoption of cloud collaboration platforms
- Secure enterprise communications



## Disruptive Innovation

- Software-defined, multilayer networking and cloud-native applications
- IP segment routing and 5G network slicing
- High performance optics with disruptive economics
- Analytics, Machine Learning and Automation



Robocalls



Call Trust™



400G ZR+



## Trusted Business Partner

- We have the world's leading service providers as our customers
- Growing enterprise customer base across industry verticals and critical infrastructures
- Diverse product market strengths creates significant cross-sell opportunity

OPTUS

ROGERS

Singtel

### Note:

1. Source: Ericsson Mobility Report, November 2020

# IP Optical Networking Portfolio Delivering Multi-layer Optimization

## Controller - Muse



### Multi-layer Optimization

Increase in automation  
Improved asset utilization  
Capex optimization

## IP - Neptune

**5G**

### 5G x-haul (front/mid/back)

5G transport with elastic scalability



### Multiservice Aggregation

Converged access edge aggregation

## Optical - Apollo



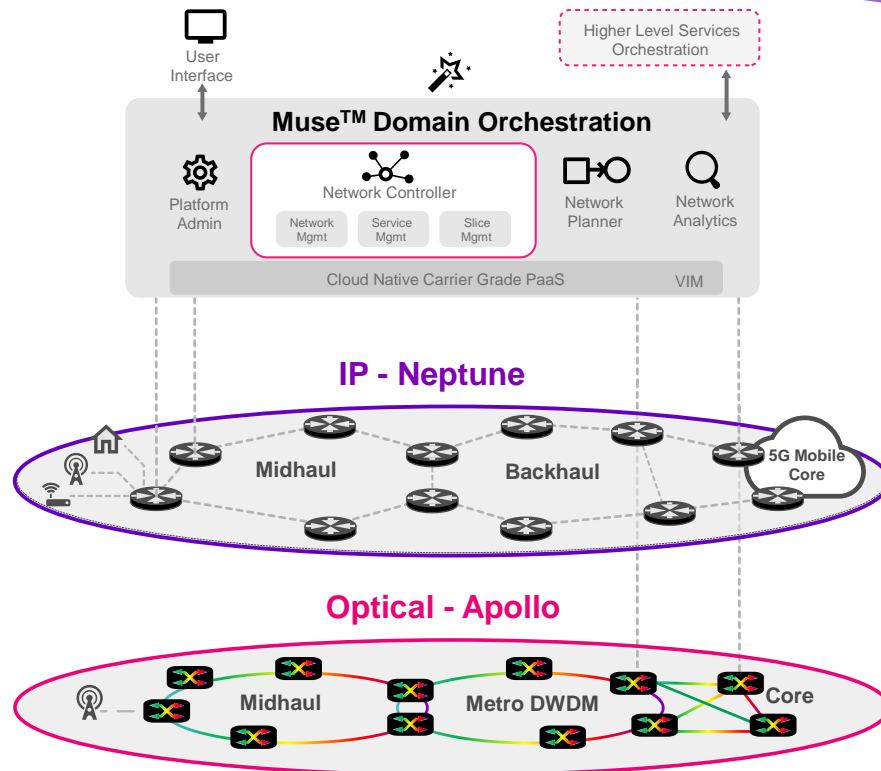
### Open and Powerful

400G ZR+



### Intelligent



SDN features and integrated monitoring








# Secure VoIP Portfolio Applications Across Networks and the Cloud




## Enterprise

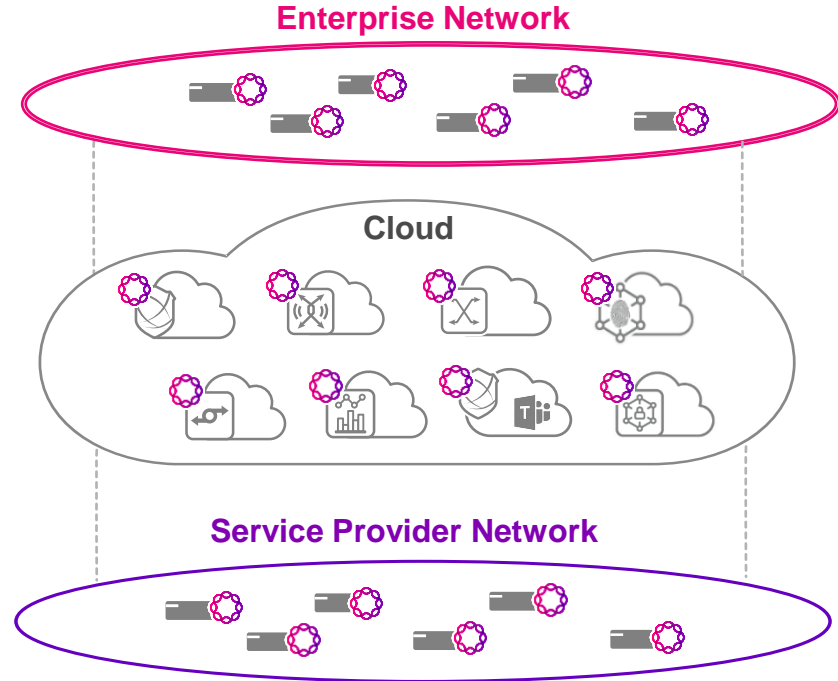
-  **Secure Unified Communications and Teams and Zoom Calling**
-  **Secure Contact Center**

## Cloud

-  **Secure VoIP, UC applications and Teams**
-  **Analytics and Call Trust**
-  **Secure Contact Center**

## Service Provider

-  **VoIP Communications, Secure VoIP and Secure Network Connectivity**
-  **Fixed and 4G/5G Mobile Voice Services**
-  **Analytics**



# Significant Revenue from Services and Recurring Maintenance



## Professional Services Presence and Scale (\$101M revenue in 2020)



Network analysis & consulting



Engineering design & installation



Integration & validation



Transformation & migration



Managed network operation

## Maintenance Provides Durable Recurring Revenue Stream



\$275M revenue  
in 2020



96%+  
Renewal rate  
in Secure VoIP<sup>1</sup>



Over 90% of 2021  
renewals completed by  
end of 2Q21

Note:

1. Maintenance renewal rate for Cloud & Edge direct sales.

# Business Highlights

- **Strong 1H21 financial results:**
  - 10% YoY<sup>1</sup> revenue growth
  - 60% YoY<sup>1</sup> Adj. EBITDA growth
  - Strong gross margins in both business units and continued disciplined expense control
- **Significant new IP Optical wins broadening Ribbon's global customer base:**
  - Rogers Communications selected Ribbon's industry-leading 400G ZR+ optical networking and SDN solutions to upgrade its transport network
  - Optus and Singtel Telecommunications multi-service transport network DWDM tender award
  - Strong growth in North American markets with 1H21 sales exceeding sales in all of 2020, including Huawei replacement win with US wireless provider
- **Continuing product innovation:**
  - Successful introduction and initial shipments of industry's first 400G ZR+ DWDM metro and long-haul transport solution
  - Integral contributor enabling industry to meet US robocalling June 30th deadline with complete portfolio including CallTrust and STIR/SHAKEN solutions

**Note:**

1. Six months ended June 30, 2021, compared with the corresponding period in 2020. Please see the basis of presentation in the appendix.

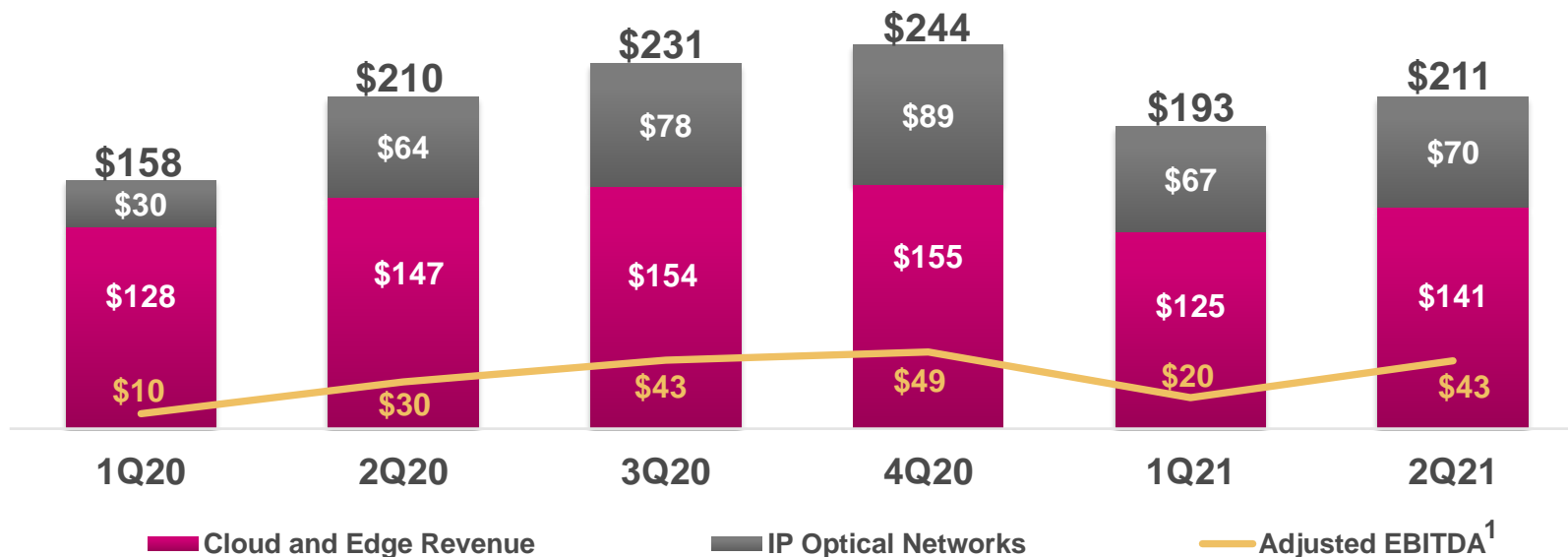


OPTUS



# Quarterly Performance

## Revenue and Adjusted EBITDA<sup>1</sup> (\$MM)



**Note:**

1. Please see the basis of presentation and the non-GAAP reconciliation in the appendix.

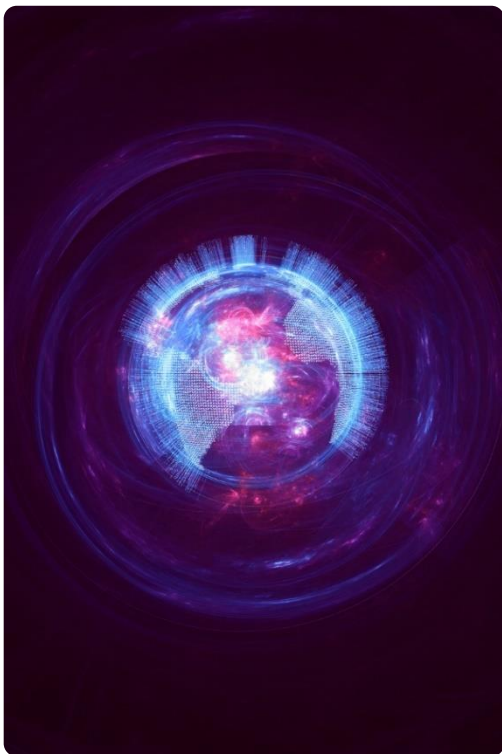
# Building Shareholder Value

## Strategy to Address Growing Market Opportunity

- ✓ Favorable industry trends
- ✓ Focused on large market segments
- ✓ Disruptive innovation
- ✓ Trusted business partner

## Strong Leadership and Execution

- ✓ Experienced management team with proven track record incentivized to drive growth in the business
- ✓ Track record of consistent execution and achieving corporate objectives



# Appendix



# Ribbon Condensed Statements of Operations

USD Millions except percentages and EPS	1Q20	2Q20	3Q20	4Q20	FY20	1Q21	2Q21
<b>GAAP FINANCIAL MEASURES</b>							
Product Revenue	76	121	129	142	468	98	113
Service Revenue	82	90	102	102	376	95	98
<b>Total Revenue</b>	<b>158</b>	<b>210</b>	<b>231</b>	<b>244</b>	<b>844</b>	<b>193</b>	<b>211</b>
<b>Gross Profit</b>	<b>91</b>	<b>123</b>	<b>135</b>	<b>144</b>	<b>493</b>	<b>111</b>	<b>128</b>
<i>Gross Margin %</i>	57%	59%	58%	59%	58%	57%	61%
Research and development	42	52	49	51	194	47	47
Selling, general and administrative	48	49	53	53	203	53	48
Amortization of acquired intangible assets	14	15	16	16	61	16	17
Acquisition-, disposal- and integration-related and Restructuring and related expenses	14	6	5	8	33	7	4
<b>Total Operating Expenses</b>	<b>119</b>	<b>122</b>	<b>123</b>	<b>127</b>	<b>491</b>	<b>123</b>	<b>115</b>
<b>Income/(Loss) from Operations</b>	<b>(29)</b>	<b>2</b>	<b>12</b>	<b>17</b>	<b>2</b>	<b>(13)</b>	<b>13</b>
<i>Operating Margin %</i>	-18%	1%	5%	7%	0%	-7%	6%
<b>Net Income/(Loss)</b>	<b>(33)</b>	<b>(8)</b>	<b>6</b>	<b>124</b>	<b>89</b>	<b>(45)</b>	<b>23</b>
<b>Diluted EPS</b>	<b>(\$0.27)</b>	<b>(\$0.06)</b>	<b>\$0.04</b>	<b>\$0.81</b>	<b>\$0.61</b>	<b>(\$0.31)</b>	<b>\$0.15</b>
Shares used to compute GAAP diluted earnings (loss) per share	121	144	152	153	145	146	154
<b>Cash Flow from Operating Activities</b>	<b>40</b>	<b>(3)</b>	<b>29</b>	<b>36</b>	<b>102</b>	<b>(6)</b>	<b>14</b>
<b>NON-GAAP FINANCIAL MEASURES<sup>1</sup></b>							
<b>Adjusted EBITDA</b>	<b>10</b>	<b>30</b>	<b>43</b>	<b>49</b>	<b>131</b>	<b>20</b>	<b>43</b>
<b>Unlevered Free Cash Flow</b>	<b>35</b>	<b>(6)</b>	<b>29</b>	<b>33</b>	<b>90</b>	<b>(7)</b>	<b>13</b>

Note:

1. Please see the basis of presentation non-GAAP reconciliations in the appendix.

# Ribbon Condensed Balance Sheets

USD Millions	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
<b>ASSETS</b>						
Cash and cash equivalents <sup>1</sup>	110	94	111	136	109	115
Accounts receivable, net	206	205	208	238	209	220
Inventory	67	58	51	46	45	47
Property and equipment, net	47	48	48	49	49	49
Intangible assets, net and Goodwill	866	866	850	834	818	801
Investments	-	-	-	115	93	106
Other Assets	177	157	138	130	129	121
<b>Total Assets</b>	<b>1,472</b>	<b>1,428</b>	<b>1,406</b>	<b>1,547</b>	<b>1,453</b>	<b>1,459</b>
<b>LIABILITIES AND EQUITY</b>						
Liabilities	384	362	349	352	301	287
Deferred revenue	140	130	115	123	125	124
Debt <sup>2</sup>	395	392	387	385	384	379
Stockholders' Equity	554	545	555	687	643	669
<b>Total Liabilities and Equity</b>	<b>1,472</b>	<b>1,428</b>	<b>1,406</b>	<b>1,547</b>	<b>1,453</b>	<b>1,459</b>

Notes:

1. Includes cash, cash equivalents, and restricted cash.
2. Net of debt issuance costs and associated amortization.



# Ribbon Condensed Statements of Cash Flows

USD Millions	1Q20	2Q20	3Q20	4Q20	FY20	1Q21	2Q21
Cash from Operations	40	(3)	29	36	102	(6)	14
Purchases of property and equipment	(6)	(9)	(4)	(8)	(27)	(5)	(5)
Business Acquisitions	(347)	-	-	-	(347)	-	-
Sale of Fixed Assets	44	-	-	-	44	-	3
Borrowings, net	336	(4)	(7)	(3)	322	(4)	(5)
Other	(1)	-	(1)	-	(2)	(12)	(1)
<b>Net Change</b>	<b>65</b>	<b>(16)</b>	<b>17</b>	<b>25</b>	<b>91</b>	<b>(27)</b>	<b>6</b>
<b>Cash<sup>1</sup> Beginning of Period</b>	<b>45</b>	<b>110</b>	<b>94</b>	<b>111</b>	<b>45</b>	<b>136</b>	<b>109</b>
<b>Cash<sup>1</sup> End of Period</b>	<b>110</b>	<b>94</b>	<b>111</b>	<b>136</b>	<b>136</b>	<b>109</b>	<b>115</b>

Note:

1. Includes cash, cash equivalents, and restricted cash.

# Ribbon Key Revenue Statistics

USD Millions except for percentages	1Q20	2Q20	3Q20	4Q20	FY20	1Q21	2Q21
<b>Revenue</b>							
Product	76	121	129	142	468	98	113
Service	82	90	102	102	376	95	98
<b>Total Revenue</b>	<b>158</b>	<b>210</b>	<b>231</b>	<b>244</b>	<b>844</b>	<b>193</b>	<b>211</b>
<b>% of Total Revenue:</b>							
<b>Revenue Mix</b>							
Product	48%	57%	56%	58%	55%	51%	54%
Services	52%	43%	44%	42%	45%	49%	46%
<b>Revenue by Geography</b>							
Domestic	50%	48%	45%	40%	45%	41%	48%
International	50%	52%	55%	60%	55%	59%	52%
<b>Revenue by Channel</b>							
Direct	62%	73%	72%	74%	71%	79%	76%
Indirect	38%	27%	28%	26%	29%	21%	24%
<b>Product Revenue By Market</b>							
Enterprise	36%	30%	29%	27%	30%	23%	22%
Service Providers	64%	70%	71%	73%	70%	77%	78%
<b>10% Total Revenue Customers</b>							
	Verizon AT&T	Verizon	Verizon	Verizon	Verizon	Verizon	Verizon

# Addressable Market Sizing References

1. Dell'Oro Group, Optical Transport Five Year Forecast Report 2021 – 2025 (Optical), (Yearly)  
Volume 21, Number 1 O2A, Published January 2021,  
Covering: WDM, Multiservice Multiplexer, Optical Switch, Optical Packet, and Data Center Interconnect
2. Dell'Oro Group, Router & Carrier Ethernet Switch Five Year Forecast Report 2021 – 2025 (IP), (Yearly)  
Volume 25, Number 1 R2A, Published January 2021  
Covering: Enterprise Routers and Service Provider Routers
3. Omdia, VoIP and IMS Market Tracker (Secure VoIP & SP-SBC), (Quarterly)  
Published February 2021, Edition: Q4-2020 (for the quarter ended 31 December 2020)
4. Omdia, Enterprise SBCs and VoIP Gateways Market Tracker (E-SBC), (Quarterly)  
Published March 2021, Edition: Q4-2020 (for the quarter ended 31 December 2020)
5. IHS Markit (now Omdia), Enterprise Unified Communications and Voice Equipment (PBX), (Quarterly)  
Published May 31, 2018, Edition Q1-2018 (for quarter ended 31 March 2018)
6. Omdia, NFV Hardware, Software and Services Technology Forecast (NFV), (Biannually),  
December 2020, Edition: H2-2020 (for half-year ending 30 June 2020)
7. Exact Ventures, STP Signaling Forecast Edition (STP), Published September 2020

# Basis of Presentation

Totals may not sum due to rounding.

The terms “Cloud and Edge”, “Ribbon standalone”, “Ribbon’s organic business” and “organic” as used herein refer to the business, continuing operations and/or financial results, as the context dictates, of Ribbon excluding the recently acquired ECI Telecom business, which was completed on March 3, 2020. The term “overall” as used herein refers to Ribbon’s consolidated results (including the results of ECI post-acquisition through June 30, 2021) for the metric or period indicated.

ECI results prior to its acquisition by Ribbon on March 3, 2020 have been combined with the Ribbon standalone results for certain financial metrics, for illustrative purposes only. These combined results are presented for illustrative purposes and are not intended to represent or be indicative of the actual results of the combined company that would have been achieved had the acquisition occurred on January 1, 2020.

On December 1, 2020, Ribbon sold Kandy; the results of the Kandy business are included in all periods through that date.

**IP Optical Networks** relates to the ECI Telecom business.

**Cloud and Edge** relates to Ribbon standalone and excludes the ECI Telecom business.

# Discussion of Non-GAAP Financial Measures

Our management uses several different financial measures, both GAAP and non-GAAP, in analyzing and assessing the overall performance of its business, making operating decisions, planning and forecasting future periods, and determining payments under compensation programs. We consider the use of non-GAAP financial measures helpful in assessing the core performance of our continuing operations and when planning and forecasting future periods. Our annual financial plan is prepared on a non-GAAP basis and is approved by our board of directors. In addition, budgeting and forecasting for revenue and expenses are conducted on a non-GAAP basis and actual results on a non-GAAP basis are assessed against the annual financial plan. By continuing operations, we mean the ongoing results of the business adjusted for certain expenses and credits, as described below. We believe that providing non-GAAP information to investors will allow investors to view the financial results in the way our management views them and helps investors to better understand our core financial and operating performance and evaluate the efficacy of the methodology and information used by our management to evaluate and measure such performance.

While our management uses non-GAAP financial measures as tools to enhance their understanding of certain aspects of our financial performance, our management does not consider these measures to be a substitute for, or superior to, GAAP measures. In addition, our presentations of these measures may not be comparable to similarly titled measures used by other companies. These non-GAAP financial measures should not be considered alternatives for, or in isolation from, the financial information prepared and presented in accordance with GAAP. Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures. In particular, many of the adjustments to our financial measures reflect the exclusion of items that are recurring and will be reflected in our financial results for the foreseeable future.

# Discussion of Non-GAAP Financial Measures (Continued)

## *Acquisition-Related Inventory Adjustment*

Acquisition-related inventory adjustment amounts are inconsistent in frequency and amount and are significantly impacted by the then-current market prices of such inventory items. We believe that excluding non-cash inventory adjustments arising from acquisitions facilitates the comparison of our financial results to our historical operating results and to other companies in our industry as if the inventory had been acquired by us through our normal channels rather than acquired.

## *Stock-Based Compensation*

The expense related to stock-based awards is generally not controllable in the short-term and can vary significantly based on the timing, size and nature of awards granted. We believe that presenting non-GAAP operating results that exclude stock-based compensation provides investors with visibility and insight into our management's method of analysis and the Company's core operating performance.

## *Amortization of Acquired Intangible Assets*

Amortization amounts are inconsistent in frequency and amount and are significantly impacted by the timing and size of acquisitions. We believe that excluding non-cash amortization of intangible assets facilitates the comparison of our financial results to our historical operating results and to other companies in our industry as if the acquired intangible assets had been developed internally rather than acquired.

## *Litigation Costs*

We have been involved in litigation with one of our competitors and with a former GENBAND business partner and have reached settlements in both cases. We exclude the costs of such litigation because we believe such costs are not part of our core business or ongoing operations.

## *Acquisition-, Disposal- and Integration-Related Expense*

We consider certain acquisition-, disposal- and integration-related costs to be unrelated to the organic continuing operations of our acquired businesses and the Company, and such costs are generally not relevant to assessing or estimating the long-term performance of the acquired assets. We exclude such acquisition-, disposal- and integration-related costs to allow more accurate comparisons of our financial results to our historical operations and the financial results of less acquisitive peer companies and allows management and investors to consider the ongoing operations of the business both with and without such expenses.

# Discussion of Non-GAAP Financial Measures (Continued)

## *Restructuring and Related Expense*

We have recorded restructuring and related expense to streamline operations and reduce operating costs by closing and consolidating certain facilities and reducing our worldwide workforce. We believe that excluding restructuring and related expense facilitates the comparison of our financial results to our historical operating results and to other companies in our industry, as there are no future revenue streams or other benefits associated with these costs.

## *Gains on Sales of Businesses*

On May 12, 2021, we sold our QualiTech business, which we had acquired as part of the ECI Acquisition, to Hermon Laboratories, Ltd. As consideration, we received \$2.9 million of cash and recorded a gain on the sale of \$2.8 million. On December 1, 2020, we completed the sale of Kandy to AVCT. As consideration, we received units of AVCT securities, comprised of AVCT's Series A-1 convertible debentures ("Debentures") and warrants to purchase shares of AVCT's common stock ("Warrants"), with an aggregate fair value approximating \$84 million on the date of sale. We exclude these gains because we believe that such gains are not part of our core business or ongoing operations.

## *Interest Income on Debentures*

We recorded paid-in-kind interest income on the Debentures, which increased their fair value. We exclude this interest income because we believe that such a gain is not part of our core business or ongoing operations.

## *(Increase) Decrease in Fair Value of Investments*

We calculate the fair value of the Debentures and Warrants at each quarter-end and record any adjustments to their fair values in Other (expense), income, net. We exclude this and any subsequent gains and losses from the change in fair value of the Debentures and Warrants because we believe that such gains or losses are not part of our core business or ongoing operations.

# Discussion of Non-GAAP Financial Measures (Continued)

## *Tax Effect of Non-GAAP Adjustments*

Non-GAAP income tax expense is presented based on an estimated tax rate applied against forecasted annual non-GAAP income. Non-GAAP income tax expense assumes no available net operating losses or valuation allowances for the U.S. because of reporting significant cumulative non-GAAP income over the past several years. We are reporting our non-GAAP quarterly income taxes by computing an annual rate for the Company and applying that single rate (rather than multiple rates by jurisdiction) to our consolidated quarterly results. We expect that this methodology will provide a consistent rate throughout the year and allow investors to better understand the impact of income taxes on our results. Due to the methodology applied to our estimated annual tax rate, our estimated tax rate on non-GAAP income will differ from our GAAP tax rate and from our actual tax liabilities.

## *Adjusted EBITDA*

We use Adjusted EBITDA as a supplemental measure to review and assess our performance. We calculate Adjusted EBITDA by excluding from Income (loss) from operations: depreciation; amortization of acquired intangible assets; stock-based compensation; acquisition-related inventory adjustments; certain litigation costs; acquisition-, disposal- and integration-related expense; and restructuring and related expense. In general, we exclude the expenses that we consider to be non-cash and/or not part of our ongoing operations. We may exclude other items in the future that have those characteristics. Adjusted EBITDA is a non-GAAP financial measure that is used by our investing community for comparative and valuation purposes. We disclose this metric to support and facilitate our dialogue with research analysts and investors. Other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.



# GAAP to Non-GAAP Reconciliation

\$000's	1Q20			2Q20			3Q20			4Q20			FY20		
	Cloud and Edge	IP Optical Networks	Consolidated	Cloud and Edge	IP Optical Networks	Consolidated	Cloud and Edge	IP Optical Networks	Consolidated	Cloud and Edge	IP Optical Networks	Consolidated	Cloud and Edge	IP Optical Networks	Consolidated
<b>Revenue</b>	\$ 128,031	\$ 29,951	\$ 157,982	\$ 146,907	\$ 63,586	\$ 210,493	\$ 153,530	\$ 77,588	\$ 231,118	\$ 154,802	\$ 89,400	\$ 244,202	\$ 583,270	\$ 260,525	\$ 843,795
<b>GAAP Gross profit</b>	\$ 78,778	\$ 11,746	\$ 90,524	\$ 98,591	\$ 24,676	\$ 123,267	\$ 101,711	\$ 33,243	\$ 134,954	\$ 105,322	\$ 39,040	\$ 144,362	\$ 384,402	\$ 108,705	\$ 493,107
<b>GAAP Gross margin - total (Total gross profit/Revenue)</b>	61.5%	39.2%	57.3%	67.1%	38.8%	58.6%	66.2%	42.8%	58.4%	68.0%	43.7%	59.1%	65.9%	41.7%	58.4%
Stock-based compensation	0.2%	0.0%	0.1%	0.1%	0.0%	0.1%	0.2%	0.1%	0.1%	0.2%	*	0.1%	0.1%	*	0.1%
Acquisition-related inventory adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	0.9%	0.0%	0.0%	0.0%	0.0%	0.8%	0.3%
<b>Non-GAAP Gross margin - total</b>	<b>61.7%</b>	<b>39.2%</b>	<b>57.4%</b>	<b>67.2%</b>	<b>38.8%</b>	<b>58.7%</b>	<b>66.4%</b>	<b>45.5%</b>	<b>59.4%</b>	<b>68.2%</b>	<b>43.7%</b>	<b>59.2%</b>	<b>66.0%</b>	<b>42.5%</b>	<b>58.8%</b>
<b>Adjusted EBITDA</b>															
<b>GAAP (Loss) income from operations</b>	\$ (13,557)	\$ (15,183)	\$ (28,740)	\$ 16,742	\$ (15,150)	\$ 1,592	\$ 21,955	\$ (10,038)	\$ 11,917	\$ 23,483	\$ (6,583)	\$ 16,900	\$ 48,623	\$ (46,954)	\$ 1,669
Depreciation	2,993	481	3,474	2,984	1,802	4,786	2,990	1,504	4,494	3,144	1,290	4,434	12,111	5,077	17,188
Amortization of acquired intangible assets	12,214	2,120	14,334	11,324	3,345	14,669	12,513	3,836	16,349	11,724	3,834	15,558	47,775	13,135	60,910
Stock-based compensation	2,976	-	2,976	3,138	84	3,222	3,400	569	3,969	3,136	596	3,732	12,650	1,249	13,899
Acquisition-related inventory adjustment	-	-	-	-	-	-	-	2,000	2,000	-	-	-	-	2,000	2,000
Litigation costs	3,038	-	3,038	(937)	-	(937)	-	-	-	-	-	-	2,101	-	2,101
Acquisition-, disposal- and integration-related expense	-	12,384	12,384	-	857	857	850	516	1,366	1,002	1,555	2,557	1,852	15,312	17,164
Restructuring and related expense	2,075	-	2,075	4,246	1,115	5,361	213	3,077	3,290	4,032	1,477	5,509	10,566	5,669	16,235
<b>Non-GAAP Adjusted EBITDA</b>	<b>\$ 9,739</b>	<b>\$ (198)</b>	<b>\$ 9,541</b>	<b>\$ 37,497</b>	<b>\$ (7,947)</b>	<b>\$ 29,550</b>	<b>\$ 41,921</b>	<b>\$ 1,464</b>	<b>\$ 43,385</b>	<b>\$ 46,521</b>	<b>\$ 2,169</b>	<b>\$ 48,690</b>	<b>\$ 135,678</b>	<b>\$ (4,512)</b>	<b>\$ 131,166</b>
<b>Adjusted EBITDA Margin (Adjusted EBITDA/Revenue)</b>															
<b>GAAP (Loss) income from operations</b>	-10.6%	-50.7%	-18.2%	11.4%	-23.8%	0.8%	14.3%	-12.9%	5.2%	15.2%	-7.4%	6.9%	8.3%	-18.0%	0.2%
Depreciation	2.3%	1.6%	2.2%	2.0%	2.8%	2.3%	1.9%	1.9%	1.9%	2.0%	1.4%	1.8%	2.1%	1.9%	2.0%
Amortization of acquired intangible assets	9.6%	7.1%	9.1%	7.7%	5.3%	6.9%	8.2%	4.9%	7.1%	7.7%	4.3%	6.4%	8.2%	5.0%	7.3%
Stock-based compensation	2.3%	0.0%	1.9%	2.1%	0.1%	1.5%	2.2%	0.7%	1.7%	2.0%	0.7%	1.5%	2.2%	0.5%	1.6%
Acquisition-related inventory adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	0.9%	0.0%	0.0%	0.0%	0.0%	0.8%	0.2%
Litigation costs	2.4%	0.0%	1.9%	-0.6%	0.0%	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.0%	0.2%
Acquisition-, disposal- and integration-related expense	0.0%	41.3%	7.8%	0.0%	1.3%	0.4%	0.6%	0.7%	0.6%	0.6%	1.7%	1.0%	0.3%	5.9%	2.0%
Restructuring and related expense	1.6%	0.0%	1.3%	2.9%	1.8%	2.5%	0.1%	4.0%	1.4%	2.6%	1.7%	2.3%	1.8%	2.2%	2.0%
<b>Non-GAAP Adjusted EBITDA Margin</b>	<b>7.6%</b>	<b>-0.7%</b>	<b>6.0%</b>	<b>25.5%</b>	<b>-12.5%</b>	<b>14.0%</b>	<b>27.3%</b>	<b>1.9%</b>	<b>18.8%</b>	<b>30.1%</b>	<b>2.4%</b>	<b>19.9%</b>	<b>23.3%</b>	<b>-1.7%</b>	<b>15.5%</b>

\* Less than 0.1% impact on Gross margin

# GAAP to Non-GAAP Reconciliation (Continued)

\$Q00's	1Q21			2Q21		
	Cloud and Edge	IP Optical Networks	Consolidated	Cloud and Edge	IP Optical Networks	Consolidated
<b>Revenue</b>	\$ 125,422	\$ 67,350	\$ 192,772	\$ 141,421	\$ 69,789	\$ 211,210
<b>GAAP Gross profit</b>	\$ 84,162	\$ 26,385	\$ 110,547	\$ 95,463	\$ 32,964	\$ 128,427
<b>GAAP Gross margin - total (Total gross profit/Revenue)</b>	67.1%	39.2%	57.3%	67.5%	47.2%	60.8%
Stock-based compensation	0.1%	0.1%	0.2%	0.3%	0.3%	0.3%
Acquisition-related inventory adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Non-GAAP Gross margin - total</b>	<b>67.2%</b>	<b>39.3%</b>	<b>57.5%</b>	<b>67.8%</b>	<b>47.5%</b>	<b>61.1%</b>
<b>Adjusted EBITDA</b>						
<b>GAAP Income (loss) from operations</b>	\$ 4,692	\$ (17,296)	\$ (12,604)	\$ 24,932	\$ (11,980)	\$ 12,952
Depreciation	3,137	1,089	4,226	3,142	1,107	4,249
Amortization of acquired intangible assets	11,306	4,517	15,823	11,299	5,882	17,181
Stock-based compensation	3,334	1,726	5,060	3,039	1,751	4,790
Acquisition-related inventory adjustment	-	-	-	-	-	-
Litigation costs	-	-	-	-	-	-
Acquisition-, disposal- and integration-related expense	241	956	1,197	29	1,023	1,052
Restructuring and related expense	5,620	330	5,950	1,095	1,735	2,830
<b>Non-GAAP Adjusted EBITDA</b>	<b>\$ 28,330</b>	<b>\$ (8,678)</b>	<b>\$ 19,652</b>	<b>\$ 43,536</b>	<b>\$ (482)</b>	<b>\$ 43,054</b>
<b>Adjusted EBITDA Margin (Adjusted EBITDA/Revenue)</b>						
<b>GAAP Income (loss) from operations</b>	2.9%	-24.1%	-6.5%	18.4%	-18.7%	6.1%
Depreciation	2.5%	1.6%	2.2%	2.2%	1.6%	2.0%
Amortization of acquired intangible assets	9.0%	6.7%	8.2%	8.0%	8.4%	8.2%
Stock-based compensation	3.5%	1.0%	2.6%	1.4%	4.0%	2.3%
Acquisition-related inventory adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Litigation costs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Acquisition-, disposal- and integration-related expense	0.2%	1.4%	0.6%	*	1.5%	0.5%
Restructuring and related expense	4.5%	0.5%	3.1%	0.8%	2.5%	1.3%
<b>Non-GAAP Adjusted EBITDA Margin</b>	<b>22.6%</b>	<b>-12.9%</b>	<b>10.2%</b>	<b>30.8%</b>	<b>-0.7%</b>	<b>20.4%</b>

\* Less than 0.1% impact on non-GAAP Adjusted EBITDA margin

# GAAP to Non-GAAP Reconciliation (Continued)

\$000s	1Q20	2Q20	3Q20	4Q20	FY20	1Q21	2Q21
<b>GAAP Operating expenses</b>	\$ 119,264	\$ 121,675	\$ 123,037	\$ 127,462	\$ 491,438	\$ 123,151	\$ 115,475
Stock-based compensation	(2,819)	(3,024)	(3,708)	(3,473)	(13,024)	(4,798)	(4,228)
Amortization of acquired intangible assets	(14,334)	(14,669)	(16,349)	(15,558)	(60,910)	(15,823)	(17,181)
Litigation costs	(3,038)	937	-	-	(2,101)	-	-
Acquisition-, disposal- and integration-related expense	(12,384)	(857)	(1,366)	(2,557)	(17,164)	(1,197)	(1,052)
Restructuring and related expense	(2,075)	(5,361)	(3,290)	(5,509)	(16,235)	(5,950)	(2,830)
<b>Non-GAAP Operating expenses</b>	<b>\$ 84,614</b>	<b>\$ 98,701</b>	<b>\$ 98,324</b>	<b>\$ 100,365</b>	<b>\$ 382,004</b>	<b>\$ 95,383</b>	<b>\$ 90,184</b>

## Income (loss) from operations as a percentage of revenue ("Operating margin")

<b>GAAP Operating margin</b>	-18.2%	0.8%	5.2%	6.9%	0.2%	-6.5%	6.1%
Acquisition-related inventory adjustment	0.0%	0.0%	0.9%	0.0%	0.2%	0.0%	0.0%
Stock-based compensation	1.9%	1.5%	1.7%	1.5%	1.6%	2.6%	2.3%
Amortization of acquired intangible assets	9.1%	7.0%	7.0%	6.4%	7.3%	8.2%	8.2%
Litigation costs	1.9%	-0.4%	0.0%	0.0%	0.2%	0.0%	0.0%
Acquisition-, disposal- and integration-related expense	7.8%	0.4%	0.6%	1.0%	2.0%	0.6%	0.5%
Restructuring and related expense	1.3%	2.5%	1.4%	2.3%	2.0%	3.1%	1.3%
<b>Non-GAAP Operating margin</b>	<b>3.8%</b>	<b>11.8%</b>	<b>16.8%</b>	<b>18.1%</b>	<b>13.5%</b>	<b>8.0%</b>	<b>18.4%</b>

# GAAP to Non-GAAP Reconciliation (Continued)

	1Q20	2Q20	3Q20	4Q20	FY20	1Q21	2Q21
<b>Earnings (loss) per share</b>							
<b>GAAP (Loss) per share or diluted earnings per share</b>	\$ (0.27)	\$ (0.06)	\$ 0.04	\$ 0.81	\$ 0.61	\$ (0.31)	\$ 0.15
Acquisition-related inventory adjustment	-	-	0.01	-	0.01	-	-
Stock-based compensation	0.02	0.02	0.03	0.02	0.11	0.03	0.03
Amortization of acquired intangible assets	0.12	0.10	0.11	0.10	0.42	0.11	0.11
Litigation costs	0.02	(0.01)	-	-	0.01	-	-
Acquisition-, disposal- and integration-related expense	0.10	0.01	0.01	0.02	0.12	0.01	0.01
Restructuring and related expense	0.02	0.04	0.02	0.04	0.11	0.05	0.02
Gain on sale of business	-	-	-	(0.54)	(0.58)	-	(0.02)
Interest income on debentures	-	-	-	-	-	(0.01)	(0.01)
(Increase) decrease in fair value of investments	-	-	-	(0.20)	(0.21)	0.16	(0.08)
Tax effect of non-GAAP adjustments	*	(0.02)	(0.08)	(0.07)	(0.17)	(0.01)	(0.04)
<b>Non-GAAP Diluted earnings per share</b>	<b>\$ 0.01</b>	<b>\$ 0.08</b>	<b>\$ 0.14</b>	<b>\$ 0.18</b>	<b>\$ 0.43</b>	<b>\$ 0.03</b>	<b>\$ 0.17</b>
<b>Weighted average shares used to compute (loss) per share or diluted earnings per share (000's)</b>							
Shares used to compute <b>GAAP</b> diluted earnings (loss) per share	120,992	144,483	151,680	153,441	144,650	145,936	154,160
Shares used to compute <b>non-GAAP</b> diluted earnings per share	121,603	150,512	151,680	153,441	144,650	155,032	154,160
<b>Unlevered Free Cash Flow (\$000s)</b>							
<b>GAAP Net cash provided by (used in) operating activities</b>	\$ 39,932	\$ (3,220)	\$ 28,536	\$ 36,316	\$ 101,564	\$ (6,212)	\$ 14,242
Interest paid	688	5,587	4,570	4,701	15,546	4,317	3,692
Purchases of property and equipment	(6,017)	(8,874)	(3,794)	(8,036)	(26,721)	(5,357)	(5,213)
<b>Non-GAAP Unlevered free cash flow</b>	<b>\$ 34,603</b>	<b>\$ (6,507)</b>	<b>\$ 29,312</b>	<b>\$ 32,981</b>	<b>\$ 90,389</b>	<b>\$ (7,252)</b>	<b>\$ 12,721</b>

\* Less than \$0.01 impact on (loss) per share or diluted earnings per share

Thank you

