
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) January 30, 2024

JUNIPER NETWORKS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34501
(Commission
File Number)

77-0422528
(I.R.S. Employer
Identification No.)

1133 Innovation Way
Sunnyvale, California
(Address of principal executive offices)

94089
(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 January 30, 2024, Juniper Networks, Inc. (“we”, “our” or the “Company”) issued a press release in which we announced preliminary financial results for the quarter and fiscal year ended December 31, 2023. A copy of the press release is furnished as Exhibit 99.1 to this report. The Company also posted on the Investor Relations section of its website (www.juniper.net) prepared remarks with respect to the quarter and fiscal year ended December 31, 2023. 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 Exhibit 99.1, 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 (the “Securities Act”), 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 January 30, 2024
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.

January 30, 2024

By: /s/ Kenneth B. Miller

Name: Kenneth B. Miller

Title: *Executive Vice President, Chief Financial Officer*

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JUNIPER NETWORKS REPORTS PRELIMINARY FOURTH QUARTER AND FISCAL YEAR 2023 FINANCIAL RESULTS

SUNNYVALE, Calif., January 30, 2024 - Juniper Networks (NYSE: JNPR), a leader in secure, AI-Native networks, today reported preliminary financial results for the three months and fiscal year ended December 31, 2023.

Proposed Merger with Hewlett Packard Enterprise

As announced on January 9, 2024, Hewlett Packard Enterprise (“HPE”) plans to acquire Juniper Networks in an all-cash transaction for \$40.00 per share, representing an equity value of approximately \$14 billion. The transaction is currently expected to close in late calendar year 2024 or early calendar year 2025, subject to receipt of regulatory approvals, approval of the transaction by Juniper Networks shareholders, and satisfaction of other customary closing conditions.

Fourth Quarter 2023 Financial Performance

Net revenues were \$1,364.8 million, a decrease of 6% year-over-year, and a decrease of 2% sequentially.

GAAP operating margin was 9.2%, a decrease from 14.0% in the fourth quarter of 2022, and an increase from 6.3% in the third quarter of 2023.

Non-GAAP operating margin was 18.3%, a decrease from 19.1% in the fourth quarter of 2022, and an increase from 17.5% in the third quarter of 2023.

GAAP net income was \$124.3 million, a decrease of 31% year-over-year, and an increase of 63% sequentially, resulting in diluted earnings per share of \$0.38.

Non-GAAP net income was \$196.9 million, a decrease of 8% year-over-year, and an increase of 2% sequentially, resulting in non-GAAP diluted earnings per share of \$0.61.

Full-Year 2023 Financial Performance

Net revenues were \$5,564.5 million, an increase of 5% year-over-year.

GAAP operating margin was 8.4%, a decrease from 9.8% in fiscal year 2022.

Non-GAAP operating margin was 16.9%, an increase from 15.7% in fiscal year 2022.

GAAP net income was \$310.2 million, a decrease of 34% year-over-year, resulting in diluted earnings per share of \$0.95, a decrease of 34% year-over-year. The year-over-year decrease was primarily due to higher operating expenses which include higher restructuring charges.

Non-GAAP net income was \$736.4 million, an increase of 15% year-over-year, resulting in diluted earnings per share of \$2.26, an increase of 16% year-over-year.

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

“We delivered record revenue results in 2023 and grew our business on a year-over-year basis for a third consecutive year,” said Juniper’s CEO, Rami Rahim. “These results reflect the strength of our enterprise business, which not only delivered a second consecutive year of solid double-digit revenue growth, but also achieved positive product order growth in the fourth quarter and on a full-year basis.”

“We achieved record non-GAAP earnings per share in 2023,” said Juniper’s CFO, Ken Miller. “This was achieved through a combination of healthy revenue growth, improved non-GAAP gross margin and disciplined cost management, which enabled us to exceed our goal of delivering at least 100 basis points of non-GAAP operating margin improvement in 2023.”

Balance Sheet and Other Financial Results

Total cash, cash equivalents, and investments as of December 31, 2023 were \$1,324.3 million, compared to \$1,230.0 million as of December 31, 2022, and \$1,418.0 million as of September 30, 2023.

Net cash flows provided by operations for the fourth quarter of 2023 was \$9.1 million, compared to \$119.6 million in the fourth quarter of 2022, and \$329.2 million in the third quarter of 2023.

Days sales outstanding in accounts receivable was 69 days in the fourth quarter of 2023, compared to 76 days in the fourth quarter of 2022, and 60 days in the third quarter of 2023.

Capital expenditures were \$35.4 million, and depreciation and amortization expense was \$47.3 million during the fourth quarter of 2023.

Capital Return

Our Board of Directors has declared a cash dividend of \$0.22 per share to be paid on March 22, 2024 to stockholders of record as of the close of business on March 1, 2024. We remain committed to paying our dividend; however we have agreed to suspend repurchase of our shares in accordance with the terms of the merger agreement with HPE.

Fourth Quarter and Fiscal Year 2023 Financial Commentary Available Online

A CFO Commentary reviewing Juniper Networks’ fourth quarter 2023 and fiscal year 2023 financial results will be published on Juniper Networks’ website at <http://investor.juniper.net>.

In light of the proposed transaction with HPE, and as is customary during the pendency of an acquisition, Juniper Networks will not be providing financial guidance in conjunction with its fourth quarter 2023 earnings release.

About Juniper Networks

Juniper Networks believes that connectivity is not the same as experiencing a great connection. Juniper's AI-Native Networking Platform is built from the ground up across the AIOps layer and our systems to fully harness the power of AI. From real-time fault isolation to proactive anomaly detection and self-driving corrective actions, it provides campus, branch, data center, and WAN operations with next-level predictability, reliability, and security. Additional information can be found at Juniper Networks (www.juniper.net) or connect with Juniper on X (formerly Twitter), LinkedIn and Facebook.

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

Juniper Networks, the Juniper Networks logo, Juniper, Junos, and other trademarks are registered trademarks of Juniper Networks, Inc. and/or its affiliates in the United States and other countries. Other names may be trademarks of their respective owners.

Safe Harbor; Forward-Looking Statements

Statements in this release concerning Juniper Networks' business, economic and market outlook, our expectations regarding our liquidity and capital return program; deal, customer and product mix; costs and supply constraints; backlog; customer demand; 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 completion of the proposed transaction with HPE on anticipated terms and timing or at all, including obtaining stockholder and regulatory approvals and other conditions to the completion of the transaction; the fact that if the proposed transaction is completed, Juniper stockholders will forego the opportunity to realize the potential long-term value of the successful execution of Juniper's current strategy as an independent company, which will also be affected by the ability of HPE to integrate and implement its plans, forecasts and other expectations with respect to Juniper's business after the completion of the proposed transaction and realize additional opportunities for growth and innovation; the occurrence of any event, change or other circumstance or condition that could give rise to the termination of the merger agreement; Juniper's ability to implement its business strategies; potential significant transaction costs associated with the proposed transaction; the risks related to HPE's financing of the proposed transaction; potential litigation or regulatory actions relating to the proposed transaction; the risk that disruptions from the proposed transaction will harm Juniper's business, including current plans and operations, and risks related to diverting management's attention from Juniper's ongoing business operations and relationships; the ability of Juniper to retain and hire key personnel; potential adverse business uncertainty resulting from the announcement, pendency or completion of the proposed transaction, including restrictions during the pendency of the proposed transaction that may impact Juniper's ability to pursue certain business opportunities or strategic transactions; legal, regulatory, tax and economic developments affecting Juniper's business; the unpredictability and severity of catastrophic events, including, but not limited to, acts of terrorism, outbreak of war or hostilities or current or future pandemics or epidemics, as well as Juniper's response to any of the aforementioned factors; general economic and political conditions globally or regionally, including the impact of a U.S. federal government shutdown or sovereign debt default and adverse changes in China-Taiwan relations and any impact due to armed conflicts (such as the continuing conflict between Russia and Ukraine, the Israel-Hamas war, and escalating tensions in the Red Sea in connection with attacks by the Houthis to disrupt shipments, as well as governmental sanctions imposed in response); rising interest rates; inflationary pressures; monetary policy shifts; recession risks; business and economic conditions in the networking industry; changes in overall technology spending by our customers; the network capacity and security requirements of our customers; 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; order cancellations; adoption

of or changes to laws, regulations, standards or policies affecting our 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; currency exchange rates; and other factors listed in Juniper Networks' most recent report on Form 10-Q or 10-K filed with the Securities and Exchange Commission. 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 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 release. We have not filed our Form 10-K for the year ended December 31, 2023. 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-K.

Additional Information and Where to Find It

In connection with the proposed transaction between Juniper Networks and HPE, Juniper Networks will file with the SEC a proxy statement, the definitive version of which will be sent or provided to Juniper Networks stockholders. Juniper Networks may also file other documents with the SEC regarding the proposed transaction. This document is not a substitute for the proxy statement or any other document which Juniper Networks may file with the SEC. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND RELATED MATTERS. Investors and security holders may obtain free copies of the Proxy Statement (when it is available) and other documents that are filed or will be filed with the SEC by Juniper Networks through the website maintained by the SEC at www.sec.gov, Juniper Networks' investor relations website at <https://investor.Juniper.net> or by contacting the Juniper investor relations department at the following:

Jess Lubert
Juniper Networks
(408) 936-3734
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Participants in the Solicitation

Juniper Networks and certain of its directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction with HPE. Information regarding Juniper Networks' directors and executive officers, including a description of their direct interests, by security holdings or otherwise, is contained in Juniper Networks' proxy statement for its 2023 annual meeting of stockholders, which was filed with the SEC on March 29, 2023. Juniper Networks stockholders may obtain additional information regarding the direct and indirect interests of the participants in the solicitation of proxies in connection with the proposed transaction, including the interests of Juniper Networks directors and executive officers in the transaction, which may be different than those of Juniper Networks stockholders generally, by reading the Proxy Statement and any other relevant documents that are filed or will be filed with the SEC relating to the proposed transaction. You may obtain free copies of these documents using the sources indicated above.

To the extent holdings of Juniper Networks' securities by its directors or executive officers have changed since the amounts set forth in such documents, such changes have been or will be reflected on Initial Statements of Beneficial Ownership on Form 3 or Statements of Beneficial Ownership on Form 4 filed with the SEC. Additional information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, will be included in the proxy statement relating to the proposed transaction when it is filed with the SEC.

Use of Non-GAAP Financial Information

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 Juniper Networks' financial condition and results of operations. For further information regarding why Juniper Networks believes that these non-GAAP measures provide useful information to investors, the specific manner in which management uses these measures, and some of the limitations associated with the use of these measures, please refer to the "Discussion of Non-GAAP Financial Measures" section of this press release. The following tables and reconciliations can also be found on our Investor Relations website at <http://investor.juniper.net>.

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Net revenues:				
Product	\$ 858.6	\$ 988.3	\$ 3,632.5	\$ 3,539.9
Service	506.2	460.5	1,932.0	1,761.3
Total net revenues	1,364.8	1,448.8	5,564.5	5,301.2
Cost of revenues:				
Product	410.4	472.7	1,781.6	1,761.7
Service	147.2	149.1	581.0	581.2
Total cost of revenues	557.6	621.8	2,362.6	2,342.9
Gross margin	807.2	827.0	3,201.9	2,958.3
Operating expenses:				
Research and development	289.1	269.2	1,144.4	1,036.1
Sales and marketing	310.9	299.0	1,233.9	1,133.4
General and administrative	62.0	57.4	255.5	249.5
Restructuring charges (benefits)	19.5	(2.1)	98.0	20.2
Total operating expenses	681.5	623.5	2,731.8	2,439.2
Operating income	125.7	203.5	470.1	519.1
Gain (loss) on privately-held investments, net ^{(1) (2)}	(5.3)	14.6	(97.3)	20.4
Gain on divestiture	—	—	—	45.8
Other expense, net ⁽¹⁾	(2.8)	(13.1)	(23.8)	(49.0)
Income before income taxes and loss from equity method investment	117.6	205.0	349.0	536.3
Income tax provision (benefit)	(10.4)	22.4	29.2	60.5
Loss from equity method investment, net of tax	3.7	2.2	9.6	4.8
Net income	\$ 124.3	\$ 180.4	\$ 310.2	\$ 471.0
Net income per share:				
Basic	\$ 0.39	\$ 0.56	\$ 0.97	\$ 1.46
Diluted	\$ 0.38	\$ 0.55	\$ 0.95	\$ 1.43
Weighted-average shares used in computing net income per share:				
Basic	319.2	323.0	320.0	322.1
Diluted	324.6	329.9	325.9	329.5

⁽¹⁾ The prior period amounts have been reclassified to conform to the current period presentation.

⁽²⁾ Privately-held investments represent investments in privately-held debt and redeemable preferred stock securities and equity investments without readily determinable fair value.

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Customer Solutions:				
Automated WAN Solutions	\$ 454.1	\$ 479.0	\$ 1,839.3	\$ 1,865.3
Cloud-Ready Data Center	180.8	259.9	744.7	878.9
AI-Driven Enterprise	321.2	318.3	1,391.8	1,026.2
Hardware Maintenance and Professional Services	408.7	391.6	1,588.7	1,530.8
Total	<u>\$ 1,364.8</u>	<u>\$ 1,448.8</u>	<u>\$ 5,564.5</u>	<u>\$ 5,301.2</u>

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Cloud	\$ 317.3	\$ 380.3	\$ 1,162.8	\$ 1,393.6
Service Provider	400.2	469.3	1,842.5	1,891.2
Enterprise	647.3	599.2	2,559.2	2,016.4
Total	<u>\$ 1,364.8</u>	<u>\$ 1,448.8</u>	<u>\$ 5,564.5</u>	<u>\$ 5,301.2</u>

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Americas	\$ 849.7	\$ 857.4	\$ 3,333.3	\$ 3,156.8
Europe, Middle East, and Africa	335.8	378.5	1,405.7	1,370.0
Asia Pacific	179.3	212.9	825.5	774.4
Total	<u>\$ 1,364.8</u>	<u>\$ 1,448.8</u>	<u>\$ 5,564.5</u>	<u>\$ 5,301.2</u>

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

		Three Months Ended			Twelve Months Ended	
		December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022
GAAP operating income		\$ 125.7	\$ 87.6	\$ 203.5	\$ 470.1	\$ 519.1
GAAP operating margin		9.2 %	6.3 %	14.0 %	8.4 %	9.8 %
Share-based compensation expense	C	81.8	74.7	55.4	279.4	209.3
Share-based payroll tax expense	C	0.9	3.7	1.1	6.7	8.9
Amortization of purchased intangible assets	A	17.2	17.1	17.2	68.6	74.8
Restructuring charges (benefits)	B	19.5	62.5	(2.1)	98.0	20.2
Acquisition and integration-related charges (benefits)	A	(0.1)	0.1	0.2	0.7	2.2
Gain (loss) on non-qualified deferred compensation plan ("NQDC")	B	3.5	(0.9)	1.1	6.7	(6.9)
Others	B	1.7	—	0.1	9.9	6.9
Non-GAAP operating income		\$ 250.2	\$ 244.8	\$ 276.5	\$ 940.1	\$ 834.5
Non-GAAP operating margin		18.3 %	17.5 %	19.1 %	16.9 %	15.7 %
GAAP net income		\$ 124.3	\$ 76.1	\$ 180.4	\$ 310.2	\$ 471.0
Share-based compensation expense	C	81.8	74.7	55.4	279.4	209.3
Share-based payroll tax expense	C	0.9	3.7	1.1	6.7	8.9
Amortization of purchased intangible assets	A	17.2	17.1	17.2	68.6	74.8
Restructuring charges (benefits)	B	19.5	62.5	(2.1)	98.0	20.2
Acquisition and integration-related charges (benefits)	A	(0.1)	0.1	0.2	0.7	2.2
Gain on divestiture	B	—	—	—	—	(45.8)
Loss (gain) on privately-held investments ⁽¹⁾	B	5.3	—	(14.6)	97.3	(20.4)
Loss (gain) on equity investments ⁽¹⁾	B	(0.8)	(1.5)	1.6	(0.5)	2.7
Loss from equity method investment	B	3.7	1.7	2.2	9.6	4.8
Recognition of previously unrecognized tax benefits	B	—	—	(8.1)	—	(8.1)
Income tax effect of tax legislation	B	—	(7.8)	—	(7.8)	—
One-time tax benefit ⁽²⁾	B	(15.5)	—	—	(15.5)	—
Income tax effect of non-GAAP exclusions	B	(41.1)	(32.7)	(19.6)	(120.2)	(83.9)
Others	B	1.7	—	0.1	9.9	6.9
Non-GAAP net income		\$ 196.9	\$ 193.9	\$ 213.8	\$ 736.4	\$ 642.6
GAAP diluted net income per share		\$ 0.38	\$ 0.24	\$ 0.55	\$ 0.95	\$ 1.43
Non-GAAP diluted net income per share	D	\$ 0.61	\$ 0.60	\$ 0.65	\$ 2.26	\$ 1.95
Shares used in computing diluted net income per share		324.6	323.8	329.9	325.9	329.5

⁽¹⁾ The prior period amounts have been reclassified to conform to the current period presentation.

⁽²⁾ Benefit due to a one-time change in the geographic mix of taxable earnings.

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.

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.

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, including gain or loss from our equity method investment and our privately-held investments; (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) legal and advisory fees incurred to effect the acquisition by HPE; (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 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)

	December 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,068.1	\$ 880.1
Short-term investments	139.4	210.3
Accounts receivable, net of allowances	1,044.1	1,227.3
Inventory	952.4	619.4
Prepaid expenses and other current assets	591.5	680.0
Total current assets	3,795.5	3,617.1
Property and equipment, net	689.9	666.8
Operating lease assets	111.4	141.6
Long-term investments	116.8	139.6
Purchased intangible assets, net	91.8	160.5
Goodwill	3,734.4	3,734.4
Other long-term assets	978.7	866.7
Total assets	\$ 9,518.5	\$ 9,326.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 295.1	\$ 347.4
Accrued compensation	292.2	306.1
Deferred revenue	1,130.0	1,020.5
Other accrued liabilities	386.7	404.9
Total current liabilities	2,104.0	2,078.9
Long-term debt	1,616.8	1,601.3
Long-term deferred revenue	894.9	642.6
Long-term income taxes payable	204.5	279.4
Long-term operating lease liabilities	82.9	117.7
Other long-term liabilities	122.7	131.7
Total liabilities	5,025.8	4,851.6
Total stockholders' equity	4,492.7	4,475.1
Total liabilities and stockholders' equity	\$ 9,518.5	\$ 9,326.7

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

	Twelve Months Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 310.2	\$ 471.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation expense	279.4	209.3
Depreciation, amortization, and accretion	194.7	217.7
Deferred income taxes	(262.1)	(222.5)
Provision for inventory excess and obsolescence ⁽¹⁾	115.3	26.1
Operating lease assets expense	40.7	40.3
Gain on divestiture	—	(45.8)
Loss (gain) on privately-held investments, net ⁽¹⁾	97.3	(20.4)
Loss from equity method investment	9.6	4.8
Impairment of assets ⁽¹⁾	28.0	5.1
Loss (gain) on NQDC and other ⁽¹⁾	(4.8)	12.7
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable, net	183.4	(232.0)
Inventory ⁽¹⁾	(489.9)	(383.4)
Prepaid expenses and other assets ⁽¹⁾	182.2	(299.0)
Accounts payable	(51.9)	67.4
Accrued compensation	(13.2)	(23.1)
Income taxes payable	(99.6)	21.1
Other accrued liabilities	(7.5)	(3.3)
Deferred revenue	361.0	251.6
Net cash provided by operating activities	872.8	97.6
Cash flows from investing activities:		
Purchases of property and equipment	(159.4)	(105.1)
Proceeds from divestiture, net	—	89.1
Purchases of available-for-sale debt securities	(155.0)	(104.1)
Proceeds from sales of available-for-sale debt securities	31.9	118.2
Proceeds from maturities and redemptions of available-for-sale debt securities	217.3	390.3
Purchases of equity securities	(11.6)	(16.5)
Proceeds from sales of equity securities	15.7	47.7
Subsequent payments related to acquisitions in prior years	(0.7)	(14.6)
Funding of loan receivable and other	(5.8)	2.5
Net cash provided by (used in) investing activities	(67.6)	407.5
Cash flows from financing activities:		
Repurchase and retirement of common stock	(397.6)	(315.2)
Proceeds from issuance of common stock	61.9	57.2
Payment of dividends	(280.8)	(270.4)
Payment of debt issuance costs and other	(2.3)	—
Net cash used in financing activities	(618.8)	(528.4)

	Twelve Months Ended December 31,	
	2023	2022
Effect of foreign currency exchange rates on cash, cash equivalents, and restricted cash	0.2	(21.7)
Net increase (decrease) in cash, cash equivalents, and restricted cash	186.6	(45.0)
Cash, cash equivalents, and restricted cash at beginning of period	897.7	942.7
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 1,084.3</u>	<u>\$ 897.7</u>
Non-cash investing activity:		
Equity method investment	\$ —	\$ 40.3

⁽¹⁾ The prior period amounts have been reclassified to conform to the current period presentation.