Ribbon Communications

First Quarter 2023 Results

April 26, 2023

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 2023 and beyond; customer engagement and momentum; plans and objectives for future operations, including cost reductions; changes to the capital structure; 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 disputes, including between Russia and Ukraine and the impact of sanctions imposed as a result thereof; the potential impact of litigation; risks related to supply chain disruptions, including as a result of component availability; risks that the Company will not realize the estimated cost savings and/or anticipated benefits from its strategic restructuring efforts; the impact of restructuring and cost-containment activities; unpredictable fluctuations in quarterly revenue and operating results; risks related to the terms of the Company’s credit agreement including compliance with the financial covenants; risks resulting from rising interests rates and inflationary pressures; 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. 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, 2022. 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.

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

Ribbon Communications Confidential and Proprietary - rbbn.com

First Quarter 2023 Business Overview

Bruce McClelland, President & CEO

Mick Lopez, Executive Vice President & CFO

First Quarter 2023 Business Highlights | Consolidated

Strength in Financial Performance

+7% Growth in Revenue YoY

+$6M Growth in EBITDA YoY

Increase in Gross Profit +$3M

Operating Expense Reduction +$4M

+62% Enterprise Growth in Cloud & Edge YoY

1.6x IP Optical Networks Book to Revenue

Ramping New Products

Neptune XDR 2100

Neptune Cell Site Router

Apollo Long Haul DWDM

Enterprise Edge SBC EM2900

Global Customer Momentum

Product/PS book-to-revenue 1.23x

BANK OF AMERICA

NTCA THE RURAL BROADBAND ASSOCIATION

airtel

Legos

LIBERTY LATIN AMERICA

colt

Capital Structure Enhancements

$55M Preferred Stock and Warrants

Covenant Amendment

Secured Debt Paydown

First Quarter 2023 Business Highlights | IP Optical

Improving Financial Performance

+13% Growth in Revenue YoY

Optical:	+ 14%
IP:	+ 20%

+78% YoY Overall Growth in U.S.

U.S. Rural:	+ 98%

+18% YoY Growth in India

+10% YoY Growth in EMEA

Key Trends

Growing Backlog - Book to Revenue of 1.6x

Defense and Critical Infrastructure

New Customer Wins

New Product Ramp

Customer Momentum

airtel · VIAERO · EASTERN · Valley · TRIANGLE COMMUNICATIONS

cesnet · TATA · TLSN · SkyLine SkyBest · SKT

Ribbon Communications Confidential and Proprietary - rbbn.com

ribbon

First Quarter 2023 Business Highlights | Cloud & Edge

Strong Financial Performance

+4%

Growth in Revenue YoY

Enterprise:	+ 62%
SBC:	+ 24%

+28%

Improvement in YoY EBITDA

61% Gross Margin

6% Reduction in Operating Expenses

+6%

Regional Strength

North America:	+ 5% YoY
EMEA:	+ 11% YoY

Key Trends

Recurring Maintenance Revenue

Strong multi-year renewal base
(90% Under Contract or Backlog)

Growth Areas

Enterprise
U.S.A. Federal
Analytics Applications
U.S.A. Regional Carriers

Customer Momentum

Ribbon Communications Confidential and Proprietary - rbbn.com

ribbon

First Quarter 2023 Financial Highlights

1Q23 Revenue

$186M up 7% YoY
International 56% of Sales
Service Provider 71% of Sales

Balance Sheet

$46M Ending Cash
Senior Debt Reduction of **$80M**
$55M Preferred Stock / Warrant Capital Raise

Profitability Metrics

($2M) Adjusted EBITDA[1]
($0.02) Non-GAAP EPS[1]

Cloud & Edge

Steady Contribution

EBITDA up 28% YoY

Software 41% of total Cloud and Edge product revenue

Revenue Up 4% YoY
62% growth in Enterprise

Continued Profitability

61% Non-GAAP Gross Margin

Non-GAAP OpEx
$3.1M lower YoY

18% Adj. EBITDA Margin

IP Optical Networks

Revenue Growth

Up **13% YoY**

North America **up 55% in Q1 YoY**

APAC **up 15% in Q1 YoY**

Market Momentum

Rural Telecom Growth

India / EMEA Bookings

1.6x book to revenue ratio

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

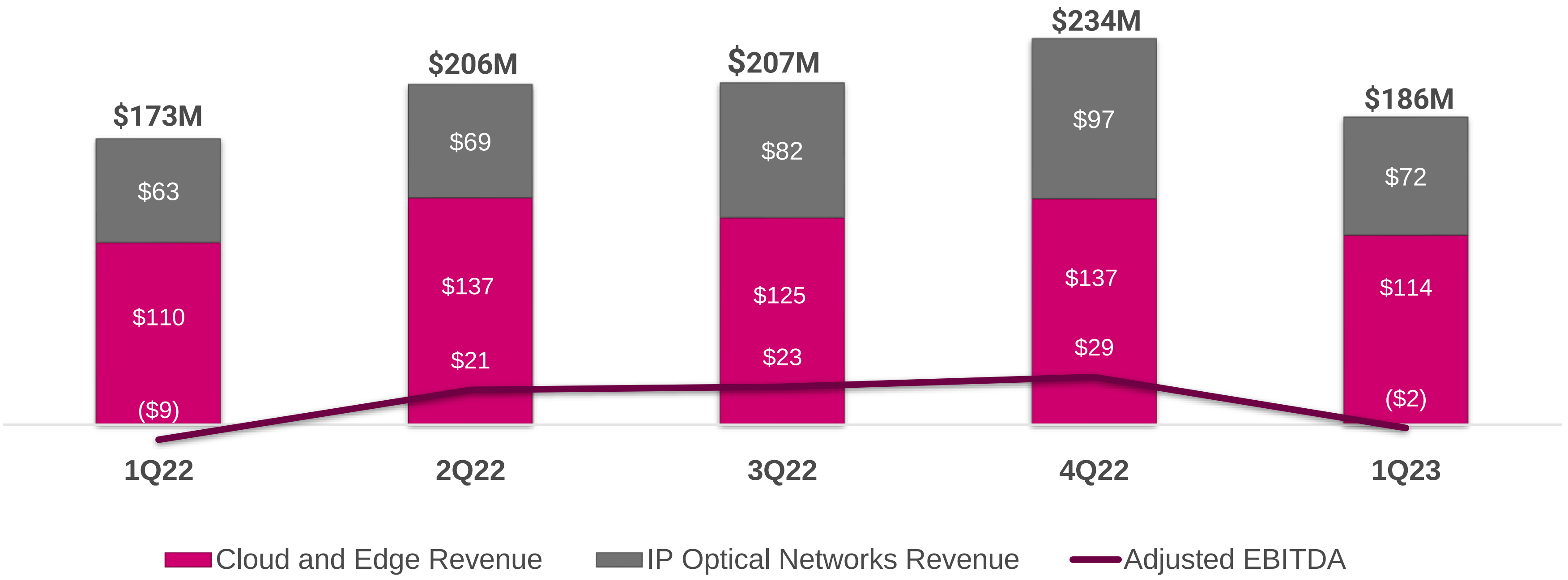
First Quarter 2023 GAAP Financial Summary

	1Q22	4Q22	1Q23
Revenue	$173M	$234M	$186M
Gross Margin	45%	49%	44%
OpEx	$117M	$113M	$117M
Income (loss) from operations	($39M)	$1M	($35M)
Other (expense) income, net[1]	($33M)	($8M)	($2M)
Net income (loss)	($70M)	$20M	($38M)
Diluted EPS	($0.47)	$0.12	($0.23)

Note:
1. 1Q22 includes a $27M non-cash loss associated with the quarterly mark-to-market of the AVCT investment and an EPS impact of ($0.18), similar to adjustments in previous quarters

Ribbon Communications Confidential and Proprietary - rbbn.com

Total Revenue and Adjusted EBITDA[1]



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

Ribbon Communications Confidential and Proprietary - rbbn.com

First Quarter 2023 Non-GAAP Financial Summary

	1Q22	4Q22	1Q23
Revenue	$173M	$234M	$186M
Non-GAAP Gross Margin[1]	50%	52%	48%
Non-GAAP OpEx[1]	$99M	$97M	$95M
Non-GAAP Operating Margin[1]	(7%)	11%	(3%)
Non-GAAP Adjusted EBITDA[1]	($9M)	$29M	($2M)
Non-GAAP Diluted EPS[1]	($0.08)	$0.09	($0.02)

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

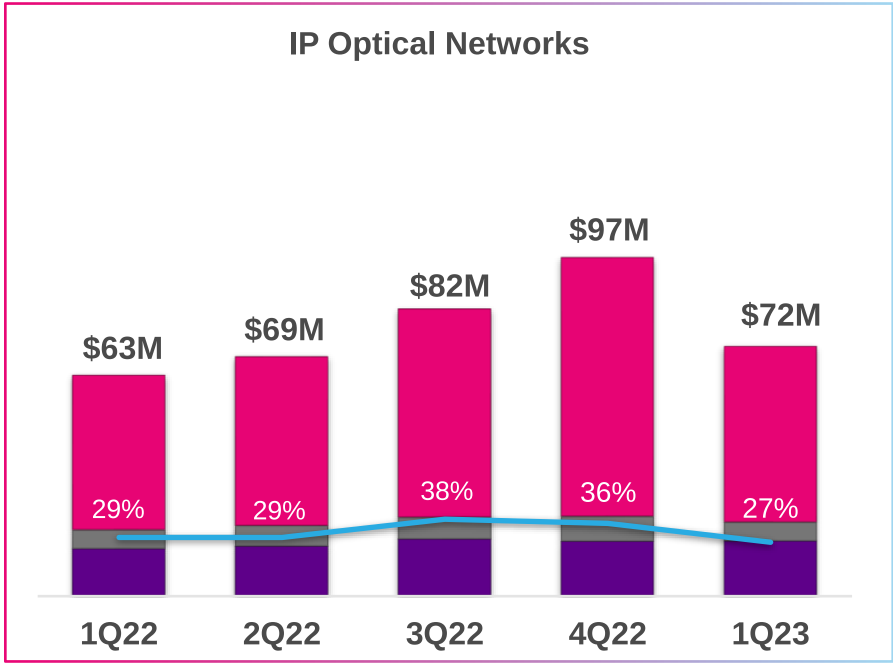
Ribbon Communications Confidential and Proprietary - rbbn.com

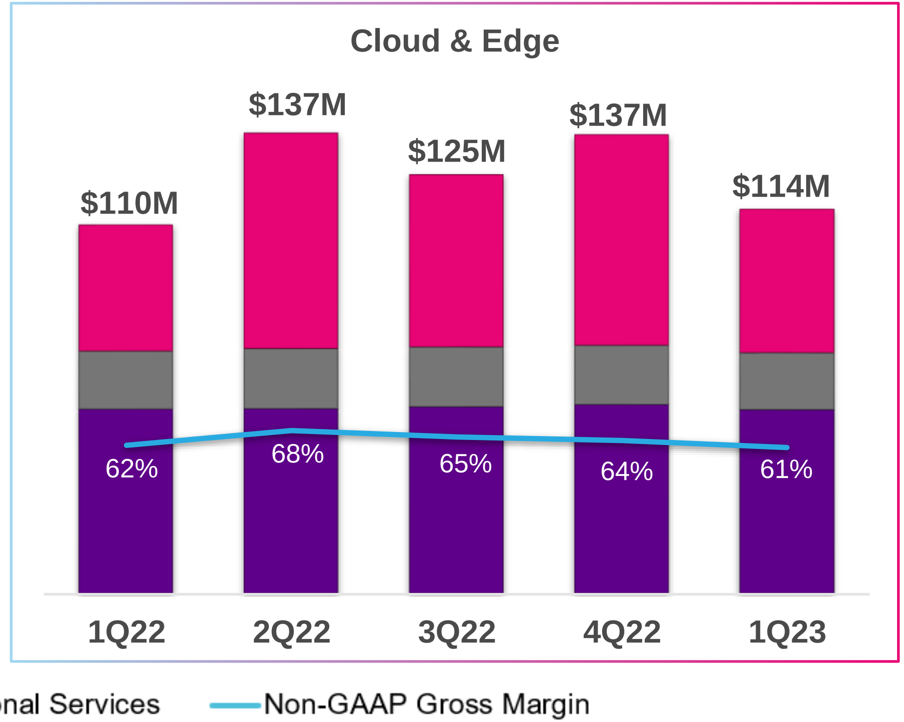
First Quarter 2023 Non-GAAP Segment Summary

	1Q23 Cloud & Edge	1Q23 IP Optical Networks	1Q23 Consolidated
Revenue *vs Prior Year*	**$114M** *+4%*	**$72M** *+13%*	**$186M** *+7%*
Non-GAAP Gross Margin[1]	**61%**	**27%**	**48%**
Non-GAAP Adjusted EBITDA[1]	**$21M**	**($23M)**	**($2M)**
Non-GAAP Adjusted EBITDA Margin[1]	**18%**	**-32%**	**-1%**

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

Quarterly Performance: Revenue & Non-GAAP Gross Margins





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

Ribbon Communications Confidential and Proprietary - rbbn.com

First Quarter 2023 Key Metrics

Pipeline

1Q23 Book to Revenue[1] Ratio of 1.23x

Cloud & Edge: 0.9x

IP Optical: 1.6x

Revenue Mix

Enterprise 29%[2]
Service Provider 71%[2]

38% Maintenance Revenue[3]

Top 10 Customers Revenue 41%[3]

Domestic 44%[3]
International 56%[3]

Balance Sheet

Cash Balance $46M

Senior Term Loan Debt[4] $250M

Total Debt Including Preferred Stock $305M

Covenant Ratio Metrics[5]
Leverage 3.58x vs 4.50x max.
FCCR 1.61x vs 1.10x min.

Cash Flow

$11M Cash from Operations (Includes $18M from sale of Fixed Rate Swap)

$53M Gross from Private Placement of Preferred Stock and Warrants

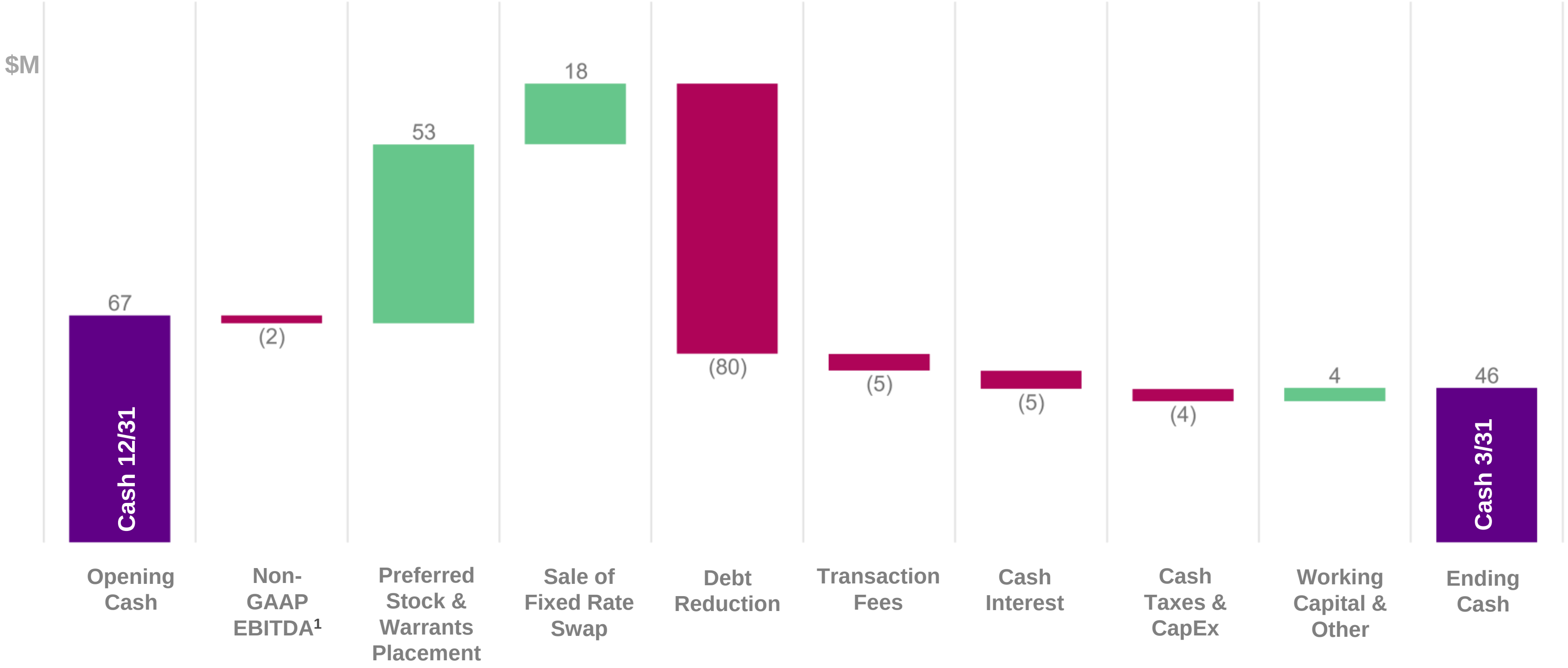
$80M principal debt paydown

$2M CapEx

$5M Cash Interest

Notes:
1. Product and Professional Services (excluding maintenance) Bookings divided by Product and Professional Services Revenue (excluding maintenance) for the three months ended March 31, 2023.
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.

Cash Flow 2023 First Quarter



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

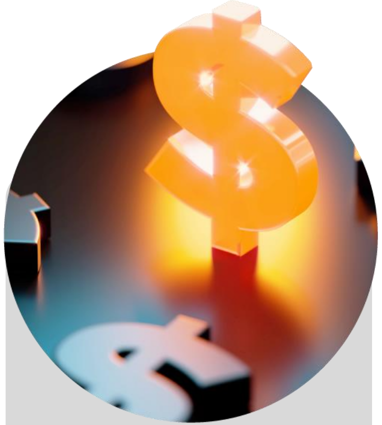
Ribbon Communications Confidential and Proprietary - rbbn.com

Key Trends & Outlook

2023 Customer Investment Priorities

Mobile Remains a Top Priority

Cell site Router
Aggregation
Optical transport



Surge in Investment Broadband Access
(Fiber, HFC, Fixed Wireless)

IP routing
Metro and Access
Optical transport

Relentless Pursuit to Lower Total Cost of Ownership

Analytics
Enhanced Security
Energy Efficiency

Digital Transformation

Telco Cloud
As-a-Service
Automation

Ribbon solutions directly address these key investment priorities

Ribbon Communications Confidential and Proprietary - rbbn.com

Growing momentum in 2023 as investments provide profitable growth

Growth and Value

IP Routing

- New XDR 2000 Series portfolio and rNOS

DWDM Optical Transport

- Next-gen compact modular Apollo 9400

Enterprise Secure Cloud Communications

- Microsoft Teams, Zoom, Contact Center, Centrex Replacement

Critical Infrastructure and Government Sector

- Secure Networking
- Voice Modernization

Telco Cloud Voice Network Transformation Projects

- US Tier 1, NA Tier 2, Europe, APAC, CALA

Carrier Voice Maintenance Services

- 75%+ Gross Margin with high renewal rate

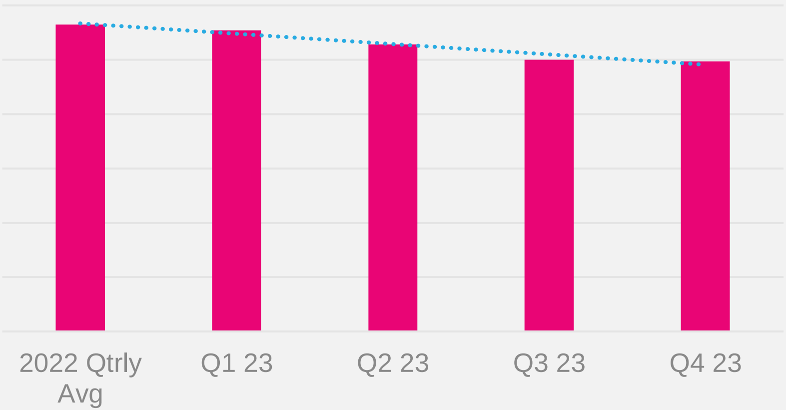
Operating Efficiencies

$20M In-Year Cost Savings Implemented

~6% Headcount Reduction

Continued Operating Expense Optimization

2H Run Rate @ $90M Quarterly Operating Expenses



Ribbon Communications Confidential and Proprietary - rbbn.com

Extensive US Federal Investment to Expand Internet Access

Funding Program
Broadband Equity Access and Deployment (BEAD) Program
$42.4B to expand High-speed internet access funded by US Dept. of Commerce

RDOF.COM
Rural Digital Opportunity Fund
$20B to provide fixed broadband and voice services to unserved homes and small businesses in rural America

Capital Projects Fund
$10B as part of the American Rescue Plan Act (ARPA) to provide broadband coverage to un- and under-served locations

USDA
ReConnect Loan and Grant Program
$2B to expand high speed Internet service to rural areas funded by US Dept. of Agriculture

Secure and Trusted Communications Networks
$1.9B created by the FCC to reimburse providers to replace Huawei or ZTE equipment

Tribal Broadband Connectivity Program
$1B to be used for broadband deployment on tribal lands funded by US Dept. of Commerce

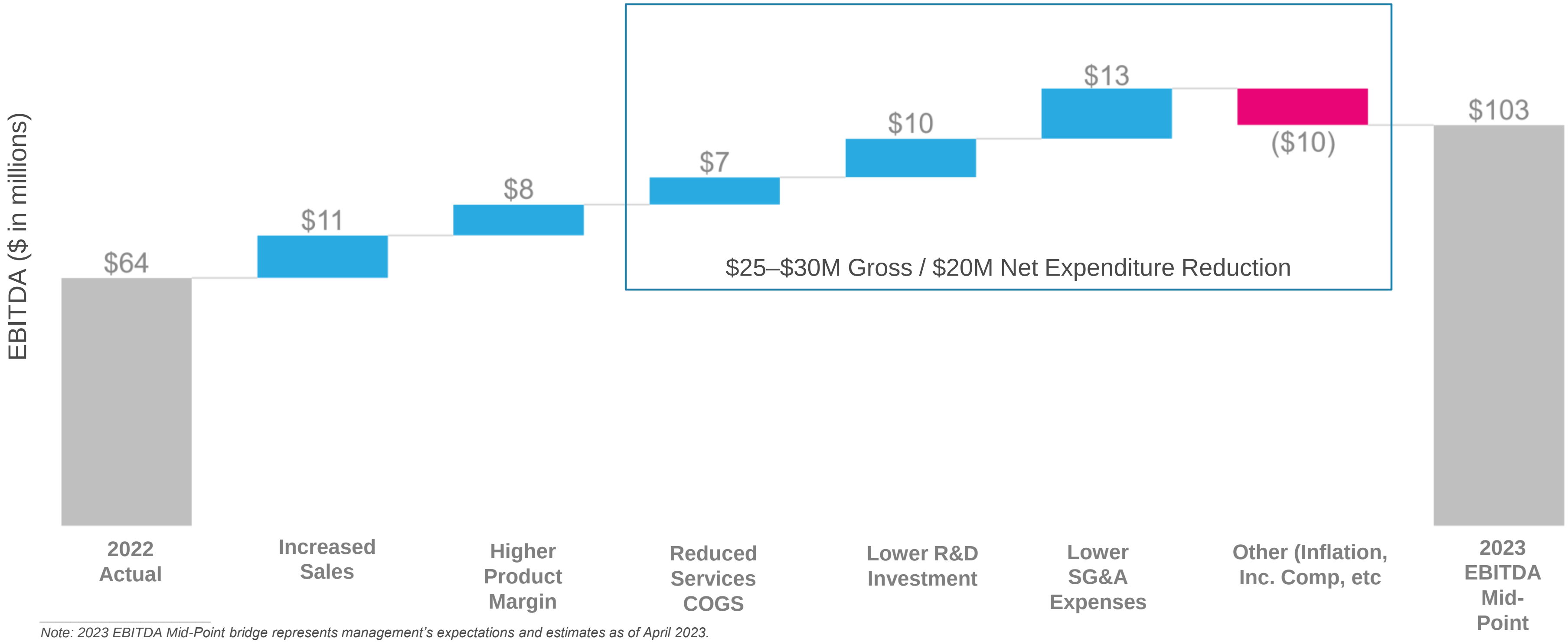
Funding Program
Middle Mile Broadband Infrastructure Grant Program
$1B to expand internet middle mile infrastructure funded by US Dept. of Commerce

Ribbon is well-positioned to capture investment in fiber infrastructure, with ~30 active or pending projects

Ribbon Communications Confidential and Proprietary - rbbn.com
ribbon

Projecting Significant YoY Improvement in Profitability

On track to meet and exceed cost savings goals



Note: 2023 EBITDA Mid-Point bridge represents management's expectations and estimates as of April 2023.

Second Quarter and Full Year 2023 Business Outlook

	1Q23 (Actual)	2Q23 (Outlook)	FY23 (Outlook Unchanged)
Revenue	$186M	$205M to $215M	$840M to $870M
Non-GAAP Gross Margin[1]	48%	50.5% to 51.5%	53% to 54%
Non-GAAP Adjusted EBITDA[1]	($2M)	$17M to $24M	$95M to $110M

Note:
1. Please see non-GAAP reconciliations in the appendix.

Ribbon Communications Confidential and Proprietary - rbbn.com

Appendix

Ribbon Accounting Summary for 23Q1 Transactions

Preferred Stock and Warrants

- $55M notional value of offering, after 3% OID, is net $53.4M
- Offering is a “Liability” due to redeemable features
  - $5.5M attributable to “Warrant Liability” based on lattice valuation model for options (Four-year maturity)
  - $47.8M remaining value attributable to “Preferred Stock Liability” (Two-and-a-half-year maturity)
  - $55M Face value considered as “debt” for term loan covenant leverage metric calculations
- Each quarter until maturity of the instruments, the Preferred Stock and Warrants are fair valued (i.e., marked to market) with the resulting adjustment recognized in “Other Income/Expense”.
- Preferred’s dividend rate for first year is 9.25% PIK (Payment in Kind), which increases Preferred Stock Liability about $1.3M quarterly in 2023.
  - Rate for second year is 9.75% PIK or cash dividend, at issuer’ option, & 12% for last six months as cash dividend.

Term Loan Debt Amendment

- Debt issuance costs (bank consent fees, advisory, legal and accounting) added to debt, and amortized over remaining term of debt.
  - Accumulated historical debt issuance costs of $5M amortized ~$0.7M per quarter as interest expense

Sale of Financial Hedge

- $18.4M net proceeds from sale of fixed rate swap (LIBOR @ 90bps)
  - $7.3M gain from unhedged portion in “Other Income” in 23Q1.
  - $11.1M remaining gain in “Accumulated Other Comprehensive Income” in balance sheet. Amortized over remaining term of debt as a ~$1.8M decrease to interest expense

Accounting Illustration: Interest Expense and Other Income

	23Q1	23Q2	23Q3	23Q4	2023
Term Loan/Revolver Interest	4.5	6.0	5.9	5.5	24.9
Factoring & Debt Fees	0.8	1.2	1.2	1.2	4.5
Debt Issuance Costs Amort.	1.1	0.7	0.7	0.7	3.2
Fixed Rate Swap Gain Amort.		(1.8)	(1.8)	(1.8)	(5.3)
Total Interest Expense	6.4	6.2	6.1	5.7	24.3

	23Q1	23Q2	23Q3	23Q4	2023
Fixed Rate Swap Gain	(7.3)				(7.3)
FX & Other (G)/L	(1.0)	TBD	TBD	TBD	TBD
Preferred Issuance Cost*	3.5				
Preferred Dividend*		1.3	1.3	1.4	4.0
Fair Value Pref/Warrants*		TBD	TBD	TBD	TBD
Other (Income)/Loss	(4.8)	TBD	TBD	TBD	TBD

(*) Note: Non-GAAP Adjustment

ribbon

Ribbon Condensed Statements of Operations

USD Millions except percentages and EPS	1Q22	2Q22	3Q22	4Q22	FY22	1Q23
GAAP FINANCIAL MEASURES						
Product Revenue	82	113	111	137	443	93
Service Revenue	91	93	96	97	377	93
Total Revenue	**173**	**206**	**207**	**234**	**820**	**186**
Gross Profit	**78**	**105**	**104**	**114**	**401**	**81**
Gross Margin %	*45%*	*51%*	*50%*	*49%*	*49%*	*44%*
Research and development	53	51	49	51	204	51
Selling, general and administrative	50	49	48	51	199	49
Amortization of acquired intangible assets	7	8	8	7	30	7
Integration and restructuring-related expenses	7	4	2	4	17	9
Impairment of goodwill	-	-	-	-	-	
Total Operating Expenses	**117**	**112**	**108**	**113**	**449**	**117**
Income/(Loss) from Operations	**(39)**	**(7)**	**(3)**	**1**	**(48)**	**(35)**
Operating Margin %	*-23%*	*-4%*	*-2%*	*1%*	*-6%*	*-19%*
Net Income/(Loss)	**(70)**	**(30)**	**(18)**	**20**	**(98)**	**(38)**
Diluted EPS	**($0.47)**	**($0.20)**	**($0.12)**	**$0.12**	**($0.63)**	**($0.23)**
Shares used to compute GAAP diluted earnings (loss) per share	149	150	159	172	157	169
Cash Flow from Operating Activities	**15**	**(39)**	**(18)**	**16**	**(26)**	**11**
NON-GAAP FINANCIAL MEASURE						
Adjusted EBITDA	**(9)**	**21**	**23**	**29**	**64**	**(2)**

Ribbon Communications Confidential and Proprietary - rbbn.com

Ribbon Condensed Balance Sheets

USD Millions	1Q22	2Q22	3Q22	4Q22	1Q23
ASSETS					
Cash and cash equivalents[1]	95	38	56	67	46
Accounts receivable, net	221	258	238	267	255
Inventory	62	65	70	75	76
Property and equipment, net	48	49	46	45	43
Intangible assets, net and Goodwill	636	621	611	596	581
Investment (AVCT)	17	5	-	-	-
Other Assets	185	196	204	205	191
Total Assets	**1,264**	**1,231**	**1,225**	**1,256**	**1,192**
LIABILITIES AND EQUITY					
Liabilities	311	318	292	278	333
Deferred revenue	128	126	112	133	140
Debt[2]	350	335	331	326	246
Stockholders' Equity	474	451	489	518	473
Total Liabilities and Equity	**1,264**	**1,231**	**1,225**	**1,256**	**1,192**

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

Ribbon Communications Confidential and Proprietary - rbbn.com

Ribbon Condensed Statements of Cash Flows

USD Millions	1Q22	2Q22	3Q22	4Q22	FY22	1Q23
Cash from Operations	15	(39)	(18)	16	(26)	11
Purchases of property and equipment	(3)	(3)	(7)	(1)	(14)	(2)
Proceeds from sale of business	-	-	-	1	1	-
Sale of Fixed Assets	-	-	-	-	-	-
Borrowings, net	(21)	(16)	(5)	(5)	(47)	(80)
Equity / Preferred Stock placement	-	-	50	-	50	53
Other	(2)	1	(2)	(1)	(4)	(3)
Net Change	**(11)**	**(57)**	**18**	**11**	**(39)**	**(21)**
Cash[1] Beginning of Period	**106**	**95**	**38**	**56**	**106**	**67**
Cash[1] End of Period	**95**	**38**	**56**	**67**	**67**	**46**

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

Ribbon Key Revenue Statistics

USD Millions except for percentages	1Q22	2Q22	3Q22	4Q22	FY22	1Q23
Revenue						
Product	82	113	111	137	443	93
Service	91	93	96	97	377	93
Total Revenue	**173**	**206**	**207**	**234**	**820**	**186**
% of Total Revenue:						
Revenue Mix						
Product	47%	55%	54%	59%	54%	50%
Services	53%	45%	46%	41%	46%	50%
Revenue by Geography						
Domestic	44%	48%	42%	39%	43%	44%
International	56%	52%	58%	61%	57%	56%
Revenue by Channel						
Direct	71%	75%	69%	67%	70%	62%
Indirect	29%	25%	31%	33%	30%	38%
Product Revenue By Market						
Enterprise	27%	20%	30%	35%	28%	29%
Service Providers	73%	80%	70%	65%	72%	71%
10% Total Revenue Customers	Verizon	Verizon	Verizon AT&T	Verizon	Verizon	Verizon

Ribbon Communications Confidential and Proprietary - rbbn.com

Discussion of Non-GAAP Financial Measures

The Company's 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. The Company considers the use of non-GAAP financial measures helpful in assessing the core performance of its continuing operations and when planning and forecasting future periods. The Company's annual financial plan is prepared on a non-GAAP basis and is approved by its 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. The Company defines continuing operations as the ongoing results of its business adjusted for certain expenses and credits, as described below. The Company believes that providing non-GAAP information to investors will allow investors to view the financial results in the way its management views them and helps investors to better understand the Company's core financial and operating performance and evaluate the efficacy of the methodology and information used by its management to evaluate and measure such performance.

While the Company's management uses non-GAAP financial measures as tools to enhance its understanding of certain aspects of the Company's financial performance, its management does not consider these measures to be a substitute for, or superior to, GAAP measures. In addition, the Company's 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 the Company's financial measures reflect the exclusion of items that are recurring and will be reflected in its financial results for the foreseeable future.

Discussion of Non-GAAP Financial Measures (continued)

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. The Company believes that presenting non-GAAP operating results that exclude stock-based compensation provides investors with visibility and insight into its management's method of analysis and its core operating performance.

Amortization of Acquired Technology (including software licenses); Amortization of Acquired Intangible Assets

Amortization amounts are inconsistent in frequency and amount and are significantly impacted by the timing and size of acquisitions. Amortization of acquired technology is reported separately within Cost of revenue and Amortization of acquired intangible assets is reported separately within Operating expenses. These items are reported collectively as Amortization of acquired intangible assets in the accompanying reconciliations of non-GAAP and GAAP financial measures. The Company believes that excluding non-cash amortization of these intangible assets facilitates the comparison of its financial results to its historical operating results and to other companies in its industry as if the acquired intangible assets had been developed internally rather than acquired.

Litigation Costs

In connection with a certain ongoing contract litigation where Ribbon is defendant (as described in Note 25 to the Company's Consolidated Financial Statements included in its Annual Report on Form 10-K for the year ended December 31, 2022), the Company has incurred litigation costs beginning in the first quarter of 2023. These costs are included as a component of general and administrative expense. The Company believes that such costs are not part of its core business or ongoing operations, are unplanned and generally not within its control. Accordingly, the Company believes that excluding the litigation costs related to this specific legal matter facilitates the comparison of the Company's financial results to its historical operating results and to other companies in its industry.

Discussion of Non-GAAP Financial Measures (continued)

Acquisition-, Disposal- and Integration-Related

The Company considers certain acquisition-, disposal- and integration-related costs to be unrelated to the organic continuing operations of its acquired businesses and the Company. Such costs are generally not relevant to assessing or estimating the long-term performance of the acquired assets. The Company excludes such acquisition-, disposal- and integration-related costs to allow more accurate comparisons of its financial results to its 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.

Restructuring and Related

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

Decrease in Fair Value of Investments

The Company calculated the fair values of the debentures (the "Debentures") and the warrants to purchase shares of AVCT common stock (the "AVCT Warrants") it received as consideration in connection with the Kandy Sale (prior to September 8, 2021) and the 13,700,421 shares of AVCT common stock received upon the conversion of the Debentures and AVCT Warrants (effective September 8, 2021) and at each quarter-end until their disposal on August 29, 2022 when they were used as partial consideration in connection with the Company's acquisition of perpetual software licenses from AVCT. The Company recorded any adjustments to their fair values in Other (expense) income, net. The Company excluded these gains and losses from the change in fair value of this investment because it believes that such gains or losses were not part of its core business or ongoing operations.

Discussion of Non-GAAP Financial Measures (continued)

Preferred Stock and Warrant Liability Issuance Costs
The Company incurred $3.5 million of investment banking, advisory and legal fees in its March 2023 Private Placement of Series A Preferred Stock and warrants to purchase shares of the Company's common stock, both of which are classified by the Company as liabilities that will be marked to market each reporting period. The Company excludes these issuance costs to allow more accurate comparisons of its financial results to its historical operations and the financial results of other companies in its industry and it allows management and investors to consider the ongoing operations of the business both with and without such expenses.

Tax Effect of Non-GAAP Adjustments
The Non-GAAP income tax provision is presented based on an estimated tax rate applied against forecasted annual non-GAAP income. The Non-GAAP income tax provision 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. The Company is reporting its 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 its consolidated quarterly results. The Company expects that this methodology will provide a consistent rate throughout the year and allow investors to better understand the impact of income taxes on its results. Due to the methodology applied to its estimated annual tax rate, the Company's estimated tax rate on non-GAAP income will differ from its GAAP tax rate and from its actual tax liabilities.

Ribbon Communications Confidential and Proprietary - rbbn.com

Discussion of Non-GAAP Financial Measures (continued)

Adjusted EBITDA

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

Ribbon Communications Confidential and Proprietary - rbbn.com

GAAP to Non-GAAP Reconciliation

$000's	1Q22			2Q22			3Q22			4Q22			FY22		
	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
Revenue	$ 109,806	$ 63,392	$ 173,198	$ 137,080	$ 68,716	$ 205,796	$ 124,685	$ 82,442	$ 207,127	$ 136,566	$ 97,073	$ 233,639	$ 508,137	$ 311,623	$ 819,760
GAAP Gross profit	$ 62,732	$ 15,323	$ 78,055	$ 88,250	$ 16,300	$ 104,550	$ 76,442	$ 27,876	$ 104,318	$ 82,873	$ 31,140	$ 114,013	$ 310,297	$ 90,639	$ 400,936
GAAP Gross margin (Gross profit/Revenue)	57.1%	24.2%	45.1%	64.4%	23.7%	50.8%	61.3%	33.8%	50.4%	60.7%	32.1%	48.8%	61.1%	29.1%	48.9%
Stock-based compensation	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.3%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Amortization of acquired technology	4.7%	4.9%	4.8%	3.5%	4.6%	3.8%	3.7%	3.8%	3.7%	2.9%	3.8%	3.3%	3.6%	4.2%	3.9%
Non-GAAP Gross margin	62.2%	29.4%	50.2%	68.2%	28.6%	54.9%	65.4%	37.9%	54.5%	63.9%	36.2%	52.4%	65.0%	33.6%	53.1%
GAAP Income (loss) from operations	$ (2,347)	$ (36,707)	$ (39,054)	$ 25,953	$ (33,192)	$ (7,239)	$ 16,812	$ (20,108)	$ (3,296)	$ 21,298	$ (20,033)	$ 1,265	$ 61,716	$ (110,040)	$ (48,324)
Depreciation	2,715	1,170	3,885	2,685	1,203	3,888	2,753	1,162	3,915	2,605	1,002	3,607	10,758	4,537	15,295
Amortization of acquired intangible assets	9,528	6,014	15,542	9,118	6,283	15,401	8,995	6,281	15,276	8,090	6,879	14,969	35,731	25,457	61,188
Stock-based compensation	2,665	1,590	4,255	2,646	1,753	4,399	2,992	1,849	4,841	3,214	1,998	5,212	11,517	7,190	18,707
Acquisition-, disposal- and integration-related	44	1,805	1,849	70	1,465	1,535	42	946	988	-	1,914	1,914	156	6,130	6,286
Restructuring and related	3,366	1,448	4,814	2,321	573	2,894	1,287	(18)	1,269	970	886	1,856	7,944	2,889	10,833
Non-GAAP Adjusted EBITDA	$ 15,971	$ (24,680)	$ (8,709)	$ 42,793	$ (21,915)	$ 20,878	$ 32,881	$ (9,888)	$ 22,993	$ 36,177	$ (7,354)	$ 28,823	$ 127,822	$ (63,837)	$ 63,985
Adjusted EBITDA Margin (Adjusted EBITDA/Revenue):															
GAAP Income (loss) from operations	(2.1%)	(57.9%)	(22.5%)	18.9%	(48.3%)	(3.5%)	13.5%	(24.4%)	(1.6%)	15.6%	(20.6%)	0.5%	12.1%	(35.3%)	(5.9%)
Depreciation	2.5%	1.8%	2.2%	2.0%	1.8%	1.9%	2.2%	1.4%	1.9%	1.9%	1.0%	1.5%	2.1%	1.5%	1.9%
Amortization of acquired intangible assets	8.6%	9.6%	8.9%	6.6%	9.1%	7.5%	7.3%	7.7%	7.4%	5.9%	7.0%	6.5%	7.1%	8.1%	7.4%
Stock-based compensation	2.4%	2.5%	2.5%	1.9%	2.6%	2.1%	2.4%	2.2%	2.3%	2.4%	2.1%	2.2%	2.3%	2.3%	2.3%
Acquisition-, disposal- and integration-related	*	2.8%	1.1%	0.1%	2.1%	0.7%	0.0%	1.1%	0.5%	*	2.0%	0.8%	*	2.0%	0.8%
Restructuring and related	3.1%	2.3%	2.8%	1.7%	0.8%	1.4%	1.0%	0.0%	0.6%	0.7%	0.9%	0.8%	1.6%	0.9%	1.3%
Non-GAAP Adjusted EBITDA Margin	14.5%	(38.9%)	(5.0%)	31.2%	(31.9%)	10.1%	26.4%	(12.0%)	11.1%	26.5%	(7.6%)	12.3%	25.2%	(20.5%)	7.8%

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

Ribbon Communications Confidential and Proprietary - rbbn.com

GAAP to Non-GAAP Reconciliation (Continued)

$000's	1Q23		
	Cloud and Edge	IP Optical Networks	Consolidated
Revenue	$ 114,480	$ 71,679	$ 186,159
GAAP Gross profit	$ 66,077	$ 15,325	$ 81,402
GAAP Gross margin (Gross profit/Revenue)	57.7%	21.4%	43.7%
Stock-based compensation	0.3%	0.4%	0.4%
Amortization of acquired technology	3.1%	5.4%	4.0%
Non-GAAP Gross margin	61.1%	27.2%	48.1%
GAAP Income (loss) from operations	$ 839	$ (36,028)	$ (35,189)
Depreciation	2,499	1,011	3,510
Amortization of acquired intangible assets	7,639	7,014	14,653
Stock-based compensation	3,657	2,191	5,848
Litigation costs	129	48	177
Acquisition-, disposal- and integration-related	-	1,642	1,642
Restructuring and related	5,742	1,195	6,937
Non-GAAP Adjusted EBITDA	$ 20,505	$ (22,927)	$ (2,422)
Adjusted EBITDA Margin (Adjusted EBITDA/Revenue):			
GAAP Income (loss) from operations	0.7%	(50.3%)	(18.9%)
Depreciation	2.2%	1.4%	1.9%
Amortization of acquired intangible assets	6.7%	9.7%	7.9%
Stock-based compensation	3.2%	3.1%	3.1%
Litigation costs	0.1%	0.1%	0.1%
Acquisition-, disposal- and integration-related	0.0%	2.3%	0.9%
Restructuring and related	5.0%	1.7%	3.7%
Non-GAAP Adjusted EBITDA Margin	17.9%	(32.0%)	(1.3%)

Ribbon Communications Confidential and Proprietary - rbbn.com

GAAP to Non-GAAP Reconciliation (Continued)

$000s	1Q22	2Q22	3Q22	4Q22	FY22	1Q23
GAAP Operating expenses	$ 117,109	$ 111,789	$ 107,614	$ 112,748	$ 449,260	$ 116,591
Stock-based compensation	(3,675)	(3,798)	(4,116)	(4,490)	(16,079)	(5,164)
Amortization of acquired intangible assets	(7,275)	(7,513)	(7,508)	(7,350)	(29,646)	(7,264)
Litigation costs	-	-	-	-	-	(177)
Acquisition-, disposal- and integration-related	(1,849)	(1,535)	(988)	(1,914)	(6,286)	(1,642)
Restructuring and related	(4,814)	(2,894)	(1,269)	(1,856)	(10,833)	(6,937)
Non-GAAP Operating expenses	$ 99,496	$ 96,049	$ 93,733	$ 97,138	$ 386,416	$ 95,407
Income (loss) from operations as a percentage of revenue ("Operating margin"):						
GAAP Operating margin	(22.5%)	(3.5%)	(1.6%)	0.5%	(5.9%)	(18.9%)
Stock-based compensation	2.5%	2.1%	2.3%	2.2%	2.3%	3.1%
Amortization of acquired intangible assets	8.9%	7.6%	7.4%	6.5%	7.4%	7.9%
Litigation costs	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Acquisition-, disposal- and integration-related	1.1%	0.7%	0.5%	0.8%	0.8%	0.9%
Restructuring and related	2.7%	1.4%	0.6%	0.8%	1.3%	3.7%
Non-GAAP Operating margin	(7.3%)	8.3%	9.2%	10.8%	5.9%	(3.2%)

Ribbon Communications Confidential and Proprietary - rbbn.com

GAAP to Non-GAAP Reconciliation (Continued)

	1Q22	2Q22	3Q22	4Q22	FY22	1Q23
GAAP Diluted earnings (loss) per share	$ (0.47)	$ (0.20)	$ (0.12)	$ 0.12	$ (0.63)	$ (0.23)
Stock-based compensation	0.03	0.03	0.03	0.03	0.12	0.04
Amortization of acquired intangible assets	0.11	0.10	0.09	0.09	0.39	0.08
Litigation costs	-	-	-	-	-	-
Acquisition-, disposal- and integration-related	0.01	0.01	0.01	0.01	0.04	0.01
Restructuring and related	0.03	0.02	0.01	0.01	0.07	0.04
Decrease in fair value of investments	0.18	0.08	0.01	-	0.26	-
Preferred stock liability and warrant issuance costs	-	-	-	-	-	0.02
Tax effect of non-GAAP adjustments	0.03	0.02	(0.01)	(0.17)	(0.14)	0.02
Non-GAAP Diluted earnings (loss) per share	$ (0.08)	$ 0.06	$ 0.02	$ 0.09	$ 0.11	$ (0.02)
Weighted average shares used to compute diluted earnings (loss) per share (000's):						
Shares used to compute **GAAP** diluted earnings (loss) per share	149,167	150,190	158,921	168,163	156,668	168,541
Shares used to compute **non-GAAP** diluted earnings (loss) per share	149,167	154,035	163,463	172,213	161,325	168,541

Ribbon Communications Confidential and Proprietary - rbbn.com

GAAP to Non-GAAP Reconciliation (Continued)

	Three months ending June 30, 2023 Range		Year ending December 31, 2023 Range	
Revenue ($ millions)	$ 205	$ 215	$ 840	$ 870
Gross margin:				
GAAP outlook	46.4%	47.5%	49.3%	50.4%
Stock-based compensation	0.5%	0.5%	0.3%	0.3%
Amortization of acquired technology	3.6%	3.5%	3.4%	3.3%
Non-GAAP outlook	50.5%	51.5%	53.0%	54.0%
Adjusted EBITDA ($ millions):				
GAAP loss from operations	$ (13.7)	$ (6.7)	$ (17.3)	$ (2.3)
Depreciation	4.0	4.0	15.4	15.4
Stock-based compensation	7.9	7.9	22.0	22.0
Amortization of acquired intangible assets	14.7	14.7	56.9	56.9
Acquisition-, disposal- and integration-related	0.1	0.1	0.6	0.6
Restructuring and related	4.0	4.0	17.4	17.4
Non-GAAP outlook	$ 17.0	$ 24.0	$ 95.0	$ 110.0

Ribbon Communications Confidential and Proprietary - rbbn.com

Thank You

ribbon®