



Ribbon Communications

Fourth Quarter and Full Year 2024 Results

February 12, 2025

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 release, including without limitation, statements regarding the Company’s projected financial results for the first quarter of 2025 and beyond; market share growth; increases in shareholder value; plans and objectives for future operations, including cost reductions; the impact of the wars in Israel and Ukraine; customer spending and engagement and momentum; and plans for future product development and manufacturing and the expected benefits therefrom, are forward-looking statements. Without limiting the foregoing, the words “anticipates”, “believes”, “could”, “estimates”, “expects”, “expectations”, “intends”, “may”, “plans”, “projects” and other similar language, whether in the negative or affirmative, are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

Forward-looking statements are based on the Company’s current expectations and assumptions regarding its business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are unknown and/or difficult to predict and that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Such risks and uncertainties include, but are not limited to, unpredictable fluctuations in quarterly revenue and operating results; the impact of restructuring and cost-containment activities; increases in tariffs, trade restrictions or taxes on the Company’s products; supply chain disruptions resulting from component availability and/or geopolitical instabilities and disputes (including those related to the wars in Israel and Ukraine); the closure, on a temporary basis, of the Company’s offices or those of the Company’s contract manufacturer in Israel as a result of the war and the impact of military call-ups of the Company’s employees in Israel; material litigation; the impact of fluctuations in interest rates; material cybersecurity and data intrusion incidents, including any security breaches resulting in the theft, transfer, or unauthorized disclosure of customer, employee, or Company information; the Company’s ability to comply with applicable domestic and foreign information security and privacy laws, regulations and technology platform rules or other obligations related to data private and security; failure to compete successfully against telecommunications equipment and networking companies; failure to grow the Company’s customer base or generate recurring business from existing customers; credit risks; the timing of customer purchasing decisions and the Company’s recognition of revenues; macroeconomic conditions, including inflation; the ability to adapt to rapid technological and market changes; the ability to generate positive returns on the Company’s research and development; the ability to protect Company intellectual property rights and obtain necessary licenses; the ability to maintain partner, reseller, distribution and vendor support and supply relationships; the potential for defects in the Company’s products; risks related to the terms of the Company’s credit agreement; higher risks in international operations and markets; currency fluctuations; unanticipated adverse changes in legal, regulatory or tax laws; future accounting pronouncements or changes in the Company’s accounting policies; and/or failure or circumvention of the Company’s controls and procedures. We therefore caution you against relying on any of these forward-looking statements.

These factors are not intended to be an all-encompassing list of risks and uncertainties that may affect the Company’s business and results from operations. Additional information regarding these and other factors can be found in the Company’s reports filed with the Securities and Exchange Commission, including, without limitation, its Form 10-K for the year ended December 31, 2023. Any forward-looking statement made by the Company in this release speaks only as of the date on which this release was first issued. The Company undertakes no obligation to update any forward-looking statement publicly or otherwise, whether as a result of new information, future developments or otherwise, except as 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 in the supplemental financial information provided on our website at investors.ribboncommunications.com, and not to rely on any single financial measure to evaluate our business.

Please note that as part of the basis of presentation, totals may not sum due to rounding.

Fourth Quarter and 2024 Business Highlights | Consolidated

Q4

Revenue

\$251M

+11% Growth YoY

Gross Margin

58%; +120 bps YoY

Adj. EBITDA¹

\$55M

+30% Growth YoY

Adj. EBITDA¹ Margin

22%; +320bps YoY

Full Year Cash from Operations

+\$50M

FY 2024

Revenue

\$834M

+1% Growth YoY

Gross Margin

56%; +280 bps YoY

Adj. EBITDA¹

\$119M

+31% Growth YoY

Adj. EBITDA¹ Margin

14%; +330bps YoY

Growth

U.S. Tier 1 Service Provider

Enterprise and Federal

U.S. and APAC

Customer Highlights

Expanding Presence in Federal and Defense

Network Modernization Momentum

Verizon Modernization Project

Cash & Capital Structure

\$90M Ending Cash Balance

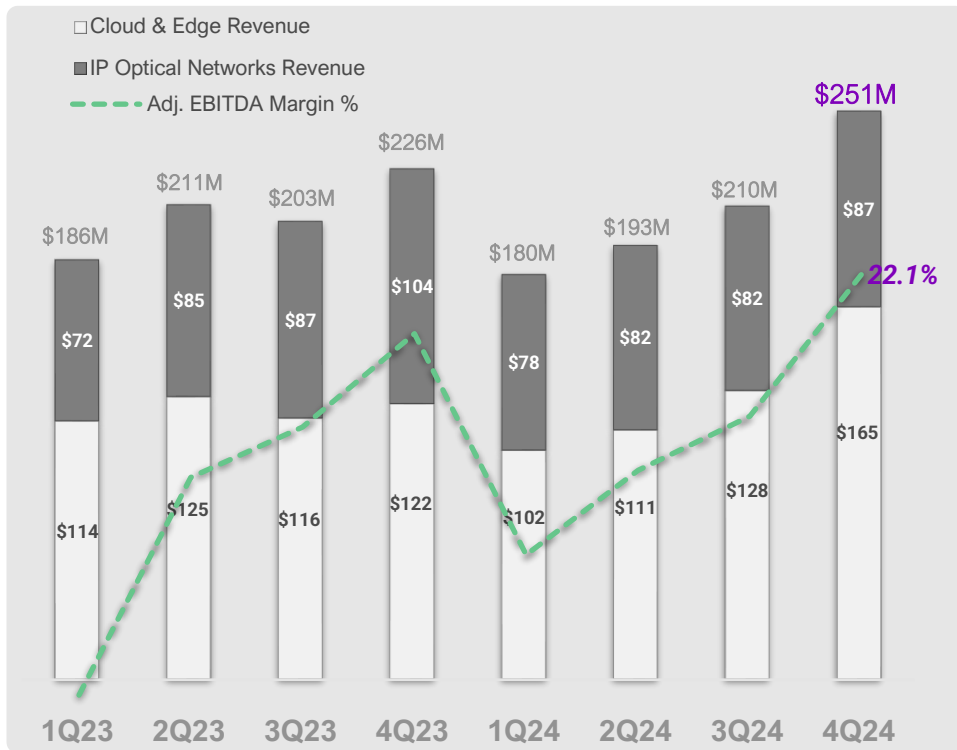
Net Debt Leverage 2.2x²

Note:

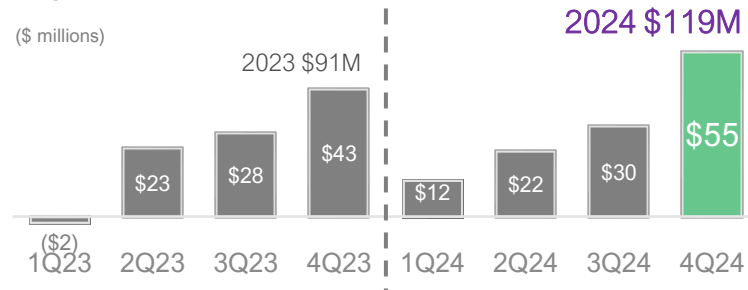
1. Please see the discussion of non-GAAP financial measures in the appendix

2. Term Debt less cash divided by non-GAAP Adjusted EBITDA.

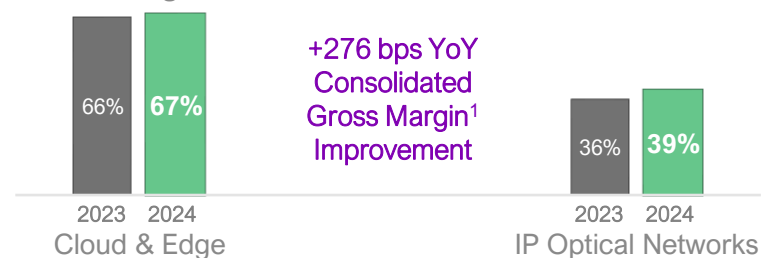
Key Financial Trends¹



Adjusted EBITDA¹



Gross Margin¹



1. Please see the discussion of non-GAAP financial measures in the supplemental financial information included on the Ribbon Investor Relations website.

Non-GAAP¹ Segment Financial Highlights | Cloud & Edge

Q4

+35%

Revenue Growth

U.S. Tier 1 Service Provider 2x Growth Year over Year
U.S. Defense Agencies Voice Modernization Awards



+75%

Adj. EBITDA¹ Growth YoY

Record \$60M Adj. EBITDA
Adj. EBITDA Margin +800bps YoY
Gross Margin¹ at 68%



FY
2024

+6%

Growth in Full Year Revenue

Total Service Provider up +14%
Enterprise up +17%



+16%

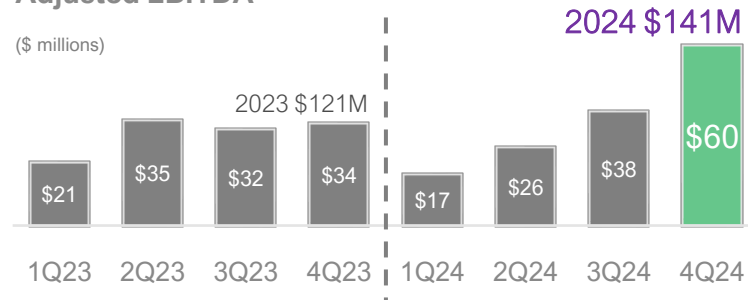
Adj. EBITDA¹ Growth YoY

Record level 28% EBITDA margin, up 250bps YoY



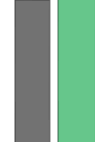
Adjusted EBITDA¹

(\$ millions)



Full Year 2024

\$505M
+6%



'23 '24

Revenue

67%



'23 '24

Gross Margin¹

28%



'23 '24

Adj. EBITDA¹
Margin

Note:

1. Please see the discussion of non-GAAP financial measures in the appendix.

Non-GAAP¹ Segment Financial Highlights | IP Optical Networks

Q4



Regional Growth

India +10% YoY
 APAC +60% YoY
 U.S. and Europe +5% YoY
 No Shipments to E. Europe

40%



Gross Margin¹

Reflects changes in geographic and software mix
 +375bps Improvement QoQ
 Strongest Quarter to Date of Neptune Product

FY
 2024

+320bps



Gross Margin¹ Improvement YoY

Geographic & Product Mix
 Improved Service Margins

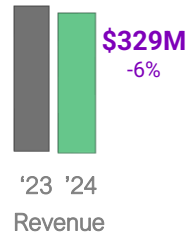
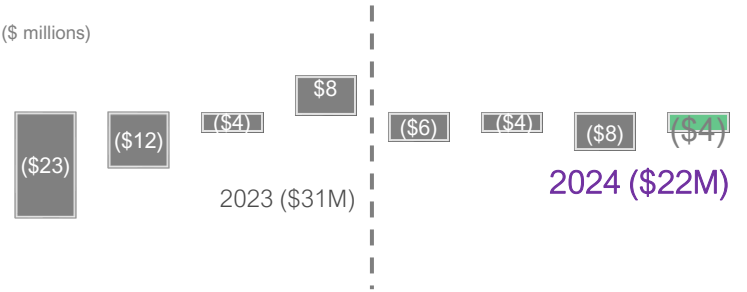
+\$9M



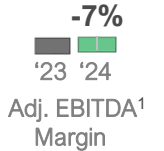
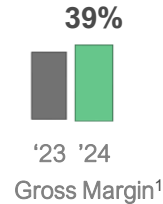
Improvement in Adj. EBITDA¹ vs 2023

Adjusted EBITDA¹

(\$ millions)



Full Year 2024



Note:

1. Please see the discussion of non-GAAP financial measures in the appendix.

Fourth Quarter 2024 Key Metrics | Consolidated

Revenue Mix



Enterprise 41%²
Service Provider 59%²

28% Maintenance Revenue³

Top 10 Customers Revenue 51%³

Domestic 53%³
International 47%³

Book to Revenue 1.1x

Profitability



58% Gross Margin¹

Full Year Operating Expenses¹
\$2M Lower Year over Year

\$55M Adjusted EBITDA¹

Non-GAAP¹ effective tax rate 21%⁵

\$0.16 Non-GAAP EPS¹

Balance Sheet



Senior Term Loan Debt⁴ \$348M

Outstanding Revolver Loan⁴ \$0M

4.9M Warrants Outstanding

Net Debt Leverage 2.2x

Cash Flow



Cash Position @ \$90M

\$62M Cash from Operations

(\$8M) Capital Expenditures
(Includes \$5M Real Estate Investment)

Notes:

1. Please see the discussion of non-GAAP financial measures in the supplemental financial information included on the Ribbon Investor Relations website.
2. As a percentage of total product revenue.
3. As a percentage of total revenue.
4. Principal balance outstanding.
5. Excluding a one-time tax benefit, Non-GAAP effective tax rate was ~40%.

Fourth Quarter and Full Year 2024 Non-GAAP¹ Financial Summary

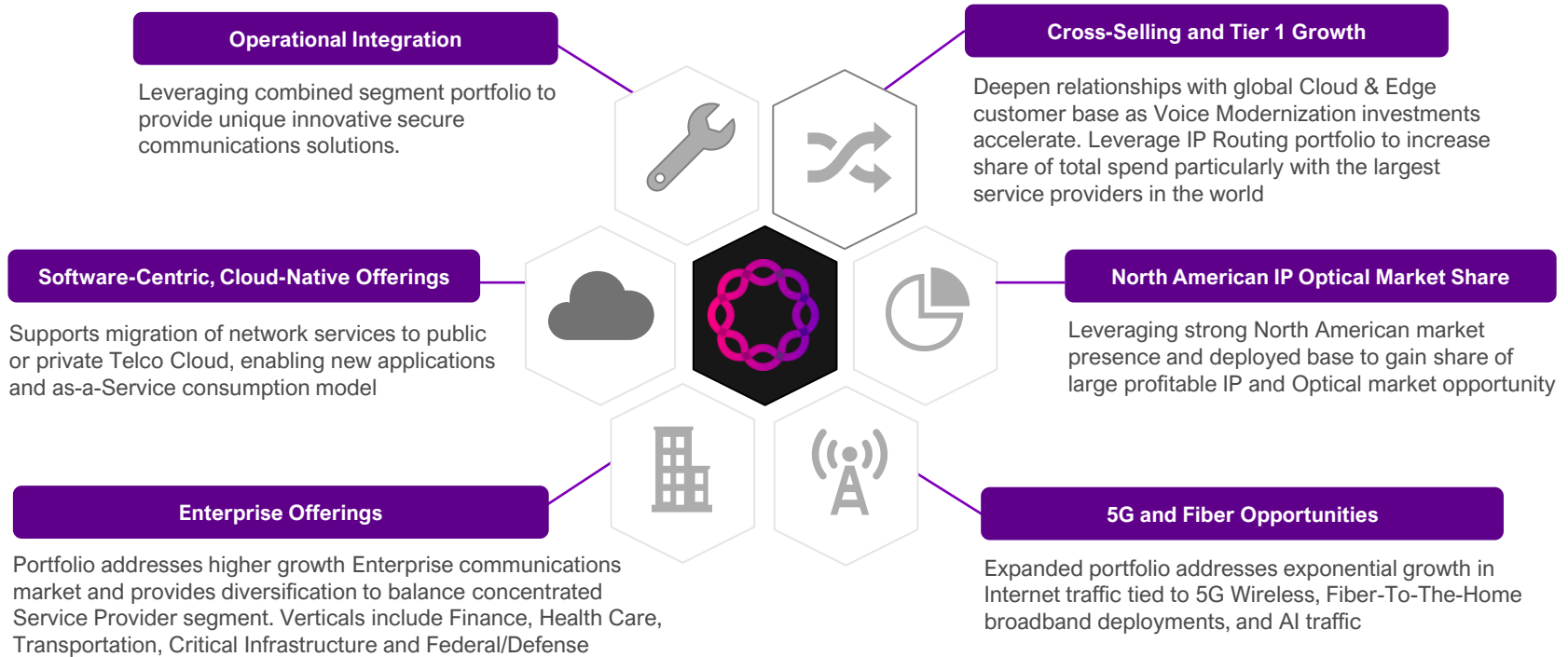
	4Q23	3Q24	4Q24	2023	2024
Revenue	\$226M	\$210M	\$251M	\$826M	\$834M
Non-GAAP Gross Margin ¹	57%	55%	58%	53%	56%
Non-GAAP Opex ¹	\$90M	\$90M	\$94M	\$363M	\$361M
Non-GAAP Operating Margin ¹	17%	13%	21%	9%	13%
Non-GAAP Adjusted EBITDA ¹	\$43M	\$30M	\$55M	\$91M	\$119M
Non-GAAP Diluted EPS ¹	\$0.12	\$0.05	\$0.16	\$0.21	\$0.25

1. Please see the discussion of non-GAAP financial measures in the supplemental financial information included on the Ribbon Investor Relations website.

Key Trends & Outlook



Ribbon's Strategic Pillars



Powering Voice Network Transformation

"We're proud of our decades-long partnership with Verizon and of our continued ability to deliver success-based transition models that drive digital adoption."



Bruce McClelland
CEO, Ribbon



"Brightspeed is setting the bar for how independent service providers can compete in today's telecommunications landscape. We look forward to being a part of their ongoing network transformation success."



Sam Buccì
Chief Operating Officer and EVP



"Ribbon delivers a proven migration path to a modern communications infrastructure which provides updated capabilities and increased security, in line with stringent government mandates and unique deployment needs."



Bill Grabner
Vice President, Federal Markets



35% Growth in Cloud & Edge Q4'24 Revenue Driven by:

1 Global Wins in Tier 1 & 2 Service Providers & MSOs

2 USA Federal Government & DoD

3 European MNOs

4 Multi-year Enterprise Agreements

**\$7.4B TAM
thru 2028***

*2025-2028 Global Total Addressable Market – Exact Ventures

Mission Critical Defense Networks - Secure Solutions for a Safer World

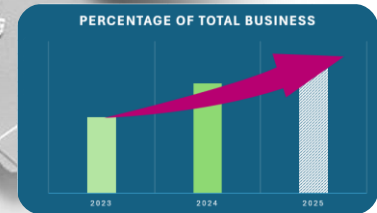
Solutions



Brand Awareness



Customers



Growth

Network Automation through Practical AI



 Automation

- Build Network Knowledge Bases
- Create Chatbots for Particular Functions or Networks
- Integrate Knowledge into Workflows and Agents
- Combine Agents into Large Apps

Practical AI Across All Phases

Design

Deploy

Manage

Optimize

Troubleshoot

Innovate

Network Life Cycle

*Telecom AI market estimated at \$59B in 2032 with CAGR of 43%**

*Fortune Business Insights January 27, 2025

Improving 2025 Operating Environment



Network Modernization

- Legacy TDM Voice Switch replacement and copper elimination programs
- Migration of Telco workloads to Cloud-native solutions with ESG benefits
- Enterprises strive to improve productivity and security posture



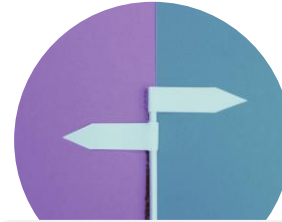
Federal and Defense Secure Communications

- Major voice modernization projects that require convergence of public cloud with on-premise survivability
- Secure mission-critical transport networks



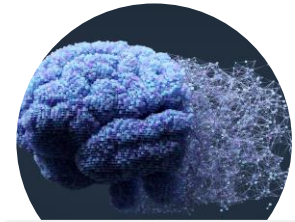
Fiber Investment

- Robust public and private funding to improve access to the internet including \$42B US BEAD federal funding, driving investment in FTTH and Middle Mile capacity
- Exponential growth in data consumption including AI-attached acceleration



Shifting Competitive Environment

- Industry consolidation is creating new opportunities to increase share
- Continued concern regarding at-risk suppliers
- Increasing trend towards localization



Economic Recovery

- Inflation pressures declining
- Interest rates slowly declining
- Industry inventory levels normalizing
- Telecom industry health improving
- Signs of global stabilization

Projecting Profitable Revenue Growth in 2025

First Quarter and Full Year 2025 Business Outlook

	1Q24 (Actual)	FY24 (Actual)	1Q25 (Outlook)	FY25 (Outlook)
Revenue	\$180M	\$834M	\$185M to \$195M	\$870M to \$890M
Non-GAAP Gross Margin¹	55.1%	55.9%	53.0% to 53.5%	54.0% to 55.0%
Non-GAAP Adjusted EBITDA¹	\$12M	\$119M	\$12M to \$18M	\$130M to \$140M

1. Please see the discussion of non-GAAP financial measures in the supplemental financial information included on the Ribbon Investor Relations website.

Appendix



Ribbon Key Revenue Statistics

USD Millions except for percentages	1Q23	2Q23	3Q23	4Q23	FY23	1Q24	2Q24	3Q24	4Q24	FY24
Revenue										
Product	93	117	109	126	445	88	99	112	148	447
Service	93	93	95	100	381	92	93	98	103	387
Total Revenue	186	211	203	226	826	180	193	210	251	834
% of Total Revenue:										
Revenue Mix										
Product	50%	56%	53%	56%	54%	49%	51%	53%	59%	54%
Services	50%	44%	47%	44%	46%	51%	49%	47%	41%	46%
Revenue by Geography										
Domestic	44%	47%	42%	34%	42%	40%	42%	52%	53%	47%
International	56%	53%	58%	66%	58%	60%	58%	48%	47%	53%
Product Revenue by Channel										
Direct	61%	68%	65%	63%	65%	48%	68%	66%	63%	62%
Indirect	39%	32%	35%	37%	35%	52%	32%	34%	37%	38%
Product Revenue By Market										
Enterprise	29%	32%	34%	33%	32%	43%	38%	36%	41%	39%
Service Providers	71%	68%	66%	67%	68%	57%	62%	64%	59%	61%
10% Total Revenue Customers	Verizon	Verizon	Verizon		Verizon		Verizon	Verizon	Verizon	Verizon

Quarterly Non-GAAP¹ Segment Trend | Cloud & Edge

CLOUD & EDGE – 2023					
	1Q	2Q	3Q	4Q	FY23
Revenue <i>vs Prior Year</i>	\$114M +4%	\$125M (9%)	\$116M (7%)	\$122M (11%)	\$478M (6%)
Non-GAAP Gross Margin¹	61%	67%	68%	68%	66%
Non-GAAP Adjusted EBITDA¹	\$21M	\$35M	\$32M	\$34M	\$121M
Non-GAAP Adjusted EBITDA Margin¹	18%	28%	27%	28%	25%

CLOUD & EDGE - 2024					
	1Q	2Q	3Q	4Q	FY24
Revenue <i>vs Prior Year</i>	\$102M (11%)	\$111M (12%)	\$128M +11%	\$165M +35%	\$505M +6%
Non-GAAP Gross Margin¹	66%	66%	68%	68%	67%
Non-GAAP Adjusted EBITDA¹	\$17M	\$26M	\$38M	\$60M	\$141M
Non-GAAP Adjusted EBITDA Margin¹	17%	23%	30%	36%	28%

1. Please see the discussion of non-GAAP financial measures in the supplemental financial information included on the Ribbon Investor Relations website.

Quarterly Non-GAAP¹ Segment Trend | IP Optical Networks

IP OPTICAL NETWORKS – 2023					
	1Q	2Q	3Q	4Q	FY23
Revenue <i>vs Prior Year</i>	\$72M +13%	\$85M +24%	\$87M +6%	\$104M +7%	\$349M +12%
Non-GAAP Gross Margin¹	27%	31%	38%	44%	36%
Non-GAAP Adjusted EBITDA¹	(\$23M)	(\$12M)	(\$4M)	\$8M	(\$31M)
Non-GAAP Adjusted EBITDA Margin¹	(32%)	(14%)	(4%)	8%	(9%)

IP OPTICAL NETWORKS – 2024					
	1Q	2Q	3Q	4Q	FY24
Revenue <i>vs Prior Year</i>	\$78M +9%	\$82M (4%)	\$82M (6%)	\$87M (17%)	\$329M (6%)
Non-GAAP Gross Margin¹	41%	39%	36%	40%	39%
Non-GAAP Adjusted EBITDA¹	(\$6M)	(\$4M)	(\$8M)	(\$4M)	(\$22M)
Non-GAAP Adjusted EBITDA Margin¹	(7%)	(5%)	(10%)	(5%)	(7%)

1. Please see the discussion of non-GAAP financial measures in the supplemental schedule financial information on the Ribbon Investor Relations website.

Fourth Quarter and Full Year 2024 GAAP Financial Summary

	4Q23	3Q24	4Q24	2023	2024
Revenue	\$226M	\$210M	\$251M	\$826M	\$834M
Gross Margin	54%	52%	56%	49%	53%
Operating Expenses	\$105M	\$111M	\$107M	\$432M	\$423M
Income (loss) from operations	\$17M	(\$1M)	\$33M	(\$24M)	\$17M
Other (expense) income, net	(\$10M)	(\$11M)	(\$25M)	(\$31M)	(\$63M)
Net income (loss)	\$7M	(\$13M)	\$6M	(\$66M)	(\$54M)
Diluted EPS	\$0.04	(\$0.08)	\$0.04	(\$0.39)	(\$0.31)

Refer to the supplemental schedules
including financial results, key stats,
and non-GAAP reconciliations on the
investor relations website

investors.ribboncommunications.com

Thank You

