



Ribbon Communications

First Quarter 2024 Results

April 24, 2024

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

The information in 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 Company’s projected financial results for the first quarter of 2024 and beyond; the impact of the wars in Israel and Ukraine; customer engagement and momentum; plans and objectives for future operations, including cost reductions; capital structure changes and plans for future product development and manufacturing and the expected benefits therefrom, 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 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 difficult to predict. Actual results may differ materially from those contemplated in these forward-looking statements due to various risks, uncertainties and other important factors, including, among others, the effects of geopolitical instabilities and wars, including in Israel and Ukraine (and the impact of sanctions and trade restrictions imposed as a result thereof); operational disruptions at facilities located in Israel including as a result of military call-ups of the Company’s employees in Israel, closure of the offices there or the temporary or long-term closure of contract manufacturing in the region; the potential impact of litigation; risks related to supply chain disruptions, including as a result of component availability; the timing and ability to complete a refinancing of the Company’s current credit agreement; the impact of new terms and/or covenants in agreements entered into to refinance the current credit agreement; ; risks resulting from higher interests rates and continued inflationary pressures; the impact of restructuring and cost-containment activities; unpredictable fluctuations in quarterly revenue and operating results; risks related to cybersecurity and data intrusion; 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; market acceptance of the Company’s products and services; rapid technological and market change; 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; increases in tariffs, trade restrictions or taxes on the Company’s products; and currency fluctuations.

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. In providing forward-looking statements, the Company expressly disclaims any obligation to update these statements publicly or otherwise, whether as a result of new information, future events 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.

First Quarter 2024 Business Overview

Bruce McClelland, President & CEO

Mick Lopez, Executive Vice President & CFO



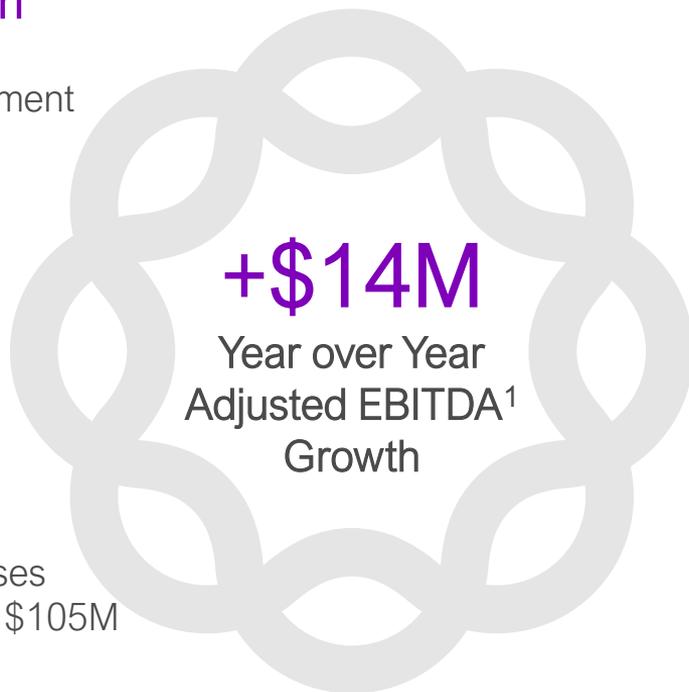
First Quarter 2024 Highlights | Consolidated

IP Optical Networks Growth

+\$17M YoY Adj. EBITDA¹ Improvement
+9% Overall Revenue Growth
Gross Margin¹ above 40%
+46% Growth YoY in EMEA

Gross Margin¹ Expansion to 55%
5% Reduction in Operating Expenses
Trailing Twelve Month Adj. EBITDA \$105M

Operational Improvement



Diversification

Multi Year Verizon Win
Enterprise Vertical Growth
New Product Launches
Federal Wins

Bank Leverage <3x
\$13M Cash from Operations

Cash & Capital Structure

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

First Quarter 2024 Business Highlights | Consolidated

Profitable Growth Driven by Margin Expansion and Operational Efficiencies

Q1



\$12M Q1 Adjusted EBITDA¹

Gross Margin Expansion in both Segments
Trailing Twelve Month Adjusted EBITDA \$105M
\$14M Improvement YoY

+700bps



Gross Margin¹ Improvement YoY to 55%

IP Optical Growth / Product Mix
Cloud & Edge Software Sales Mix
Enterprise Growth

-5%



Improved Operating Expenses YoY

Full Year Benefit of 2023 Cost Efficiencies

-3%



Decline in Q1 Revenue YoY

Lower US Tier 1 Service Provider
Portfolio Diversification / Enterprise Growth

\$13M



Cash from Operations

+18% Improvement YoY

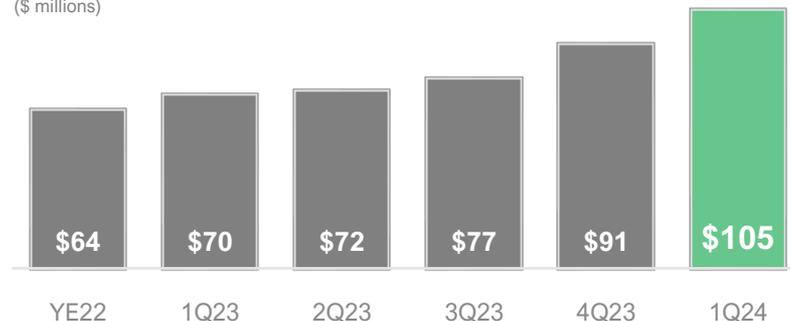


Bank Leverage

Leverage 2.7x

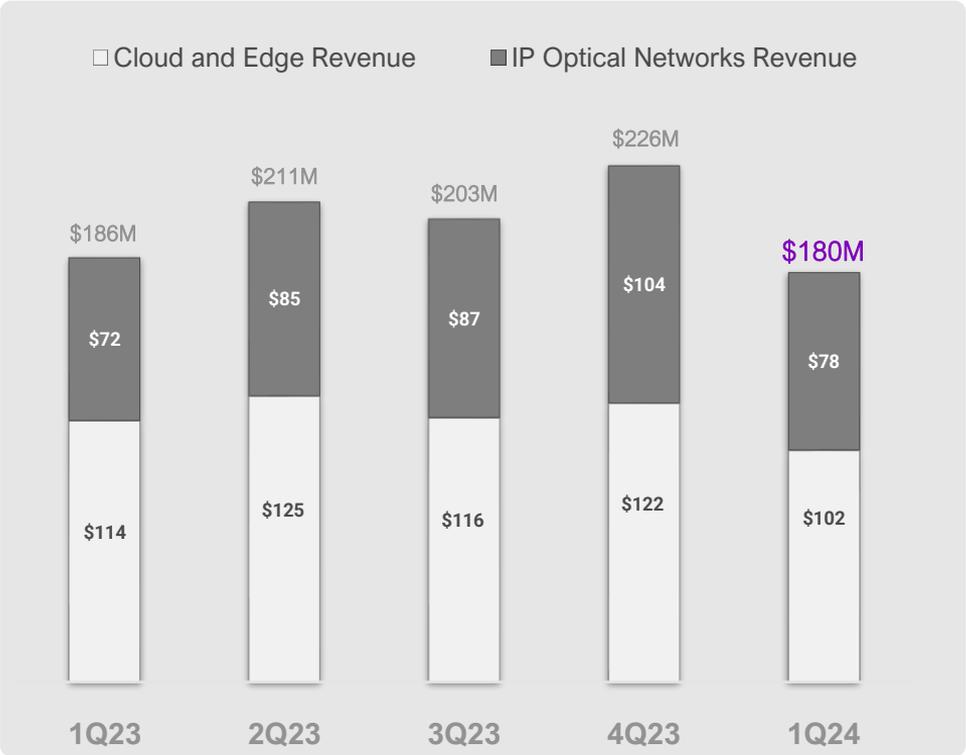
Trailing Twelve Month Adjusted EBITDA¹

(\$ millions)



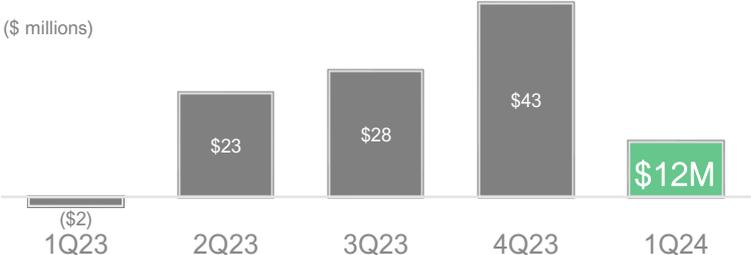
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Key Financial Trends¹



Adjusted EBITDA¹

(\$ millions)



Gross Margin¹ %



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Non-GAAP¹ Segment Financial Highlights | IP Optical Networks

Q1

\$17M



Improvement in Adj. EBITDA¹ vs Q1 23

+\$12M Gross Profit Growth
+\$5M Operating Expense Reductions

+9%



Growth in YoY Revenue

Optical Growth: + 9%
IP Routing Growth: + 2%
Professional Services: +24%

+44%



Growth in YoY EMEA Revenue

Expansion Projects in Critical Infrastructure Products
Expanding Addressable Market

41%

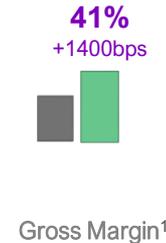
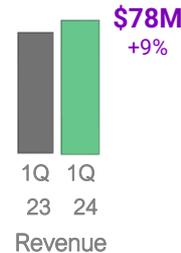


Gross Margin¹

Regional Mix and Lower Product Costs

Adjusted EBITDA¹

(\$ millions)



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

Q1

+500bps



Gross Margin¹ Improvement YoY

Higher Software Mix (41% -> 68% of Total Revenue)
 Strong re-occurring Maintenance Revenue
 Enterprise / U.S. Federal Mix

17%



Stable Adj. EBITDA¹ Margin

Cost Efficiencies drive stable margins
 Strong Gross Margin at 66%

+15%



Enterprise Revenue Growth

Diversification and expansion in market verticals including
 Financial, Healthcare, and Government

-11%



YoY Revenue Change

US Tier 1 Service Provider down
 Enterprise Product growth +15% YoY

Adjusted EBITDA¹

(\$ millions)



\$102M
(11%)

1Q 1Q
23 24
Revenue

66%
+500bps

Gross Margin¹

17%

Adj. EBITDA¹
Margin

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First Quarter 2024 Key Metrics | Consolidated

Revenue Mix



Enterprise 43%²
Service Provider 57%²

38% Maintenance Revenue³

Top 10 Customers Revenue 47%³

Domestic 40%³
International 60%³

Book to Revenue 1.1x

Profitability



55% Gross Margin¹

Operating Expenses¹ 5% Lower
than Q1 2023

\$12M Adjusted EBITDA¹

(\$0.01) Non-GAAP EPS¹

Balance Sheet



Senior Term Loan Debt⁴ \$230M

Outstanding Revolver Loan⁴ \$0M

Total Debt Including Preferred
Stock \$286M

Covenant Ratio Metrics⁵
Leverage 2.71x vs 4.00x max.
FCCR 1.77x vs 1.10x min.

Cash Flow



Cash Balance \$31M

+\$13M Cash from Operations
(\$5M) Principal Debt Paydown
(\$3M) Capital Expenditures

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. Calculated in accordance with the Amended and Restated Credit Agreement.

First Quarter and Full Year 2024 Non-GAAP¹ Financial Summary

	1Q23	4Q23	1Q24
Revenue	\$186M	\$226M	\$180M
Non-GAAP Gross Margin ¹	48%	57%	55%
Non-GAAP Opex ¹	\$95M	\$90M	\$91M
Non-GAAP Operating Margin ¹	(3%)	17%	5%
Non-GAAP Adjusted EBITDA ¹	(\$2M)	\$43M	\$12M
Non-GAAP Diluted EPS ¹	(\$0.02)	\$0.12	(\$0.01)

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Key Trends & Outlook



New Products Drive Addressable Market Expansion

Apollo 9400 Series High Density Applications



9408

**Compact Modular
Optical Transport**
5nm-140Gbaud 1.2T
Ultra-dense Metro
400G



9458

**Compact Modular
Open Line System**
4-degrees per 4RU
Leading density in the
industry

Existing Markets

Metro-Regional Transport
SAM \$2.5B



Private (CI, Gov't)
SAM \$1.2B



New Addressable Markets

Long Haul Transport
SAM \$700M



Subsea Links
SAM \$150M



Data Center Interconnect
SAM \$400M

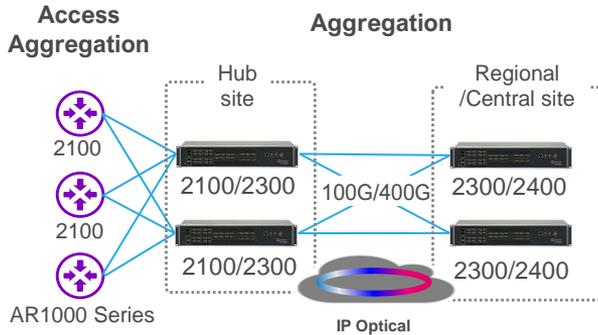


New Services Supported by Expanded Neptune Portfolio

Neptune 2300 & 2400

XDR High Performance Routing

Coherent Routing | Service Aware | Automated



Neptune - SAM \$3.5B

Broadband Backhaul & Networking



TDM to IP Migration



4G/5G xHaul



Converged Multi-Service Networking



Critical Infrastructure Secure Networking



Ribbon's Government and Defense Solutions

Mission Critical Solutions

Proven Solutions for Defense

- Base and Mission Oriented Solutions
- Secure Voice & Data Networking
- Ultra-high Availability
- Ribbon Network-in-a-Box
- JITC Certified Solutions

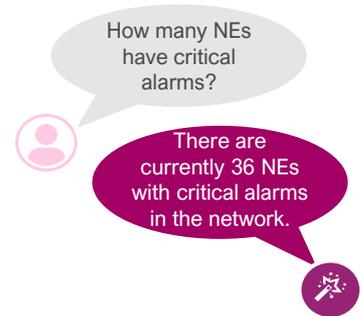
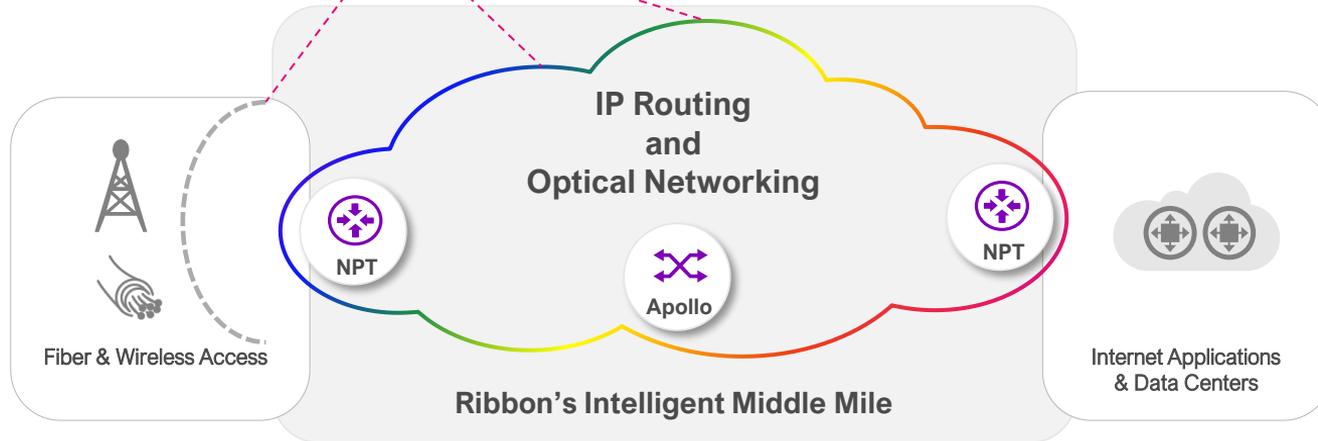


Practical Applications of AI For IP Optical Networks



Muse - Ribbon's Network Orchestration

- AI/ML Driven Network Telemetry & Management
- Gen AI-enabled User Experience
- Automated Root Cause Analysis
- Intelligent Optimization – e.g. Greenest Path



Second Quarter and Full Year 2024 Business Outlook

	2Q23 (Actual)	FY23 (Actual)	2Q24 (Outlook)	FY24 (Outlook)
Revenue	\$211M	\$826M	\$200M to \$210M	\$840M to \$870M
Non-GAAP Gross Margin¹	52%	53%	53.5% to 54.5%	53% to 54%
Non-GAAP Adjusted EBITDA¹	\$23M	\$91M	\$20M to \$25M	\$110M to \$120M

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
Revenue						
Product	93	117	109	126	445	88
Service	93	93	95	100	381	92
Total Revenue	186	211	203	226	826	180
% of Total Revenue:						
Revenue Mix						
Product	50%	56%	53%	56%	54%	49%
Services	50%	44%	47%	44%	46%	51%
Revenue by Geography						
Domestic	44%	47%	42%	34%	42%	40%
International	56%	53%	58%	66%	58%	60%
Product Revenue by Channel						
Direct	62%	68%	65%	63%	65%	52%
Indirect	38%	32%	35%	37%	35%	48%
Product Revenue By Market						
Enterprise	29%	32%	34%	33%	32%	43%
Service Providers	71%	68%	66%	67%	68%	57%
10% Total Revenue Customers	Verizon	Verizon	Verizon		Verizon	

Quarterly Non-GAAP¹ Segment Trend | Cloud & Edge

CLOUD & EDGE – 2023						2024
	1Q	2Q	3Q	4Q	FY23	1Q
Revenue <i>vs Prior Year</i>	\$114M +4%	\$125M (9%)	\$116M (7%)	\$122M (11%)	\$478M (6%)	\$102M (11%)
Non-GAAP Gross Margin¹	61%	67%	68%	68%	66%	66%
Non-GAAP Adjusted EBITDA¹	\$21M	\$35M	\$32M	\$34M	\$121M	\$17M
Non-GAAP Adjusted EBITDA Margin¹	18%	28%	27%	28%	25%	17%

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Quarterly Non-GAAP¹ Segment Trend | IP Optical Networks

IP OPTICAL NETWORKS – 2023						2024
	1Q	2Q	3Q	4Q	FY23	1Q
Revenue <i>vs Prior Year</i>	\$72M +13%	\$85M +24%	\$87M +6%	\$104M +7%	\$349M +12%	\$78M +9%
Non-GAAP Gross Margin¹	27%	31%	38%	44%	36%	41%
Non-GAAP Adjusted EBITDA¹	(\$23M)	(\$12M)	(\$4M)	\$8M	(\$31M)	(\$6M)
Non-GAAP Adjusted EBITDA Margin¹	(32%)	(14%)	(4%)	8%	(9%)	(7%)

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

First Quarter and Full Year 2024 GAAP Financial Summary

	1Q23	4Q23	1Q24
Revenue	\$186M	\$226M	\$180M
Gross Margin	44%	54%	51%
OpEx	\$117M	\$105M	\$105M
Income (loss) from operations	(\$35M)	\$17M	(\$13M)
Other (expense) income, net	(\$2M)	(\$10M)	(\$14M)
Net income (loss)	(\$38M)	\$7M	(\$30M)
Diluted EPS	(\$0.23)	\$0.04	(\$0.18)

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

investors.ribboncommunications.com

Thank You

