UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported) April 26, 2022

JUNIPER NETWORKS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**001-34501**	**77-0422528**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

1133 Innovation Way
Sunnyvale, California **94089**
(Address of principal executive offices) **(Zip Code)**

Registrant's telephone number, including area code (408) 745-2000

Not Applicable
Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.00001 per share	JNPR	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On April 26, 2022, Juniper Networks, Inc. ("we", "our" or the "Company") issued a press release in which we announced preliminary financial results for the quarter ended March 31, 2022. The Company also posted on the Investor Relations section of its website (www.juniper.net) prepared remarks with respect to the quarter ended March 31, 2022. Copies of the press release and prepared remarks by the Company are furnished as Exhibits 99.1 and 99.2, respectively, to this report. Information on our website is not, and will not be deemed, a part of this report or incorporated into any other filings the Company makes with the Securities and Exchange Commission.

The information furnished pursuant to this Item 2.02, including Exhibits 99.1 and 99.2, shall not be deemed as "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press release issued by Juniper Networks, Inc. on April 26, 2022
99.2	Prepared remarks by Juniper Networks, Inc. dated as of April 26, 2022
104	Cover Page Interactive Data File - the cover page iXBRL tags are embedded within the Inline XBRL document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Juniper Networks, Inc.

April 26, 2022

By: /s/ Robert Mobassaly

Name: Robert Mobassaly

Title: *Senior Vice President and General Counsel*

Exhibit 99.1

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JUNIPER NETWORKS REPORTS PRELIMINARY FIRST QUARTER 2022 FINANCIAL RESULTS

SUNNYVALE, Calif., April 26, 2022 - Juniper Networks (NYSE: JNPR), a leader in secure, AI-driven networks, today reported preliminary financial results for the three months ended March 31, 2022 and provided its outlook for the three months ending June 30, 2022.

First Quarter 2022 Financial Performance

Net revenues were $1,168.2 million, an increase of 9% year-over-year and a decrease of 10% sequentially.

GAAP operating margin was 5.0%, an increase from 2.6% in the first quarter of 2021, and a decrease from 11.8% in the fourth quarter of 2021.

Non-GAAP operating margin was 11.8%, a decrease from 12.1% in the first quarter of 2021, and a decrease from 18.3% in the fourth quarter of 2021.

GAAP net income was $55.7 million, an increase from the loss reported in the first quarter of 2021, and a decrease of 58% sequentially, resulting in diluted net income per share of $0.17.

Non-GAAP net income was $101.6 million, an increase of 3% year-over-year, and a decrease of 45% sequentially, resulting in non-GAAP diluted net income per share of $0.31.

The reconciliation between GAAP and non-GAAP results of operations is provided in a table immediately following the Preliminary Net Revenues by Geographic Region table below.

“Business momentum remained strong and exceeded our expectations during the March quarter, with solid double-digit order growth across all customer verticals and all customer solutions,” said Juniper’s CEO, Rami Rahim. “While some of this strength speaks to the health of our markets, much of this demand can be attributed to strong execution across our product management, engineering and go-to-market organizations. We believe the technical differentiation of our customer solutions should position us to benefit from the various industry tailwinds that are likely to increase demand for network infrastructure in the years to come.”

“We delivered strong financial results during Q1, as revenue came in above the mid-point of our guidance and we met the mid-point of our non-GAAP earnings per share outlook, despite continued challenges from a supply chain perspective,” said Juniper’s CFO, Ken Miller. “Our global teams are executing extremely well and we continue to take actions to further strengthen our supply chain resilience. Based on our recent momentum, the strong backlog

we've built and our efforts to further strengthen our supply, I remain confident in our ability to accelerate growth and improve profitability on a full-year basis."

Balance Sheet and Other Financial Results

Total cash, cash equivalents, and investments as of March 31, 2022 were $1,668.9 million, compared to $1,764.6 million as of March 31, 2021, and $1,693.5 million as of December 31, 2021.

Cash flow provided by operations for the first quarter of 2022 was $193.1 million, compared to $179.8 million in the first quarter of 2021, and $116.0 million in the fourth quarter of 2021.

Days sales outstanding in accounts receivable was 65 days in the first quarter of 2022, compared to 64 days in the first quarter of 2021, and 69 days in the fourth quarter of 2021.

Capital expenditures were $25.0 million, and depreciation and amortization expense was $54.7 million during the first quarter of 2022.

Outlook

These metrics are provided on a non-GAAP basis, except for revenue and share count. Non-GAAP earnings per share is on a fully diluted basis. The outlook assumes that the exchange rate of the U.S. dollar to other currencies will remain relatively stable at current levels.
There is a worldwide shortage of semiconductors and other components impacting many industries, caused in part by the COVID-19 pandemic. Similar to others, we are experiencing ongoing supply chain challenges, which have resulted in extended lead times, as well as elevated logistics and component costs. We continue to work to resolve supply chain challenges and have increased inventory levels and purchase commitments. We are working closely with our suppliers to further enhance our resiliency and mitigate the effects of disruptions outside of our control. We believe that even with these actions, extended lead times and elevated costs will likely persist for at least the remainder of the year. While the situation is dynamic, at this point in time we believe we will have access to sufficient supplies of semiconductors and other components to meet our financial forecast.
Our guidance for the quarter ending June 30, 2022 is as follows:

- Revenue will be approximately $1,255 million, plus or minus $50 million.
- Non-GAAP gross margin will be approximately 58.0%, plus or minus 1.0%.
- Non-GAAP operating expenses will be approximately $535 million, plus or minus $5 million.
- Non-GAAP operating margin will be approximately 15.4% at the mid-point of revenue guidance.
- Non-GAAP other income and expense (OI&E) will be near Q1'22 levels.
- Non-GAAP tax rate will be approximately 20.0%.
- Non-GAAP net income per share will be approximately $0.45, plus or minus $0.05. This assumes a share count of approximately 330 million.

For more detailed insight on guidance, please refer to the CFO Commentary that can be found on our website.

Capital Return

Our Board of Directors has declared a cash dividend of $0.21 per share to be paid on June 22, 2022 to stockholders of record as of the close of business on June 1, 2022. We remain committed to paying our dividend and remain opportunistic with respect to share buybacks.

First Quarter 2022 Financial Commentary Available Online

A CFO Commentary reviewing the Company's first quarter 2022 financial results, as well as the second quarter and full-year 2022 outlook will be furnished to the SEC on Form 8-K and published on the Company's website at http://investor.juniper.net. Analysts and investors are encouraged to review this commentary prior to participating in the conference call webcast.

Conference Call Webcast

Juniper Networks will host a conference call webcast today, April 26, 2022, at 2:00 pm PT, to be broadcast live over the Internet at http://investor.juniper.net. To participate via telephone in the US, the toll-free number is 1-888-506-0062. Outside the US, dial +1-973-528-0011. Please call 10 minutes prior to the scheduled conference call time. The webcast replay will be archived on the Juniper Networks website.

About Juniper Networks

Juniper Networks challenges the inherent complexity that comes with networking in the multicloud era. We do this with products, solutions and services that transform the way people connect, work and live. We simplify the process of transitioning to a secure and automated multicloud environment to enable secure, AI-driven networks that connect the world. Additional information can be found at Juniper Networks (www.juniper.net).

Investors and others should note that the Company announces material financial and operational information to its investors using its Investor Relations website, press releases, SEC filings and public conference calls and webcasts. The Company also intends to use the Twitter account @JuniperNetworks and the Company's blogs as a means of disclosing information about the Company and for complying with its disclosure obligations under Regulation FD. The social media channels that the Company intends to use as a means of disclosing information described above may be updated from time to time as listed on the Company's Investor Relations website.

Safe Harbor; Forward-Looking Statements

Statements in this release concerning Juniper Networks' business, economic and market outlook, including currency exchange rates; our financial guidance; and the expected continuing impact of the ongoing COVID-19 pandemic, including manufacturing and supply constraints, and the consummation and integration of, and financial impact resulting from any acquisitions and divestitures on our guidance; our expectations regarding our liquidity, capital return program, supply constraints and access to sufficient supplies of semiconductors and other components; deal, customer and product mix; costs; backlog; share buybacks; and our overall future prospects are forward-looking statements within the meaning of the Private Securities Litigation Reform Act that involve a number of uncertainties and risks. Actual results or events could differ materially from those anticipated in those forward-looking statements as a result of several factors, including: the duration, extent and continuing impact of the ongoing COVID-19 pandemic; general economic and political conditions globally or regionally, including any impact due to armed conflicts (such as the recent conflict between Russia and Ukraine as well as governmental sanctions imposed in response); inflationary pressures; business and economic conditions in the networking industry; changes in overall technology spending by our customers, including Cloud providers, Service Providers and Enterprises; the network capacity and security requirements of our customers and, in particular, Cloud and telecommunication service providers; contractual terms that may result in the deferral of revenue; the timing of orders and their fulfillment; continuing manufacturing and supply chain challenges and logistics costs, constraints, changes or disruptions; availability and pricing of key product components, such as semiconductors; delays in scheduled product availability; our customers canceling orders that are included in the calculation of backlog, which they may do without significant penalty; adoption of or changes to laws, regulations, standards or policies affecting Juniper Networks' operations, products, services or the networking industry; product defects, returns or vulnerabilities; significant effects of tax legislation

and judicial or administrative interpretation of new tax regulations, including the potential for corporate tax increases and changes to global tax laws; legal settlements and resolutions, including with respect to enforcing our proprietary rights; the potential impact of activities related to the execution of capital return, restructurings and product rationalization; the impact of import tariffs and changes thereto; and other factors listed in Juniper Networks' most recent report on Form 10-Q or 10-K filed with the Securities and Exchange Commission. In addition, many of the foregoing risks and uncertainties are, and could be, exacerbated by the ongoing COVID-19 pandemic and any worsening of the global business and economic environment as a result of the pandemic. We cannot at this time predict the extent of the continuing impact of the COVID-19 pandemic and any resulting business or economic impact, but it could have a material adverse effect on our business, financial condition, results of operations and cash flows. Note that our estimates as to the tax rate on our business are based on current tax law and regulations, including current interpretations thereof, and could be materially affected by changing interpretations as well as additional legislation and guidance. All statements made in this press release are made only as of the date set forth at the beginning of this release. Juniper Networks undertakes no obligation to update the information made in this release in the event facts or circumstances subsequently change after the date of this press release. We have not filed our Form 10-Q for the quarter ended March 31, 2022. As a result, all financial results described in this earnings release should be considered preliminary, and are subject to change to reflect any necessary adjustments or changes in accounting estimates, that are identified prior to the time we file our Form 10-Q.

All forward-looking non-GAAP measures exclude estimates for amortization of intangible assets, share-based compensation expenses, acquisition and strategic investment related charges, restructuring benefits or charges, impairment charges, strategic partnership-related charges, legal reserve and settlement charges or benefits, gain or loss on equity investments, loss on extinguishment of debt, retroactive impact of certain tax settlements, significant effects of tax legislation and judicial or administrative interpretation of tax regulations, including the impact of income tax reform, non-recurring income tax adjustments, valuation allowance on deferred tax assets, and the income tax effect of non-GAAP exclusions, and do not include the impact of further changes to tariffs and the impact of any future acquisitions, divestitures, or joint ventures that may occur in the period. Material changes to any one of these items could have a significant effect on our guidance and future GAAP results. Certain exclusions, such as amortization of intangible assets and share-based compensation expenses, are generally incurred each quarter, but the amounts have historically varied and may continue to vary significantly from quarter to quarter.

Juniper Networks, Inc.
Preliminary Condensed Consolidated Statements of Operations
(in millions, except per share amounts)
(unaudited)

	Three Months Ended March 31,	
	2022	2021
Net revenues:		
Product	$ 744.3	$ 672.4
Service	423.9	402.0
Total net revenues	1,168.2	1,074.4
Cost of revenues:		
Product	378.5	316.5
Service	140.3	142.3
Total cost of revenues	518.8	458.8
Gross margin	649.4	615.6
Operating expenses:		
Research and development	248.6	254.7
Sales and marketing	273.3	252.7
General and administrative	60.2	61.1
Restructuring charges	8.8	19.3
Total operating expenses	590.9	587.8
Operating income	58.5	27.8
Loss on extinguishment of debt	—	(60.6)
Other expense, net	(12.9)	(5.0)
Income (loss) before income taxes	45.6	(37.8)
Income tax benefit	(10.1)	(6.7)
Net income (loss)	$ 55.7	$ (31.1)
Net income (loss) per share:		
Basic	$ 0.17	$ (0.10)
Diluted	$ 0.17	$ (0.10)
Weighted-average shares used to compute net income (loss) per share:		
Basic	321.8	326.3
Diluted	331.1	326.3

Juniper Networks, Inc.
Preliminary Net Revenues by Customer Solution
(in millions)
(unaudited)

	Three Months Ended March 31,	
	2022	2021
Customer Solutions:		
Automated WAN Solutions	$ 390.7	$ 386.4
Cloud-Ready Data Center	188.8	157.4
AI-Driven Enterprise	214.0	161.2
Hardware Maintenance and Professional Services	374.7	369.4
Total	$ 1,168.2	$ 1,074.4

Juniper Networks, Inc.
Preliminary Net Revenues by Vertical
(in millions)
(unaudited)

	Three Months Ended March 31,	
	2022	2021
Cloud	$ 307.0	$ 270.7
Service Provider	428.0	438.2
Enterprise	433.2	365.5
Total	$ 1,168.2	$ 1,074.4

Juniper Networks, Inc.
Preliminary Net Revenues by Geographic Region
(in millions)
(unaudited)

	Three Months Ended March 31,	
	2022	2021
Americas	$ 655.0	$ 583.0
Europe, Middle East, and Africa	333.9	311.1
Asia Pacific	179.3	180.3
Total	$ 1,168.2	$ 1,074.4

Juniper Networks, Inc.
Preliminary Reconciliations between GAAP and non-GAAP Financial Measures
(in millions, except percentages and per share amounts)
(unaudited)

		Three Months Ended		
		March 31, 2022	December 31, 2021	March 31, 2021
GAAP operating income		$ 58.5	$ 153.9	$ 27.8
GAAP operating margin		5.0 %	11.8 %	2.6 %
Share-based compensation expense	C	45.2	59.7	57.5
Share-based payroll tax expense	C	3.7	0.4	3.4
Amortization of purchased intangible assets	A	19.7	20.1	19.1
Restructuring charges	B	8.8	0.1	19.3
Acquisition related charges	A	1.7	2.5	2.3
Gain (loss) on non-qualified deferred compensation plan ("NQDC")	B	(2.2)	1.4	0.7
Others	B	2.0	—	—
Non-GAAP operating income		$ 137.4	$ 238.1	$ 130.1
Non-GAAP operating margin		11.8 %	18.3 %	12.1 %
GAAP net income (loss)		$ 55.7	$ 132.9	$ (31.1)
Share-based compensation expense	C	45.2	59.7	57.5
Share-based payroll tax expense	C	3.7	0.4	3.4
Amortization of purchased intangible assets	A	19.7	20.1	19.1
Restructuring charges	B	8.8	0.1	19.3
Acquisition related charges	A	1.7	2.5	2.3
Loss (gain) on equity investments	B	0.9	(14.6)	(2.1)
Loss on extinguishment of debt	B	—	—	60.6
Income tax effect of Assets Held for Sale and tax legislation	B	(12.9)	—	—
Income tax effect of non-GAAP exclusions	B	(23.2)	(16.4)	(30.5)
Others	B	2.0	—	—
Non-GAAP net income		$ 101.6	$ 184.7	$ 98.5
GAAP diluted net income (loss) per share		$ 0.17	$ 0.40	$ (0.10)
Non-GAAP diluted net income per share	D	$ 0.31	$ 0.56	$ 0.30
Shares used in computing GAAP diluted net income (loss) per share		331.1	332.2	326.3
Shares used in computing Non-GAAP diluted net income per share		331.1	332.2	332.7

Discussion of Non-GAAP Financial Measures

Juniper Networks believes that the presentation of non-GAAP financial information provides important supplemental information to management and investors regarding financial and business trends relating to the company's financial condition and results of operations. Juniper is unable to provide a reconciliation of non-GAAP guidance measures to corresponding U.S. generally accepted accounting principles or GAAP measures on a forward-looking basis without unreasonable effort due to the overall high variability and low visibility of most of the foregoing items that have been excluded from these non-GAAP measures. For example, share-based compensation expense is impacted by the Company's future hiring needs, the type and volume of equity awards necessary for such future hiring, and the price at which the Company's stock will trade in those future periods. Amortization of intangible assets is significantly impacted by the timing and size of any future acquisitions. The items that are being excluded are difficult to predict and a reconciliation could result in disclosure that would be imprecise or potentially misleading.

This press release, including the tables above, includes the following non-GAAP financial measures derived from our Preliminary Consolidated Statements of Operations: operating income; operating margin; net income; and diluted net income per share. These measures are not presented in accordance with, nor are they a substitute for GAAP. In addition, these measures may be different from non-GAAP measures used by other companies, limiting their usefulness for comparison purposes. The non-GAAP financial measures used in the table above should not be considered in isolation from measures of financial performance prepared in accordance with GAAP. Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. Certain of the adjustments to our GAAP financial measures reflect the exclusion of items that are recurring and will be reflected in our financial results for the foreseeable future.

We utilize a number of different financial measures, both GAAP and non-GAAP, in analyzing and assessing the overall performance of our business, in making operating decisions, forecasting and planning for future periods, and determining payments under compensation programs. We consider the use of the non-GAAP measures presented above to be helpful in assessing the performance of the continuing operation of our business. By continuing operation, we mean the ongoing revenue and expenses of the business, excluding certain items that render comparisons with prior periods or analysis of on-going operating trends more difficult, such as expenses not directly related to the actual cash costs of development, sale, delivery or support of our products and services, or expenses that are reflected in periods unrelated to when the actual amounts were incurred or paid. Consistent with this approach, we believe that disclosing non-GAAP financial measures to the readers of our financial statements provides such readers with useful supplemental data that, while not a substitute for financial measures prepared in accordance with GAAP, allows for greater transparency in the review of our financial and operational performance. In addition, we have historically reported non-GAAP results to the investment community and believe that continuing to provide non-GAAP measures provides investors with a tool for comparing results over time. In assessing the overall health of our business for the periods covered by the table above and, in particular, in evaluating the financial line items presented in the table above, we have excluded items in the following three general categories, each of which are described below: Acquisition Related Charges, Other Items, and Share-Based Compensation Related Items. We also provide additional detail below regarding the shares used to calculate our non-GAAP net income per share. Notes identified for line items in the table above correspond to the appropriate note description below. With respect to the items excluded from our forward-looking non-GAAP measures and reconciliation of such measures, please see the "Outlook" section above.

The above tables and reconciliations can also be found on our Investor Relations website at http://investor.juniper.net.

Note A: Acquisition Related Charges. We exclude certain expense items resulting from acquisitions including amortization of purchased intangible assets associated with our acquisitions. The amortization of purchased intangible assets associated with acquisitions results in recording expenses in our GAAP financial statements that were already expensed by the acquired company before the acquisition and for which we have not expended cash. Moreover, had we internally developed the products acquired, the amortization of intangible assets, and the expenses of uncompleted research and development would have been expensed in prior periods. Accordingly, we analyze the performance of our operations in each period without regard to such expenses. In

addition, acquisitions result in non-continuing operating expenses, which would not otherwise have been incurred by us in the normal course of our business operations. We believe that providing non-GAAP information for acquisition-related expense items in addition to the corresponding GAAP information allows the users of our financial statements to better review and understand the historic and current results of our continuing operations, and also facilitates comparisons to less acquisitive peer companies.

Note B: Other Items. We exclude certain other items that are the result of either unique, infrequent or unplanned events, including the following, when applicable: (i) strategic investment-related gain or loss; (ii) legal reserve and settlement charges or benefits; (iii) gain or loss on significant isolated events or transactions, including divestitures and the Russia-Ukraine conflict, which are directly related to the events, objectively quantifiable, and not expected to occur regularly in the future that are not indicative of our core operating results; (iv) loss on extinguishment of debt; (v) significant effects of tax legislation and judicial or administrative interpretation of tax regulations, including the impact of income tax reform; (vi) recognition of previously unrecognized tax benefits that are non-recurring in nature; and (vii) the income tax effect on our financial statements of excluding items related to our non-GAAP financial measures. Additionally, the non-GAAP results exclude the effects of NQDC-related investments. It is difficult to estimate the amount or timing of these items in advance. Although these events are reflected in our GAAP financial statements, these transactions may limit the comparability of our on-going operations with prior and future periods.

In addition, we exclude restructuring benefits or charges as these result from events that arise from unforeseen circumstances, which often occur outside of the ordinary course of continuing operations. As such, we believe these expenses do not accurately reflect the underlying performance of our continuing business operations for the period in which they are incurred or comparisons to past operating results. We also exclude gains or losses related to the strategic investments as well as significant isolated events as they are directly related to an event that is distinct and does not reflect current ongoing business operations. In the case of legal reserves and settlements, these gains or losses are recorded in the period in which the matter is concluded or resolved even though the subject matter of the underlying dispute may relate to multiple or different periods. As such, we believe that these expenses do not accurately reflect the underlying performance of our continuing operations for the period in which they are incurred. Additionally, we exclude previously unrecognized tax benefits that are non-recurring in nature which are recorded in the period in which applicable statutes of limitation lapse or upon the completion of tax review cycles as the tax matter may relate to multiple or different periods. Further, certain items related to global tax reform may continue to impact the business and are generally unrelated to the current level of business activity. We believe these tax events limit the comparability with prior periods and that these expenses or benefits do not accurately reflect the underlying performance of our continuing business operations for the period in which they are incurred. We also believe providing financial information with and without the income tax effect of excluding items related to our non-GAAP financial measures provide our management and users of the financial statements with better clarity regarding the on-going performance and future liquidity of our business. Because of these factors, we assess our operating performance with these amounts both included and excluded, and by providing this information, we believe the users of our financial statements are better able to understand the financial results of what we consider our continuing operations.

Note C: Share-Based Compensation Related Items. We provide non-GAAP information relative to our expense for share-based compensation and related payroll tax. Due to the varying available valuation methodologies, subjective assumptions and the variety of award types, which affect the calculations of share-based compensation, we believe that the exclusion of share-based compensation and related payroll tax allows for more accurate comparisons of our operating results to our peer companies and is useful to investors to understand the impact of share-based compensation on our results of operations. Further, expense associated with granting share-based awards does not reflect any cash expenditures by the company as no cash is expended.

Note D: Non-GAAP Net Income Per Share Items. We provide diluted non-GAAP net income per share. The diluted non-GAAP net income per share includes additional dilution from potential issuance of common stock, except when such issuances would be anti-dilutive.

Juniper Networks, Inc.
Preliminary Condensed Consolidated Balance Sheets
(in millions)
(unaudited)

	March 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,013.3	$ 922.5
Short-term investments	293.4	315.5
Accounts receivable, net of allowances	848.8	994.4
Inventory	317.0	272.6
Prepaid expenses and other current assets	480.3	451.6
Assets held for sale	85.5	—
Total current assets	3,038.3	2,956.6
Property and equipment, net	689.4	703.0
Operating lease assets	153.1	161.3
Long-term investments	362.2	455.5
Purchased intangible assets, net	215.6	284.3
Goodwill	3,733.9	3,762.1
Other long-term assets	635.4	564.2
Total assets	$ 8,827.9	$ 8,887.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 318.3	$ 273.7
Accrued compensation	238.8	336.0
Deferred revenue	967.0	937.9
Other accrued liabilities	334.3	328.9
Total current liabilities	1,858.4	1,876.5
Long-term debt	1,648.4	1,686.8
Long-term deferred revenue	499.6	475.7
Long-term income taxes payable	332.6	330.5
Long-term operating lease liabilities	133.7	142.2
Other long-term liabilities	88.3	58.4
Total liabilities	4,561.0	4,570.1
Total stockholders' equity	4,266.9	4,316.9
Total liabilities and stockholders' equity	$ 8,827.9	$ 8,887.0

Juniper Networks, Inc.
Preliminary Condensed Consolidated Statements of Cash Flows
(in millions)
(unaudited)

	Three Months Ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net income (loss)	$ 55.7	$ (31.1)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Share-based compensation expense	45.2	57.5
Depreciation, amortization, and accretion	56.3	60.4
Operating lease assets expense	10.1	11.7
Loss on extinguishment of debt	—	60.6
Other	6.8	(3.9)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable, net	145.5	204.8
Prepaid expenses and other assets	(153.7)	(39.1)
Accounts payable	44.6	(29.4)
Accrued compensation	(95.4)	(61.5)
Income taxes payable	25.5	(23.1)
Other accrued liabilities	(0.7)	(72.6)
Deferred revenue	53.2	45.5
Net cash provided by operating activities	193.1	179.8
Cash flows from investing activities:		
Purchases of property and equipment	(25.0)	(19.7)
Purchases of available-for-sale debt securities	(58.1)	(104.8)
Proceeds from sales of available-for-sale debt securities	33.3	283.7
Proceeds from maturities and redemptions of available-for-sale debt securities	123.6	118.1
Purchases of equity securities	(9.3)	(1.5)
Proceeds from sales of equity securities	2.2	2.9
Payments for business acquisitions, net of cash and cash equivalents acquired	(3.3)	(175.0)
Other	0.5	(1.3)
Net cash provided by investing activities	63.9	102.4
Cash flows from financing activities:		
Repurchase and retirement of common stock	(126.3)	(131.9)
Proceeds from issuance of common stock	28.6	28.2
Payment of dividends	(67.5)	(65.2)
Payment of debt	—	(423.8)
Payment for debt extinguishment costs	—	(58.3)
Net cash used in financing activities	(165.2)	(651.0)
Effect of foreign currency exchange rates on cash, cash equivalents, and restricted cash	(1.7)	(2.0)
Net increase (decrease) in cash, cash equivalents, and restricted cash	90.1	(370.8)
Cash, cash equivalents, and restricted cash at beginning of period	942.7	1,383.0
Cash, cash equivalents, and restricted cash at end of period	$ 1,032.8	$ 1,012.2

Exhibit 99.2

Juniper Networks, Inc.
1133 Innovation Way
Sunnyvale, CA 94089

April 26, 2022

CFO Commentary on First Quarter 2022 Preliminary Financial Results

Related Information

The following commentary is provided by management and should be referenced in conjunction with Juniper Networks' first quarter 2022 preliminary financial results press release available on its Investor Relations website at http://investor.juniper.net. These remarks represent management's current views of the Company's financial and operational performance and outlook and are provided to give investors and analysts further insight into the Company's performance in advance of the earnings call webcast.

Q1 2022 Preliminary Financial Results

GAAP

(in millions, except per share amounts and percentages)	Q1'22	Q4'21	Q1'21	Q/Q Change	Y/Y Change
Revenue	$ 1,168.2	$ 1,299.9	$ 1,074.4	(10) %	9 %
Product	744.3	874.6	672.4	(15) %	11 %
Service	423.9	425.3	402.0	— %	5 %
Gross margin %	55.6 %	57.7 %	57.3 %	(2.1)pts	(1.7)pts
Research and development	248.6	254.9	254.7	(2) %	(2) %
Sales and marketing	273.3	278.8	252.7	(2) %	8 %
General and administrative	60.2	62.7	61.1	(4) %	(1) %
Restructuring charges	8.8	0.1	19.3	N/M	(54) %
Total operating expenses	$ 590.9	$ 596.5	$ 587.8	(1) %	1 %
Operating margin %	5.0 %	11.8 %	2.6 %	(6.8)pts	2.4 pts
Net income (loss)	$ 55.7	$ 132.9	$ (31.1)	(58) %	N/M
Diluted net income (loss) per share	$ 0.17	$ 0.40	$ (0.10)	(58) %	N/M

N/M - Not meaningful

Non-GAAP

(in millions, except per share amounts and percentages)	Q2'22 Guidance	Q1'22	Q4'21	Q1'21	Q/Q Change	Y/Y Change
Revenue	$1,255 +/- $50	$ 1,168.2	$ 1,299.9	$ 1,074.4	(10) %	9 %
Product		744.3	874.6	672.4	(15) %	11 %
Service		423.9	425.3	402.0	— %	5 %
Gross margin %	58.0% +/- 1.0%	57.5 %	59.5 %	59.3 %	(2.0)pts	(1.8)pts
Research and development		231.3	229.0	228.8	1 %	1 %
Sales and marketing		256.3	256.1	231.3	— %	11 %
General and administrative		46.3	50.2	47.4	(8) %	(2) %
Total operating expenses	$535 +/- $5	$ 533.9	$ 535.3	$ 507.5	— %	5 %
Operating margin %	~15.4% at the midpoint	11.8 %	18.3 %	12.1 %	(6.5)pts	(0.3)pts
Net income		$ 101.6	$ 184.7	$ 98.5	(45) %	3 %
Diluted net income per share	$0.45 +/- $0.05	$ 0.31	$ 0.56	$ 0.30	(45) %	3 %

Q1 2022 Overview

We ended the first quarter of 2022 at $1,168 million in revenue, above the mid-point of our guidance, and up 9% year-over-year. Non-GAAP earnings per share was $0.31, in-line with our guidance, and an increase of 3% year-over-year.

Product orders remained strong with greater than 35% year-over-year growth during the first quarter, and we again saw double-digit order growth year-over-year across all verticals and customer solutions. Some of this order strength continues to be attributable to industry supply chain challenges resulting in customers placing orders ahead of their normal order rate to account for the extended lead time. After adjusting for these early orders for certain large customers, total product orders are estimated to have grown double digits year-over-year. Our backlog[1] increased more than $300 million on a sequential basis.
From a customer solution perspective, we saw revenue growth in all areas on a year-over-year basis, Automated WAN Solutions revenue increased 1%. Cloud-Ready Data Center revenue increased 20% year-over-year, and AI-Driven Enterprise revenue increased 33% year-over-year.

Looking at our revenue by vertical, on a year-over-year basis, Enterprise grew 19% and represented our largest vertical for the first time in our history. Our Cloud business grew 13% year-over-year, our fourth consecutive quarter of double-digit growth. While Service Provider revenue declined 2% year-over-year due to the timing of shipments, orders increased double digits year-over-year.

Total Software and Related Services revenue was $228 million, which was an increase of 60% year-over-year. ARR[2] grew approximately 30% year-over-year.

Total Security revenue was $161 million, down 1% year-over-year.

In reviewing our top 10 customers for the quarter, three were Cloud, six were Service Provider, and one was an Enterprise. Our top 10 customers accounted for 32% of our total revenue as compared to 31% in Q1'21. In the quarter, we had one Cloud customer that accounted for more than 10% of total revenue.

Non-GAAP gross margin was 57.5%, which was below the mid-point of our guidance primarily due to unfavorable product and customer mix partially offset by an increase in service margin. As expected, COVID-19 and other

[1] Our product backlog consists of confirmed orders for products expected to be shipped to our distributors, resellers, or end-customers within the next twelve months.
[2] ARR represents annual recurring revenue from renewable contracts with customers for software licenses, software support and maintenance, and SaaS expected to be recognized over an annual period of time. This metric includes the implied annualized billing value of contracts that are active as of the end of the periods presented. This metric excludes software licenses recognized as revenue at a point in time.

related supply costs continue to be elevated, and if not for these costs, we estimate that we would have posted non-GAAP gross margin of approximately 60%.

Non-GAAP operating expense increased 5% year-over-year and was essentially flat sequentially.

Non-GAAP operating margin was 11.8% for the quarter, which was in-line with our expectations.

Cash flow from operations was $193 million. We paid $68 million in dividends, reflecting a quarterly dividend of $0.21 per share, and repurchased $112 million worth of shares in the quarter.

Total cash, cash equivalents, and investments at the end of the first quarter of 2022 was $1.7 billion.

Revenue

Product and Service

- **Product Revenue:** $744 million, up 11% year-over-year and down 15% sequentially.
- **Service Revenue:** $424 million, up 5% year-over-year and flat sequentially. The year-over-year increase was primarily driven by strong sales of hardware maintenance and software subscriptions.

Customer Solution

- **Automated WAN Solutions**: $390 million, up 1% year-over-year and down 22% sequentially. The year-over-year increase was primarily driven by Cloud, partially offset by a decrease in Service Provider. The sequential decrease was primarily due to Service Provider, and to a lesser extent Cloud and Enterprise.

- **Cloud-Ready Data Center**: $189 million, up 20% year-over-year and up 9% sequentially. The year-over-year increase was primarily driven by Service Provider, and to a lesser extent, Cloud and Enterprise. The sequential increase was driven by Service Provider and Enterprise, partially offset by a decrease in Cloud.

- **AI-Driven Enterprise**: $214 million, up 33% year-over-year and down 12% sequentially. The year-over-year increase was primarily driven by Enterprise. The sequential decrease was primarily due to Enterprise, and to a lesser extent Cloud and Service Provider. Both our Mist and EX product families grew year-over-year.

- **Hardware Maintenance and Professional Services:** $375 million, up 1% year-over-year and down 3% sequentially.

Vertical

- **Cloud:** $307 million, up 13% year-over-year and down 8% sequentially. The year-over-year increase was primarily driven by Automated WAN Solutions and to a lesser extent, Cloud-Ready Data Center, partially offset by a slight decline in Hardware Maintenance and Professional Services and AI-Driven Enterprise. The sequential decrease was across all customer solutions.

- **Service Provider:** $428 million, down 2% year-over-year and down 16% sequentially. The year-over-year decrease was primarily due to Automated WAN Solutions, partially offset by an increase in Cloud-Ready Data Center. The sequential decrease was primarily due to Automated WAN Solutions, and to a lesser extent, Hardware Maintenance and Professional Services and AI-Driven Enterprise, partially offset by an increase in Cloud-Ready Data Center.

- **Enterprise:** $433 million, up 19% year-over-year and down 5% sequentially. All customer solutions were up year-over-year. The sequential decrease was primarily due to AI-Driven Enterprise, and to a lesser extent, Automated WAN Solutions, partially offset by increases in Cloud-Ready Data Center and Hardware Maintenance and Professional Services.

Geography

- **Americas:** $655 million, up 12% year-over-year and down 13% sequentially. Year-over-year, the increase was driven by Enterprise and Cloud, partially offset by a decrease in Service Provider. The sequential decrease was across all customer verticals.

- **EMEA:** $334 million, up 7% year-over-year and down 3% sequentially. Year-over-year, the increase was driven by Enterprise and Service Provider, partially offset by a decline in Cloud. The sequential decrease was primarily due to Service Provider, and to a lesser extent, Cloud, partially offset by an increase in Enterprise.

- **APAC**: $179 million, down 1% year-over-year and down 14% sequentially. Year-over-year, the decrease was primarily due to Service Provider, partially offset by increases in Enterprise and Cloud. All customer verticals were down on a sequential basis.

Additional Disclosures

- **Software and Related Services:** $228 million, up 60% year-over-year and down 6% sequentially. The year-over-year increase was driven by perpetual software licenses and software license subscriptions. The sequential decrease was due to a decline in perpetual software licenses.

- **Total Security:** $161 million, down 1% year-over-year and flat sequentially. Year-over-year, the decrease was due to product, partially offset by an increase in services.

Gross Margin

- **GAAP gross margin:** 55.6%, compared to 57.3% from the prior year and 57.7% from last quarter.

- **Non-GAAP gross margin:** 57.5%, compared to 59.3% from the prior year and 59.5% from last quarter.

- **GAAP product gross margin**: 49.1%, down 3.8 points from the prior year and down 5.3 points from last quarter.

- **Non-GAAP product gross margin**: 51.5%, down 3.9 points from the prior year and down 4.9 points from last quarter.

  The year-over-year decrease in GAAP and Non-GAAP product gross margin was primarily due to elevated logistics and other supply chain costs due in part to the COVID-19 pandemic and unfavorable customer and product mix, partially offset by higher revenue.

  On a sequential basis, the decrease in GAAP and Non-GAAP product gross margin was primarily due to unfavorable customer and product mix, and to a lesser extent, elevated logistics and other supply chain costs due in part to the COVID-19 pandemic and lower revenue.

- **GAAP service gross margin**: 66.9%, up 2.3 points from the prior year and up 2.3 points from last quarter.

- **Non-GAAP service gross margin**: 68.0%, up 2.1 points from the prior year and up 2.1 points from last quarter.

  The year-over-year increase in service gross margin, on a GAAP and non-GAAP basis, was primarily driven by strong sales of hardware maintenance and software subscriptions and lower delivery costs. The sequential increase was driven by lower delivery costs.

Operating Expenses

- **GAAP operating expenses:** $591 million, an increase of $3 million year-over-year, and a decrease of $6 million sequentially.

  The year-over-year increase in operating expenses was primarily due to higher headcount-related costs, partially offset by lower restructuring charges. The sequential decrease in operating expenses was primarily driven by lower variable compensation.

  GAAP operating expenses were 50.6% of revenue, down 4.1 points year-over-year and up 4.7 points sequentially.

- **Non-GAAP operating expenses:** $534 million, an increase of $26 million year-over-year, and essentially flat sequentially.

  Non-GAAP operating expenses were up 5% on a year-over-year basis primarily due to higher headcount-related costs.

  Non-GAAP operating expenses were 45.7% of revenue, down 1.5 points year-over-year and up 4.5 points sequentially.

Operating Margin

- **GAAP operating margin:** 5.0%, an increase of 2.4 points year-over-year and a decrease of 6.8 points sequentially.

- **Non-GAAP operating margin:** 11.8%, a decrease of 0.3 points year-over-year and a decrease of 6.5 points sequentially.

Tax Rate

- **GAAP tax rate:** 21.9% benefit, compared to 17.7% provision in the prior year and 17.6% provision last quarter.

  The year-over-year and quarter-over-quarter decrease in the effective tax rate, on a GAAP basis, was primarily due to the benefit of one-time items in the comparative periods, including benefits from tax legislative changes, assets held for sale and excess tax benefits associated with stock-based compensation in the current quarter.

- **Non-GAAP tax rate:** 20.4%, compared to 19.5% in the prior year and 19.5% last quarter.

  The year-over-year and quarter-over-quarter increase in effective tax rate, on a non-GAAP basis, was due to changes in the geographic mix of earnings.

Diluted Earnings (Loss) Per Share

- **GAAP diluted earnings (loss) per share:** $0.17, an increase of $0.27 year-over-year and a decrease of $0.23 sequentially.

  The year-over-year increase in EPS on a GAAP basis, was primarily driven by the cash premium paid in Q1 2021 in relation to the debt refinancing and higher revenue, partially offset by lower gross margin.

  Sequentially, the decrease in GAAP EPS was primarily due to lower revenue, lower gross margin and the Q4 2021 gains on private equity investments, partially offset by a decrease in tax rate,

- **Non-GAAP diluted earnings per share:** $0.31, an increase of $0.01 year-over-year and a decrease of $0.25 sequentially.

  The year-over-year increase in EPS on a non-GAAP basis was primarily driven by higher revenue, partially offset by higher operating expenses and lower gross margin.

  Sequentially, the decrease in non-GAAP EPS was due to lower revenue and gross margin.

Balance Sheet, Cash Flow, Capital Return, and Other Financial Metrics

(in millions, except days sales outstanding ("DSO"), and headcount)	Q1'22	Q4'21	Q3'21	Q2'21	Q1'21
Cash[1]	$ 1,668.9	$ 1,693.5	$ 1,835.8	$ 1,815.4	$ 1,764.6
Debt[2]	1,648.4	1,686.8	1,692.0	1,694.4	1,685.2
Net cash[3]	20.5	6.7	143.8	121.1	79.4
Operating cash flow	193.1	116.0	136.7	257.2	179.8
Capital expenditures	25.0	30.5	28.4	21.4	19.7
Depreciation and amortization	54.7	56.3	56.7	58.9	58.6
Share repurchases	112.2	148.3	50.0	110.0	125.0
Dividends	$ 67.5	$ 64.2	$ 65.0	$ 64.7	$ 65.2
Diluted shares	331.1	332.2	331.1	330.4	332.7
DSO	65	69	59	59	64
Headcount	10,385	10,191	10,093	9,898	9,884

[1] Includes cash, cash equivalents, and investments.
[2] Debt includes change in fair value of fixed-rate debt swapped to floating rate, equally offset on the balance sheet by a swap asset/liability.
[3] Net cash includes cash, cash equivalents, and short and long-term investments, net of debt.

Cash Flow

- **Cash flow from operations:** $193 million, up $13 million year-over-year and up $77 million sequentially.

  The year-over-year increase was primarily driven by higher customer collections, partially offset by higher supplier payments. The sequential increase was primarily due to higher collections and lower supplier payments, partially offset by higher payments related to variable compensation.

  Beginning January 1, 2022, as a result of the Tax Cuts and Jobs Act of 2017 ("Tax Act"), all our U.S. and non-U.S. based R&D expenditures are being capitalized for tax purposes. This will result in a significant increase in cash taxes paid in 2022, and absent a change in legislation, this will negatively impact cash flow from operations starting in Q2 and on a full-year basis.

Days Sales Outstanding (DSO)

- **DSO:** 65 days, a 4-day decrease from prior quarter, driven by lower overall invoicing in-line with normal seasonality, partially offset by lower revenue.

Capital Return

- In the quarter, we paid a dividend of $0.21 per share for a total of $68 million.
- In the quarter, we repurchased $112 million worth of shares.

Demand Metrics

- **Total deferred revenue** was $1,467 million, up $135 million year-over-year and up $53 million sequentially.

- **Deferred revenue from customer solutions**[3] was $470 million, up $137 million year-over-year and up $27 million sequentially.

  The year-over-year increase was mainly driven by an increase in SaaS and software license subscriptions and to a lesser extent, perpetual software maintenance. The sequential increase was primarily driven by an increase in deferrals of SaaS and software license subscriptions.

- **Deferred revenue from hardware maintenance and professional services** was $997 million, down $2 million year-over-year and up $26 million sequentially.

  The year-over-year decrease and sequential increase were primarily driven by the timing of contract renewals.

Deferred Revenue

(in millions)	March 31, 2022	December 31, 2021	March 31, 2021
Deferred product revenue, net	$ 110.8	$ 129.1	$ 106.4
Deferred service revenue, net	1,355.8	1,284.5	1,225.3
Total	$ 1,466.6	$ 1,413.6	$ 1,331.7
Deferred revenue from customer solutions	$ 469.5	$ 442.1	$ 332.5
Deferred revenue from hardware maintenance and professional services	997.1	971.5	999.2
Total	$ 1,466.6	$ 1,413.6	$ 1,331.7

Headcount

- Ending headcount for Q1'22 was 10,385, an increase of 501 employees year-over-year and an increase of 194 employees sequentially. The year-over-year and sequential increase was primarily a result of additional hires in our go-to-market and R&D organizations.

Outlook

These metrics are provided on a non-GAAP basis, except for revenue and share count. Non-GAAP earnings per share is on a fully diluted basis. The outlook assumes that the exchange rate of the U.S. dollar to other currencies will remain relatively stable at current levels.

There is a worldwide shortage of semiconductors and other components impacting many industries, caused in part by the COVID-19 pandemic. Similar to others, we are experiencing ongoing supply chain challenges, which have resulted in extended lead times, as well as elevated logistics and component costs. We continue to work to resolve supply chain challenges and have increased inventory levels and purchase commitments. We are working closely with our suppliers to further enhance our resiliency and mitigate the effects of disruptions outside of our control. We believe that even with these actions, extended lead times and elevated costs will likely persist for at least the remainder of the year. While the situation is dynamic, at this point in time we believe we will have access to sufficient supplies of semiconductors and other components to meet our financial forecast.

[3] Includes deferred revenue from hardware solutions, software licenses, software support and maintenance and SaaS offerings sold in our Automated WAN Solutions, Cloud-Ready Data Center, and AI-Driven Enterprise customer solution categories.

Q2 2022

Our guidance for the quarter ending June 30, 2022 is as follows:

- Revenue will be approximately $1,255 million, plus or minus $50 million.
- Non-GAAP gross margin will be approximately 58.0%, plus or minus 1.0%.
- Non-GAAP operating expenses will be approximately $535 million, plus or minus $5 million.
- Non-GAAP operating margin will be approximately 15.4% at the mid-point of revenue guidance.
- Non-GAAP other income and expense (OI&E) will be near Q1'22 levels.
- Non-GAAP tax rate will be approximately 20.0%.
- Non-GAAP net income per share will be approximately $0.45, plus or minus $0.05. This assumes a share count of approximately 330 million.

Full-Year 2022

Given the strong order momentum and current backlog, we continue to expect 7-9% revenue growth for the year. This assumes the current supply chain environment remains constrained throughout the year, similar to current levels, and does not further deteriorate.

We expect revenue to grow sequentially through the remainder of the year. We expect supply chain constraints to be particularly tight during the second quarter and remain challenged throughout the year. We also anticipate backlog to remain at elevated levels through the course of the year. While non-GAAP gross margin can be difficult to predict due to the uncertain macroeconomic environment, we expect to see sequential improvement through the year. However, given our current view of freight costs and other pressures on supply chain costs, we now expect full year non-GAAP gross margin to be below the mid-point of the 58-60% range.

We remain committed to disciplined expense management and plan to target full-year non-GAAP operating margin expansion of at least 100 basis points versus 2021. That said, we will continue to invest to take advantage of market opportunities, and non-GAAP operating expense is expected to be up on a full-year basis, consistent with the guidance we provided during our Q4 2021 earnings announcement.

Our non-GAAP tax rate on worldwide earnings is expected to be 20.0% plus or minus 1%.

Our non-GAAP EPS is expected to grow faster than revenue on a full-year basis.

Capital Return

Our Board of Directors has declared a cash dividend of $0.21 per share to be paid on June 22, 2022 to stockholders of record as of the close of business on June 1, 2022. We remain committed to paying our dividend and remain opportunistic with respect to share buybacks.

Forward-Looking Statements

Statements in this CFO Commentary and related conference call concerning Juniper Networks' business, economic and market outlook, including currency exchange rates; our financial guidance and the expected continuing impact of the ongoing COVID-19 pandemic, including manufacturing and supply constraints, and the consummation and integration of, and financial impact resulting from any acquisitions and divestitures on our guidance; our expectations regarding our liquidity, capital return program, supply constraints and access to sufficient supplies of semiconductors and other components; deal, customer and product mix; costs; backlog; share buybacks; and our overall future prospects are forward-looking statements within the meaning of the Private Securities Litigation Reform Act that involve a number of uncertainties and risks. Actual results or events could differ materially from those anticipated in those forward-looking statements as a result of several factors, including: the duration, extent and continuing impact of the ongoing COVID-19 pandemic; general economic and political conditions globally or regionally, including any impact due to armed conflicts (such as the recent conflict between Russia and Ukraine as well as governmental sanctions imposed in response); inflationary pressures; business and economic conditions in the networking industry; changes in overall technology spending by our customers, including Cloud providers, Service Providers and Enterprises; the network capacity and security requirements of our customers and, in particular, Cloud and telecommunication service providers; contractual terms that may result in the deferral of revenue; the timing of orders and their fulfillment; continuing manufacturing and supply chain challenges and logistics costs, constraints, changes or disruptions; availability and pricing of key product components, such as semiconductors; delays in scheduled product availability; our customers canceling orders that are included in the calculation of backlog, which they may do without significant penalty; adoption of or changes to laws, regulations, standards or policies affecting Juniper Networks' operations, products, services or the networking industry; product defects, returns or vulnerabilities; significant effects of tax legislation and judicial or administrative interpretation of new tax regulations, including the potential for corporate tax increases and changes to global tax laws; legal settlements and resolutions, including with respect to enforcing our proprietary rights; the potential impact of activities related to the execution of capital return, restructurings and product rationalization; the impact of import tariffs and changes thereto; and other factors listed in Juniper Networks' most recent report on Form 10-Q or 10-K filed with the Securities and Exchange Commission. In addition, many of the foregoing risks and uncertainties are, and could be, exacerbated by the ongoing COVID-19 pandemic and any worsening of the global business and economic environment as a result of the pandemic. We cannot at this time predict the extent of the continuing impact of the COVID-19 pandemic and any resulting business or economic impact, but it could have a material adverse effect on our business, financial condition, results of operations and cash flows. Note that our estimates as to the tax rate on our business are based on current tax law and regulations, including current interpretations thereof, and could be materially affected by changing interpretations as well as additional legislation and guidance. All statements made in this CFO Commentary and related conference call are made only as of the date set forth at the beginning of this document. Juniper Networks undertakes no obligation to update the information made in this document or the related conference call in the event facts or circumstances subsequently change after the date of this document. We have not filed our Form 10-Q for the quarter ended March 31, 2022. As a result, all financial results described in this CFO Commentary should be considered preliminary, and are subject to change to reflect any necessary adjustments or changes in accounting estimates, that are identified prior to the time we file our Form 10-Q.

All forward-looking non-GAAP measures exclude estimates for amortization of intangible assets, share-based compensation expenses, acquisition, divestiture, and strategic investment related charges, restructuring benefits or charges, impairment charges, strategic partnership-related charges, legal reserve and settlement charges or benefits, gain or loss on equity investments, loss on extinguishment of debt, retroactive impact of certain tax settlements, significant effects of tax legislation and judicial or administrative interpretation of tax regulations, including the impact of income tax reform, non-recurring income tax adjustments, valuation allowance on deferred tax assets, and the income tax effect of non-GAAP exclusions, and do not include the impact of further changes to tariffs and the impact of any future acquisitions, divestitures, or joint ventures that may occur in the period. Material changes to any one of these items could have a significant effect on our guidance and future GAAP results. Certain exclusions, such as amortization of intangible assets and share-based compensation expenses, are generally incurred each quarter, but the amounts have historically varied and may continue to vary significantly from quarter to quarter.

Non-GAAP Financial Measures

This CFO Commentary contains references to the following non-GAAP financial measures: gross margin; product gross margin; service gross margin; research and development expense; sales and marketing expense; general and administrative expense; operating expense; operating expense as a percentage of revenue; operating income; operating margin; provision for income tax; income tax rate; net income; and diluted earnings per share. For important commentary on why Juniper Networks considers non-GAAP information a useful view of the company's financial results, please see the press release furnished with our Form 8-K filed today with the SEC. With respect to future financial guidance provided on a non-GAAP basis, we have excluded estimates for amortization of intangible assets, share-based compensation expenses, acquisition and strategic investment related charges, restructuring benefits or charges, impairment charges, strategic partnership-related charges, legal reserve and settlement charges or benefits, supplier component remediation charges and recoveries, gain or loss on equity investments, loss on extinguishment of debt, retroactive impact of certain tax settlements, significant effects of tax legislation and judicial or administrative interpretation of tax regulations, including the impact of income tax reform, non-recurring income tax adjustments, valuation allowance on deferred tax assets, and the income tax effect of non-GAAP exclusions, and do not include the impact of changes to tariffs and the impact of any future acquisitions, divestitures, or joint ventures that may occur in the applicable period. These measures are not presented in accordance with, nor are they a substitute for U.S. generally accepted accounting principles, or GAAP. In addition, these measures may be different from non-GAAP measures used by other companies, limiting their usefulness for comparison purposes. The non-GAAP financial measures used in this CFO Commentary should not be considered in isolation from measures of financial performance prepared in accordance with GAAP. Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. In particular, many of the adjustments to our GAAP financial measures reflect the exclusion of items that are recurring and will be reflected in our financial results for the foreseeable future.

Juniper is unable to provide a reconciliation of non-GAAP guidance measures to corresponding U.S. generally accepted accounting principles or GAAP measures on a forward-looking basis without unreasonable effort due to the overall high variability and low visibility of most of the foregoing items that have been excluded from these non-GAAP measures. For example, share-based compensation expense is impacted by the Company's future hiring needs, the type and volume of equity awards necessary for such future hiring, and the price at which the Company's stock will trade in those future periods. Amortization of intangible assets is significantly impacted by the timing and size of any future acquisitions. The items that are being excluded are difficult to predict and a reconciliation could result in disclosure that would be imprecise or potentially misleading.

Juniper Networks, Inc.
Preliminary Supplemental Data
(in millions, except percentages)
(unaudited)

Deferred Revenue

	As of	
	March 31, 2022	December 31, 2021
Deferred product revenue	$ 110.8	$ 129.1
Deferred service revenue	1,355.8	1,284.5
Total	$ 1,466.6	$ 1,413.6
Deferred revenue from customer solutions	$ 469.5	$ 442.1
Deferred revenue from hardware maintenance and professional services	997.1	971.5
Total	$ 1,466.6	$ 1,413.6
Reported as:		
Current	$ 967.0	$ 937.9
Long-term	499.6	475.7
Total	$ 1,466.6	$ 1,413.6

Customer Solution: Revenue Trend

	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q/Q Change		Y/Y Change	
Customer Solutions:									
Automated WAN Solutions	$ 386.4	$ 396.1	$ 384.5	$ 498.0	$ 390.7	$ (107.3)	(21.5)%	$ 4.3	1.1 %
Cloud-Ready Data Center	157.4	201.9	194.7	173.1	188.8	15.7	9.1 %	31.4	19.9 %
AI-Driven Enterprise	161.2	195.1	229.8	244.3	214.0	(30.3)	(12.4)%	52.8	32.8 %
Hardware Maintenance and Professional Services	369.4	379.2	379.8	384.5	374.7	(9.8)	(2.5)%	5.3	1.4 %
Total revenue	$ 1,074.4	$ 1,172.3	$ 1,188.8	$ 1,299.9	$ 1,168.2	$ (131.7)	(10.1)%	$ 93.8	8.7 %

Additional Disclosures: Software and Security Products and Services: Revenue Trend

	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q/Q Change		Y/Y Change	
Software and Related Services	$ 142.9	$ 172.5	$ 204.0	$ 241.5	$ 228.1	$ (13.4)	(5.5)%	$ 85.2	59.6 %
Total Security	$ 163.0	$ 171.7	$ 160.4	$ 161.7	$ 161.0	$ (0.7)	(0.4)%	$ (2.0)	(1.2)%

Vertical Reporting: Revenue Trend

	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q/Q Change		Y/Y Change	
Cloud	$ 270.7	$ 320.6	$ 303.3	$ 333.4	$ 307.0	$ (26.4)	(7.9)%	$ 36.3	13.4 %
Service Provider	438.2	443.7	445.8	511.4	428.0	(83.4)	(16.3)%	(10.2)	(2.3)%
Enterprise	365.5	408.0	439.7	455.1	433.2	(21.9)	(4.8)%	67.7	18.5 %
Total revenue	$ 1,074.4	$ 1,172.3	$ 1,188.8	$ 1,299.9	$ 1,168.2	$ (131.7)	(10.1)%	$ 93.8	8.7 %

Juniper Networks, Inc.
Preliminary Reconciliations between GAAP and non-GAAP Financial Measures
(in millions, except percentages and per share amounts)
(unaudited)

	Three Months Ended		
	March 31, 2022	December 31, 2021	March 31, 2021
GAAP gross margin - Product	$ 365.8	$ 475.5	$ 355.9
GAAP product gross margin % of product revenue	49.1 %	54.4 %	52.9 %
Share-based compensation expense	1.4	1.5	1.3
Share-based payroll tax expense	0.2	—	0.2
Amortization of purchased intangible assets	15.7	16.1	15.3
Gain (loss) on non-qualified deferred compensation plan ("NQDC")	(0.1)	0.1	—
Non-GAAP gross margin - Product	$ 383.0	$ 493.2	$ 372.7
Non-GAAP product gross margin % of product revenue	51.5 %	56.4 %	55.4 %
GAAP gross margin - Service	$ 283.6	$ 274.9	$ 259.7
GAAP service gross margin % of service revenue	66.9 %	64.6 %	64.6 %
Share-based compensation expense	4.5	5.1	4.5
Share-based payroll tax expense	0.5	—	0.6
Gain (loss) on NQDC	(0.3)	0.2	0.1
Non-GAAP gross margin - Service	$ 288.3	$ 280.2	$ 264.9
Non-GAAP service gross margin % of service revenue	68.0 %	65.9 %	65.9 %
GAAP gross margin	$ 649.4	$ 750.4	$ 615.6
GAAP gross margin % of revenue	55.6 %	57.7 %	57.3 %
Share-based compensation expense	5.9	6.6	5.8
Share-based payroll tax expense	0.7	—	0.8
Amortization of purchased intangible assets	15.7	16.1	15.3
Gain (loss) on NQDC	(0.4)	0.3	0.1
Non-GAAP gross margin	$ 671.3	$ 773.4	$ 637.6
Non-GAAP gross margin % of revenue	57.5 %	59.5 %	59.3 %
GAAP research and development expense	$ 248.6	$ 254.9	$ 254.7
Share-based compensation expense	(16.6)	(25.1)	(24.2)
Share-based payroll tax expense	(1.6)	(0.2)	(1.4)
Loss (gain) on NQDC	0.9	(0.6)	(0.3)
Non-GAAP research and development expense	$ 231.3	$ 229.0	$ 228.8

Juniper Networks, Inc.
Preliminary Reconciliations between GAAP and non-GAAP Financial Measures
(in millions, except percentages and per share amounts)
(unaudited)

	Three Months Ended		
	March 31, 2022	December 31, 2021	March 31, 2021
GAAP sales and marketing expense	$ 273.3	$ 278.8	$ 252.7
Share-based compensation expense	(12.5)	(18.1)	(16.5)
Share-based payroll tax expense	(1.2)	(0.2)	(1.0)
Amortization of purchased intangible assets	(4.0)	(4.0)	(3.7)
Loss (gain) on NQDC	0.7	(0.4)	(0.2)
Non-GAAP sales and marketing expense	$ 256.3	$ 256.1	$ 231.3
GAAP general and administrative expense	$ 60.2	$ 62.7	$ 61.1
Share-based compensation expense	(10.2)	(9.9)	(11.0)
Share-based payroll tax expense	(0.2)	—	(0.2)
Amortization of purchased intangible assets	—	—	(0.1)
Acquisition related charges	(1.7)	(2.5)	(2.3)
Loss (gain) on NQDC	0.2	(0.1)	(0.1)
Others	(2.0)	—	—
Non-GAAP general and administrative expense	$ 46.3	$ 50.2	$ 47.4
GAAP operating expenses	$ 590.9	$ 596.5	$ 587.8
GAAP operating expenses % of revenue	50.6 %	45.9 %	54.7 %
Share-based compensation expense	(39.3)	(53.1)	(51.7)
Share-based payroll tax expense	(3.0)	(0.4)	(2.6)
Amortization of purchased intangible assets	(4.0)	(4.0)	(3.8)
Restructuring charges	(8.8)	(0.1)	(19.3)
Acquisition related charges	(1.7)	(2.5)	(2.3)
Loss (gain) on NQDC	1.8	(1.1)	(0.6)
Others	(2.0)	—	—
Non-GAAP operating expenses	$ 533.9	$ 535.3	$ 507.5
Non-GAAP operating expenses % of revenue	45.7 %	41.2 %	47.2 %
GAAP operating income	$ 58.5	$ 153.9	$ 27.8
GAAP operating margin	5.0 %	11.8 %	2.6 %
Share-based compensation expense	45.2	59.7	57.5
Share-based payroll tax expense	3.7	0.4	3.4
Amortization of purchased intangible assets	19.7	20.1	19.1
Restructuring charges	8.8	0.1	19.3
Acquisition related charges	1.7	2.5	2.3
Gain (loss) on NQDC	(2.2)	1.4	0.7
Others	2.0	—	—
Non-GAAP operating income	$ 137.4	$ 238.1	$ 130.1
Non-GAAP operating margin	11.8 %	18.3 %	12.1 %

Juniper Networks, Inc.
Preliminary Reconciliations between GAAP and non-GAAP Financial Measures
(in millions, except percentages and per share amounts)
(unaudited)

	Three Months Ended		
	March 31, 2022	December 31, 2021	March 31, 2021
GAAP other (expense) income, net	$ (12.9)	$ 7.4	$ (5.0)
GAAP other (expense) income, net % of revenue	(1.1)%	0.6 %	(0.5)%
Loss (gain) on equity investments	0.9	(14.6)	(2.1)
Loss (gain) on NQDC	2.2	(1.4)	(0.7)
Non-GAAP other expense, net	$ (9.8)	$ (8.6)	$ (7.8)
Non-GAAP other expense, net % of revenue	(0.8)%	(0.7)%	(0.7)%
GAAP income tax (benefit) provision	$ (10.1)	$ 28.4	$ (6.7)
GAAP income tax rate	(21.9)%	17.6 %	17.7 %
Income tax effect of Assets Held for Sale and tax legislation	12.9	—	—
Income tax effect of non-GAAP exclusions	23.2	16.4	30.5
Non-GAAP provision for income tax	$ 26.0	$ 44.8	$ 23.8
Non-GAAP income tax rate	20.4 %	19.5 %	19.5 %
GAAP net income (loss)	$ 55.7	$ 132.9	$ (31.1)
Share-based compensation expense	45.2	59.7	57.5
Share-based payroll tax expense	3.7	0.4	3.4
Amortization of purchased intangible assets	19.7	20.1	19.1
Restructuring charges	8.8	0.1	19.3
Acquisition related charges	1.7	2.5	2.3
Loss (gain) on equity investments	0.9	(14.6)	(2.1)
Loss on extinguishment of debt	—	—	60.6
Income tax effect of Assets Held for Sale and tax legislation	(12.9)	—	—
Income tax effect of non-GAAP exclusions	(23.2)	(16.4)	(30.5)
Others	$ 2.0	$ —	$ —
Non-GAAP net income	$ 101.6	$ 184.7	$ 98.5
GAAP diluted net income (loss) per share	$ 0.17	$ 0.40	$ (0.10)
Non-GAAP diluted net income per share	$ 0.31	$ 0.56	$ 0.30
Shares used in computing GAAP diluted net income (loss) per share	331.1	332.2	326.3
Shares used in computing Non-GAAP diluted net income per share	331.1	332.2	332.7