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DELTA REPORT

10-K

AVNW - AVIAT NETWORKS, INC.

10-K - JUNE 30, 2023 COMPARED TO 10-K - JULY 01, 2022

The following comparison report has been automatically generated

TOTAL DELTAS 2535

■ CHANGES	269
■ DELETIONS	1214
■ ADDITIONS	1052

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

Form 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended July 1, 2022 June 30, 2023 or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-33278

AVIAT NETWORKS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

20-5961564
(I.R.S. Employer Identification No.)

200 Parker Drive, Suite C100A, Austin, Texas
(Address of principal executive offices)

78728
(Zip Code)

Registrant's telephone number, including area code: (408) 941-7100
Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$0.01 per share	AVNW	NASDAQ Stock Market LLC
Preferred Share Purchase Rights		NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of December 31, 2021, the aggregate market value of the registrant's common stock held by non-affiliates was approximately \$349.7 million. For purposes of this calculation, the registrant has assumed that its directors, executive officers and holders of 10% or more of the outstanding common stock are affiliates.

As of September 2, 2022, there were 11,186,477 shares of the registrant's common stock outstanding.

As of December 30, 2022, the aggregate market value of the registrant's common stock held by non-affiliates was approximately \$340.4 million. For purposes of this calculation, the registrant has assumed that its directors, executive officers and holders of 10% or more of the outstanding common stock are affiliates.

As of August 23, 2023, there were 11,528,714 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its fiscal 2022 2023 Annual Meeting of Stockholders ("Proxy Statement"), which will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended July 1, 2022 June 30, 2023, are incorporated by reference into Part III of this Annual Report on Form 10-K.

AVIAT NETWORKS, INC.
ANNUAL REPORT ON FORM 10-K
For the Fiscal Year Ended July 1, 2022 June 30, 2023
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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they do not materialize or prove correct, could cause our results to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including statements of, about, concerning or regarding: our plans, strategies and objectives for future operations, including with respect to growing our business and sustaining profitability; **our restructuring efforts**; our research and development efforts and new product releases and services; trends in revenue; drivers of our business and the markets in which we operate; future economic conditions; performance or outlook and changes in our industry and the markets we serve; the outcome of contingencies; the value of our contract awards; beliefs or expectations; the sufficiency of our cash and our capital needs and expenditures; our intellectual property protection; our compliance with regulatory requirements and the associated expenses; expectations regarding litigation; our intention not to pay cash dividends; seasonality of our business; the impact of foreign exchange and inflation; taxes; and assumptions underlying any of the foregoing. Forward-looking statements may be identified by the use of forward-looking terminology, such as "anticipates," "believes," "expects," "may," "should," "would," "will," "intends," "plans," "estimates," "strategy," "projects," "targets," "goals," "seeing," "delivering," "continues," "forecasts," "future," "predict," "might," "could," "potential," or the negative of these terms, and similar words or expressions.

These forward-looking statements are based on estimates reflecting the current beliefs of the senior management of Aviat Networks, Inc. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should therefore be considered in light of various important factors, including those set forth in this Annual Report on Form 10-K. **Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, but are not limited to, the following:**

- **the impact of COVID-19 on our business, operations and cash flows;**
- **continued price and margin erosion as a result of increased competition in the microwave transmission industry;**

- *our ability to realize the anticipated benefits of any proposed or recent acquisitions, including our proposed transaction with Ceragon, within the anticipated timeframe or at all, including the risk that proposed or recent acquisitions will not be integrated successfully;*
 - *the results of the extraordinary general meeting of Ceragon's shareholders;*
 - *the impact of the volume, timing, and customer, product, and geographic mix of our product orders;*
 - *the timing of our receipt of payment for products or services from our customers;*
 - *our ability to meet projected new product development dates or anticipated cost reductions of new products;*
 - *our suppliers' inability to perform and deliver on time as a result of their financial condition, component shortages, the effects of COVID-19 or other supply chain constraints;*
 - *customer acceptance of new products;*
 - *the ability of our subcontractors to timely perform;*
 - *continued weakness in the global economy affecting customer spending;*
 - *retention of our key personnel;*
 - *our ability to manage and maintain key customer relationships;*
 - *uncertain economic conditions in the telecommunications sector combined with operator and supplier consolidation;*
 - *our failure to protect our intellectual property rights or defend against intellectual property infringement claims by others;*
 - *the results of our restructuring efforts;*
 - *the ability to preserve and use our net operating loss carryforwards;*
 - *the effects of currency and interest rate risks;*
 - *the effects of current and future government regulations, including the effects of current restrictions on various commercial and economic activities in response to the COVID-19 pandemic;*
 - *general economic conditions, including uncertainty regarding the timing, pace and extent of an economic recovery in the United States and other countries where we conduct business;*
 - *the conduct of unethical business practices in developing countries;*
-
- *the impact of political turmoil in countries where we have significant business;*
 - *the impact of tariffs, the adoption of trade restrictions affecting our products or suppliers, a United States withdrawal from or significant renegotiation of trade agreements, the occurrence of trade wars, the closing of border crossings, and other changes in trade regulations or relationships; and*
 - *our ability to implement our stock repurchase program or that it will enhance long-term stockholder value.*
 - *our ability to meet financial covenant requirements which could impact, among other things, our liquidity;*

Other factors besides those listed here also could adversely affect us. See "Item 1A. Risk Factors" in this Annual Report on Form 10-K for more information regarding factors that may cause our results to differ materially from those expressed or implied by the forward-looking statements contained in this Annual Report on Form 10-K.

You should not place undue reliance on these forward-looking statements, which reflect our management's opinions only as of the date of the filing of this Annual Report on Form 10-K. Forward-looking statements are made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, along with provisions of the Private Securities Litigation Reform Act of 1995, and we expressly disclaim any obligation, other than as required by law, to update any forward-looking statements to reflect further developments or information obtained after the date of filing of this Annual Report on Form 10-K or, in the case of any document incorporated by reference, the date of that document.

PART I

Item 1. Business

Aviat Networks, Inc., together with its subsidiaries, is a global supplier of microwave networking and wireless access networking solutions, backed by an extensive suite of professional services and support. Aviat Networks, Inc. may be referred to as "the Company," "AVNW," "Aviat Networks," "Aviat," "we," "us" and "our" in this Annual Report on Form 10-K.

We were Aviat was incorporated in Delaware in 2006 to combine the businesses of Harris Corporation's Microwave Communications Division ("MCD") and Stratex Networks, Inc. ("Stratex"). On January 28, 2010, we changed our corporate name from Harris Stratex Networks, Inc. to Aviat Networks, Inc.

Our principal executive offices are located at 200 Parker Dr., Suite C100A, Austin, Texas 78728, and our telephone number is (408) 941-7100. Our common stock is listed on the NASDAQ Global Select Market under the symbol AVNW. As of July 1, 2022 June 30, 2023, we had 712 employees compared with 687 employees as of July 2, 2021. 704 employees.

Overview and Description of the Business

We design, manufacture and sell a range of wireless **transport and access** networking products, solutions and services to two principal customer types.

1. Communications Service Providers (“CSPs”): These include mobile and fixed telecommunications network operators, broadband and internet service providers and network operators which generate revenues from the communications services that they provide.
2. Private network operators: These are customers which do not resell communications services but build networks for reasons of economics, autonomy, and/or security to support a wide variety of mission critical performance applications. Examples include federal, state and local government agencies, transportation agencies, energy and utility companies, public safety agencies and broadcast network operators around the world.

We sell products and services directly to our customers, and, to a lesser extent, agents and resellers.

Our products utilize microwave and millimeter wave technologies to create point to point **and point to multi-point** wireless links for short, medium and long-distance interconnections. In addition to our wireless products, we also provide routers and a range of **premise and hosted private cloud-based** software tools and applications to enable deployment, monitoring, network management, and optimization **and operational assurance** of our systems as well as to automate network design and procurement. We also source, qualify, supply, **integrate, test** and support third party equipment such as antennas, optical transmission equipment and other equipment necessary to build and deploy a complete telecommunications transmission network. We provide a full suite of professional services for planning, deployment, operations, optimization and maintenance of our customers’ networks.

Our wireless systems deliver urban, suburban, regional and country-wide communications links as the primary alternative to fiber optic, low earth orbit satellite and copper connections. Fiber optic connections are the primary **alternative connectivity alternative to wireless systems**. In dense urban and suburban areas, **short range** wireless solutions **are can be** faster to deploy and lower cost per mile than new fiber deployments. In developing nations, fiber infrastructure is **often** scarce and **as a result** wireless systems are used for both long and short distance connections. Wireless systems also have advantages over optical fiber in areas with rugged terrain, and to provide connections over bodies of water such as between islands or to offshore oil and gas production platforms. Through the air wireless transmission is also inherently lower in latency than transmission through optical cables and can be leveraged in time sensitive networking **applications, applications, such as high frequency trading**.

Revenue from our North America and international regions represented approximately **58% and 42% of our revenue in fiscal 2023**, 66% and 34% of our revenue in fiscal 2022, **respectively, and 67% and 33% of our revenue in fiscal 2021, respectively, and 64% and 36% of our revenue in fiscal 2020**, respectively. Information about our revenue attributable to our geographic regions is set forth in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in “Note 10. Segment and Geographic Information” of the accompanying consolidated financial statements in this Annual Report on Form 10-K.

Market Overview

We believe that future demand for microwave and millimeter wave transmission systems will be influenced by a number of factors across several market segments.

Mobile/5G Networks

As mobile networks **evolve and** expand, add subscribers, and increase the number of wirelessly connected devices, sensors and machines, **they require ongoing** investment in backhaul **infrastructure, infrastructure is required**. Whether mobile network operators choose to self-build this backhaul infrastructure, or lease backhaul services from other network providers, **we expect that the evolution of the network drives mobile networks will continue to drive demand for transmission technologies such as** microwave and millimeter wave wireless **backhaul, backhaul transmission technologies**. Within this overall scope, there are multiple individual drivers for investment in backhaul infrastructure.

- **5G Deployments, Deployments**. Mobile Radio Access Network (“RAN”) technologies are evolving. With the evolution from 4G (HSPA+ and LTE) to 5G, technology is **rapidly** advancing and providing subscribers with higher speed access to the Internet, social media, and video streaming services. The **rapid increases dramatic increase** in data to be transported through the RAN and across the backhaul infrastructure drives requirements for higher data transport links necessitating upgrades to or replacement of the existing backhaul infrastructure.
- **Subscriber Growth**. Traffic on the backhaul infrastructure increases as the number of unique subscribers grows.
- **Connected Devices**. The number of devices such as smart phones and tablets connected to the mobile network is far greater than the number of unique subscribers and is continuing to grow as consumers adopt multiple mobile device types. There is also rapid growth in the number and type of wireless enabled sensors and machines being connected to the mobile network creating new revenue streams for network operators in healthcare, agriculture, transportation and education. As a result, the data traffic crossing the backhaul infrastructure continues to grow.
- **IoT**. The Internet of Things (“IoT”) brings the potential of massive deployment of wireless end points for sensing and reporting data and remotely controlling machines and devices. The increase of data volume drives investment in network infrastructure.
- **Network Densification, Densification**. RAN frequency spectrum is a limited resource and shared between all of the devices and users within the coverage area of each base station. Meeting the combined demand of increasing subscribers and devices will require the deployment of much higher densities of base stations with smaller and smaller range (small cells) each requiring interconnection and proportionally driving increased demand for wireless backhaul and or fronthaul solutions as the primary alternative to optical fiber connectivity.
- **Geographic Coverage**. Expanding the geographic area covered by a mobile network requires the deployment of additional cellular base station sites. Each additional base station site also needs to be connected to the core of the mobile network through expansion of the backhaul system.
- **License Mandates**. Mobile Operators are licensed telecommunications service providers. Licenses will typically mandate a minimum geographic footprint within a specific period of time and/or a minimum proportion of a national or regional population served. This can pace backhaul infrastructure investment and cause periodic spikes in demand.

Rural Broadband

- *Middle Mile.* Aviat transport equipment is used to deliver broadband connectivity to rural and suburban communities as an alternative to costly fiber. There are significant investments being made to improve rural household and enterprise connectivity and many of these investments target middle mile infrastructure builds.
- *Expansion of Offered Services.* Internet service providers, especially those in emerging markets, now own and operate the most modern communications networks within their respective regions. These network assets can be further leveraged to provide high speed broadband services to fixed locations such as small, medium and large business enterprises, airports, hotels, hospitals, and educational institutions. Microwave and millimeter wave backhaul is ideally suited to providing high speed broadband connections to these end points due to the lack of fiber infrastructure.

Private Networks

In addition to mobile backhaul, we see demand for microwave technology in other vertical markets, including utility, public safety, energy and mining, government, financial institutions and broadcast.

- Many utility companies around the world are actively investing in “Smart Grid” solutions and energy demand management, which drive the need for network modernization and increased capacity of networks.
- The investments in network modernization in the public safety market can significantly enhance the capabilities of security agencies. Improving border patrol effectiveness, enabling inter-operable emergency communications services for local or state police, providing access to timely information from centralized databases, or utilizing video and imaging devices at the scene of an incident requires a high bandwidth and reliable network. The mission critical nature of public safety and national security networks can require that these networks are built, operated and maintained independently of other network infrastructure. Microwave is well suited to this environment because it is a cost-effective alternative to fiber.
- Microwave technology can be used to engineer long distance and more direct connections than optical cable. Microwave signals also travel through the air much faster than light through glass and the combined effect of shorter distance and higher speed reduces latency, which is valued for trading applications in the financial industry. Our products have already been used to create low latency connections between major centers in the United States (“U.S.”), Europe and Asia and we see long-term interest in the creation of further low latency routes in various geographies around the world.
- Evolution to IP. IP (internet protocol). Network Infrastructure capacity, efficiency and flexibility is greatly enhanced by transitioning from legacy SDH (synchronous digital hierarchy) / SONET (synchronous optical network) / TDM (time division multiplexing) to IP (internet protocol) infrastructure. Our products offer integrated IP transport and routing functionality increasing the value they bring in the backhaul network.
- The enhancement of border security and surveillance networks to counter terrorism and insurgency is aided by the use of wireless technologies including microwave backhaul.
- The expected growth of remote and industrial access applications to support the evolution of smart networks for cities, oilfields, mines and remote rural broadband connectivity using fixed, nomadic and mobile wireless technologies, particularly where a high degree of environmental resilience and ruggedness is required.

These factors are combining to create a range of opportunities for continued investment in backhaul, transport and transport access networks favoring that favor microwave and millimeter wave technologies. As we focus on executing future generations of our technology, our goal is to make wireless technology a viable choice for an ever-broadening range of network types.

Strategy

We are engaging with customers on the evolution of use cases and applications as 5G mobile and broadband networks edge closer to implementation and begin to factor more strongly in the vendor selection process. We are confident in our ability to address current and future 5G market needs.

We are focused on building a sustainable and profitable business with growth potential. We have invested in our people and processes to create a platform for operational excellence across sales, services, product development and supply chain areas while continuing to make investments in strengthening our product and services portfolio and expanding our reach into targeted market areas.

Our strategy has three main elements aligned to deliver a compelling Total Cost of Ownership (“TCO”) value proposition. The first is our portfolio of wireless transport products allowing our customers increased capacity and flexibility with a much better total cost solution. We are expanding the data-carrying capacity of our wireless products to address the increasing data demand in networks of all types. Further, types, while reducing overall energy consumption is emerging as a key component of TCO. consumption. Our research and development contemplates is focused on innovations in that increase capacity, reduce energy efficiency consumption and lower overall TCO.

Second, to address the operational complexity of planning, deploying, owning and operating microwave networks, we are investing in a combination of software applications, tools and services where simplification, process automation, optimization and performance assurance, combined with our unique expertise in wireless technology can make a significant difference for our customers and partners.

Finally, Aviat is investing in e-commerce through our online platform, the “Aviat Store” and supporting supply chain capabilities. Aviat can better service customers buying through the Aviat Store with lower costs, faster lead times and a simpler purchasing experience. The Aviat Store, together with our supply chain, enables customers (including ISP, Tier 2 and mobile 5G operators) to purchase products as needed, thus avoiding lengthy and variable lead times that come with other vendor solutions and allowing those customers to lower warehousing costs, reduce obsolete equipment, and lower the cost of capital by paying only when equipment is needed.

We continue to develop our professional services portfolio as key to our long-term strategy and differentiation. We offer a portfolio of hosted expert services and we continue to offer training and accreditation programs for microwave and IP network design, deployment and maintenance.

We expect to continue to serve and expand upon our existing customer base and develop business with new customers. We intend to leverage our customer base, our longstanding presence in many countries, our distribution

channels, our comprehensive product line, our superior customer service and our turnkey solution capability to continue to sell existing and new products and services to current and future customers.

Products and Solutions

Our product and solutions portfolio is key to building and maintaining our base of customers. We offer a comprehensive product and solutions portfolio that meets the needs of service providers and network operators and that addresses a broad range of applications, frequencies, capacities and network topologies.

- *Broad product and solution portfolio.* We offer a comprehensive suite of wireless transmission transport and access systems for microwave and millimeter wave networking applications. These solutions utilize a wide range of transmission frequencies, ranging from 5 GHz 450 MHz to 90 GHz, and can deliver a wide range of transmission capacities, ranging up to 20 Gigabits per second (Gbps). The major product families included in these solutions are CTR 8000, WTM 4000, RDL 3000, FDL 6000, IRU 600 UHP and AviatCloud. Our CTR 8000 platform is a range of routers purpose-built for transport applications, especially those that require high level of reliability and security. The newest addition to our product portfolio is the WTM 4000, the highest capacity microwave radio ever produced to date, and purpose built for software-defined networks ("SDN." SDN"). SDN technology is an approach to networking management that enables dynamic, programmatically efficient networking configuration to improve networking performance and monitoring, making it more like cloud computing than traditional networking management. We introduced multiple important variants to the WTM 4000 platform; WTM4100 & 4200 providing single and dual frequency microwave links with advanced XPIC and MIMO capabilities; WTM4500 for multi-channel aggregation of microwave channels in long distance applications; WTM4800 is the latest addition to address 5G network requirements and is capable of operating in the 80GHz E Band at up to 20Gbps capacity, with a unique Multi-Band capability which simultaneously uses microwave and E Band frequencies for maximum robustness, capacity, distance and reliability. WTM 4800 is the only single box multi-band solution for lowest total cost of ownership deployments. Our RDL 3000 platform is designed to support ruggedized fixed and nomadic wireless access in remote and industrial applications. RDL 6000 is a highly differentiated Private-LTE solution that provides the equivalent coverage of a macro-base station, but in a compact and cost-effective all-outdoor design. Our IRU 600 UHP is an ultra-high power indoor microwave radio that enables relocation of mission critical links from the 6 GHz band to the 11 GHz band to minimize potential interference and deliver longer links and more capacity. To address the issues of operational complexity in our customers' networks, AviatCloud is a platform with secure hosted software and services to automate networks and their operations.
- *Low total cost of ownership.* Our wireless-based solutions focus on achieving a low total cost of ownership, including savings on the combined costs of initial acquisition, installation and ongoing operation and maintenance. Our latest generation system designs reduce rack space requirements, require less power, are software-configurable to reduce spare parts requirements, and are simple to install, operate, upgrade and maintain. Our advanced wireless features also enable operators to save on related costs, including spectrum fees and tower rental fees.
- *Futureproof network.* Our solutions are designed to protect the network operator's investment by incorporating software-configurable capacity upgrades and plug-in modules that provide a smooth migration path to Carrier Ethernet and IP/MPLS (multiprotocol label switching) and segment routing based networking, without the need for costly equipment substitutions and additions. Our products include key technologies we believe will be needed by operators for their network evolution to support new broadband services.
- *Flexible, easily configurable products.* We use flexible architectures with a high level of software configurable features. This design approach produces high-performance products with reusable components while at the same time allowing for a manufacturing strategy with a high degree of flexibility, improved cost and reduced time-to-market. The software features of our products offer our customers a greater degree of flexibility in installing, operating and maintaining their networks.
- *Comprehensive network management.* We offer a range of flexible network management solutions, from element management to enterprise-wide network management and service assurance that we can optimize to work with our wireless systems.
- *Complete professional services.* In addition to our product offerings, we provide network planning and design, site surveys and builds, systems integration, installation, maintenance, network monitoring, training, customer service and many other professional services. Our services cover the entire evaluation, purchase, deployment and operational cycle and enable us to be one of the few complete, turnkey solution providers in the industry.

Business Operations

Sales and Service

Our primary route to market is through our own direct sales, service and support organization. This provides us with the best opportunity to leverage our role as a technology specialist and differentiate ourselves from competitors. Our focus on key customers and geographies allows us to consistently achieve a high level of customer retention and repeat business. Our highest concentrations of sales and service resources are in the United States, Western and Southern Africa, the Philippines, and the European Union. We maintain a presence in a number of other countries, some of which are based in customer locations and include, but not limited to, Canada, Mexico, Kenya, India, Saudi Arabia, Australia, New Zealand, and Singapore.

In addition to our direct channel to market, we have relationships with original equipment manufacturers (“OEMs”) and system integrators especially focused towards large and complex projects in national security and government-related applications. Our role in these relationships ranges from equipment supply only to being a sub-contractor for a portion of the project scope where we will supply equipment and a variety of design, deployment and maintenance services.

We also use indirect sales channels, including dealers, resellers and sales representatives, in the marketing and sale of some lines of products and equipment on a global basis. These independent representatives may buy for resale or, in some cases, solicit orders from commercial or governmental customers for direct sales by us. Prices to the ultimate customer in many instances may be recommended or established by the independent representative and may be above or below our list prices. These independent representatives generally receive a discount from our list prices and are free to set the final sales prices paid by the customer.

We have a direct online sales option through our online “Aviat Store.” The Aviat Store targets customers with a traditional high cost to serve via traditional channels. We provide online design tools for radio link planning and on-line ordering tools, which we fulfill directly from our Aviat Store with multiple options of product available for next day shipment. Shipments from Aviat Store commenced in late in 2018.

We have repair and service centers in the Philippines and the United States. We have customer service and support personnel who provide customers with training, installation, technical support, maintenance and other services on systems under contract. We install and maintain customer equipment directly, in some cases, and contract with third-party service providers in other cases.

The specific terms and conditions of our product warranties vary depending upon the product sold and country in which we do business. On direct sales, warranty periods generally start on the delivery date and continue for one to three years.

Manufacturing

Our global manufacturing strategy follows an outsourced manufacturing model using contract manufacturing partners in North America, Asia and the United States. Our strategy is based on balancing cost and supplier performance as well as taking into account qualification for localization requirements of certain market segments, such as the Buy American Act.

In accordance with our global logistics requirements and customer geographic distribution, we are engaged with contract manufacturing partners in Asia and the United States. All manufacturing operations have been certified to International Standards Organization 9001, a recognized international quality standard. We have also been certified to the TL 9000 standard, a telecommunication industry-specific quality system standard.

Backlog

Our backlog was approximately \$289 million at June 30, 2023 and \$245 million at July 1, 2022 and \$225 million at July 2, 2021, consisting primarily of contracts or purchase orders for both product and service deliveries and extended service warranties. Services include management’s initial estimate of the value of a customer’s commitment under a services contract. The calculation used by management involves estimates and judgments to gauge the extent of a customer’s commitment, including the type and duration of the agreement, and the presence of termination charges or wind down costs. Contract extensions and increases in scope are treated as backlog only to the extent of the new incremental value. We regularly review our backlog to ensure that our customers continue to honor their purchase commitments and have the financial means to purchase and deploy our products and services in accordance with the terms of their purchase contracts. Backlog

estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidation, adjustments for revenue not materialized and adjustments for currency.

We expect to substantially deliver against the backlog as of July 1, 2022, June 30, 2023 during fiscal 2023, 2024, but we cannot be assured that this will occur. Product orders in our current backlog are subject to changes in delivery schedules or to cancellation at the option of the purchaser without significant penalty as well as long-term projects that could take more than a year to complete. Accordingly, although useful for scheduling production, backlog as of any particular date may not be a reliable measure of sales for any future period because of the timing of orders, delivery intervals, customer and product mix and the possibility of changes in delivery schedules and additions or cancellations of orders.

Customers

Although we have a large customer base, during any given fiscal year or quarter, a small number of customers may account for a significant portion of our revenue.

During fiscal 2022, Motorola 2023 and 2021, no customers accounted for 13% more than 10% of our total revenue. Motorola integrates a wide variety of network and the revenue consists of more than 70 active projects. During fiscal 2021 and 2020 there were no customers that 2022 one customer accounted for more than 10% 13% of our total revenue.

Competition

The microwave and millimeter wave wireless networking business is a competitive and specialized segment of the telecommunications industry that is sensitive to technological advancements and is competitive, advancements. Our principal competitors include business units of large mobile and IP network infrastructure manufacturers such as Ericsson, Huawei, NEC Corporation and Nokia Corporation, as well as a number of smaller microwave specialist companies such as Ceragon Networks Ltd. and, SIAE Microelettronica S.p.A., Cambium Networks Corporation and Airspan Networks. We also compete with fiber optic cable and low earth orbit satellites for networking connections.

Some of our larger competitors may have greater name recognition, broader product lines (some including non-wireless telecommunications equipment and managed services), a larger installed base of products and longer-standing customer relationships. They may from time to time leverage their extensive overall portfolios into completely outsourced and managed network offerings restricting opportunities for specialist suppliers. In addition, some competitors may offer seller financing, which can be a competitive advantage under certain economic climates.

Some of our larger competitors may also act as systems integrators through which we sometimes distribute and sell products and services to end users.

The smaller independent private and public specialist competitors typically leverage new technologies and low product costs but are generally less capable of offering a complete solution including professional services, especially in the North America and Africa regions which form the majority of our addressed market.

We concentrate on market opportunities that we believe are compatible with our resources, overall technological capabilities and objectives. Principal competitive factors are cost-effectiveness, unique differentiators, Total Cost of Ownership ("TCO"), product quality and reliability, technological capabilities, service, ability to meet delivery schedules and the effectiveness of dealers in international areas. We believe that the combination of our network and systems engineering support and service, global reach, technological innovation, agility and close collaborative relationships with our customers are the key competitive strengths for us. However, customers may still make decisions based primarily on factors such as price, financing terms and/or past or existing relationships, where it may be difficult for us to compete effectively or profitably.

Research and Development

We believe that our ability to enhance our current products, develop and introduce new products on a timely basis, maintain technological competitiveness and meet customer requirements is essential to our success. Accordingly, we allocate, and intend to continue to allocate, a significant portion of our resources to research and development efforts in key technology areas and innovation to differentiate our overall portfolio from our competition. The majority of such research and development resources will be focused on technologies in microwave and millimeter wave RF, digital signal processing, networking protocols and software applications.

Our research and development expenditures totaled \$24.9 million, or 7.2% of revenue, in fiscal 2023, \$22.6 million, or 7.5% of revenue, in fiscal 2022, and \$21.8 million, or 7.9% of revenue, in fiscal 2021, and \$19.3 million, or 8.1% of revenue, in fiscal 2020.

2021.

Research and development are primarily directed to the development of new products and to build technological capability. We are an industry innovator and intend to continue to focus significant resources on product development in an effort to maintain our competitiveness and support our entry into new markets.

Our product development teams totaled 147,173 employees as of July 1, 2022, June 30, 2023, and were located primarily in New Zealand, Slovenia and Slovenia, Canada.

Raw Materials and Supplies

Because of our range of products and services, as well as the wide geographic dispersion of our facilities, we use numerous sources of raw materials needed for our operations and for our products, such as electronic components, printed circuit boards, metals and plastics. We are dependent upon suppliers and subcontractors for a large number of components and subsystems and upon the ability of our suppliers and subcontractors to adhere to customers' requirements or regulatory restrictions and to meet performance and quality specifications and delivery schedules.

Our strategy for procuring raw material and supplies includes dual sourcing (where possible) on strategic assemblies and components. In general, we believe this reduces our risk with regard to the potential financial difficulties in our supply base. In some instances, we are dependent upon one or a few sources, either because of the specialized nature of a particular item or because of local content preference requirements pursuant to which we operate on a given project. Examples of sole or limited source categories include metal fabrications and castings, for which we own the tooling and therefore limit our supplier relationships, and ASICs and MMICs (types of integrated circuit used in manufacturing microwave radios), which we procure at volume discount from a single source. Our supply chain plan includes mitigation plans for alternative manufacturing sites which would also mitigate COVID-19 and other disruption risks.

Although we have been affected by performance issues of some of our suppliers and subcontractors, we have not been materially adversely affected by the inability to obtain raw materials or products. In general, any performance issues causing short-term material shortages are within the normal frequency and impact range currently experienced by high-tech manufacturing companies and are due primarily to the highly technical nature of many of our purchased components.

Patents and Other Intellectual Property

We consider our patents, trademarks and other intellectual property rights, in the aggregate, to constitute an important asset. We own a portfolio of patents, trade secrets, know-how, confidential information, trademarks, copyrights and other intellectual property. As of July 1, 2022, June 30, 2023, we (collectively with our subsidiaries) own approximately 184,339 U.S. patents and 188,237 international patents and had 514 U.S. patent applications pending and 1528 international patent applications pending. The United States Patent and Trademark Office ("USPTO") and international equivalent bodies have not yet concluded substantive examination of our pending patent applications. Therefore, it is unclear what scope of additional patent coverage, if any, will eventually be provided as a result of those pending applications. Failure to obtain comprehensive patent coverage could impair our ability to prevent competitors from replicating some portions or all of our products. We also license intellectual property to and from third parties. The costs we pay or revenue we receive from such licenses may be dependent on certain factors, such as the market for such licenses and whether such licenses can be negotiated on commercially acceptable terms. However, we do not consider our business to be materially dependent upon any single patent, license or other intellectual property right.

From Further, changes in either the patent laws or in the interpretations of patent laws in the United States and other countries may diminish the value of our intellectual property and may increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. We cannot predict the breadth of claims that may be allowed or enforced in our patents or in third-party patents. In addition, Congress or other foreign legislative bodies may pass patent reform

legislation that is unfavorable to us. For example, the United States Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the United States Congress, the United States federal courts, the USPTO, or similar authorities in foreign jurisdictions, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and the patents we might obtain or license in the future.

Our registered or unregistered trademarks or trade names may be challenged, circumvented, declared generic or determined to be infringing on other marks. There can be no assurance that competitors will not infringe our trademarks, that we will have adequate resources to enforce our trademarks or that any of our current or future trademark applications will be approved. During trademark registration proceedings, we may receive rejections and, although we are given an opportunity to respond, we may be unable to overcome such rejections. In addition, in proceedings before the USPTO

and in proceedings before comparable agencies in many foreign jurisdictions, trademarks are examined for registrability against prior pending and registered third-party trademarks, and third parties are given an opportunity to oppose registration of pending trademark applications and/or to seek cancellation of registered trademarks. Applications to register our trademarks may be finally rejected, and opposition or cancellation proceedings may be filed against our trademarks, which may necessitate a change in branding strategy if such rejections and proceedings cannot be overcome or resolved.

Additionally, competitors may try to develop products that are similar to ours and that may infringe, misappropriate or otherwise violate our intellectual property rights. As a result, from time to time, we might engage in litigation to enforce our patents or other intellectual property rights or defend against claims of alleged infringement asserted by third parties. Any of our patents, trade secrets, trademarks, copyrights and other intellectual property rights could be challenged, invalidated or circumvented, or may not provide competitive advantages. Despite our efforts to protect our intellectual property rights, we cannot be certain that the steps we have taken will be sufficient or effective to prevent the unauthorized access, use, copying, or the reverse engineering of our technology and other intellectual property, including by third parties who may use our technology or other proprietary information to develop products and services that compete with ours. Additionally, policing unauthorized use of our intellectual property and proprietary rights can be difficult, costly and time consuming. The enforcement of our intellectual property and proprietary rights also depends on any legal actions we may bring against any such parties being successful, but these actions are costly, time-consuming, and may not be successful, even when our rights have been infringed, misappropriated, or otherwise violated. Furthermore, our competitors or other third parties may assert that our products infringe, misappropriate or otherwise violate their intellectual property rights. Successful claims of infringement, misappropriation or other violations by a third party could prevent us from offering certain products or features, require us to develop alternate, non-infringing technology, which could require significant time and expense, and at which time we could be unable to continue to offer our affected products or solutions, or require us to obtain a license, which may not be available on reasonable terms or at all, or force us to pay substantial damages, royalties or other fees.

In addition, to protect our confidential information, including our trade secrets, we require our employees and contractors to sign confidentiality and invention assignment agreements. We also enter into non-disclosure agreements with our suppliers and appropriate customers to limit their access to and disclosure of our proprietary information.

Although our ability to compete may be affected by our ability to protect our intellectual property rights and proprietary information, we believe that, because of the rapid pace of technological change in the wireless

telecommunications industry, our innovative skills, technical expertise and ability to introduce new products on a timely basis is just as important in maintaining our competitive position as protecting our intellectual property. Trade secret, trademark, copyright and patent protections are important but must be supported by other factors such as the expanding knowledge, ability and experience of our personnel, new product introductions and product enhancements. Although we have and will continue to implement protective measures and intend to vigorously defend our intellectual property rights, there can be no assurance that these measures will be successful.

Environmental and Other Regulations

Our facilities and operations, in common with those of our industry in general, are subject to numerous domestic and international laws and regulations designed to protect the environment, particularly with regard to wastes and emissions. We believe that we have complied with these requirements and that such compliance has not had a material adverse effect on our results of operations, financial condition or cash flows. Based upon currently available information, we do not expect expenditures to protect the environment and to comply with current environmental laws and regulations over the next several years to have a material impact on our competitive or financial position but can give no assurance that such expenditures will not exceed current expectations. From time to time, we receive notices from the U.S. Environmental Protection Agency or equivalent state or international environmental agencies that we are a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act, which is commonly known as the Superfund Act, and equivalent laws. Such notices may assert potential liability for cleanup costs at various sites, which include sites owned by us, sites we previously owned and treatment or disposal sites not owned by us, allegedly containing hazardous substances attributable to us from past operations. We are not presently aware of any such liability that could be material to our business, financial condition or operating results, but due to the nature of our business and environmental risks, we cannot provide assurance that any such material liability will not arise in the future.

Electronic products are subject to environmental regulation in a number of jurisdictions. Equipment produced by us is subject to domestic and international requirements requiring end-of-life management and/or restricting materials in

products delivered to customers. We believe that we have complied with such rules and regulations, where applicable, with respect to our existing products sold into such jurisdictions.

Radio communications are also subject to governmental regulation. Equipment produced by us is subject to domestic and international requirements to avoid interference among users of radio frequencies and to permit interconnection of telecommunications equipment. We believe that we have complied with such rules and regulations with respect to our existing products, and we intend to comply with such rules and regulations with respect to our future products. Reallocation of the frequency spectrum could impact our business, financial condition and results of operations.

We have a comprehensive policy and procedures in effect concerning conflict minerals compliance.

Employees Human Capital Management

As of July 1, 2022 June 30, 2023, we had 712 704 employees, compared with 687 employees at the end of fiscal 2021, and 674 employees at the end of fiscal 2020. As of July 1, 2022, of the 712 employees, 636 whom 685 were full-time employees with 258 and 270 were located in the U.S. None of our employees in the U.S. are represented by a labor union. In certain international subsidiaries, our employees are represented by workers' councils or statutory labor unions. In general, we believe that our employee relations are good.

We believe we offer a competitive compensation package, tailored to the job function and location of each employee. We have a global team, and we offer competitive compensation and benefits programs that meet the needs of our employees, while also reflecting local market practices. Our U.S. benefits plan includes health benefits, life and disability insurance, various voluntary insurances, flexible time off and leave programs, and a retirement plan with employer match. Our international benefits plans are competitive locally and generally provide similar benefits. We grant equity-based compensation to many of our employees. In addition, we offer benefits to support our employees' physical and mental health by providing tools and resources to help them improve or maintain their health and encourage healthy behaviors.

Information about our Executive Officers of the Registrant

The name, age, position held with us, and principal occupation and employment during at least the past 5 years for each of our executive officers as of September 14, 2022 August 30, 2023, are as follows:

Name and Age

Position Currently Held and Past Business Experience

Peter A. Smith, 56 57

Mr. Smith was appointed President and Chief Executive Officer in January 2020. Prior to joining Aviat Networks, Mr. Smith served as Senior Vice President, US Windows and Canada for Jeld-Wen from March 2017 to December 2019. Prior to Jeld-Wen, he served as President of Polypore International's Transportation and Industrial segment from October 2013 to March 2017. Previously, he served as Chief Executive Officer and a director of Voltaix Inc. from September 2011 to October 2013. Earlier in his career, Mr. Smith held various executive leadership positions at Fortune 100 and Fortune 500 companies, including Cooper Industries, Dover Knowles Electronics and Honeywell Specialty Materials. Mr. Smith also served on the board of Soleras Advanced Coatings from August 2015 to October 2018 and Adaptive 3D Technologies from December 2020 through its sale in May 2021. He has both a Bachelor of Science degree in Material (Ceramics) Engineering and PhD in Material Science and Engineering from Rutgers University, and holds a Master of Business Administration degree from Arizona State University.

David M. Gray, 53 54

As Chief Financial Officer (CFO), Mr. Gray is responsible for worldwide finance, treasury, accounting, reporting, compliance and taxation. Prior to joining Aviat, Mr. Gray was Chief Financial Officer and Treasurer of Superior Essex, a \$2.6 billion global manufacturer and distributor of communications and electrical equipment, and before that he served at Cooper Industries where he was CFO of an \$800M revenue business focused on electrical, electronic and power management solutions. He also held a variety of executive finance and accounting positions at Newell Brands, Philips Electronics, and Autoliv. Mr. Gray holds a BS in Accounting from Penn State University, is a Certified Public Accountant (CPA) and Certified Management Accountant (CMA), and brings to Aviat significant CFO experience in complex multi-national businesses as well as a deep background in P&L leadership, cash flow management, and mergers and acquisitions.

Bryan C. Tucker, 54 55

As Senior Vice President Americas, Mr. Tucker is responsible for sales and services in the Americas. Mr. Tucker joined the Company in 2005, and since, has served in a number of roles for Aviat Networks and its predecessor companies Harris Stratex Networks and Harris Microwave Communications Division ("MCD"). For example, as senior director for North America Operations, Mr. Tucker spearheaded major transitions in ERP systems, product lines and operational locations. He also led the company's post-merger systems unification with Harris MCD in 2007. Before joining Aviat Networks, Mr. Tucker worked for Sony Corp. as director of Manufacturing Engineering and Maintenance for two production facilities. Overall, Mr. Tucker has more than 2425 years of experience in engineering and manufacturing operations with high-tech companies. He has a bachelor's degree in electrical engineering from the University of Florida, is Six Sigma Certified and has pursued postgraduate studies/research in semiconductor physics at Georgia Tech.

Erin R. Boase, 43 44

As General Counsel, Ms. Boase is responsible for all aspects of the Legal function. Ms. Boase brings a depth of experience to the team in privacy, employment, compliance, real estate, M&A, as well as, copyright, trademark and other product, software, service and cloud-related legal matters. Ms. Boase was previously at Lifesize, Inc. where she served as Head of Legal and Corporate Secretary. Prior to that she was the Senior Corporate Counsel at Cisco (formerly Duo Security, Inc.) where she managed the adoption of GDPR privacy compliance, development of company policies, copyright and trademark, technical compliance as well as other legal matters. Earlier in her career she held legal positions of progressive responsibility with Dell's Computer and Security business and Thomson Reuters. Erin holds a Juris Doctorate, Technology and Communications and graduated Cum Laude from Thomas Jefferson School of Law and a Bachelor of Arts from Midwestern State University.

Gary G. Croke, 50 51

As Vice President of Marketing, Mr. Croke is responsible for Aviat's global marketing which includes corporate and strategic marketing functions and product line management. Mr. Croke charts Aviat's global product and marketing strategy and ensures successful company-wide implementation. His team's primary focus is on achieving business growth through the definition and launch of new solutions that drive customer economic value. Mr. Croke has over 25 years of leadership experience in the data and mobile communications sectors and he is highly skilled at delivering creative and compelling value propositions with demand generation programs that produce business results. Gary has a bachelor's degree in electrical engineering from Memorial University of Newfoundland and has pursued postgraduate studies/research in business administration at the University of Ottawa.

There is no family relationship between any of our executive officers or directors, and there are no arrangements or understandings between any of our executive officers or directors and any other person pursuant to which any of them was appointed or elected as an officer or director, other than arrangements or understandings with our directors.

Website Access to Aviat Networks' Reports; Available Information

We maintain a website at <http://www.aviatnetworks.com>. Our annual reports on Form 10-K, proxy statements, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") are available free of charge on our website as soon as reasonably practicable after these reports are such material is electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). Our In addition to our reports filed or furnished with the SEC, we publicly disclose material information in press releases, at annual meetings of shareholders, in publicly accessible conferences and investor presentations, and through our website. References to our website and the information posted thereon are not incorporated into in this Annual Report on Form 10-K are provided as a convenience and should not be deemed an incorporation by reference or any current or other periodic report that we file or furnish to the SEC.

We will also provide the reports in electronic or paper form, free a part of charge upon request. All reports we file with or furnish to the SEC are also available free of charge via EDGAR through the SEC's website at <http://www.sec.gov>. this Form 10-K.

Additional information relating to our business and operations is set forth in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K.

Item 1A. Risk Factors

The nature of the business activities conducted by the Company subjects us to certain hazards and risks. The following is a summary of some of the material risks relating to the Company's business activities. Other risks are described in "Item 1. Business," "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 7A. Quantitative and Qualitative Disclosures About Market Risk." Prospective and existing

investors are strongly urged to carefully consider the various cautionary statements and risks set forth in this Annual Report on Form 10-K and in our other public filings.

We face many business risks, including those related to our financial performance, investments in our common stock, operating our business and legal matters. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also impair our business operations. If any of these risks occur, our financial condition and results of operations could be materially and adversely affected. In that case, the market price of the Company's common stock could decline.

Risk Factors Summary

The following is a summary of the principal risks that could adversely affect our business, operations and financial results.

Business and Operational Risk Factors

- Our sales cycle may be lengthy, and the timing of sales, along with additional services such as network design, installation and implementation of our products within our customers' networks, may extend over more than one period, which can make our operating results **volatile and** difficult to predict.
- We face risks related to **the ongoing COVID-19 pandemic, pandemics**, threatened health epidemics and other outbreaks, which could significantly disrupt our manufacturing, sales and other operations.
- **We may undertake further restructuring activities, which may adversely impact our operations, and we may not realize all of the anticipated benefits of these activities or any potential future restructurings. Any restructuring activities may harm our business.**
- **We must continue to increase our revenues and/or reduce costs if we hope to maintain profitability.**
- **Our quarterly results may be volatile, which can adversely affect the trading price of our common stock.**
- Our success will depend on new products introduced to the marketplace in a timely manner, successfully completing product transitioning and achieving customer acceptance.
- We rely on various third-party service partners to help complement our global operations, and failure to adequately manage these relationships could adversely impact our financial results and relationships with customers.
- We must respond to rapid technological change and comply with evolving industry standards and requirements for our products to be successful.
- Our average sales prices may decline in the future.
- Credit and commercial risks and exposures could increase if the financial condition of our customers declines.
- Our restructuring actions could harm our relationships with our employees and impact our ability to recruit new employees.
- Our business could be adversely affected if we are unable to attract and retain key personnel.
- We face strong competition for maintaining and improving our position in the market, which can adversely affect our revenue growth and operating results.
- Our ability to sell our products and compete successfully is highly dependent on the quality of our customer service and support, and our failure to offer high quality service and support could have a material adverse effect on our sales and results of operations.
- Product performance problems, including undetected errors in our hardware or software, or deployment delays could harm our business and reputation.
- If we fail to accurately forecast our manufacturing requirements or customer demand, we could incur additional costs, which would adversely affect our business and results of operations.
- If we fail to effectively manage our contract manufacturer relationships, we could incur additional costs or be unable to timely fulfill our customer commitments, which would adversely affect our business and results of operations and, in the event of an inability to fulfill commitments, would harm our customer relationships.
- We depend on sole or limited sources and geographies for some key components and failure to receive timely delivery of any of these components could result in deferred or lost sales.
- Because a significant amount of our revenue may come from a limited number of customers, the termination of any of these customer relationships may adversely affect our business.
- We continually evaluate strategic transaction opportunities which could involve merger, divestiture, sale and/or acquisition activities that could disrupt our operations and harm our operating results.
- **If we fail The NEC Transaction may not be consummated on a timely basis or at all. Failure to develop complete the acquisition within the expected timeframe or at all could adversely affect our stock price and maintain distribution our future business and licensing relationships, financial results.**
- **The NEC Transaction will require management to devote significant attention and resources to integrating the acquired NEC businesses with our revenue may decrease, business.**

Financial and Macroeconomic Risk Factors

- **Adverse developments affecting the financial services industry, including events or concerns involving liquidity, defaults or non-performance by financial institutions, could adversely affect our business, financial condition or results of operations.**
- Due to the volume of our international sales, we may be susceptible to a number of political, economic and geographic risks that could harm our business.
- There are inherent limitations on the effectiveness of our controls.
- We may not be able to obtain capital when desired on favorable terms, if at all, or without dilution to our stockholders.
- The effects of global financial and economic conditions in certain markets have had, and may continue to have, significant effects on our customers and suppliers, and has in the past, and may in the future have, a material adverse effect on our business, operating results, financial condition and stock price.

- Changes in tax laws, treaties, rulings, regulations or agreements, or their interpretation in any country in which we operate; the loss of a major tax dispute; a successful challenge to our operating structure, intercompany pricing policies or the taxable presence of our key subsidiaries in certain countries; or other factors could cause volatility in our effective tax rate and could adversely affect our operating results.
- Our ability to use net operating loss carryforwards to offset future taxable income for U.S. federal income tax purposes and other tax benefits may be limited.
- We may be adversely affected by fluctuations in currency exchange rates.

Legal and Regulatory Risk Factors

- Continued tension in U.S.-China trade relations may adversely impact our supply chain operations and business.
- If we are unable to adequately protect our intellectual property rights, we may be deprived of legal recourse against those who misappropriate our intellectual property.
- If sufficient radio frequency spectrum is not allocated for use by our products, or we fail to obtain regulatory approval for our products, our ability to market our products may be restricted.
- Our business is subject to changing regulation of corporate governance, public disclosure and anti-bribery measures which have resulted in increased costs and may continue to result in additional costs or potential liabilities in the future.
- Our products are used in critical communications networks which may subject us to significant liability claims.
- We may be subject to litigation regarding our intellectual property. This litigation could be costly to defend and resolve and could prevent us from using or selling the challenged technology.
- We are subject to a variety of federal, state laws, rules, regulations and local laws relating to policies regarding data privacy and security, which are continuously evolving. It may become costly for us to comply with such data privacy security. Many of these laws and violating any regulations are subject to change and reinterpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of these data privacy law could cause an adverse effect on operations or other harm to our reputation, business, and operations, business.
- We are subject to complex federal, state, local and international laws and regulations related to protection of the environment that could materially and adversely affect the cost, manner or feasibility of conducting our operations, as well as those of our suppliers and contract manufacturers.
- Increased attention to environmental, social, and governance (“ESG”) matters, and conservation measures may adversely impact our business.
- Increased focus on and climate change issues has contributed to an evolving state of environmental regulation, relating to climate change, and uncertainty related to such regulation, as well as physical risks of climate change, which could impact our results of operations, financial or competitive position, position and may adversely impact our business.
- Anti-takeover provisions of Delaware law, Tax Benefit Preservation Plan (the “Plan”), and provisions in our Amended and Restated Certificate of Incorporation, as amended, and Amended and Restated Bylaws could make a third-party acquisition of us difficult.

General Risk Factors

- Natural disasters or other catastrophic events such as terrorism and war could have an adverse effect on our business.
- System security risks, data protection breaches, and cyber-attacks cyberattacks could compromise our proprietary information, disrupt our internal operations and harm public perception of our security products, which could cause our business and reputation to suffer and adversely affect our stock price.
- We cannot guarantee that our stock repurchase program will be fully implemented or that it will enhance long-term stockholder value.
- Anti-takeover provisions of Delaware law, Tax Benefit Preservation Plan (“The Plan”), and provisions in our Amended and Restated Certificate of Incorporation, as amended, and Amended and Restated Bylaws could make a third-party acquisition of us difficult.

For a more complete discussion of the material risks facing our business, see below.

Business and Operational Risk Factors

Our sales cycle may be lengthy, and the timing of sales, along with additional services such as network design, installation and implementation of our products within our customers’ networks, may extend over more than one period, which can make our operating results volatile and difficult to predict.

We experience difficulty in accurately predicting the timing of the sale of products and amounts of revenue generated from sales of our products, primarily in developing countries. The establishment of a business relationship with a potential customer is a lengthy process, usually taking several months or more. Following the establishment of the relationship, the negotiation of purchase terms can be time-consuming, and a potential customer may require an extended evaluation and testing period. Once a purchase agreement has been executed, the timing and amount of revenue, if applicable, may remain difficult to predict. Our typical product sales cycle, which results in our products being designed into our customers’ networks, can take 12 to 24 months. A number of factors contribute to the length of the sales cycle, including technical evaluations of our products and the design process required to integrate our products into our customers’ networks. The completion of services such as installation and testing of the customer’s networks and

the completion of all other suppliers' network elements are subject to the customer's timing and efforts and other factors outside our control, each of which may prevent us from making predictions of revenue with any certainty and could cause us to experience substantial period-to-period fluctuations in our operating results.

Due to the challenges from our lengthy sales cycle, our recognition of revenue from our selling efforts may be substantially delayed, our ability to forecast our future revenue may be more limited and our revenue may fluctuate significantly from quarter to quarter.

We face risks related to the ongoing COVID-19 pandemic, threatened health epidemics and other outbreaks, which could significantly disrupt our manufacturing, sales and other operations.

Our business could be adversely impacted by the effects of a widespread outbreak of contagious disease, such as COVID-19. The pandemic or other such health crisis could impact our supply operations; for example, if any of our suppliers cease operating causing us to move production to an alternate supplier. In addition, constraints on supply operations as a result of a pandemic such as COVID-19 could result in component part shortages due to global capacity constraints, such as the current global capacity constraint we are facing in the supply of component parts, particularly of chipsets and other semiconductor components. Such a constraint could and has caused lead times for our products to increase. In an effort to halt the outbreak of a pandemic such as COVID-19, governments may place significant restrictions on travel, such as the restrictions placed by the Chinese government on travel within China, leading to extended business closures, including closures at our third-party manufacturers. Although most of the restrictions on operations of our third-party manufacturers and other suppliers as a result of COVID-19 have been lifted or eased, our suppliers and third-party manufacturers could continue to be disrupted by worker absenteeism, quarantines, office and factory closures, disruptions to ports and other shipping infrastructure, or other travel or health-related restrictions and such restrictions could spread to other locations where we outsource manufacture or distribution of our products if the virus and its variants continues to spread or resurge. If our supply chain operations are affected or are curtailed by the outbreak of diseases such as COVID-19, our supply chain, manufacturing and product shipments will be delayed, which could adversely affect our business, operations and customer relationships. We may need to seek alternate sources of supply which may be more expensive, unavailable or may result in delays in shipments to us from our supply chain and subsequently to our customers. Further, if our distributors' or end user customers' businesses are similarly affected, they might delay or reduce purchases from us, which could adversely affect our results of operations.

In addition, freight and logistics constraints caused in part by restrictions imposed by governments to combat the COVID-19 pandemic and additionally due to container and carriage shortages, have resulted in increased costs and constrained available transport, for us and our channel partners, all at a time when global demand has increased. If our supply chain operations continue to be affected or are curtailed by the outbreak of diseases such as COVID-19, our supply chain, manufacturing and product shipments will be delayed, which could adversely affect our business, operations and customer relationships. We have sought and may continue to seek alternate sources of supply which may be more expensive, unavailable or may result in delays in shipments to us and from our supply chain and subsequently to our customers.

We are conducting business with substantial modifications to employee travel, employee work locations, and virtualization or cancellation of certain sales and marketing events, among other modifications. Our business is dependent on travel of our sales, operations, quality and technical support, and other managers and employees. Limitations placed on travel globally could limit our ability to manage post-contract support and maintenance activities. Other companies as well as many governments have imposed restrictions on business operations and other precautionary and preemptive actions to address COVID-19, and they may take further actions that cause us or our customers or suppliers to alter their normal business operations. We will continue to actively monitor the situation and may take further actions that alter our business operations as may be required by federal, state or local authorities, or that we determine are in the best interest of our employees, customers, partners, suppliers and shareholders. Any such alterations or modifications may adversely impact our business, our customers and prospects, or our financial results.

The extent to which the COVID-19 pandemic or any other pandemic will impact our business and financial results going forward will be dependent on future developments such as the length and severity of the crisis, the potential resurgence of COVID-19 or other pandemic and its variants in the future, future government actions in response to the crisis, the acceptance and effectiveness of the COVID-19 vaccines and the overall impact of the COVID-19 pandemic on the global economy and capital markets, among many other factors, all of which remain highly uncertain and unpredictable. We cannot at this time quantify or forecast the business impact of COVID-19, and there can be no assurance that the COVID-19 pandemic or other health crisis will not have a material and adverse effect on our business, financial results and financial condition.

We may undertake further restructuring activities, which may adversely impact our operations, and we may not realize all of the anticipated benefits of these activities or any potential future restructurings. Any restructuring activities may harm our business.

We continue to evaluate our business to determine the potential need to realign our resources as we continue to transform our business to achieve desired cost savings in an increasingly competitive market. In prior years, we have undertaken a series of steps to restructure our operations involving, among other things and depending on the year, reductions of our workforce, the relocation of our corporate headquarters and the reduction and outsourcing of manufacturing activities. We incurred restructuring charges of \$0.2 million, \$2.3 million and \$4.0 million in fiscal 2022, 2021 and 2020, respectively.

We have based our restructuring efforts on assumptions and plans regarding the appropriate cost structure of our business based on our product mix and projected sales, among other factors. Some of our assumptions include the elimination of jobs and the outsourcing of certain functions to reduce our operating expenses. These assumptions may not be accurate and we may not be able to operate in accordance with our plans. Should this occur we may determine that we must incur additional restructuring charges in the future. Moreover, we cannot assure you that we will realize all of the anticipated benefits of our restructuring actions or that we will not further reduce or otherwise adjust our workforce or exit, or dispose of, certain businesses and product lines. Any decision to further limit investment, exit, or disposal of businesses or product lines may result in the

recording of additional restructuring charges. Consequently, the costs actually incurred in connection with the restructuring efforts may be higher than originally planned and may not lead to the anticipated cost savings and/or improved results. For example, if we consolidate additional facilities in the future, we may incur additional restructuring and related expenses, which could have a material adverse effect on our business, financial condition or results of operations.

We must continue to increase our revenues and/or reduce costs if we hope to maintain profitability.

As measured under U.S. generally accepted accounting principles ("U.S. GAAP"), we recorded net income of \$21.2 million in fiscal 2022, compared to \$110.1 million in fiscal 2021 and \$0.3 million in fiscal 2020. We generated cash from operations of \$2.8 million, \$17.3 million and \$17.5 million in fiscal 2022, 2021 and 2020, respectively. The net income of \$110.1 million in fiscal 2021 included a \$90.4 million release of net change in deferred tax assets.

Throughout fiscal 2022, we experienced price competition for new business in all regions while major customer consolidations from prior years also put pressure on revenue and gross margin. In addition, we saw pricing pressures in all markets, particularly in international markets. Customer consolidation may have an increasing negative impact on our revenue if Aviat is not selected as a vendor for the products and/or services we provide. To counter pricing pressures, we invested heavily in product improvements to reduce unit costs and enhance product features, decreased overall company expenses, and worked with our vendors to attain more favorable pricing. If we are unable to reduce product unit costs associated with enhanced product features, including payments to contract manufacturers and other suppliers, or achieve the projected cost reductions, we may not maintain profitability.

We cannot be certain that these actions or others that we may take will allow us to maintain operating profitability or net income as determined under U.S. GAAP in the future.

Our quarterly results may be volatile, which can adversely affect the trading price of our common stock.

Our quarterly operating results may vary significantly for a variety of reasons, many of which are outside our control. These factors could harm our business and include, among others:

- seasonality in the purchasing habits of our customers;
 - the volume and timing of product orders and the timing of completion of our product deliveries and installations due to the length of our sales cycle;
 - our ability and the ability of our key suppliers to respond to changes on demand as needed due to component shortages or other supply chain constraints;
 - margin variability based on geographic and product mix;
 - litigation costs and expenses;
 - continued timely rollout of new product functionality and features;
 - increased competition resulting in downward pressure on the price of our products and services;
 - maintaining appropriate inventory levels and purchase commitments;
 - failure to realize expected cost improvement throughout our supply chain, or the incurrence of cost increases;
 - order cancellations or postponements in product deliveries, including due to the COVID-19 pandemic, resulting in delayed revenue recognition;
 - restructuring and streamlining of our operations, and associated timing of charges or write-offs;
 - natural disasters, or other catastrophic events including war and acts of terrorism;
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- diseases or pandemics, such as the COVID-19 pandemic, and corresponding governmental actions;
 - the ability of our customers to obtain financing to enable their purchase of our products;
 - fluctuations in international currency exchange rates;
 - regulatory developments including denial of export and import licenses; and,
 - general economic conditions worldwide that affect demand and financing for microwave and millimeter wave telecommunications networks.

Our quarterly results are expected to be difficult to predict and delays in product delivery or closing a sale can cause revenue, margins and net income or loss to fluctuate significantly from anticipated levels. A substantial portion of our contracts are completed in the latter part of a quarter and a significant percentage of these are large orders. Because a significant portion of our cost structure is largely fixed in the short term, revenue shortfalls tend to have a disproportionately negative impact on our profitability and can increase our inventory. The number of large new transactions also increases the risk of fluctuations in our quarterly results because a delay in even a small number of these transactions could cause our quarterly revenues and profitability to fall significantly short of our predictions. In addition, we may increase spending in response to competitive actions, in pursuit of new market opportunities, or to mitigate supply chain disruptions. Accordingly, we cannot provide assurances that we will be able to achieve profitability in the future or that if profitability is attained, that we will be able to sustain profitability, particularly on a quarter-to-quarter basis.

We face risks related to pandemics, threatened health epidemics and other outbreaks, which could significantly disrupt our manufacturing, sales and other operations.

Our business could be adversely impacted by the effects of a widespread outbreak of contagious disease, such as COVID-19. A pandemic such as COVID-19 or other such health crisis could impact our supply operations; for example, if any of our suppliers cease operating, causing us to move production to an alternate supplier. In addition, constraints on supply operations as a result of a pandemic has in the past and could in the future result in component part shortages due to global capacity constraints. Such a constraint could and has caused lead times for our products to increase. In an effort to halt the outbreak of a pandemic such as COVID-19, governments have in the past and may in the future place significant restrictions on travel, leading to extended business closures, including closures at our third-party manufacturers. Our suppliers and third-party manufacturers have and could be disrupted by worker absenteeism, quarantines, office and factory closures, disruptions to ports and other shipping infrastructure, or other travel or health-related restrictions and such restrictions could spread to other locations where we outsource the manufacturing or distribution of our products if the virus and its variants continues to spread or resurge. If our supply chain operations are affected or are curtailed by the outbreak of diseases such as COVID-19, our supply chain, manufacturing and product shipments will be delayed, which could adversely affect our business, operations and customer relationships. We may need to seek alternate sources of supply which

may be more expensive, unavailable or may result in delays in shipments to us from our supply chain and subsequently to our customers. Further, if our distributors' or end user customers'

businesses are similarly affected, they might delay or reduce purchases from us, which could adversely affect our results of operations.

In addition, freight and logistics constraints caused in part by restrictions imposed by governments to combat the COVID-19 pandemic and additionally due to container and carriage shortages, have resulted in increased costs and constrained available transport, for us and our channel partners, all at a time when global demand has increased. We have sought and may continue to seek alternate sources of supply which may be more expensive, unavailable or may result in delays in shipments to us and from our supply chain and subsequently to our customers.

We are conducting business with certain modifications to employee travel, employee work locations, and virtualization or cancellation of certain sales and marketing events, among other modifications. Our business is dependent on travel of our sales, operations, quality and technical support, and other managers and employees. Limitations placed on travel globally could limit our ability to manage post-contract support and maintenance activities. We may take further actions that alter our business operations as may be required by federal, state or local authorities, or that we determine are in the best interest of our employees, customers, partners, suppliers and shareholders. Any such alterations or modifications may adversely impact our business, our customers and prospects, or our financial results.

The extent to which the COVID-19 pandemic or any other pandemic will impact our business and financial results going forward will be dependent on future developments such as the length and severity of the crisis, the potential resurgence of COVID-19 or other pandemics and its variants in the future, future government actions in response to the crisis, the acceptance and effectiveness of the COVID-19 vaccines and the overall impact of the COVID-19 pandemic on the global economy and capital markets, among many other factors, all of which remain highly uncertain and unpredictable. We cannot at this time quantify or forecast the business impact of COVID-19, and there can be no assurance that the COVID-19 pandemic or other health crisis will not have a material and adverse effect on our business, financial results and financial condition.

Our success will depend on new products introduced to the marketplace in a timely manner, successfully completing product transitioning and achieving customer acceptance.

The market for our products and services is characterized by rapid technological change, evolving industry standards and frequent new product introductions. Our future success will depend, in part, on continuous timely development and introduction of new products and enhancements that address evolving market requirements and are attractive to customers. If we fail to develop or introduce, on a timely basis, new products or product enhancements or features that achieve market acceptance, our business may suffer. Additionally, we work closely with a variety of third-party partners to develop new product features and new platforms. Should our partners face delays in the development process, then the timing of the rollout of our new products may be significantly impacted which may negatively impact our revenue and gross margin. Another factor impacting our future success is the growth in the customer demand of our new products. Rapidly changing technology, frequent new product introductions and enhancements, short product life cycles and changes in customer requirements characterize the markets for our products. We believe that successful new product introductions provide a significant competitive advantage because of the significant resources committed by customers in adopting new products and their reluctance to change products after these resources have been expended. We have spent, and expect to continue to spend, significant resources on internal research and development to support our effort to develop and introduce new products and enhancements.

As we transition to new product platforms, we face significant risk that the development of our new products may not be accepted by our current customers or by new customers. To the extent that we fail to introduce new and innovative products that are adopted by customers, we could fail to obtain an adequate return on these investments and could lose market share to our competitors, which could be difficult or impossible to regain. Similarly, we may face decreased revenue, gross margins and profitability due to a rapid decline in sales of current products as customers hold spending to focus purchases on new product platforms. We could incur significant costs in completing the transition, including costs of inventory write-downs of the current product as customers transition to new product platforms. In addition, products or technologies developed by others may render our products non-competitive or obsolete and result in significant reduction in orders from our customers and the loss of existing and prospective customers.

We rely on various third-party service partners to help complement our global operations, and failure to adequately manage these relationships could adversely impact our financial results and relationships with customers.

We rely on a number of third-party service partners, to complement our global operations. We rely upon these partners for certain installation, maintenance, logistics and support functions. In addition, as our customers increasingly

seek to rely on vendors to perform additional services relating to the design, construction and operation of their networks, the scope of work performed by our service partners is likely to increase and may include areas where we have less experience providing or managing such services. We must successfully identify, assess, train and certify qualified service partners to ensure the proper installation, deployment and maintenance of our products. The vetting and certification of these partners can be costly and time-consuming, and certain partners may not have the same operational history, financial resources and scale as we have. Moreover, certain service partners may provide similar services for

other companies, including our competitors. We may not be able to manage our relationships with our service partners effectively, and we cannot be certain that they will be able to deliver services in the manner or time required, that we will be able to maintain the continuity of their services, or that they will adhere to our approach to ethical business practices. Our service partners may also experience challenges in providing services to us as a result of the impact of the COVID-19 pandemic. We may also be exposed to a number of risks or challenges relating to the performance of our service partners, including:

- delays in recognizing revenue;
- liability for injuries to persons, damage to property or other claims relating to the actions or omissions of our service partners;
- our services revenue and gross margin may be adversely affected; and
- our relationships with customers could suffer.

If we do not effectively manage our relationships with third-party service partners, or if they fail to perform these services in the manner or time required, our financial results and relationships with our customers could be adversely affected.

We must respond to rapid technological change and comply with evolving industry standards and requirements for our products to be successful.

The optical transport networking equipment market is characterized by rapid technological change, changes in customer requirements and evolving industry standards. We continually invest in research and development to sustain or enhance our existing products, but the introduction of new communications technologies and the emergence of new industry standards or requirements could render our products obsolete. Further, in developing our products, we have made, and will continue to make, assumptions with respect to which standards or requirements will be adopted by our customers and competitors. If the standards or requirements adopted by our prospective customers are different from those on which we have focused our efforts, market acceptance of our products would be reduced or delayed, and our business would be harmed.

We are continuing to invest a significant portion of our research and development efforts in the development of our next-generation products. We expect our competitors will continue to improve the performance of their existing products and introduce new products and technologies and to influence customers' buying criteria so as to emphasize product capabilities that we do not, or may not, possess. To be competitive, we must anticipate future customer requirements and continue to invest significant resources in research and development, sales and marketing, and customer support. If we do not anticipate these future customer requirements and invest in the technologies necessary to enable us to have and to sell the appropriate solutions, it may limit our competitive position and future sales, which would have an adverse effect on our business and financial condition. We may not have sufficient resources to make these investments and we may not be able to make the technological advances necessary to be competitive.

Our average sales prices may decline in the future.

We have experienced, and could continue to experience, declining sales prices. This price pressure is likely to result in downward pricing pressure on our products and services. As a result, we are likely to experience declining average sales prices for our products. Our future profitability will depend upon our ability to improve manufacturing efficiencies, to reduce the costs of materials used in our products and to continue to introduce new lower-cost products and product enhancements and if we are unable to do so, we may not be able to respond to pricing pressures. If we are unable to respond to increased price competition, our business, financial condition and results of operations will be harmed. Because customers frequently negotiate supply arrangements far in advance of delivery dates, we may be required to commit to price reductions for our products before we are aware of how, or if, cost reductions can be obtained. As a result, current or future price reduction commitments and any inability on our part to respond to increased price competition could harm our business, financial condition and results of operations.

Credit and commercial risks and exposures could increase if the financial condition of our customers declines.

A substantial portion of our sales are to customers in the telecommunications industry. These customers may require their suppliers, including the Company, to provide extended payment terms, direct loans or other forms of financial support as a condition to obtaining commercial contracts. In addition, if local currencies cannot be hedged, we have an inherent exposure in our ability to convert monies at favorable rates from or to U.S. dollars. More generally, we

expect to routinely enter into long-term contracts involving significant amounts to be paid by our customers over time. Pursuant to these contracts, we may deliver products and services representing an important portion of the contract price before receiving any significant payment from the customer. As a result of the financing that may be provided to customers and our commercial risk exposure under long-term contracts, our business could be adversely affected if the

financial condition of our customers erodes. Over the past few years, certain of our customers have filed with the courts seeking protection under the bankruptcy or reorganization laws of the applicable jurisdiction or have experienced financial difficulties. Our customers' financial conditions face additional challenges in many emerging markets, where our customers are being affected not only by recession, but by deteriorating local currencies and a lack of credit and, more broadly, by the COVID-19 pandemic and related economic effects. If customers fail to meet their obligations to us, we may experience reduced cash flows and losses in excess of reserves, which could materially adversely impact our results of operations and financial position.

Our business requires extensive credit risk management that may not be adequate to protect against customer nonpayment. A risk of non-payment by customers is a significant focus of our business. We expect a significant amount of future revenue to come from international customers in developing countries. We do not generally expect to obtain collateral for sales, although we require letters of credit or credit insurance as appropriate for international customers. For information regarding the percentage of revenue attributable to certain key customers, see "Risk Factors - Business and Operational Risk Factors - Because a significant amount of our revenue may come from a limited number of customers, the termination of any of these customer relationships may adversely affect our business." Our historical accounts receivable balances have been concentrated in a small number of significant customers. Unexpected adverse events impacting the financial condition of our customers, bank failures or other unfavorable regulatory, economic or political events in the countries in which we do business may impact collections and adversely impact our business, require increased bad debt expense or receivable write-offs and adversely impact our cash flows, financial condition and operating results, which could also result in a breach of our bank covenants.

Our restructuring actions could harm our relationships with our employees and impact our ability to recruit new employees.

Employees, whether or not directly affected by any restructuring actions that we undertake, may seek employment with our business partners, customers or competitors. We cannot assure that the confidential nature of our proprietary information will not be compromised by any such employees who terminate their employment with us. Further, we believe that our future success will depend in large part upon our ability to attract, motivate and retain highly skilled personnel. We may have difficulty attracting and retaining such personnel as a result of a perceived risk of future workforce reductions, and we may terminate the employment of employees as part of a restructuring and later determine that such employees were important to the success of the ongoing business.

Our business could be adversely affected if we are unable to attract and retain key personnel.

Our success and ability to invest and grow depend largely on our ability to attract and retain highly skilled technical, professional, managerial, sales and marketing personnel. Historically, competition for these key personnel has been intense. The loss of services of any of our key personnel, the inability to retain and attract qualified personnel in the future, delays in hiring required personnel, particularly engineering and sales personnel, or the loss of key personnel to competitors could make it difficult for us to meet key objectives, such as timely and effective product introductions and financial goals.

We face strong competition for maintaining and improving our position in the market, which can adversely affect our revenue growth and operating results.

The wireless access, interconnection and backhaul business is a specialized segment of the wireless telecommunications industry and is extremely competitive. Competition in this segment is intense, and we expect it to increase. Some of our competitors have more extensive engineering, manufacturing and marketing capabilities and significantly greater financial, technical and personnel resources than we have. In addition, some of our competitors have greater name recognition, broader product lines, a larger installed base of products and longer-standing customer relationships. Our competitors include established companies, such as Ericsson, Huawei, NEC and Nokia, as well as a number of other public and private companies, such as Ceragon and SIAE. Some of our competitors are OEMs or systems integrators through whom we market and sell our products, which means our business success may depend on these competitors to some extent. One or more of our largest customers could internally develop the capability to

manufacture products similar to those manufactured or outsourced by us and, as a result, the demand for our products and services may decrease.

In addition, we compete for acquisition and expansion opportunities with many entities that have substantially greater resources than we have. Our competitors may enter business combinations to accelerate product development or to compete more aggressively and we may lack the resources to meet such enhanced competition.

Our ability to compete successfully will depend on a number of factors, including price, quality, availability, customer service and support, breadth of product lines, product performance and features, rapid time-to-market delivery capabilities, reliability, timing of new product introductions by us, our customers and competitors, the ability of our customers to obtain financing and the stability of regional sociopolitical and geopolitical circumstances, and the ability of large competitors to obtain business by providing more seller financing especially for large transactions. We can give no assurances that we will have the financial resources, technical expertise, or marketing, sales, distribution, customer service and support capabilities to compete successfully, or that regional sociopolitical and geographic circumstances will be favorable for our successful operation.

Our ability to sell our products and compete successfully is highly dependent on the quality of our customer service and support, and our failure to offer high quality service and support could have a material adverse effect on our sales and results of operations.

Once our products are delivered, our customers depend on our service and support to resolve any issues relating to our products. Our support personnel includes employees in various geographic locations, who provide general technical support to our customers. A high level of support is important for the successful marketing and sale of our products. If we do not effectively help our customers quickly resolve issues or provide effective ongoing support, it could adversely affect our ability to sell our products to existing customers as well as demand for maintenance and renewal contracts and could harm our reputation with existing and potential customers.

Product performance problems, including undetected errors in our hardware or software, or deployment delays could harm our business and reputation.

The development and production of products with high technology content is complicated and often involves problems with hardware, software, components and manufacturing methods. Complex hardware and software systems, such as our products, can often contain undetected errors or bugs when first introduced or as new versions are released. In addition, errors associated with components we purchase from third parties, including customized components, may be difficult to resolve. We have experienced issues in the past in connection with our products, including failures due to the receipt of faulty components from our suppliers and performance issues related to software updates. From time to time we have had to replace certain components or provide software remedies or other remediation in response to errors or bugs, and we may have to do so again in the future. In addition, performance issues can be heightened during periods where we are developing and introducing multiple new products to the market, as any performance issues we encounter in one technology or product could impact the performance or timing of delivery of other products. Our products may also suffer degradation of performance and reliability over time.

If reliability, quality, security or network monitoring problems develop, a number of negative effects on our business could result, including:

- reduced orders from existing customers;
- declining interest from potential customers;
- delays in our ability to recognize revenue or in collecting accounts receivables;
- costs associated with fixing hardware or software defects or replacing products;
- high service and warranty expenses;
- delays in shipments;
- high inventory excess and obsolescence expense;
- high levels of product returns;
- diversion of our engineering personnel from our product development efforts; and
- payment of liquidated damages, performance guarantees or similar penalties.

Because we outsource the manufacturing of certain components of our products, we may also be subject to product performance problems as a result of the acts or omissions of third parties, and we may not have adequate compensating remedies against such third parties.

From time to time, we encounter interruptions or delays in the activation of our products at a customer's site. These interruptions or delays may result from product performance problems or from issues with installation and activation, some of which are outside our control. If we experience significant interruptions or delays that we cannot promptly resolve, the associated revenue for these installations may be delayed or confidence in our products could be undermined, which could cause us to lose customers, fail to add new customers, and consequently harm our financial results.

If we fail to accurately forecast our manufacturing requirements or customer demand, we could incur additional costs, which would adversely affect our business and results of operations.

If we fail to accurately predict our manufacturing requirements or forecast customer demand, we may incur additional costs of manufacturing and our gross margins and financial results could be adversely affected. If we overestimate our requirements, our contract manufacturers may experience an oversupply of components and assess us

charges for excess or obsolete components that could adversely affect our gross margins. If we underestimate our requirements, our contract manufacturers may have inadequate inventory or components, which could interrupt manufacturing and result in higher manufacturing costs, shipment delays, damage to customer relationships and/or our payment of penalties to our customers. Our contract manufacturers also have other customers and may not have sufficient capacity to meet all of their customers' needs, including ours, during periods of excess demand.

If we fail to effectively manage our contract manufacturer relationships, we could incur additional costs or be unable to timely fulfill our customer commitments, which would adversely affect our business and results of operations and, in the event of an inability to fulfill commitments, would harm our customer relationships.

We outsource all of our manufacturing and a substantial portion of our repair service operations to independent contract manufacturers and other third parties. Our contract manufacturers typically manufacture our products based on rolling forecasts of our product needs that we provide to them on a regular basis. The contract manufacturers are responsible for procuring components necessary to build our products based on our rolling forecasts, building and assembling the products, testing the products in accordance with our specifications and then shipping the products to us. We configure the products to our customer requirements, conduct final testing and then ship the products to our customers. There can be no assurance that we will not encounter problems with our contract manufacturer related to these manufacturing services or that we will be able to replace a contract manufacturer that is not able to meet our demand.

In addition, if we fail to effectively manage our relationships with our contract manufacturers or other service providers, or if they do not fully comply with their contractual obligations or should experience delays, disruptions, component procurement problems or quality control problems, then our ability to ship products to our customers or otherwise fulfill our contractual obligations to our customers could be delayed or impaired which would adversely affect our business, financial results and customer relationships.

We depend on sole or limited sources and geographies for some key components and failure to receive timely delivery of any of these components could result in deferred or lost sales.

In some instances, we are dependent upon one or a few sources, either because of the specialized nature of a particular item or because of local content preference requirements pursuant to which we operate on a given project. Examples of sole or limited sourcing categories include metal fabrications and castings, for which we own the tooling and therefore limit our supplier relationships, and MMICs (a type of integrated circuit used in manufacturing microwave radios), which we procure at a volume discount from a single source. Additionally, certain semiconductor supply is concentrated in Taiwan, with little to no availability in other geographies. As such, any military conflict between Taiwan and China could interrupt supply.

Our supply chain strategy includes mitigation plans for alternative manufacturing sources and identified alternate suppliers. However, if these alternatives cannot address our requirements when our existing sources of these components fail to deliver them on time, we could suffer delayed shipments, canceled orders and lost or deferred revenues, as well as

material damage to our customer relationships. Should this occur, our operating results, cash flows and financial condition could be materially adversely affected.

Because a significant amount of our revenue may come from a limited number of customers, the termination of any of these customer relationships may adversely affect our business.

Although we have a large customer base, during any given quarter or fiscal year a small number of customers may account for a significant portion of our revenue. Principal customers for our products and services include domestic and international wireless/mobile service providers, OEMs, as well as private network users such as public safety agencies; government institutions; and utility, pipeline, railroad and other industrial enterprises that operate broadband wireless networks. During fiscal 2022, Motorola accounted for 13% of our total revenue, comprised of approximately 70 number of discrete projects. No customer accounted for more than 10% of our total revenue in fiscal 2021.

In addition, the telecommunications industry has experienced significant consolidation among its participants, and we expect this trend to continue. Some operators in this industry have experienced financial difficulty and have filed, or may file, for bankruptcy protection. Other operators may merge and one or more of our competitors may supply products to the customers of the combined company following those mergers. This consolidation could result in purchasing decision delays and decreased opportunities for us to supply products to companies following any consolidation. This consolidation may also result in lost opportunities for cost reduction and economies of scale, and could generally reduce our opportunities to win new customers to the extent that the number of potential customers decreases. Furthermore, as

our customers become larger, they may have more leverage to negotiate better pricing which could adversely affect our revenues and gross margins.

It is possible that a significant portion of our future product sales could become even more concentrated in a limited number of customers due to the factors described above. Product sales to major customers have varied widely from period to period. The loss of any existing customer, a significant reduction in the level of sales to any existing customer, the consolidation of existing customers, or our inability to gain additional customers could result in declines in our revenue or an inability to grow revenue.

We continually evaluate strategic transaction opportunities which could involve merger, divestiture, sale and/or acquisition activities that could disrupt our operations and harm our operating results.

Our growth depends upon market growth, our ability to enhance our existing products and our ability to introduce new products on a timely basis. We intend to continue to address the need to develop new products and enhance existing products through acquisitions, or "tuck-ins," product lines, technologies, and personnel. Strategic transactions involve numerous risks, including the following:

- difficulties in integrating the operations, systems, technologies, products, and personnel of the combined companies, particularly companies with large and widespread operations and/or complex products;
- diversion of management's attention from normal daily operations of the business and the challenges of managing larger and more widespread operations resulting from business combinations, sales, divestitures and/or restructurings;
- potential difficulties in completing projects associated with in-process research and development intangibles;
- difficulties in entering markets in which we have no or limited direct prior experience and where competitors in each market have stronger market positions;
- initial dependence on unfamiliar supply chains or relatively small supply partners;
- insufficient revenue to offset increased expenses associated with acquisitions; and

- the potential loss of key employees, customers, resellers, vendors and other business partners of our **company** or the companies with which we engage in strategic transactions following and continuing after announcement of an anticipated strategic transaction.

Strategic transactions may also cause us to:

- issue common stock that would dilute our current stockholders or cause a change in control of the combined company;
- use a substantial portion of our cash resources, or incur debt;
- significantly increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition;
- assume material liabilities;

- record goodwill and non-amortizable intangible assets that are subject to impairment testing on a regular basis and potential periodic impairment charges;
- incur amortization expenses related to certain intangible assets;
- incur tax expenses related to the effect of acquisitions on our intercompany R&D cost sharing arrangement and legal structure;
- incur large and immediate write-offs and restructuring and other related expenses; and
- become subject to intellectual property or other litigation.

Mergers, restructurings, sales and acquisitions of high-technology companies are inherently risky and subject to many factors outside of our control. No assurance can be given that any future strategic transactions will be successful and will not materially adversely affect our business, operating results or financial condition. Failure to manage and successfully complete a strategic transaction could materially harm our business and operating results. Even when an acquired or acquiring company has already developed and marketed products, there can be no assurance that product

enhancements will be made in a timely fashion or that pre-acquisition due diligence will have identified all possible issues that might arise with respect to such products.

The pending transaction with NEC Corporation may not be consummated on a timely basis or at all. Failure to complete the acquisition within the expected timeframe or at all could adversely affect our stock price and our future business and financial results.

On May 9, 2023, we entered into a Master Sale of Business Agreement with NEC Corporation and certain other parties thereto in connection with the NEC Transaction (the "Purchase Agreement"). We expect the NEC Transaction to close in the fourth quarter of calendar 2023. The NEC Transaction is subject to closing conditions. If these conditions are not satisfied or waived, the NEC Transaction will not be consummated. If the closing of the NEC Transaction is substantially delayed or does not occur at all, or if the terms of the NEC Transaction are required to be modified substantially, we **fail** may not realize the anticipated benefits of the transactions fully or at all or they may take longer to **develop** realize than expected. The closing conditions include (i) the counterparties' representations and **maintain distribution** warranties being true (subject to certain materiality qualifiers) as of the closing, (ii) the counterparties' performance, in all material respects, of all obligations and **licensing relationships**, agreements required to be performed prior to closing, (iii) the receipt of all documents, instruments, certificates or other items required to be delivered at or as of the closing by the other parties to the Purchase Agreement, (iv) the absence of legal matters prohibiting the NEC Transaction, and (v) the absence or expiration of any required regulatory periods. We have incurred and will continue to incur substantial transaction costs whether or not the NEC Transaction is completed. Any failure to complete the NEC Transaction could have a material adverse effect on our **revenue** **may decrease**.

Although a majority of **stock price**, our sales are made through **competitiveness** and reputation in the marketplace, and our **direct sales force**, we also market our products through indirect sales channels such as **independent agents**, **resellers**, **OEMs future business** and **systems integrators**. These relationships enhance **financial results**, including our ability to **pursue major contract awards** **execute** on our strategy to return capital to our stockholders.

The NEC Transaction will require management to devote significant attention and resources to integrating the acquired NEC businesses with our business. Potential difficulties that may be encountered in some cases, are intended to provide our customers with easier access to financing and a greater variety of equipment and service capabilities, which an integrated system provider should be able to offer. We may not be able to maintain our current relationships or develop new ones. If additional relationships are developed, they may not be successful. Furthermore, as we consider increasing licensing revenue based on upgraded technology, we may not be successful in transitioning customers to the planned software upgrades. Our integration process include, among others:

- the inability to **establish** successfully integrate the acquired NEC business into the Aviat business in a manner that permits us to achieve the revenue we anticipated from the NEC Transaction;
- complexities associated with managing the larger, integrated business;
- potential unknown liabilities and unforeseen expenses, delays or **maintain** these distribution and licensing relationships could restrict our ability to market our **regulatory** conditions associated with the NEC Transaction;
- integrating personnel from the NEC companies while maintaining focus on providing consistent, high-quality products and **thereby** **services**;
- integrating relationships with customers, vendors and business partners;

- performance shortfalls as a result of the diversion of management's attention caused by completing the NEC Transaction and integrating acquired NEC operations into Aviat; or
- the disruption of, or loss of momentum in, significant reductions each company's ongoing business or inconsistencies in revenue. If these revenue reductions occur, standards, controls, procedures and policies.

Delays or difficulties in the integration process could adversely affect our business, financial results, financial condition and results stock price. Even if we are able to integrate our business operations successfully, there can be no assurance that this integration will result in the realization of operations would the full benefits of synergies, cost savings, innovation and operational efficiencies that we currently expect or have communicated from this integration or that these benefits will be harmed, achieved within the anticipated time frame.

Financial and Macroeconomic Risk Factors

Adverse developments affecting the financial services industry, including events or concerns involving liquidity, defaults or non-performance by financial institutions, could adversely affect our business, financial condition or results of operations.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future adversely affect our liquidity. In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and

liquidity sources, thereby making it more difficult for us to acquire financing on terms favorable to us, or at all. Any decline in available funding or access to our cash and liquidity resources could, among other things, adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other obligations, result in breaches of our contractual obligations or result in violations of federal or state wage and hour laws. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity, business, financial condition or results of operations.

In addition, any further deterioration in the macroeconomic economy or financial services industry could lead to losses or defaults by our customers or suppliers, which in turn, could have a material adverse effect on our current and/or projected business operations and results of operations and financial condition. Any customer or supplier bankruptcy or insolvency, or the failure of any customer to make payments when due, or any breach or default by a customer or supplier, or the loss of any significant supplier relationships, could result in material losses to the Company and may have a material adverse impact on our business.

Due to the volume of our international sales, we may be susceptible to a number of political, economic, financial and geographic risks that could harm our business.

We are highly dependent on sales to customers outside the U.S. In fiscal 2022, 2023, our sales to international customers accounted for 34% 43% of total revenue. Significant portions of our international sales are in less developed countries. Our international sales are likely to continue to account for a large percentage of our products and services revenue for the foreseeable future. As a result, the occurrence of any international, political, economic or geographic event could result in a significant decline in revenue. In addition, compliance with complex foreign and U.S. laws and regulations that apply to our international operations increases our cost of doing business in international jurisdictions. These numerous and sometimes conflicting laws and regulations include internal control and disclosure rules, data privacy and filtering requirements, anti-corruption laws, such as the Foreign Corrupt Practices Act, and other local laws prohibiting corrupt payments to governmental officials, and anti-competition regulations, among others. Violations of these laws and regulations could result in fines and penalties, criminal sanctions against us, our officers, or our employees, prohibitions on the conduct of our business and on our ability to offer our products and services in one or more countries, and could also materially affect our brand, our international expansion efforts, our ability to attract and retain employees, our business, and our operating results. Although we have implemented policies and procedures designed to ensure compliance with these laws and regulations, there can be no assurance that our employees, contractors, or agents will not violate our policies.

Some of the risks and challenges of doing business internationally include:

- unexpected changes in regulatory requirements;
 - fluctuations in international currency exchange rates including its impact on unhedgeable currencies and our forecast variations for hedgeable currencies;
 - imposition of tariffs and other barriers and restrictions;
 - management and operation of an enterprise spread over various countries;
 - the burden of complying with a variety of laws and regulations in various countries;
-
- application of the income tax laws and regulations of multiple jurisdictions, including relatively low-rate and relatively high-rate jurisdictions, to our sales and other transactions, which results in additional complexity and uncertainty;
 - the conduct of unethical business practices in developing countries;
 - general economic and geopolitical conditions, including inflation and trade relationships;
 - restrictions on travel to locations where we conduct business, including those imposed due to COVID-19;
 - war and acts of terrorism;

- kidnapping and high crime rate;
- natural disasters;
- availability of U.S. dollars especially in countries with economies highly dependent on resource exports, particularly oil; and
- changes in export regulations.

While these factors and the impacts of these factors are difficult to predict, any one or more of them could adversely affect our business, financial condition and results of operations in the future.

A portion of our sales and expenses stem from countries outside of the United States, and are in currencies other than U.S. dollars, and therefore subject to foreign currency fluctuation. Accordingly, fluctuations in foreign currency rates could have a material impact on our financial results in future periods. From time to time, we enter into foreign currency exchange forward contracts to reduce the volatility of cash flows primarily related to forecasted foreign currency expenses. These forward contracts reduce the impact of currency exchange rate movements on certain transactions, but do not cover all foreign-denominated transactions and therefore do not entirely eliminate the impact of fluctuations in exchange rates on our results of operations and financial condition.

There are inherent limitations on the effectiveness of our controls.

We do not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well-designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that resource constraints exist, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people, or by management's override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate due to changes in conditions or deterioration in the degree of compliance with policies or procedures. If our controls become inadequate, we could fail to meet our financial reporting obligations, our reputation may be adversely affected, our business and operating results could be harmed, and the market price of our stock could decline.

We may not be able to obtain capital when desired on favorable terms, if at all, or without dilution to our stockholders.

We believe that our existing cash and cash equivalents, the available line of credit under our credit facility and future cash collections from customers will be sufficient to provide for our anticipated requirements for working capital and capital expenditures for the next 12 months and the foreseeable future. However, it is possible that we may not generate sufficient cash flow from operations or otherwise have the capital resources to meet our longer-term capital needs. If this occurs, we may need to sell assets, reduce capital expenditures, or obtain additional equity or debt financing. We have no assurance that additional financing will be available on terms favorable to us, or at all. If adequate funds are not available or are not available on acceptable terms if and when needed, our business, financial condition and results of operations could be harmed.

If we raise additional funds through the issuance of equity or convertible debt securities, the ownership of our existing stockholders could be significantly diluted, and these newly-issued securities may have rights, preferences or privileges senior to those of existing stockholders.

The effects of global or market specific financial and economic conditions have, and may continue to have, significant effects on our customers and suppliers, and have in the past, and may in the future have, a material adverse effect on our business, operating results, financial condition and stock price.

The effects of global financial and economic conditions in certain markets include, among other things, significant reductions in available capital and liquidity from credit markets, supply or demand driven inflationary pressures, and substantial fluctuations in currency values worldwide.

Economic conditions in certain markets have adversely affected and may continue to adversely affect our customers' access to capital and/or willingness to spend capital on our products, and/or their levels of cash liquidity and/or their ability and/or willingness to pay for products that they will order or have already ordered from us, or result in their ceasing operations. Further, we have experienced an increasing number of our customers, principally in emerging markets, requesting longer payment terms, lease or vendor financing arrangements, longer terms for the letters of credit securing purchases of our products and services, which could potentially negatively impact our orders, revenue conversion cycle, and cash flows.

In seeking to reduce their expenses, we have also seen significant pressure from our customers to lower prices for our products as they try to improve their operating performance and procure additional capital equipment within their reduced budget levels. To the extent that we lower prices on our products and services, our orders, revenues,

and gross margins may be negatively impacted. Additionally, certain emerging markets are particularly sensitive to pricing as a key differentiator. Where price is a primary decision driver, we may not be able to effectively compete, or we may choose not to compete due to unacceptable margins.

In addition, economic conditions in certain markets could materially adversely affect our suppliers' access to capital and liquidity with which to maintain their inventories, production levels, or product quality, could cause them to raise prices or lower production levels, or result in their ceasing operations. Supply or demand driven scarcity can lead to significant inflationary pressures on the cost of our products from our suppliers. Our ability to substantially offset inflationary impacts by raising prices may be limited by the competitive factors discussed above.

Further, with respect to our credit facility discussed under "Liquidity, Capital Resources and Financial Strategies" in Item 7 of this Annual Report on Form 10-K, our ability to access the funds available under our credit facility could be materially adversely affected.

The potential effects of these economic factors are difficult to forecast and mitigate. As a consequence, our operating results for a particular period are difficult to predict and prior results are not necessarily indicative of results to be expected in future periods. Any of the foregoing effects could have a material adverse effect on our business, results of operations, and financial condition and could adversely affect our stock price.

Changes in tax laws, treaties, rulings, regulations or agreements, or their interpretation in any country in which we operate; the loss of a major tax dispute; a successful challenge to our operating structure, intercompany pricing policies or the taxable presence of our key subsidiaries in certain countries; or other factors could cause volatility in our effective tax rate and could adversely affect our operating results.

We operate in multiple jurisdictions and our profits are taxed pursuant to the tax laws of these jurisdictions. Our future effective tax rate may be adversely affected by a number of factors, many of which are outside of our control, including:

- the jurisdictions in which profits are determined to be earned and taxed;
- adjustments to estimated taxes upon finalization of various tax returns;
- increases in expenses not deductible for tax purposes, including write-offs of acquired in-process research and development and impairment of goodwill in connection with acquisitions;
- our ability to utilize net operating loss; losses;
- changes in available tax credits;
- changes in share-based compensation expense;
- changes in the valuation of our deferred tax assets and liabilities;
- changes in domestic or international tax laws, treaties, rulings, regulations or agreements or the interpretation of such tax laws, treaties, rulings, regulations or agreements, including the impact of the Tax Cuts and Jobs Act of 2017 and any new administrations;
- the resolution of issues arising from tax audits with various tax authorities, including the loss of a major tax dispute;
- local tax authority challenging our operating structure, intercompany pricing policies or the taxable presence of our key subsidiaries in certain countries;
- the tax effects of purchase accounting for acquisitions and restructuring charges that may cause fluctuations between reporting periods; and
- taxes that may be incurred upon a repatriation of cash from foreign operations.

Any significant increase in our future effective tax rates could impact our results of operations for future periods adversely.

Our ability to use net operating loss carryforwards to offset future taxable income for U.S. federal income tax purposes and other tax benefits may be limited.

Section 382 of the Internal Revenue Code of 1986, as amended (the "Code") imposes an annual limitation on the amount of taxable income that may be offset if a corporation experiences an "ownership change" as defined in Section 382 of the Code. An ownership change occurs when a company's "five-percent shareholders" (as defined in Section 382 of the Code) collectively increase their ownership in the company by more than 50 percentage points (by value) over a rolling three-year period. Additionally, various states have similar limitations on the use of state net operating losses ("NOL") following an ownership change.

If we experience an ownership change, our ability to use our NOLs, any loss or deduction attributable to a "net unrealized built-in loss" and other tax attributes (collectively, the "Tax Benefits") could be substantially limited, and the timing of the usage of the Tax Benefits could be substantially delayed, which could significantly impair the value of the Tax Benefits. There is no assurance that we will be able to fully utilize the Tax Benefits and we could be required to record an additional valuation allowance related to the amount of the Tax Benefits that may not be realized, which could adversely impact our results of operations.

We believe that these Tax Benefits are a valuable asset for us. On September 6, 2016, the Board adopted certain amendments to our Amended and Restated Certificate of Incorporation, as amended (the "Charter Amendments"), to protect our tax benefits. In addition, on March 3, 2020, the Board approved The Plan (as amended and restated on

August 27, 2020), in an effort to protect our Tax Benefits during the effective period of the Plan. We submitted the Plan to a stockholder vote and our stockholders approved the plan at the 2020 Annual Meeting of Stockholders. Although the Plan and the Charter Amendments are intended to reduce the likelihood of an "ownership change" that could adversely affect us, there is no assurance that the restrictions on transferability in the Plan and the Charter Amendments will prevent all transfers that could result in such an "ownership change." There also can be no assurance that an amendment to the transfer restrictions in Plan, approved by the Charter Amendments Board of Directors on February 28, 2023, will be enforceable against all submitted to the Company's stockholders for ratification at the Company's 2023 annual meeting (the "Annual Meeting"), which extends the final expiration date of our stockholders absent a court determination confirming such enforceability. The transfer restrictions may be subject to challenge on legal or equitable grounds.

the Plan until March 3, 2026.

The Plan and the Charter Amendments could make it more difficult for a third party to acquire, or could discourage a third party from acquiring, us or a large block of our common stock. A third party that acquires 4.9% or more of our common stock could suffer substantial dilution of its ownership interest under the terms of the Plan through the issuance of common stock or common stock equivalents to all stockholders other than the acquiring person. The acquisition may also be void under the Charter Amendments.

The foregoing provisions may adversely affect the marketability of our common stock by discouraging potential investors from acquiring our stock. In addition, these provisions could delay or frustrate the removal of incumbent directors and could make more difficult a merger, tender offer or proxy contest involving us, or impede an attempt to acquire a significant or controlling interest in us, even if such events might be beneficial to us and our stockholders.

We may be adversely affected by fluctuations in currency exchange rates.

A portion of our sales and expenses stem from countries outside of the United States, and are in currencies other than U.S. dollars, and therefore subject to foreign currency fluctuation. Accordingly, fluctuations in foreign currency rates could have a material impact on our financial results in future periods. We currently enter into foreign currency exchange forward contracts to reduce the volatility of cash flows primarily related to forecasted foreign currency expenses. These forward contracts reduce the impact of currency exchange rate movements on certain transactions, but do not cover all foreign-denominated transactions and therefore do not entirely eliminate the impact of fluctuations in exchange rates on our results of operations and financial condition.

Legal and Regulatory Risk Factors

Continued tension in U.S.-China trade relations may adversely impact our supply chain operations and business.

The U.S. government has taken certain actions that change U.S. trade policies, including tariffs that affect certain products manufactured in China. Some components manufactured by our Chinese suppliers are subject to tariffs if imported into the United States. The Chinese government has taken certain reciprocal actions, including recently imposed tariffs affecting certain products manufactured in the United States. Certain of our products manufactured in our

U.S. operations have been included in the tariffs imposed on imports into China from the United States. Although some of the products and components we import are affected by the tariffs, at this time, we do not expect these tariffs to have a material impact on our business, financial condition or results of operations.

It is unknown whether and to what extent additional new tariffs (or other new laws or regulations) will be adopted that increase the cost or feasibility of importing and/or exporting products and components from China to the United States and vice versa. Further, the effect of any such new tariffs or retaliatory actions on our industry and customers is unknown and difficult to predict. As additional new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or if China or other affected countries take retaliatory trade actions, such changes could have a material adverse effect on our business, financial condition, results of operations or cash flows.

If we are unable to adequately protect our intellectual property rights, we may be deprived of legal recourse against those who misappropriate our intellectual property.

Our ability to compete will depend, in part, on our ability to obtain and enforce intellectual property protection for our technology in the U.S. and internationally. We rely upon a combination of trade secrets, trademarks, copyrights, patents, contractual rights and technological measures to protect our intellectual property rights from infringement, misappropriation or other violations to maintain our brand and competitive position. We also make business decisions about when to seek patent protection for a particular technology and when to rely upon trade secret protection, and the

approach we select may ultimately prove to be inadequate. With respect to patents, we cannot be certain that patents will be issued as a result of any currently pending patent application or future patent applications, or that any of our patents, once issued, will provide us with adequate protection from competing products or intellectual property owned by others. For example, issued patents may be circumvented or challenged, declared invalid or unenforceable or narrowed in scope. Furthermore, we may not be able to prevent infringement, misappropriation and unauthorized, use of our owned and exclusively-licensed intellectual property. We also cannot provide assurances that the protection provided to our intellectual property by the laws and courts of particular nations will be substantially similar to the protection and remedies available under U.S. law. Furthermore, we cannot provide assurances that third parties will not assert infringement claims against us in the U.S. or based on intellectual property rights and laws in other nations that are different from those established in the U.S.

In addition, we enter into confidentiality and invention assignment agreements with our employees and contractors and enter into non-disclosure agreements with our suppliers and appropriate customers so as to limit access to and disclosure of our proprietary information. We cannot guarantee that we have entered into such agreements with each party who has developed intellectual property on our behalf and each party that has or may have had access to our confidential information, know-how and trade secrets. These agreements may be insufficient or breached, or may not effectively prevent unauthorized access to or unauthorized use, disclosure, misappropriation or reverse engineering of our confidential information, intellectual property, or technology. Moreover, these agreements may not provide an adequate remedy for breaches or in the event of unauthorized use or disclosure of our confidential information or technology, or infringement of our intellectual property. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret or know-how, or misappropriated or violated intellectual property is difficult, expensive, and time-consuming, and the outcome is unpredictable.

We cannot give assurances that any steps taken by us will be adequate to deter infringement, misappropriation, violation, dilution or otherwise impede independent third-party development of similar technologies. Any of our intellectual property rights may be successfully challenged, opposed, diluted, misappropriated, violated or circumvented by others or invalidated, narrowed in scope or held unenforceable through administrative process or litigation in the United States or in non-U.S. jurisdictions. Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain and any changes in, or unexpected interpretations of, intellectual property laws may compromise our ability to enforce our trade secrets and other intellectual property rights. In the event that such intellectual property arrangements are insufficient, our business, financial condition and results of operations could be materially harmed.

If sufficient radio frequency spectrum is not allocated for use by our products, or we fail to obtain regulatory approval for our products, our ability to market our products may be restricted.

We may be affected by the allocation and auction of the radio frequency spectrum by governmental authorities both in the U.S. and internationally. The unavailability of sufficient radio frequency spectrum may inhibit the future growth of wireless communications networks. In addition, to operate in a jurisdiction, we must obtain regulatory approval for our products and each jurisdiction in which we market our products has its own regulations governing radio communications. If we are unable to obtain sufficient allocation of radio frequency spectrum by the appropriate

governmental authority or obtain the proper regulatory approval for our products, our business, financial condition and results of operations may be harmed.

Our business is subject to changing regulation of corporate governance, public disclosure and anti-bribery measures which have resulted in increased costs and may continue to result in additional costs or potential liabilities in the future.

We are subject to rules and regulations of federal and state regulatory authorities, The NASDAQ Stock Market LLC ("NASDAQ") and financial market entities charged with the protection of investors and the oversight of companies whose securities are publicly traded, and foreign and domestic legislative bodies. During the past few years, these entities, including the Public Company Accounting Oversight Board, the SEC, NASDAQ and several foreign governments, have issued requirements, laws and regulations and continue to develop additional requirements, laws and regulations, most notably the Sarbanes-Oxley Act of 2002 ("SOX"), and recent laws and regulations regarding bribery and unfair competition, including the SEC's recently-proposed rules relating to the disclosure of a range of climate-related risks. Our efforts to comply with these requirements and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of substantial management time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs potentially necessitated by ongoing revisions to our disclosure and governance practices. Finally, if we are unable to ensure compliance with such requirements, laws, or regulations, we may be subject to costly prosecution and liability, and resulting reputational harm, from such noncompliance.

Our products are used in critical communications networks which may subject us to significant liability claims.

Because our products are used in critical communications networks, we may be subject to significant liability claims if our products do not work properly. We warrant to our current customers that our products will operate in accordance with our product specifications. If our products fail to conform to these specifications, our customers could require us to remedy the failure or could assert claims for damages. The provisions in our agreements with customers that are intended to limit our exposure to liability claims may not preclude all potential claims. In addition, any insurance policies we have may not adequately limit our exposure with respect to such claims. Liability claims could require us to spend significant time and money in litigation or to pay significant damages. Any such claims, whether or not successful, would be costly and time-consuming to defend, and could divert management's attention and seriously damage our reputation and our business.

We may be subject to litigation regarding our intellectual property. This litigation could be costly to defend and resolve and could prevent us from using or selling the challenged technology.

The wireless telecommunications industry is characterized by vigorous protection and pursuit of intellectual property rights, which has resulted in often protracted and expensive litigation. Any litigation regarding patents or other owned or exclusively licensed intellectual property, including claims that our use of intellectual property infringes or violates the rights of others, could be costly and time-consuming and could divert our management and key personnel from our business operations. The complexity of the technology involved and the uncertainty of intellectual property litigation increase these risks. Such litigation or claims could result in substantial costs and diversion of resources.

In the event of an adverse result in any such litigation, we could be required to pay substantial damages, cease the use and transfer of allegedly infringing technology or the sale of allegedly infringing products and expend significant resources to develop non-infringing technology or obtain licenses for the infringing technology. We can give no assurances that we would be successful in developing such non-infringing technology or that any license for the infringing technology would be available to us on commercially reasonable terms, if at all. This could have a materially adverse effect on our business, results of operation, financial condition, competitive position and prospects.

We are subject to laws, rules, regulations and policies regarding data privacy and security. Many of these laws and regulations are subject to change and reinterpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations or other harm to our business.

We are subject to a variety of federal, state and local laws, directives, rules, standards, regulations, policies and policies contractual obligations relating to data privacy and security. The regulatory framework for data privacy and security worldwide is continuously evolving and developing and, as a result, interpretation and implementation standards and enforcement practices are likely to remain uncertain for

the foreseeable future. It is also possible inquiries and enforcement actions from governmental authorities regarding cybersecurity breaches increase in frequency and scope. These data privacy and security laws also are not uniform, which may complicate and increase our costs for compliance. As a result, we anticipate needing to dedicate substantial resources to comply with such laws, regulations, and other obligations relating to privacy and cybersecurity. Furthermore, we cannot provide assurance that we will not face claims, allegations, or other proceedings related to our obligations under applicable data privacy and security laws. Any failure or perceived failure by us or our third-party service providers to comply with any applicable laws relating to data privacy and security, or any compromise of security that results in the unauthorized access, improper disclosure, or misappropriation of personal data or other customer data, could result in significant liabilities, and negative publicity and reputational harm, one or all of which could have an adverse effect on our reputation, business, financial condition and operations.

We are subject to complex federal, state, local and international laws and regulations related to protection of the environment that could materially and adversely affect the cost, manner or feasibility of conducting our operations, as well as those of our suppliers and contract manufacturers.

Environmental, health and safety regulations govern the manufacture, assembly and testing of our products, including without limitation regulations governing the emission of pollutants and the use, remediation, and disposal of

hazardous materials (including electronic wastes). Our failure or the failure of our suppliers or contract manufacturers to properly manage the use, transportation, emission, discharge, storage, recycling or disposal of wastes generated from our operations could subject us to increased compliance costs or liabilities such as fines and penalties. We may also be subject to costs and liabilities for environmental clean-up costs on sites owned by us, sites previously owned by us, or treatment and disposal of wastes attributable to us from past operations, under the Comprehensive Environmental Response, Compensation and Liability Act or equivalent laws. Existing and future environmental regulations may additionally restrict our and our suppliers' use of certain materials to manufacture, assemble and test products. New or more stringent environmental requirements applicable to our operations or the operations of our suppliers could adversely affect our costs of doing business and result in material costs to our operations.

Increased attention to Environmental, Social, and Governance ("ESG") matters, and conservation measures and climate change issues has contributed to an evolving state of environmental regulation, which could impact our results of operations, financial or competitive position and may adversely impact our business.

Increasing attention to, and societal expectations on companies to address, climate change and other environmental and social impacts, investor and societal expectations regarding voluntary ESG disclosures may result in increased costs to us and our suppliers, contract manufacturers, and customers. Moreover, while we create and publish voluntary disclosures regarding ESG matters from time to time, many of the statements in those voluntary disclosures are based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. Additionally, on March 21, 2022, the U.S. Securities and Exchange Commission SEC proposed new rules relating to the disclosure of a range of climate-related risks. We are currently assessing the rule, but at this time we cannot predict the costs of implementation or any potential adverse impacts resulting from the rule. To the extent this rule is finalized as proposed, we could incur increased costs relating to the assessment and disclosure of climate-related risks.

Increased focus on climate change issues has contributed to an evolving state of environmental regulation relating to climate change, and uncertainty related to such regulation, as well as physical risks of climate change, could impact our results of operations, financial or competitive position.

Increased public awareness and worldwide focus on climate change issues has led to legislative and regulatory efforts to limit greenhouse gas emissions, and may result in more international, federal or regional requirements or industry standards to reduce or mitigate risks related to climate change. As a result, we may become subject to new or more stringent regulations, legislation or other governmental requirements or industry standards, and we anticipate that we will see increased demand to meet voluntary criteria related to reduction or elimination of certain constituents from products, reducing emissions of greenhouse gases, and increasing energy efficiency. Increased regulation of climate change concerns could subject us to additional costs and restrictions and require us to make certain changes to our manufacturing practices and/or product designs, which could negatively impact our business, results of operations, financial condition and competitive position.

Anti-takeover provisions of Delaware law, the Amended and Restated Tax Benefit Preservation Plan (the "Plan"), and provisions in our Amended and Restated Certificate of Incorporation, as amended, and Amended and Restated Bylaws could make a third-party acquisition of us difficult.

Because we are a Delaware corporation, the anti-takeover provisions of Delaware law could make it more difficult for a third party to acquire control of us, even if the change in control would be supported by our stockholders. We are subject to the provisions of Section 203 of the General Corporation Law of Delaware, which prohibits us from engaging in certain business combinations, unless the business combination is approved in a prescribed manner. In addition, our Amended and Restated Certificate of Incorporation, as amended, and Amended and Restated Bylaws also contain certain provisions that may make a third-party acquisition of us difficult, including the ability of the Board to issue preferred stock and the requirement that nominations for directors and other proposals by stockholders must be made in advance of the meeting at which directors are elected or the proposals are voted upon.

In addition, the Plan and the amendments to our Amended and Restated Certificate of Incorporation, as amended (the "Charter Amendments") could make an acquisition of us more difficult.

General Risk Factors

Natural disasters or other catastrophic events such as terrorism and war could have an adverse effect on our business.

Natural disasters, such as hurricanes, earthquakes, fires, extreme weather conditions and floods, could adversely affect our operations and financial performance. In addition, climate change may contribute to the increased frequency or intensity of extreme weather events, including storms, wildfires, and other natural disasters. Further, acts of terrorism or war could significantly disrupt our supply chain and access to vital components. Such events have in the past and could [in the future] result in physical damage to one or more of our facilities, the temporary closure of one or more of our facilities or those of our suppliers, a temporary lack of an adequate work force in a market, a temporary or long-term disruption in the supply of products from local or overseas suppliers or contract manufacturers, a temporary disruption in the transport of goods from overseas, and delays in the delivery of goods. Accordingly, climate change and natural disasters may impact the availability and cost of materials and natural resources, sources and supply of energy necessary for our operations, and could also increase insurance and other operating costs. Many of our facilities around the world (and the operations of our suppliers) are in locations that may be impacted by the physical risks of climate change, and we face the risk of losses incurred as a result of physical damage to our facilities or those of our suppliers, such as loss or spoilage of inventory and business interruption caused by such events. In addition, if there is a natural disaster in any of the locations in which our significant customers are located, our customers may incur losses or sustained business interruption, or both, which may materially impair their ability to continue their purchase of products from us. Public health issues, whether occurring in the United States or abroad, could disrupt our operations, disrupt the operations of suppliers or customers, or have an adverse impact on customer demand. As a result of any of these events, we may be required to suspend operations in some or all of our locations, which could have an adverse effect on our business, financial condition, results of operations, and cash flows. These events could also reduce demand for our products or make it difficult or impossible to receive components from suppliers. Although we maintain business interruption insurance and other insurance intended to cover some or all of these risks, such insurance may be inadequate, whether because of coverage amount, policy limitations, the financial viability of the insurance companies issuing such policies, or other reasons.

System security risks, data protection breaches, and cyber-attacks could compromise our proprietary information, disrupt our internal operations and harm public perception of our security products, which could cause our business and reputation to suffer and adversely affect our stock price.

In the ordinary course of business, we store sensitive data, including intellectual property, our proprietary business information and proprietary information of our customers, suppliers and business partners, on our networks. The secure maintenance of this information is critical to our operations and business strategy. Increasingly, companies, including ours, are subject to a wide variety of attacks on their networks on an ongoing basis. Despite our security measures, our information technology and infrastructure may be vulnerable to interruption, disruption, destruction, penetration or attacks due to natural disasters, power loss, telecommunications failure, terrorist attacks, domestic vandalism, Internet failures, computer malware, ransomware, cyberattacks, social engineering attacks, phishing attacks, data breaches and other events unforeseen or generally beyond our control. Additionally, advances in technology, an increased level of sophistication and expertise of hackers, widespread access to generative AI, and new discoveries in the field of cryptography can result in a compromise or breach of our information technology systems or security measures implemented to protect our systems. Any such breach could compromise our systems and networks, which could cause system disruptions or slowdowns and exploitation of the security vulnerabilities in our products, and lead to the information stored on our networks being accessed, publicly disclosed, lost or stolen, which could subject us to liability to our customers, suppliers, business partners and others, and cause us reputational and financial harm. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of our networks. Due to the COVID-19 pandemic, an increased number of our employees and service providers are working from home and connecting to our networks remotely on less secure systems, which we believe may further increase the risk of, and our vulnerability to, a cyber-attack or breach on our network. Any such actual or perceived security breach, incident or disruption could also divert the efforts of our technical and management personnel and could require us to incur significant costs and operational consequences in connection with investigating, remediating, eliminating and putting in place additional tools, devices, policies, and other measures designed to prevent such security breaches, incidents and system disruptions. Moreover, we could be required by applicable law in some jurisdictions, or otherwise find it appropriate to expend significant capital and other resources, to notify or respond to applicable third parties or regulatory authorities due to any actual or perceived security incidents or breaches to our systems and its root cause.

If an actual or perceived breach of network security occurs in our network or in the network of a customer of our security products, regardless of whether the breach is attributable to our products, the market perception of the effectiveness and safety of our products could be harmed. Because the techniques used by computer programmers and hackers, many of whom are highly sophisticated and well-funded, to access or sabotage networks or systems change frequently and generally are not recognized until after they are used, we may be unable to anticipate or immediately detect these cyber-attacks. This could impede our sales, manufacturing, distribution or other critical functions. In addition, our ability to defend against and mitigate cyberattacks depends in part on prioritization decisions that we and third parties upon whom we rely make to address vulnerabilities and security defects. While we endeavor to address all identified vulnerabilities in our products, we must make determinations as to how we prioritize developing and deploying the

respective fixes, and we may be unable to do so prior to an attack. The economic costs to us to eliminate or alleviate cyber or other security problems, bugs, viruses, worms, malicious software

systems and security vulnerabilities could be significant and may be difficult to anticipate or measure because the damage may differ based on the identity and motive of the programmer or hacker, which are often difficult to identify. Furthermore, even once a vulnerability has been addressed, for certain of our products, the fix will only be effective once a customer has updated the impacted product with the latest release, and customers that do not install and run the latest supported versions of our products may remain vulnerable to attack.

As cyber-attacks become more sophisticated, the need to develop, modify, upgrade or enhance our information technology infrastructure and measures to secure our business can lead to increased cybersecurity protection costs. Such costs may include making organizational changes, deploying additional personnel and protection technologies, training employees, and engaging third party experts and consultants. These efforts come at the potential cost of revenues and human resources that could be utilized to continue to enhance our product offerings, and such increased costs may adversely affect our operating margins.

Additionally, certain of our suppliers have in the past and may in the future experience cybersecurity attacks that can constrain their capacity and ability to meet our product demands. If our contract manufacturers and suppliers suffer future cyberattacks, our ability to ship products or otherwise fulfill our contractual obligations to our customers could be delayed or impaired which would adversely affect our business, financial results and customer relationships.

We cannot guarantee that our stock repurchase program will be fully implemented or that it will enhance long-term stockholder value.

During the second quarter of fiscal 2022 we completed the \$7.5 million stock repurchase program approved by our board of directors in May 2018. This repurchase program was temporarily suspended from February 2020 to February 2021. In November 2021 our board of directors approved a stock repurchase program to purchase up to \$10.0 million of our common stock. During fiscal 2022, 2021 and 2020 we repurchased \$5.4 million, \$0.8 million and \$1.8 million of our common stock in the open market respectively. As of July 1, 2022, \$7.3 million remained available for repurchase under our November 2021 stock repurchase program.

Anti-takeover provisions of Delaware law, the Plan, and provisions in our Amended and Restated Certificate of Incorporation, as amended, and Amended and Restated Bylaws could make a third-party acquisition of us difficult.

Because we are a Delaware corporation, the anti-takeover provisions of Delaware law could make it more difficult for a third party to acquire control of us, even if the change in control would be supported by our stockholders. We are subject to the provisions of Section 203 of the General Corporation Law of Delaware, which prohibits us from engaging in certain business combinations, unless the business combination is approved in a prescribed manner. In addition, our Amended and Restated Certificate of Incorporation, as amended, and Amended and Restated Bylaws also contain certain provisions that may make a third-party acquisition of us difficult, including the ability of the Board to issue preferred stock and the requirement that nominations for directors and other proposals by stockholders must be made in advance of the meeting at which directors are elected or the proposals are voted upon.

In addition, the Plan and the Charter Amendments could make an acquisition of us more difficult, and certain acquisitions may also be void under the Charter Amendments. The risks associated with the Plan and the Charter Amendments are described in more detail above under the heading "Our ability to use net operating loss carryforwards to offset future taxable income for U.S. federal income tax purposes and other tax benefits may be limited."

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of July 1, 2022 June 30, 2023, we leased approximately 138,000 152,000 square feet of facilities worldwide, with approximately 39% 23% in the United States, mostly in Texas. Our corporate headquarters is located in Austin, Texas, and consists of approximately 18,000 square feet of office space. Texas. We also lease approximately 35,000 square feet of office space, assembly facilities and warehouse warehouses in multiple locations in Texas. Internationally, we lease approximately 103,000 116,000 square feet of facilities throughout Europe, North America, Africa and Asia regions, including offices in Singapore, Slovenia, Philippine Islands, India, Mexico, Canada, South Africa, Ghana, Ivory Coast, Kenya, Nigeria, Algeria, Congo, France, Netherlands, Australia, Dubai, Saudi Arabia, Lebanon, China, and Thailand. Asia. We have repair and service centers in the Philippines and the United States. In addition, we own approximately 57,000 square feet of facilities in Wellington, New Zealand.

We maintain our facilities in good operating condition and believe that they are suitable and adequate for our current and projected needs. We continuously review our anticipated requirements for facilities and may, from time to time, acquire additional facilities, expand existing facilities, or dispose of existing facilities or parts thereof, as we deem necessary.

For more information about our leases, see "Note Note 4. Leases" Leases of the notes to consolidated financial statements, which are included in Item 8 in this Annual Report on Form 10-K.

Item 3. Legal Proceedings

We are subject from time to time to disputes with customers concerning our products “Legal Proceedings” and services. In May 2016, we received notification of a claim for damages from a customer alleging that certain of our products were defective which we settled for an immaterial amount during the third quarter of 2021.

In March 2016, an enforcement action by the Indian Department of Revenue, Ministry of Finance was brought against our subsidiary Aviat Networks (India) Private Limited (“Aviat India”) relating to the non-realization of intercompany receivables “Contingent Liabilities” under Note 13. Commitments and non-payment of intercompany payables, which originated from 1999 to 2012, within the time frames dictated by the Indian regulations under the Foreign Exchange Management Act. In November 2017, the Indian Department of Revenue, Ministry of Finance also initiated a similar action against Telsima Communications Private Limited (“Telsima India”), a subsidiary Contingencies of the Company, relating notes to the non-realization of intercompany receivables and non-payment of intercompany payables consolidated financial statements, which originated from the period prior to our acquisition of Telsima India are included in February 2009. In September 2019, our directors of Aviat India appeared before the Ministry of Finance Enforcement Directorate. No settlement offers were discussed at the meeting and the matter is still ongoing with no subsequent hearing date currently scheduled. We have accrued an immaterial amount representing the estimated probable loss for which we would settle the matter. We currently cannot form an estimate of the range of loss Item 8 in excess of our amounts already accrued. If the outcome of this matter is greater than the current immaterial amount accrued, we intend to dispute it vigorously. Annual Report on Form 10-K. From time to time, we may be involved in various other legal claims and litigation that arise in the normal course of our operations. We are aggressively defending all current litigation matters. Although there can be no assurances and the outcome of these matters is currently not determinable, we currently believe that none of these claims or proceedings are likely to have a material adverse effect on our financial position. We expect to defend each of these disputes vigorously. There are many uncertainties associated with any litigation and these actions or other third-party claims against us may cause us to incur costly litigation and/or substantial settlement charges. As a result, our business, financial condition, results of operations, and cash flows could be adversely affected. The actual liability in any such matters may be materially different from our estimates, if any. We record accruals for our outstanding legal proceedings, investigations or claims when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated. We evaluate, at least on a quarterly basis, developments in legal proceedings, investigations or claims that could affect the amount of any accrual, as well as any developments that would result in a loss contingency to become both probable and reasonably estimable. We have not recorded any significant accrual for loss contingencies associated with such legal claims or litigation discussed above.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information on Common Stock

Our common stock with a par value of \$0.01 per share, is listed and primarily traded on the NASDAQ Global Select Market, under the ticker symbol AVNW (prior to January 29, 2010 our ticker symbol was HSTX). There was no established trading market for shares of our common stock prior to January 29, 2007.

According to the records of our transfer agent, as of September 2, 2022 August 23, 2023, there were 1,968 approximately 1,896 holders holders of record of our common stock.

Dividend Policy

We have not paid cash dividends on our common stock and do not intend to pay cash dividends in the foreseeable future. We intend to retain any earnings for use in our business. In addition, the covenants of our credit facility may restrict us from paying dividends or making other distributions to our stockholders under certain circumstances.

On April 7, 2021, we effected a two-for-one split in the form of a stock dividend to shareholders of record as of April 1, 2021.

Sales of Unregistered Securities

On April 13, 2021, we filed a registration statement on Form S-3 with the SEC using a “shelf” registration process. When we utilize the shelf registration we will be able to, from time to time, offer and sell, either individually or in combination, in one or more offerings, up to a total dollar amount of \$200 million of any combination of the securities described in the shelf registration statement or a related prospectus supplement. During fiscal 2022, 2023, we did not issue or sell any unregistered securities.

Issuer Repurchases Purchases of Equity Securities

During the fourth quarter of fiscal 2022 we repurchased 25,967 shares of our common stock in the open market for an aggregate purchase price, including commissions, of \$0.7 million. These shares were recorded as treasury stock and we do not anticipate retiring them.

In November 2021, our Board of Directors approved a stock repurchase program to purchase up to \$10.0 million of our common stock. As of July 1, 2022 June 30, 2023, \$7.3 million remains available under the stock repurchase program, and we may choose to suspend or discontinue the repurchase program at any time.

Following is a summary of stock repurchases for the three months ended July 1, 2022:

Period	Total Number of Shares Repurchased	Average Price Paid per Share	Total Number of Shares Repurchased as Part of Publicly Announced Program	Approximate dollar Value of Shares that May Yet be Repurchased Under the Program ⁽¹⁾
				(in thousands)
April 2, 2022 through April 29, 2022	25,967	28.86	25,967	\$ 7,260
April 30, 2022 through May 27, 2022	—	—	—	\$ 7,260
May 28, 2022 through July 1, 2022	—	—	—	\$ 7,260
Total	25,967			

(1) In November 2021, our Board of Directors approved a stock repurchase program, which does not have an expiration date, for the repurchase of up to \$10.0 million any shares of our common stock.

Performance Graph

The following graph and accompanying data compare the cumulative total return on of our common stock, with the cumulative total return of the Total Return Index for The NASDAQ Composite Market (U.S. Companies) Index and the NASDAQ Telecommunications Index for the five-year period ended July 1, 2022 June 30, 2023. The comparison assumes \$100 was invested on June 29, 2018, in the Company's common stock and each of the indices and assumes reinvestment of dividends. The historical stock price performance shown on the graph below is not necessarily indicative of future price performance. Note that this graph and accompanying data is "furnished," not "filed," with the SEC.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN* RETURN

Among Aviat Networks, Inc., the NASDAQ Composite Index and the NASDAQ Telecommunications Index

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	6/30/2017	6/29/2018	6/28/2019	7/3/2020	7/2/2021	7/1/2022
Aviat Networks, Inc.	\$ 100.00	\$ 94.08	\$ 78.74	\$ 106.84	\$ 366.44	\$ 288.39
NASDAQ Composite	\$ 100.00	\$ 123.60	\$ 133.22	\$ 171.63	\$ 247.91	\$ 189.76
NASDAQ Telecommunications	\$ 100.00	\$ 120.98	\$ 145.35	\$ 151.78	\$ 202.41	\$ 162.03

* Assumes (i) \$100 invested on June 30, 2017 in Aviat Networks, Inc. common stock, the Total Return Index for The NASDAQ Composite Market (U.S. companies) and the NASDAQ Telecommunications Index; and (ii) immediate reinvestment of all dividends.

	06/29/18	06/28/19	07/03/20	07/02/21	07/01/22	06/30/23
Aviat Networks, Inc.	\$ 100.00	\$ 83.69	\$ 113.56	\$ 389.49	\$ 306.54	\$ 407.65
NASDAQ Composite	\$ 100.00	\$ 107.78	\$ 138.86	\$ 200.58	\$ 153.53	\$ 191.93
NASDAQ Telecommunications	\$ 100.00	\$ 120.14	\$ 125.46	\$ 167.31	\$ 133.94	\$ 130.07

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview of Business; Operating Environment and Key Factors Impacting Fiscal 2022 and 2021 Results

The following Management's Discussion and Analysis ("MD&A") analysis is intended to help the reader understand our results of operations and financial condition. MD&A is provided as a supplement condition during the two-year period ended June 30, 2023 (our fiscal 2023 and 2022). All references herein for the years 2023, 2022 and 2021 represent the fiscal years ended June 30, 2023, July 1, 2022, and July 2, 2021, respectively. Our fiscal year ends on the Friday nearest to and June 30. This discussion should be read in conjunction with our consolidated financial statements and the accompanying notes. In For a comparison of our results of operations for fiscal 2022 and 2021, see our

Annual Report on Form 10-K for the discussion below, our fiscal year ended July 1, 2022 is referred to as "fiscal 2022" or "2022"; our fiscal year ended July 2, 2021 is referred to as "fiscal 2021" or "2021"; and our fiscal year ended July 3, 2020 is referred to as "fiscal 2020" or "2020." Our fiscal year ends, filed with the SEC on the Friday nearest to June 30. Fiscal 2022 and fiscal 2021 presented included 52 weeks while fiscal 2020 included 53 weeks. This one week difference between fiscal 2022 and 2021 to fiscal 2020 impacts the comparison of both revenue and expenses. September 14, 2022.

Overview

Aviat sells Networks, Inc. ("Aviat", "we", or the "Company") is a global supplier of microwave networking and access networking solutions, backed by an extensive suite of professional services and support. We sell radios, routers, software and services, services integral to the functioning of data transport networks. We have more than 3,000 customers and significant relationships with global service providers and private network operators. Our North America manufacturing base in North America consists of a combination of contract manufacturing and assembly and test testing operated in Austin, Texas by Aviat. Additionally, we utilize a contract manufacturer based in Asia for much of our international equipment demand. Our technology is underpinned by more than 200 500 patents. We compete on the basis of total cost of ownership, microwave radio expertise and solutions for mission critical communications. We have a global presence.

The COVID-19 pandemic related disruptions to our business, operations, customers and suppliers lessened over the course of fiscal 2022. While supply chain lead-times remain extended and were difficult to manage through parts of fiscal 2023 and certain components remain on allocation, we have seen recent improvements in the supply chain environment. The impact that supply chain constraints had on our ability to fulfill orders for the year ended July 1, 2022 during fiscal 2023 was minimal. Depending on the progression of pandemic-related factors such as supply constraints, potential for temporary manufacturing restrictions allocations, lead-time trends and our ability to perform field services, during shelter in place orders, we could experience constraints and delays in fulfilling customer orders in future periods. We are monitoring, assessing continually monitor, assess and adapting adapt to the each situation to mitigate impacts on our business, supply chain and customer demand. We expect the potential for these challenges to continue.

We continue until to be impacted by inflationary pressures incurred to overcome supply chain and logistical bottlenecks. We will monitor, assess and adapt to the situation and prepare for implications to our business, supply chain and economic activities return customer demand. We expect these challenges to more normal levels, continue.

Our first priority Acquisitions

NEC's Wireless Transport Business

On May 9, 2023, the Company entered into the Purchase Agreement with NEC Corporation. Pursuant to the Purchase Agreement, the Company will purchase certain assets and liabilities from NEC relating to NEC's wireless backhaul business. Initial consideration due at the closing of the NEC Transaction will be comprised of (i) an amount in cash equal to \$45.0 million, subject to certain post-closing adjustments, and (ii) the issuance of \$25.0 million in Company common stock. Aggregate consideration will be approximately \$70.0 million. The Company has obtained permanent financing to fund the cash portion of the NEC Transaction. See Note 7. Credit Facility and Debt for further information.

The Purchase Agreement contains certain customary termination rights, including, among others, (i) the right of the Company or NEC to terminate if all the conditions to closing have not been either waived or satisfied on or before February 9, 2024 and (ii) there is a final non-appealable order of a government entity prohibiting the consummation of the NEC Transaction. The NEC Transaction remains subject to, among other things, regulatory approvals and satisfaction of other customary closing conditions.

The Company expects to complete the health NEC Transaction in the fourth quarter of calendar year 2023.

NEC is a leader in wireless backhaul networks with an extensive installed base of their Pasolink series products.

Redline Communications Group Inc.

On July 5, 2022, we acquired Redline Communications Group Inc. ("Redline"), for a purchase price of \$20.4 million. Redline is a leading provider of mission-critical data infrastructure. The acquisition of Redline allows Aviat to expand its Private Networks Offering with Private LTE/5G and safety of our employees Unlicensed Wireless Access Solutions, by creating an integrated end-to-end offering for wireless access and their families. Employees whose tasks can be done offsite have been instructed transport in the Private Networks segment, leveraging Aviat's sales

channel to work from home. Our manufacturing sites remain operational, address a large dollar Private LTE/5G addressable market and we are maintaining social distancing and have enhanced cleaning protocols and usage of personal protective equipment, where appropriate, increasing Aviat's reach in mission-critical industrial Private Networks.

Operations Review

The market for mobile backhaul continued to be our primary addressable market segment globally in fiscal 2022, 2023. In North America, we supported 5G and long-term evolution ("LTE") deployments of our mobile operator customers, public safety network deployments for state and local governments, and private network implementations for utilities and other customers. In international markets, our business continued to rely on a combination of customers increasing their capacity to handle subscriber growth and the ongoing build-out of 3G deployments, some large LTE and 5G deployments and LTE deployments. Our position continues to be to support our customers for 5G and LTE readiness and ensure that our technology roadmap is well aligned with evolving market requirements. We continue to find that our Our strength in turnkey and after-sale support services is a differentiating factor that wins business for us and enables us to expand our business with existing customers in all markets, customers. Additionally, we operate an e-commerce platform that provides low cost services, a simple experience, and fast delivery to mobile operator and private network customers. However, as disclosed in "Overview" above and in the "Risk Factors" section in Item 1A of this Annual Report on Form 10-K, a number of factors could prevent us from achieving our objectives, including ongoing pricing pressures attributable to competition and macroeconomic conditions in the geographic markets that we service, serve.

Fiscal 2023 Compared to Fiscal 2022

Revenue

We manage our sales activities primarily on a geographic basis in North America and three international geographic regions: (1) Africa and the Middle East, (2) Europe and (3) Latin America and Asia Pacific. Revenue by region for fiscal 2022, 2021, 2023 and 2020, 2022 and the related changes are shown in the table below, were as follows:

(In thousands, except percentages)	(In thousands, except percentages)	Fiscal Year			\$ Change		% Change		(In thousands, except percentages)	Fiscal Year			% Change
		2022	2021	2020	2022/2021	2021/2020	2022/2021	2021/2020		2023	2022	\$ Change	
North America	North America	\$ 199,801	\$ 183,071	\$ 151,709	\$ 16,730	\$ 31,362	9.1 %	20.7 %	North America	\$ 202,096	\$ 199,801	\$ 2,295	1.1 %
Africa and the Middle East	Africa and the Middle East	47,527	44,023	37,595	3,504	6,428	8.0 %	17.1 %	Africa and the Middle East	60,416	47,527	12,889	27.1 %
Europe	Europe	12,973	8,826	11,157	4,147	(2,331)	47.0 %	(20.9) %	Europe	18,772	12,973	5,799	44.7 %
Latin America and Asia Pacific	Latin America and Asia Pacific	42,658	38,991	38,181	3,667	810	9.4 %	2.1 %	Latin America and Asia Pacific	65,309	42,658	22,651	53.1 %
Total Revenue	Total Revenue	\$ 302,959	\$ 274,911	\$ 238,642	\$ 28,048	\$ 36,269	10.2 %	15.2 %	Total Revenue	\$ 346,593	\$ 302,959	\$ 43,634	14.4 %

We achieved revenue growth of 10.2% 14.4% in fiscal 2022. We have progressed 2023 driven by significant international share gains and the contribution from the Redline acquisition.

Revenue in the U.S. rural broadband and wireless internet service provider areas and there is evidence of investment to support 5G deployments with our U.S. service provider customers.

Our revenue from North America increased by \$16.7 million \$2.3 million, or 9.1% 1.1%, in fiscal 2022 compared with fiscal 2021. The increase in North America revenue during fiscal 2022 was 2023 primarily due to increased tier one revenue, growth with partially offset by lower private network customers and rural broadband customers. volumes.

Revenue from North America increased \$31.4 million, or 20.7%, in fiscal 2021 compared with fiscal 2020. The increase in North America revenue during fiscal 2021 was due to stronger order flow from private network customers, as well as increased sales to mobile operators.

Our revenue from Africa and the Middle East increased by \$3.5 million \$12.9 million, or 8.0% 27.1%, in fiscal 2022 compared with fiscal 2021. The increase in revenue was 2023 primarily due to increased product sales to mobile and private network operators in the region. Revenue from Africa region and the Middle East contribution from the Redline acquisition.

Revenue in Europe increased \$6.4 million by \$5.8 million, or 17.1% 44.7%, in fiscal 2021 compared with fiscal 2020. The increase in revenue was 2023 primarily due to increased sales to mobile operators in the region.

Revenue from Europe increased by \$4.1 million, or 47.0%, in fiscal 2022 compared with fiscal 2021. The increase in revenue was due to higher sales to private network customers. Revenue in Europe decreased \$2.3 million, or 20.9%, in fiscal 2021 compared with fiscal 2020. The decrease was due to lower sales to mobile operator customers.

operators.

Revenue in Latin America and Asia Pacific increased by \$3.7 million \$22.7 million, or 9.4% 53.1%, in fiscal 2022 compared with fiscal 2021. The increase 2023 primarily driven by a key customer win in revenue was primarily due to higher Asia Pacific and increased product sales to mobile operator customers in Asia Pacific offset in part by decreased revenue in Latin America. Revenue from Latin America and Asia-Pacific increased \$0.8 million, or 2.1%, in fiscal 2021 compared with fiscal 2020. The increase in revenue was primarily due to higher sales to mobile operator customers in Asia Pacific offset in part by decreased revenue operators in Latin America.

(In thousands, except percentages)	Fiscal Year			\$ Change		% Change	
	2022	2021	2020	2022/2021	2021/2020	2022/2021	2021/2020
Product sales	\$ 208,100	\$ 185,787	\$ 153,793	\$ 22,313	\$ 31,994	12.0 %	20.8 %
Services	94,859	89,124	84,849	5,735	4,275	6.4 %	5.0 %
Total Revenue	\$ 302,959	\$ 274,911	\$ 238,642	\$ 28,048	\$ 36,269	10.2 %	15.2 %

	Fiscal Year			
	2023	2022	\$ Change	% Change
(In thousands, except percentages)				
Product sales	\$ 239,321	\$ 208,100	\$ 31,221	15.0 %
Services	107,272	94,859	12,413	13.1 %
Total Revenue	\$ 346,593	\$ 302,959	\$ 43,634	14.4 %

Our revenue from product sales and services increased by \$22.3 million, or 12.0%, 15.0% and 13.1% respectively in fiscal 2022 2023 compared with fiscal 2021. Product volume increased with customers in all regions. Our services 2022. The relatively proportionate increases were driven by the same overall factors of revenue increased by \$5.7 million, or 6.4%, in fiscal 2022 compared with fiscal 2021 from increased sales in all regions, except for Asia Pacific. growth discussed previously.

Our revenue from product sales increased \$32.0 million, or 20.8%, in fiscal 2021 compared with fiscal 2020. Product volume increased with customers in North America and Middle East Africa, offset in part by small declines in the other international markets. Our services revenue increased by \$4.3 million, or 5.0%, in fiscal 2021 compared with fiscal 2020 from increased sales in North America.

Gross Margin

		Fiscal Year				\$ Change				% Change				
		2022	2021	2020	2022/2021	2021/2020	2022/2021	2021/2020	2022/2021	2021/2020	2023	2022	\$ Change	% Change
(In thousands, except percentages)	(In thousands, except percentages)									(In thousands, except percentages)				
Revenue	Revenue	\$ 302,959	\$ 274,911	\$ 238,642	\$ 28,048	\$ 36,269	10.2 %	15.2 %	Revenue	\$ 346,593	\$ 302,959	\$ 43,634	14.4 %	
Cost of revenue	Cost of revenue	193,724	172,296	153,946	21,428	18,350	12.4 %	11.9 %	Cost of revenue	222,422	193,724	28,698	14.8 %	
Gross margin	Gross margin	\$ 109,235	\$ 102,615	\$ 84,696	\$ 6,620	\$ 17,919	6.5 %	21.2 %	Gross margin	\$ 124,171	\$ 109,235	\$ 14,936	13.7 %	
% of revenue	% of revenue	36.1 %	37.3 %	35.5 %					% of revenue	35.8 %	36.1 %			
Product margin %	Product margin %	36.4 %	39.1 %	38.0 %					Product margin %	36.9 %	36.4 %			
Service margin %	Service margin %	35.4 %	33.5 %	30.9 %					Service margin %	33.4 %	35.4 %			

Gross margin for fiscal 2022 2023 increased by \$6.6 million \$14.9 million, or 6.5% 13.7%, compared with fiscal 2021. primarily due to higher volume of private network and mobile operator business as well as the contribution from the Redline acquisition. Gross margin as a percentage of revenue for fiscal 2022 decreased to 36.1% 2023 remained flat at 35.8%, compared with 37.3% in fiscal 2021, primarily due to inflationary pressures during a higher mix of revenues generated outside of North America where margins are typically lower, offset by the year.

Gross margin for fiscal 2021 increased \$17.9 million, or 21.2%, compared with fiscal 2020. Gross margin as a percentage contribution of revenue for fiscal 2021 increased to 37.3%, compared with 35.5% in fiscal 2020, primarily due to higher volume of Private Network business, increased sales through Aviat Store which serves primarily the Rural Broadband, and wins with our multiband products and software sales. Redline acquisition.

Research and Development Expenses

		Fiscal Year				\$ Change				% Change				
		2022	2021	2020	2022/2021	2021/2020	2022/2021	2021/2020	2022/2021	2021/2020	2023	2022	\$ Change	% Change
(In thousands, except percentages)	(In thousands, except percentages)									(In thousands, except percentages)				
Research and development expenses	Research and development expenses	\$ 22,596	\$ 21,810	\$ 19,284	\$ 786	\$ 2,526	3.6 %	13.1 %	Research and development expenses	\$ 24,908	\$ 22,596	\$ 2,312	10.2 %	
% of revenue	% of revenue	7.5 %	7.9 %	8.1 %					% of revenue	7.2 %	7.5 %			

Our research and development ("R&D") expenses increased by \$0.8 million \$2.3 million, or 3.6% 10.2%, in fiscal 2022 2023 compared with fiscal 2021. 2022. The increase was due primarily attributable to additional investments to support new product offerings the addition of Redline's research and redesigns to mitigate supply chain constraints. development program.

Our R&D expenses increased \$2.5 million, or 13.1%, in fiscal 2021 compared with fiscal 2020. The increase was due to additional investments to support new product offerings.

Selling and Administrative Expenses

(In thousands, except percentages)	(In thousands, except percentages)	Fiscal Year			\$ Change		% Change		(In thousands, except percentages)	Fiscal Year			% Change
		2022	2021	2020	2022/2021	2021/2020	2022/2021	2021/2020		2023	2022	\$ Change	
Selling and administrative expenses	Selling and administrative expenses	\$ 57,656	\$ 56,324	\$ 57,985	\$ 1,332	\$ (1,661)	2.4 %	(2.9) %	Selling and administrative expenses	\$ 69,842	\$ 57,656	\$ 12,186	21.1 %
% of revenue	% of revenue	19.0 %	20.5 %	24.3 %					% of revenue	20.2 %	19.0 %		

Our selling and administrative expenses increased by \$1.3 million \$12.2 million, or 2.4% 21.1%, in fiscal 2022 compared with fiscal 2021. The increase was 2023 primarily due to higher corporate the Redline acquisition, share-based compensation and merger and acquisition related expenses.

Our selling and administrative expenses decreased \$1.7 million, or 2.9%, in fiscal 2021 compared with fiscal 2020. The decrease was primarily due to lower travel expenses and restructuring savings offset in part by increases in sales-related expenses.

Restructuring Charges

During the fourth quarter of Q4 2022, our Board of Directors approved a restructuring plan (the "Q4 2022 Plan") to restructure specific groups to optimize skill sets and execute on strategic deliverables. The Q4 2022 Plan was anticipated to be implemented through early fiscal year 2023, with a certain number of positions being consolidated. We recorded \$0.4 million restructuring charges for this plan in Fiscal Year 2022.

Restructuring Charges

(In thousands, except percentages)	Fiscal Year		\$ Change	% Change
	2023	2022		
Restructuring charges	\$ 3,012	\$ 238	\$ 2,774	1,165.5 %
% of revenue	0.9 %	0.1 %		

During the third quarter of fiscal 2021, 2023, our Board of Directors approved restructuring plans, (the "Fiscal 2021 Plan") to continue to reduce primarily associated with the acquisition of Redline and reductions in workforce in our operating costs and improve profitability. We recorded restructuring charges of \$2.4 million related to operations outside the Fiscal 2021 Plan in United States. The fiscal 2021. Payments related to the accrued restructuring balances for this plan 2023 plans are expected to be fully paid in fiscal 2023.

During completed through the fourth quarter end of first half of fiscal 2020, our Board of Directors approved a restructuring plan (the "Q4 2020 Plan") to continue to reduce our operating costs and improve profitability to optimize our business model and increase efficiencies. We recorded restructuring charges of \$1.9 million related to the Q4 2020 Plan in fiscal 2020. Payments related to the accrued restructuring liability balance for this plan were fully paid in fiscal 2022.

During the third quarter of fiscal 2020, our Board of Directors approved a restructuring plan (the "Q3 2020 Plan") to reduce our operating costs and improve profitability to optimize our business model and increase efficiencies. We recorded restructuring charges of \$0.6 million related to the Q3 2020 Plan in fiscal 2020. Payments related to the accrued restructuring liability balance for this plan were fully paid in fiscal 2021.

Our restructuring charges by plan for fiscal 2022, 2021 and 2020 are summarized in the table below:

(In thousands, except percentages)	Fiscal Year			\$ Change		% Change	
	2022	2021	2020	2022/2021	2021/2020	2022/2021	2021/2020
Q4 2022 Plan	\$ 434	\$ —	\$ —	\$ 434	\$ —	N/A	N/A
Fiscal 2021 Plan	271	2,414	—	(2,143)	2,414	(88.8)%	N/A
Prior Years Plans	(231)	(143)	4,049	(88)	(4,192)	61.5 %	(103.5)%
Prior Year Plan: Facilities and Other	(236)	—	—	(236)	—	N/A	N/A
Restructuring charges	\$ 238	\$ 2,271	\$ 4,049	\$ (2,033)	\$ (1,778)	(89.5)%	(43.9)%

Restructuring charges for fiscal 2022 included employee and severance and benefits of \$0.4 million under the Q4 2022 Plan and \$0.3 million under the Fiscal 2021 Plan and reductions of Prior Years Plans estimated accruals of \$0.5 million. Restructuring charges for fiscal 2021 included employee severance and benefits of \$2.4 million, the Fiscal 2021 Plan and a reduction in the previously estimated accrual of \$0.1 million in Prior Years Plans. Restructuring charges for fiscal 2020 included employee severance and benefits costs of \$1.9 million for the Q4 2020 Plan and \$2.2 million for the Prior Years Plans. 2024.

Our successfully executed restructuring initiatives have enabled us to restructure specific groups to optimize skill sets and align structure to execute on strategic deliverables, in addition to aligning cost structure with core of the business.

Other (Expense) Income, (Expense), Net

	Fiscal Year			\$ Change		% Change			Fiscal Year						
	(In thousands, except percentages)	(In thousands, except percentages)	(In thousands, except percentages)	2022	2021	2020	2022/2021		2021/2020	2022/2021	2021/2020	(In thousands, except percentages)	2023	2022	\$ Change
Other income, net	1,690	230	331	1,460	(101)		635 %	(31) %							
Other (expense) income, net										Other (expense) income, net	\$ (3,306)	\$ 1,690	\$ (4,996)	(295.6) %	

Our other (expense) income, net increased changed by \$1.5 million \$5.0 million, in fiscal 2022 2023 compared with fiscal 2021, 2022, primarily due to gains in losses recognized on the sale of marketable securities, partially offset by movement in higher interest expense and foreign exchange, exchange losses.

Income Taxes

	Fiscal Year			\$ Change			Fiscal Year						
	(In thousands, except percentages)	(In thousands, except percentages)	(In thousands, except percentages)	2022	2021		2020	2022/2021	2021/2020	(In thousands, except percentages)	2023	2022	\$ Change
Income before income taxes	\$ 30,435	\$ 22,440	\$ 3,709	\$ 7,995	\$ 18,731				Income before income taxes	\$ 23,103	\$ 30,435	\$ (7,332)	(24.1) %
Provision for (benefit from) income taxes	9,275	(87,699)	3,452	96,974	(91,151)				Provision for income taxes	11,575	9,275	2,300	24.8 %
As % of income before income taxes	30.5 %	(390.8) %	93.1 %						As % of income before income taxes	50.1 %	30.5 %		

Our provision for (benefit from) income taxes was \$11.6 million of expense for fiscal 2023 and \$9.3 million of expense for fiscal 2022, \$87.7 million of benefit for fiscal 2021 and \$3.5 million of expense for fiscal 2020, 2022. Our tax expense for fiscal 2022 2023 was primarily due to tax expense related to U.S. and profitable foreign subsidiaries, subsidiaries, including tax expense associated with our acquisition of Redline in July 2022 and subsequent restructuring and integration impact. See Note 12. Acquisitions.

Our tax benefit expense for fiscal 2021 2022 was primarily due to the release of \$92.2 million in valuation allowance on our U.S. federal and state deferred tax assets, offset by tax expenses related to U.S. and profitable foreign subsidiaries subsidiaries.

Fiscal 2022 Compared to Fiscal 2021

For a comparison of our results of operations for fiscal 2022 and an increase in 2021, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our reserve Annual Report on Form 10-K for uncertain tax positions. the fiscal year ended July 1, 2022, filed with the SEC on September 14, 2022.

Liquidity, Capital Resources and Financial Strategies

As of July 1, 2022 June 30, 2023, our cash and cash equivalents and marketable securities totaled \$47.8 million \$22.2 million. Approximately \$5.9 million \$7.5 million, or 12.3% 33.9%, was held in the United States. The remaining balance of \$41.9 million \$14.7 million, or 87.7% 66.1%, was held by entities outside the United States. This amount includes \$14.0 million moved in advance of the Redline acquisition closure. Of the amount of cash and cash equivalents held by our foreign subsidiaries at July 1, 2022 June 30, 2023, \$29.2 million \$13.8 million was held in jurisdictions where our undistributed earnings are indefinitely reinvested, and if repatriated, would be subject to foreign withholding taxes.

Operating Activities

Cash used in or provided by operating activities is presented as net income adjusted for certain non-cash items and changes in operating assets and liabilities. Net cash provided by used in operating activities was \$2.8 million \$1.6 million for fiscal 2022, \$17.3 million and \$17.5 million, respectively, were 2023,

compared with \$2.8 million provided by operating activities for fiscal 2021 and fiscal 2020.

For fiscal 2022 compared to fiscal 2021, cash provided by operating activities decreased by \$14.5 million. The net contribution of non-cash items to cash provided by 2022. Cash used in operating activities increased by \$97.4 million and the \$4.4 million, primarily attributable to net contribution of changes in operating assets and liabilities, partially offset by improved net income prior to cash provided by operating activities decreased by \$22.9 million in fiscal 2022 as compared non-cash adjustments related to fiscal 2021.

The \$97.4 million increase in share-based compensation expense, depreciation of property, plant and equipment and losses recognized on the net contribution sale of non-cash items to cash provided by operating activities was primarily attributable to a \$98.6 million net change in deferred tax assets, marketable securities.

Net changes in operating assets and liabilities resulted in a decrease \$5.8 million of \$22.9 million additional cash used by operating activities for fiscal 2022 compared 2023, primarily attributable to fiscal 2021. Accounts increases in accounts receivable and unbilled costs fluctuate from period to period, depending on as a result of the amount and timing of sales and billing activities and cash collections. The fluctuations in accounts payable and accrued expenses during fiscal 2022 were primarily due to the timing of liabilities incurred and vendor payments. The change in inventories and in customer service inventories during fiscal 2022 were primarily driven by forecasted demand and to secure component parts in shortage. The decrease in customer advance payments and unearned revenue during fiscal 2022 was due to the timing of payment from customers and revenue recognition. We used \$1.6 million in cash during fiscal 2022 on expenses related to restructuring liabilities.

For fiscal 2021 compared to fiscal 2020, cash provided by operating activities increased by \$0.2 million. The net contribution of non-cash items to cash provided by operating activities decreased by \$92.3 million and the net changes in operating assets and liabilities to cash provided by operating activities decreased by \$17.7 million in fiscal 2021 as compared to fiscal 2020.

The \$92.3 million decrease in the net contribution of non-cash items to cash provided by operating activities was primarily attributable to a \$90.4 million net change in deferred tax assets offset by proceeds from sale of asset held for sale.

Investing Activities

Net cash used in investing activities was \$11.9 million for fiscal 2023, compared to \$7.8 million for fiscal year 2022, \$2.8 million for fiscal 2021 2022. The \$4.2 million increase is primarily due to the acquisition of Redline and \$4.6 million for fiscal 2020, which consisted of purchases higher capital expenditures, partially offset by proceeds on the sale of marketable securities and capital expenditures net of cash received from sale of a real estate asset.

For originally purchased in fiscal 2023, we expect to spend between \$5.0 million to \$6.0 million for capital expenditures, primarily on equipment for development and manufacturing of new products and IT infrastructure.

2022.

Financing Activities

Financing cash flows consist primarily of proceeds borrowings and repayments of short-term debt, under our revolving credit line, repurchase of stock, and proceeds from the sale exercise of shares of common employee stock through employee equity plans, options. Net cash used in financing activities was \$4.9 million \$0.7 million for fiscal 2023, compared to \$4.9 million in fiscal 2022. The \$4.2 million decrease is primarily due to no share repurchases in the current year, 2022, which was attributable to \$5.4 million for repurchase of common stock relating to treasury shares, \$0.5 million payments for taxes related to net settlement of equity awards, partially offset by \$1.0 million proceeds from \$0.8 million of payments of deferred financing costs associated with the issuance of common stock from employee stock plans. Net cash used by financing activities was \$8.0 million for fiscal 2021 and \$2.5 million for fiscal 2020. Credit Facility (as defined below) entered into with Wells Fargo Bank in May 2023.

As of July 1, 2022 June 30, 2023, our principal sources of liquidity consisted of the \$47.8 million \$22.2 million in cash and cash equivalents, and marketable securities, \$21.7 million \$40.0 million of available credit under our \$25.0 million credit facility with Silicon Valley Bank ("SVB Credit Facility") which matures on June 28, 2024, Facility, and future collections of receivables from customers. We regularly require letters of credit from certain customers and, from time to time, these letters of credit are discounted without recourse shortly after shipment occurs to meet immediate liquidity requirements and to reduce our credit and sovereign risk. Historically, our primary sources of liquidity have been cash flows from operations and credit facilities.

On May 17, 2021 Additionally, we entered into Amendment No. 4 to Third Amended and Restated Loan and Security Agreement, which extended the expiration date to June 28, 2024. While we intend to continue to renew the SVB Credit Facility in the future, there can be no assurance that the SVB Credit Facility will be renewed. In addition, there can be no assurance that our business will generate cash flow from operations, that we will be in compliance with the quarterly financial covenants contained in the SVB Credit Facility, or that we will have a sufficient borrowing base under such facility. If we are not in compliance with the financial covenants or do not have sufficient eligible accounts receivable to support our borrowing base, the availability of our credit facility is not certain or may be diminished. Over the longer term, if we are unable to maintain cash balances or generate sufficient cash flow from operations to service our obligations that may arise in the future, we may be required to sell assets, reduce capital expenditures, or obtain financing. If we need to obtain additional financing, we cannot be assured that it will be available on favorable terms, or at all. Our ability to make scheduled principal payments or pay interest on or refinance any future indebtedness depends on our future performance and financial results, which, to a certain extent, are subject to general conditions in or affecting the microwave communications market and to general economic, political, financial, competitive, legislative and regulatory factors beyond our control.

On April 13, 2021, we filed an effective shelf registration statement on Form S-3 with the SEC using a "shelf" registration process. If and when we utilize the shelf registration, we will be able allowing us to from time to time, offer and sell, either individually or in combination, in one or more offerings, up to a total dollar amount of \$200 million \$200.0 million of any combination of the securities described in the shelf registration statement. Each time we offer securities under this shelf registration, we will provide statement or a related prospectus supplement that will contain more specific information about the terms of that offering. supplement.

We believe that our existing cash and cash equivalents, the available line of credit borrowings under the SVB our Credit Facility, the availability under our effective shelf registration statement and future cash collections from customers will be sufficient to provide for our anticipated requirements and plans for working capital cash for the next 12 months. In addition, we believe these sources of liquidity will be sufficient to provide for our anticipated requirements and capital expenditures plans for at least cash beyond the next 12 months.

Available Credit Facility, Borrowings and Repayment of Debt

On **May 17, 2021** May 9, 2023, we entered into **Amendment No. 4 to Third Amended a Secured Credit Facility Agreement** (the "Credit Facility" or "Credit Agreement") with Wells Fargo Bank, National Association, as administrative agent, swingline lender and Restated Loan issuing lender and Security Agreement to extend the maturity date to June 28, 2024, Wells Fargo Securities LLC, Citigroup Global Markets Inc., and Regions Capital Markets as lenders. The SVB Credit Facility provides for a \$25.0 million accounts receivable formula-based \$40.0 million revolving credit facility that can be borrowed by ("the U.S. company, Revolver") and a \$50.0 million Delayed Draw Term Loan Facility (the "Term Loan") with a \$25.0 million sub-limit that can be borrowed by our U.S. and Singapore entities. Loans may be advanced under the SVB Credit Facility based on a borrowing base equal to a specified percentage maturity date of the value of eligible accounts of all borrowers under the SVB Credit Facility. May 8, 2028. The borrowing base is subject to certain eligibility criteria. Availability under the accounts receivable formula-based \$40.0 million revolving credit facility can also be utilized to issue borrowed with a \$10.0 million sublimit for letters of credit, and a \$10.0 million swingline loan sublimit. The Term Loan has a funding date on or prior to the closing date of the previously announced NEC Transaction with a \$12.0 million sub-limit. We may prepay loans under the SVB Credit Facility in whole or in part at any time without premium or penalty, proceeds used to settle the cash portion of the consideration and related expense. See Note 12. Acquisitions for further information.

As of **July 1, 2022** June 30, 2023, available credit under the SVB Credit Facility Revolver was \$21.7 million reflecting the calculated borrowing base of \$25.0 million less outstanding letters of credit of \$3.3 million \$40.0 million. We did not borrow borrowed \$36.5 million and repaid \$36.5 million against the SVB Credit Facility Revolver during fiscal 2022 and 2023. As of June 30, 2023 there was no borrowing outstanding as of July 1, 2022, for either the Revolver or Term Loan.

The SVB Outstanding borrowings under the Credit Facility carries an bear interest at either: (a) Adjusted Term Secured Overnight Financing Rate ("SOFR") plus the applicable margin; or (b) the Base Rate plus the applicable margin. The pricing levels for interest rate at our option, computed (i) at the prime rate reported in the Wall Street Journal plus a spread of 0.50% to 1.50%, with such spread margins are determined based on our the Consolidated Total Leverage Ratio as determined and adjusted quick ratio; or (ii) if we satisfy a minimum adjusted quick ratio, a LIBOR rate determined in accordance with the SVB Credit Facility, plus a spread of 2.75%. Any outstanding Singapore subsidiary-borrowed loans shall bear interest at an additional 2.00% above the applicable prime or LIBOR rate. quarterly.

The SVB Credit Facility requires the Company and its subsidiaries to maintain a fixed charge coverage ratio to be greater than 1.25 to 1.00 as of the last day of any fiscal quarter of the Company. The Credit Facility also requires that the Company maintain a maximum leverage ratio of 3.00 times EBITDA, with a step-down to 2.75 times EBITDA after four full quarters, and 2.50 times EBITDA after eight full quarters. The Credit Facility contains monthly customary affirmative and quarterly financial negative covenants, for minimum adjusted quick ratio including, among others, covenants limiting the ability of the Company and minimum profitability (EBITDA) requirements, respectively. In the event our adjusted quick ratio falls below a certain level, cash received in our accounts with SVB may be directly applied to reduce outstanding obligations under the SVB Credit Facility. The SVB Credit Facility also imposes certain restrictions on our ability its subsidiaries to dispose of assets, enter into a transaction resulting in permit a change in control, merge or consolidate, make acquisitions, incur indebtedness, grant liens, make investments, make certain restricted payments, and enter into transactions with affiliates, under certain circumstances. Certain of our assets, including accounts receivable, inventory, and equipment, are pledged as collateral for the SVB Credit Facility. Upon an event of default, outstanding obligations would be immediately due and payable. Under certain circumstances, a default interest rate will apply on all obligations during the existence of an event of default at a per annum rate of interest equal in each case subject to 5.00% above the applicable interest rate. customary exceptions.

As of **July 1, 2022** June 30, 2023, we were in compliance with the quarterly all financial covenants as amended, contained in the Credit Agreement.

On May 9, 2023, the Company and Silicon Valley Bank ("SVB") terminated the Third Amended and Restated Loan and Security Agreement dated June 29, 2018, and as amended May 17, 2021 (the "SVB Credit Facility"), by and between the Company, as borrower, and SVB, as lender. We borrowed \$65.7 million and repaid \$65.7 million against the SVB Credit Facility.

During Facility during fiscal 2022, 2023. As of June 30, 2023, we terminated our uncommitted short-term line had \$2.6 million of credit from a bank in New Zealand. collateralized cash on deposit with SVB associated with certain commercial commitments.

Restructuring Payments

We had liabilities for restructuring activities totaling \$1.4 million \$0.6 million as of **July 1, 2022** June 30, 2023, which was classified as current liability and expected to be paid in cash over the next 12 months. We expect to fund these future payments with available cash and cash provided by operations. See Note 8. Restructuring Activities for further information.

Financial Risk Management

In the normal course of doing business, we are exposed to the risks associated with foreign currency exchange rates and changes in interest rates. We employ established policies and procedures governing the use of financial instruments to manage our exposure to such risks.

Exchange Rate Risk

We conduct business globally in numerous currencies and are therefore exposed to foreign currency risks. We use derivative instruments from time to time to reduce the volatility of earnings and cash flows associated with changes in foreign currency exchange rates. We do not hold or issue derivatives for trading purposes or make speculative investments in foreign currencies.

We also enter into foreign exchange forward contracts to mitigate the change in fair value of specific non-functional currency assets and liabilities on the consolidated balance sheets. All balance sheet hedges are marked to market through earnings every period. Changes in the fair value of these derivatives are largely offset by re-measurement of the underlying assets and liabilities.

As of July 1, 2022, we had multiple We did not have any foreign exchange forward contracts in one foreign currency outstanding as follows:

Notional Contract Amount

Notional Contract Amount

Currency	(Local Currency)	(USD)
		(In thousands)
Euro	1,500	\$ 1,681

of June 30, 2023.

Net foreign exchange (loss) gain losses recorded in our consolidated statements of operations during fiscal 2023 and 2022 2021 were \$1.0 million and 2020 were \$(1.1) million, \$(1.0) million, and \$0.4 million \$1.1 million, respectively.

A 10% adverse change in currency exchange rates for our foreign currency derivatives held as of July 1, 2022 would have no impact as we held no foreign currency derivatives as of July 1, 2022.

Certain of our international business are transacted in non-U.S. dollar currency. As discussed above, we utilize foreign currency hedging instruments to minimize the currency risk of international transactions. The impact of translating the assets and liabilities of foreign operations to U.S. dollars is included as a component of stockholders' equity. As of July 1, 2022 June 30, 2023 and July 2, 2021 July 1, 2022, the cumulative translation adjustment decreased our stockholders' equity by \$16.0 million and \$14.3 million \$16.0 million, respectively.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our cash equivalents, short-term investments and borrowings under our credit facility.

Exposure on Cash Equivalents and Short-term Investments

We had \$47.8 million \$22.2 million in total cash and cash equivalents and marketable securities as of July 1, 2022 June 30, 2023. Cash equivalents and short-term investments totaled \$9.0 million \$4.4 million as of July 1, 2022 June 30, 2023 and were comprised of money market funds and certificates of deposit. Cash equivalents and short-term investments have been recorded at fair value on our consolidated balance sheets.

We do not use derivative financial instruments in our short-term investment portfolio. We invest in high-credit quality issues and, by policy, limit the amount of credit exposure to any one issuer and country. The portfolio includes only marketable securities with active secondary or resale markets to ensure portfolio liquidity. The portfolio is also diversified by maturity to ensure that funds are readily available as needed to meet our liquidity needs. This policy reduces the potential need to sell securities to meet liquidity needs and therefore the potential effect of changing market rates on the value of securities sold.

The primary objective of our short-term investment activities is to preserve principal while maximizing yields, without significantly increasing risk. Our cash equivalents and short-term investments earn interest at fixed rates; therefore, changes in interest rates will not generate a gain or loss on these investments unless they are sold prior to maturity. Actual gains and losses due to the sale of our investments prior to maturity have been immaterial. The investments held as of July 1, 2022 June 30, 2023, had weighted-average days to maturity of 36 43 days, and an average yield of 6.43% 4.5% per annum. A 10% change in interest rates on our cash equivalents and short-term investments is not expected to have a material impact on our financial position, results of operations or cash flows.

Exposure on Borrowings

During fiscal 2022, we had no demand Our borrowings outstanding under our credit facility, the current Credit Facility bear interest at either: (a) Adjusted Term SOFR plus the applicable margin; or (b) the Base Rate plus the applicable margin. The pricing levels for interest would have been rate margins are determined based on the Consolidated Total Leverage Ratio as determined and adjusted quarterly.

Our borrowings under the now terminated SVB Credit Facility incurred interest at the prime rate plus a spread of 0.50% to 1.50%, with such spread determined based on our adjusted quick ratio.

During fiscal 2022, our weighted average 2023, the weighted-average interest rate would have been 5.25% under our available credit facilities was 7.6%.

A 10% change in interest rates on the current borrowings or on future borrowings is not expected to have a material impact on our financial position, results of operations or cash flows since interest on our borrowings is not material to our overall financial position, flows.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us.

These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements as well as the reported amounts of revenues and expenses during the periods presented. To the extent there are material differences between these estimates, judgments or assumptions and actual results, our financial statements will be affected.

The accounting policies that reflect our more significant estimates, judgments and assumptions and which we believe are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

- revenue recognition for estimated costs to complete overtime over-time services;
- inventory valuation and provision for excess and obsolete inventory losses; and
- income taxes valuation, valuation; and
- business combinations.

In some cases, the accounting treatment of a particular transaction is specifically dictated by U.S. GAAP and does not require management's judgment in its application. There are also areas in which management's judgment in selecting among available alternatives would not produce a materially different result. Our senior management has reviewed these critical accounting policies and related disclosures with the Audit Committee of the Board.

The following is not intended to be a comprehensive list of all of our accounting policies or estimates. Our significant accounting policies are more fully described in "Note 1. The Company and Summary of Significant

Accounting Policies" in the notes to consolidated financial statements. In preparing our financial statements and accounting for the underlying transactions and balances, we apply those accounting policies. We consider the estimates discussed below as critical to an understanding of our financial statements because their application places the most significant demands on our judgment, with financial reporting results relying on estimates about the effect of matters that are inherently uncertain.

Besides estimates that meet the "critical" accounting estimate criteria, we make many other accounting estimates in preparing our financial statements and related disclosures. All estimates, whether or not deemed critical, affect reported amounts of assets, liabilities, revenue and expenses as well as disclosures of contingent assets and liabilities. Estimates are based on experience and other information available prior to the issuance of the financial statements. Materially different results can occur as circumstances change and additional information becomes known, including for estimates that we do not deem "critical."

Revenue Recognition

Effective June 30, 2018, we adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, using the modified retrospective method applied to those contracts that were not completed as of June 29, 2018. Results for the reporting periods after June 29, 2018 are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historical accounting under ASC 605.

Under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, we recognize revenue by applying the following five-step approach: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, we satisfy a performance obligation.

Revenue from services includes certain network planning and design, engineering, installation and commissioning, extended warranty, customer support, consulting, training, and education. Maintenance and support services are generally offered to our customers and recognized over a specified period of time and from sales and subsequent renewals of maintenance and support contracts. The network planning and design, engineering and installation related services noted are recognized based on an over-time recognition model using the cost-input method. Certain judgment is required when estimating total contract costs and progress to completion on the over-time arrangements, as well as whether a loss is expected to be incurred on the contract. The cost estimation process for these contracts is based on the knowledge and experience of the Company's project managers, engineers, and financial professionals. Changes in job performance and job conditions are factors that influence estimates of the total costs to complete those contracts and the Company's revenue recognition. If circumstances arise that change the original estimates of revenues, costs, or extent of progress toward completion, revisions to the estimates are made in a timely manner. These revisions may result in increases or decreases in estimated revenues or costs, and such revisions are reflected in income in the period in which the circumstances that gave rise to the revision become known to us. We perform ongoing profitability analysis of our service contracts accounted for under this method to determine whether the latest estimates of revenues, costs, and profits require updating. In rare circumstances if these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately.

Inventory Valuation and Provisions for Excess and Obsolete Losses

Our inventories have been valued at the lower of cost and or net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. We balance the need to maintain prudent inventory levels to ensure competitive delivery performance with the risk of excess or obsolete inventory due to changing technology and customer requirements, and new product introductions. The manufacturing of our products is handled primarily by contract manufacturers. Our contract manufacturers procure components and manufacture our products based on our forecast of product demand. We regularly review inventory quantities on hand and record a provision for excess and obsolete inventory based primarily on our estimated forecast of product demand, the stage of the product life cycle, anticipated end of product life and production requirements. Several factors may influence the sale and use of our inventories, including decisions to exit a product line, technological change, new product development and competing product offerings. These factors could result in a change in the amount of obsolete inventory quantities on hand. Additionally, our estimates of future product demand may prove to be inaccurate, in which case the provision required for excess and obsolete inventory may be overstated or understated. In the future, if we determine that our inventory is overvalued, we would be required to recognize such costs in cost of product sales and services in our consolidated statements of operations at the time of such determination. In the case of goods which have been written down below cost at the close of a fiscal quarter, such

reduced amount is considered the new lower cost basis for subsequent accounting purposes, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis. We did not make any material changes in the valuation methodology during the past three fiscal years.

Our customer service inventories are stated at the lower of cost and or net realizable value. We carry service parts because we generally provide product warranty for 12 to 36 months and earn revenue by providing enhanced and extended warranty and repair service during and beyond this warranty period. Customer service inventories consist of both component parts, which are primarily used to repair defective units, and finished units, which are provided for customer use permanently or on a temporary basis while the defective unit is being repaired. We record adjustments to reduce the carrying value of customer service inventories to their net realizable value. Factors influencing these adjustments include product life cycles, end of service life plans and volume of enhanced or extended warranty service

contracts. Estimates of net realizable value involve significant estimates and judgments about the future, and revisions would be required if these factors differ from our estimates.

Income Taxes Valuation

We record the estimated future tax effects of temporary differences between the tax basis of assets and liabilities of amounts reported in our consolidated balance sheets, as well as operating loss and tax credit carryforwards. Certain judgment is required in evaluating our uncertain tax positions and determining our provision for income taxes. Although we believe our reserves are reasonable, no assurance can be given that the final tax outcome of these matters will not be different from that which is reflected in our historical income tax provisions and accruals. We adjust these reserves in light of changing facts and circumstances, such as the opening and closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences may result in an increase or decrease to our tax provision in a subsequent period in which such determination is made.

We record deferred taxes by applying enacted statutory tax rates to the respective jurisdictions and follow specific and detailed guidelines in each tax jurisdiction regarding the recoverability of any tax assets recorded on the consolidated balance sheets and provide necessary valuation allowances as required. Future realization of deferred tax assets ultimately depends on meeting certain criteria in ASC Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740, Income Taxes, Taxes ("ASC 740"). One of the major criteria is the existence of sufficient taxable income of the appropriate character (for example, ordinary income or capital gain) within the carryback carry-back or carryforward carry-forward periods available under the tax law. We regularly review our deferred tax assets for recoverability based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. Our judgments regarding future profitability may change due to many factors, including future market conditions and our ability to successfully execute our business plans and/or tax planning strategies. Should there be a change in our ability to recover our deferred tax assets, our tax provision would increase or decrease in the period in which the assessment is changed.

The accounting estimates related to the liability for uncertain tax position require us to make judgments regarding the sustainability of each uncertain tax position based on its technical merits. It is inherently difficult and subjective to estimate our reserves for the uncertain tax positions. Although we believe our estimates are reasonable, no assurance can be given that the final tax outcome of these matters will be the same as these estimates. These estimates are updated quarterly based on factors such as change changes in facts or circumstances, changes in tax law, new audit activity, and effectively settled issues.

Business Combinations

The Company accounts for acquisitions as required by FASB ASC Topic 805, Business Combinations ("ASC 805"). The assets and liabilities of acquired businesses are recorded at their estimated fair values at the date of acquisition. The excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of estimates and assumptions. If our assumptions or estimates in the fair value calculation change based on information that becomes available during the one-year period from the acquisition date, we may record adjustments to the net assets acquired with a corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Impact of Recently Issued Accounting Pronouncements

See "Note 1. The Company and Summary of Significant Accounting Policies" in the notes to consolidated financial statements for a full description of recently issued accounting pronouncements, including the respective expected dates of adoption and effects on our consolidated financial position and results of operations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of doing business, we are exposed to the risks associated with foreign currency exchange rates and changes in interest rates. We employ established policies and procedures governing the use of financial instruments to manage our exposure to such risks. For a discussion of such policies and procedures and the related risks, see "Financial Risk Management" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," which is incorporated by reference into this Item 7A.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of Aviat Networks, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Aviat Networks, Inc. and subsidiaries (the "Company") as of June 30, 2023, the related consolidated statements of operations, comprehensive income, cash flows, and equity, for the fiscal year ended June 30, 2023, the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2023, and the results of its operations and its cash flows for the fiscal year ended June 30, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 30, 2023 expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging,

subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition — Service Revenues - Estimated Costs to Complete - Refer to Note 3 to the financial statements

Critical Audit Matter Description

The Company recognizes revenue from two primary sources: products and services. Revenues from services include revenues from network planning and design, engineering and installation-related services and are recognized based on an over-time recognition model using the cost-input method. Judgment is required when estimating total contract costs and progress to completion on the over-time arrangements. The cost estimation process for these contracts is based on the knowledge and experience of the Company's project managers, engineers, and financial professionals. Changes in job performance and job conditions are factors that influence estimates of the total costs to complete those contracts and the Company's revenue recognition.

We identified estimated costs to complete for open over-time revenue contracts at year end as a critical audit matter. The determination of the total estimated cost and progress toward completion requires management to make significant estimates and assumptions. Changes in these estimates or timing of when the costs occur can have a significant impact

on the revenue recognized each period. Auditing these elements involved especially challenging and subjective auditor judgment in evaluating the reasonableness of management's assumptions and estimates over the duration of these contracts.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to management's estimates of costs to complete for open over-time revenue contracts used to recognize service revenues included the following, among others:

- We tested the effectiveness of controls related to estimated costs to complete, including controls over management's review of cost estimates.
- We selected a sample of revenue contracts and performed the following:
 - Tested the accuracy and completeness of the costs incurred to date
 - Evaluated the estimates of cost to complete for a sample of open over-time contracts by:
 - Comparing costs incurred to date to the costs management estimated to be incurred to date
 - Evaluating the progress to completion by performing inquiries of project managers and assessing the nature of activities required to complete
 - Comparing management's estimates of gross margin for the selected contracts to the gross margin of similar contracts, when applicable
 - Tested the mathematical accuracy of management's calculation of revenue for the contract
- We developed an expectation of service revenue by creating an independent estimate of gross margin based on historical margin rates and compared it to the recorded service revenue
- We performed a lookback to evaluate management's ability to estimate costs accurately by making a selection of changes in estimates during the year and testing whether the change in estimate was properly supported and recorded within the correct period

/s/ Deloitte & Touche LLP

Austin, Texas
August 30, 2023

We have served as the Company's auditor since fiscal year 2023.

Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors
Aviat Networks, Inc.
Austin, Texas

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Aviat Networks, Inc. (the "Company") as of July 1, 2022 and July 2, 2021, the related consolidated statements of operations, comprehensive (loss) income, equity, and cash flows for each of the three two fiscal years in the period ended July 1, 2022, the related notes and the financial statement schedule - Valuation and Qualifying Accounts (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial

statements present fairly, in all material respects, the financial position of the Company at July 1, 2022 and July 2, 2021, and the results of its operations and its cash flows for each of the three two fiscal years in the period ended July 1, 2022, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of July 1, 2022, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated September 14, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit, audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition – Estimated Costs to Complete

As described in Note 3 to the consolidated financial statements, revenues from network planning and design, engineering and installation-related services are recognized based on an overtime recognition model using the cost-input method. The cost estimation process for these contracts is based on the knowledge and experience of the Company's project managers, engineers, and financial professionals. Changes in job performance and job conditions are factors that influence estimates of the total costs to complete those contracts and the Company's revenue recognition.

We identified estimated costs to complete for open and ongoing over-time revenue contracts at year end as a critical audit matter. The determination of the total estimated cost and progress toward completion requires management to make significant estimates and assumptions. Changes in these estimates or timing of when the costs occur can have a significant impact on the revenue recognized each period. Auditing these elements involved especially challenging and subjective auditor judgment in evaluating the reasonableness of management's assumptions and estimates over the duration of these contracts.

The primary procedures we performed to address this critical audit matter included:

- a. Testing the design and operating effectiveness of certain controls related to estimated costs to complete, including controls over management's review of cost estimates.
- b. Evaluating the reasonableness of a sample of project budgets for projects completed during the year through a retrospective review against actual performance at project completion.
- c. Assessing the reasonableness of the estimated costs to complete for a sample of open projects through: (i) evaluating the reasonableness of project budgets and the nature of costs required to complete open projects, (ii) assessing the status of completion of respective projects through testing of a sample of project costs incurred to date, (iii) evaluating the reasonableness of project status by performing inquiries of project managers and assessing the nature of activities required to complete open projects, and (iv) performing retrospective review on closed projects and investigating budget to actual variances (if any).
- d. Assessing the reasonableness of project margins and changes in estimated costs to complete and investigating reasons for changes.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2015.

San Jose, California
September 14, 2022

We served as the Company's auditor from 2015 to 2022.

Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors
Aviat Networks, Inc.
Austin, Texas

Opinion on Internal Control over Financial Reporting

We have audited Aviat Networks, Inc.'s (the "Company's") internal control over financial reporting as of July 1, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 14, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of July 1, 2022 and July 2, 2021, the related consolidated statements of operations, comprehensive (loss) income, equity, and cash flows for each of the three fiscal years in the period ended July 1, 2022, the related notes and the financial statement schedule - Valuation and Qualifying Accounts and our report dated September 14, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, LLP

San Jose, California
September 14, 2022

AVIAT NETWORKS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

		Fiscal Year Ended			Fiscal Year Ended			
(In thousands, except per share amounts)		July 1, 2022	July 2, 2021	July 3, 2020	(In thousands, except per share amounts)	June 30, 2023	July 1, 2022	July 2, 2021
Revenues:	Revenues:				Revenues:			
Revenue from product sales		\$ 208,100	\$ 185,787	\$ 153,793	Revenue from product sales	\$ 239,321	\$ 208,100	\$ 185,787
Revenue from services		94,859	89,124	84,849	Revenue from services	107,272	94,859	89,124
Product sales					Product sales	\$ 239,321	\$ 208,100	\$ 185,787
Services					Services	107,272	94,859	89,124
Total revenues	Total revenues	302,959	274,911	238,642	Total revenues	346,593	302,959	274,911
Cost of revenues:	Cost of revenues:				Cost of revenues:			
Cost of product sales		132,404	113,055	95,321	Cost of product sales	151,008	132,404	113,055
Cost of services		61,320	59,241	58,625	Cost of services	71,414	61,320	59,241
Product sales					Product sales	151,008	132,404	113,055
Services					Services	71,414	61,320	59,241
Total cost of revenues	Total cost of revenues	193,724	172,296	153,946	Total cost of revenues	222,422	193,724	172,296
Gross margin	Gross margin	109,235	102,615	84,696	Gross margin	124,171	109,235	102,615
Operating expenses:	Operating expenses:				Operating expenses:			
Research and development expenses		22,596	21,810	19,284	Research and development expenses	24,908	22,596	21,810
Selling and administrative expenses		57,656	56,324	57,985	Selling and administrative expenses	69,842	57,656	56,324
Research and development					Research and development	24,908	22,596	21,810
Selling and administrative					Selling and administrative	69,842	57,656	56,324
Restructuring charges	Restructuring charges	238	2,271	4,049	Restructuring charges	3,012	238	2,271
Total operating expenses	Total operating expenses	80,490	80,405	81,318	Total operating expenses	97,762	80,490	80,405
Operating income	Operating income	28,745	22,210	3,378	Operating income	26,409	28,745	22,210
Other income, net		1,690	230	331	Other income, net			
Other (expense) income, net					Other (expense) income, net	(3,306)	1,690	230
Income before income taxes	Income before income taxes	30,435	22,440	3,709	Income before income taxes	23,103	30,435	22,440
Provision for (benefit from) income taxes	Provision for (benefit from) income taxes	9,275	(87,699)	3,452	Provision for (benefit from) income taxes	11,575	9,275	(87,699)
Net income	Net income	\$ 21,160	\$ 110,139	\$ 257	Net income	\$ 11,528	\$ 21,160	\$ 110,139
Net income attributable to Aviat Networks					Net income attributable to Aviat Networks	\$ 11,528	\$ 21,160	\$ 110,139
Net income per share:	Net income per share:				Net income per share:			
Basic	Basic	\$ 1.89	\$ 9.98	\$ 0.02	Basic	\$ 1.01	\$ 1.89	\$ 9.98
Diluted	Diluted	\$ 1.79	\$ 9.42	\$ 0.02	Diluted	\$ 0.97	\$ 1.79	\$ 9.42

Weighted average shares outstanding:	Weighted average shares outstanding:				Weighted average shares outstanding:			
Basic	Basic	11,167	11,036	10,782	Basic	11,358	11,167	11,036
Diluted	Diluted	11,820	11,688	10,936	Diluted	11,855	11,820	11,688

See accompanying Notes to Consolidated Financial Statements

AVIAT NETWORKS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)	Fiscal Year Ended		
	July 1, 2022	July 2, 2021	July 3, 2020
Net income	\$ 21,160	\$ 110,139	\$ 257
Other comprehensive (loss) income:			
Net change in cumulative translation adjustment, net of tax	(1,702)	642	(2,233)
Other comprehensive (loss) income	(1,702)	642	(2,233)
Comprehensive income (loss)	\$ 19,458	\$ 110,781	\$ (1,976)

(In thousands)	Fiscal Year Ended		
	June 30, 2023	July 1, 2022	July 2, 2021
Net income	\$ 11,528	\$ 21,160	\$ 110,139
Other comprehensive income (loss):			
Net change in cumulative translation adjustment	25	(1,702)	642
Other comprehensive income (loss)	25	(1,702)	642
Comprehensive income	\$ 11,553	\$ 19,458	\$ 110,781

See accompanying Notes to Consolidated Financial Statements

AVIAT NETWORKS, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and par value amounts)	July 1, 2022	July 2, 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 36,877	\$ 47,942
Marketable securities	10,893	—
Accounts receivable, net	73,168	48,135
Unbilled receivables	45,857	37,521
Inventories	25,394	23,436
Customer service inventories	1,775	1,431
Asset held for sale	—	2,218
Other current assets	12,437	9,556

Total current assets	206,401	170,239
Property, plant and equipment, net	8,887	11,701
Deferred income taxes	95,412	103,467
Right of use assets	2,759	3,816
Other assets	10,445	8,430
TOTAL ASSETS	\$ 323,904	\$ 297,653
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	\$ 42,394	\$ 32,405
Accrued expenses	26,451	28,154
Short-term lease liabilities	513	769
Advance payments and unearned revenue	33,740	32,304
Restructuring liabilities	1,381	2,737
Total current liabilities	104,479	96,369
Unearned revenue	8,920	8,592
Long-term lease liabilities	2,412	3,223
Other long-term liabilities	273	356
Reserve for uncertain tax positions	5,504	5,164
Deferred income taxes	563	614
Total liabilities	122,151	114,318
Commitments and contingencies (Note 12)		
Equity:		
Preferred stock, \$0.01 par value; 50,000,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 300,000,000 shares authorized; 11,160,160 and 11,153,445 shares issued and outstanding as of July 1, 2022 and July 2, 2021, respectively	112	112
Treasury stock 194,943 and 19,587 shares as of July 1, 2022 and July 2, 2021, respectively	(6,147)	(787)
Additional paid-in-capital	823,259	818,939
Accumulated deficit	(599,442)	(620,602)
Accumulated other comprehensive loss	(16,029)	(14,327)
Total equity	201,753	183,335
TOTAL LIABILITIES AND EQUITY	\$ 323,904	\$ 297,653

(In thousands, except share and par value amounts)	June 30, 2023	July 1, 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 22,242	\$ 36,877
Marketable securities	2	10,893
Accounts receivable, net	101,653	73,168
Unbilled receivables	58,588	45,857
Inventories	33,057	27,169
Other current assets	22,162	12,437
Total current assets	237,704	206,401
Property, plant and equipment, net	9,452	8,887
Goodwill	5,112	—
Intangible assets, net	9,046	—
Deferred income taxes	86,650	95,412
Right of use assets	2,554	2,759
Other assets	13,978	10,445

TOTAL ASSETS		\$ 364,496	\$ 323,904
LIABILITIES AND EQUITY			
Current Liabilities:			
Accounts payable		\$ 60,141	\$ 42,394
Accrued expenses		24,442	26,451
Short-term lease liabilities		610	513
Advance payments and unearned revenue		44,268	33,740
Restructuring liabilities		600	1,381
Total current liabilities		130,061	104,479
Unearned revenue		7,416	8,920
Long-term lease liabilities		2,140	2,412
Other long-term liabilities		314	273
Reserve for uncertain tax positions		3,975	5,504
Deferred income taxes		492	563
Total liabilities		144,398	122,151
Commitments and contingencies (Note 13)			
Equity:			
Preferred stock, \$0.01 par value; 50.0 million shares authorized; none issued		—	—
Common stock, \$0.01 par value; 300.0 million shares authorized; 11.5 million and 11.2 million shares issued and outstanding as of June 30, 2023 and July 1, 2022, respectively		115	112
Treasury stock 0.2 million and 0.2 million shares as of June 30, 2023 and July 1, 2022, respectively		(6,147)	(6,147)
Additional paid-in-capital		830,048	823,259
Accumulated deficit		(587,914)	(599,442)
Accumulated other comprehensive loss		(16,004)	(16,029)
Total equity		220,098	201,753
TOTAL LIABILITIES AND EQUITY		\$ 364,496	\$ 323,904

See accompanying Notes to Consolidated Financial Statements

AVIAT NETWORKS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	(In thousands)	Fiscal Year Ended			(In thousands)	Fiscal Year Ended		
		July 1, 2022	July 2, 2021	July 3, 2020		June 30, 2023	July 1, 2022	July 2, 2021
Operating Activities	Operating Activities				Operating Activities			
Net income	Net income	\$ 21,160	\$ 110,139	\$ 257	Net income	\$ 11,528	\$ 21,160	\$ 110,139
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization of property, plant and equipment								
		4,463	5,383	4,387				
Adjustments to reconcile net income to net cash (used in) provided by operating activities:								
Adjustments to reconcile net income to net cash (used in) provided by operating activities:								

Depreciation of property, plant and equipment				Depreciation of property, plant and equipment	5,475	4,463	5,383	
Amortization of intangible assets				Amortization of intangible assets	704	—	—	
Provision for (recovery from) uncollectible receivables	Provision for (recovery from) uncollectible receivables	(23)	171	23	Provision for (recovery from) uncollectible receivables	467	(23)	171
Share-based compensation	Share-based compensation	3,834	2,921	1,686	Share-based compensation	6,720	3,834	2,921
Deferred tax assets, net		8,004	(90,599)	(172)				
Deferred income taxes					Deferred income taxes	9,442	8,004	(90,599)
Charges for inventory and customer service inventory write-downs	Charges for inventory and customer service inventory write-downs	1,735	1,452	945	Charges for inventory and customer service inventory write-downs	2,138	1,735	1,452
Loss on disposition of property, plant and equipment, net		11	6	56				
Noncash lease expense	Noncash lease expense	1,057	(342)	4,416	Noncash lease expense	639	1,057	(342)
Net gain on marketable securities		(2,614)	—	—				
Gains on sale of assets held for sale		(66)	—	—				
Net loss (gain) on marketable securities					Net loss (gain) on marketable securities	1,734	(2,614)	—
Other non-cash operating activities, net					Other non-cash operating activities, net	67	(55)	6
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:				Changes in operating assets and liabilities:			
Accounts receivable	Accounts receivable	(25,719)	(4,232)	7,043	Accounts receivable	(25,496)	(25,719)	(4,232)
Unbilled receivables	Unbilled receivables	(8,725)	(8,579)	(304)	Unbilled receivables	(13,816)	(8,725)	(8,579)
Inventories	Inventories	(2,508)	(9,987)	(5,651)	Inventories	(4,521)	(3,901)	(11,091)
Customer service inventories		(1,393)	(1,104)	(1,023)				
Accounts payable	Accounts payable	10,503	580	(3,122)	Accounts payable	16,040	10,503	580
Accrued expenses	Accrued expenses	876	1,767	4,285	Accrued expenses	(4,306)	876	1,767
Advance payments and unearned revenue	Advance payments and unearned revenue	1,713	10,560	6,304	Advance payments and unearned revenue	6,254	1,713	10,560
Income taxes payable or receivable	Income taxes payable or receivable	(1,620)	159	1,978	Income taxes payable or receivable	710	(1,620)	159
Other assets and liabilities	Other assets and liabilities	(6,832)	(997)	(3,615)	Other assets and liabilities	(15,423)	(7,899)	(997)
Change in lease liabilities		(1,067)	—	—				
Net cash provided by operating activities		2,789	17,298	17,493				

Net cash (used in) provided by operating activities					Net cash (used in) provided by operating activities	(1,644)	2,789	17,298
Investing Activities	Investing Activities				Investing Activities			
Payments for acquisition of property, plant and equipment	Payments for acquisition of property, plant and equipment	(1,792)	(2,847)	(4,608)	Payments for acquisition of property, plant and equipment	(5,335)	(1,792)	(2,847)
Purchase of marketable securities		(8,279)	—	—				
Purchases of marketable securities					Purchases of marketable securities	—	(8,279)	—
Proceeds from sale of marketable securities					Proceeds from sale of marketable securities	9,157	—	—
Proceeds from sale of asset held for sale	Proceeds from sale of asset held for sale	2,284	—	—	Proceeds from sale of asset held for sale	—	2,284	—
Acquisition, net of cash acquired and purchases of intangible assets					Acquisition, net of cash acquired and purchases of intangible assets	(15,769)	—	—
Net cash used in investing activities	Net cash used in investing activities	(7,787)	(2,847)	(4,608)	Net cash used in investing activities	(11,947)	(7,787)	(2,847)
Financing Activities	Financing Activities				Financing Activities			
Proceeds from borrowings	Proceeds from borrowings	—	—	41,911	Proceeds from borrowings	102,200	—	—
Repayments of borrowings	Repayments of borrowings	—	(9,000)	(41,911)	Repayments of borrowings	(102,200)	—	(9,000)
Payments for repurchase of common stock		—	—	(1,772)				
Payments of deferred financing costs					Payments of deferred financing costs	(753)	—	—
Payments for repurchase of common stock - treasury shares	Payments for repurchase of common stock - treasury shares	(5,362)	(787)	—	Payments for repurchase of common stock - treasury shares	—	(5,362)	(787)
Payments for taxes related to net settlement of equity awards	Payments for taxes related to net settlement of equity awards	(541)	(167)	(802)	Payments for taxes related to net settlement of equity awards	(1,198)	(541)	(167)
Proceeds from issuance of common stock under employee stock plans and exercises of stock options	Proceeds from issuance of common stock under employee stock plans and exercises of stock options	1,029	1,906	29	Proceeds from issuance of common stock under employee stock plans and exercises of stock options	1,270	1,029	1,906
Net cash used in financing activities	Net cash used in financing activities	(4,874)	(8,048)	(2,545)	Net cash used in financing activities	(681)	(4,874)	(8,048)

Effect of exchange rate changes on cash, cash equivalents, and restricted cash				Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(311)	(1,222)	(77)
Net (decrease) increase in cash, cash equivalents, and restricted cash				Net (decrease) increase in cash, cash equivalents, and restricted cash	(14,583)	(11,094)	6,326

Effect of exchange rate changes on cash, cash equivalents, and restricted cash		(1,222)	(77)	(669)				
Net (decrease) increase in cash, cash equivalents, and restricted cash		(11,094)	6,326	9,671				
Cash, cash equivalents, and restricted cash, beginning of year		48,198	41,872	32,201		37,104	48,198	41,872
Cash, cash equivalents, and restricted cash, end of year		\$ 37,104	\$ 48,198	\$ 41,872		\$ 22,521	\$ 37,104	\$ 48,198
		Fiscal Year Ended				Fiscal Year Ended		
		July 1, 2022	July 2, 2021	July 3, 2020		June 30, 2023	July 1, 2022	July 2, 2021
(In thousands)	(In thousands)				(In thousands)			
Non-cash investing activities:	Non-cash investing activities:				Non-cash investing activities:			
Unpaid property, plant and equipment	Unpaid property, plant and equipment	\$ 95	\$ 228	\$ 277	Unpaid property, plant and equipment	\$ 168	\$ 95	\$ 228
Supplemental disclosures of cash flow information:	Supplemental disclosures of cash flow information:				Supplemental disclosures of cash flow information:			
Cash paid for interest	Cash paid for interest	\$ —	\$ 4	\$ 60	Cash paid for interest	\$ 880	\$ —	\$ 4
Cash (received) paid for income taxes, net		\$ 1,241	\$ (2,119)	\$ 1,057				
Cash paid (received) for income taxes, net					Cash paid (received) for income taxes, net	\$ 1,613	\$ 1,241	\$ (2,119)

See accompanying Notes to Consolidated Financial Statements

AVIAT NETWORKS, INC.

CONSOLIDATED STATEMENTS OF EQUITY

		Common Stock		Treasury Stock		Accumulated					Common Stock		Treasury Stock		Accumulated		
		\$		\$		Additional	Other	Total			\$		\$		Additional	Accumulated	Other
(In thousands, except share amounts)		Shares	Amount	Shares	Amount	Paid-in Capital	Accumulated Deficit	Comprehensive Loss	Stockholders' Equity	(In thousands)	Shares	Amount	Shares	Amount	Paid-in Capital	Accumulated Deficit	Comprehensive Loss
Balance as of June 28, 2019		10,719,390	\$ 108	—	\$ —	\$815,142	\$ (730,998)	\$ (12,736)	\$ 71,516								
Balance as of July 3, 2020		10,800,974	108	—	—	814,283	(730,741)	(14,969)	68,681	Balance as of July 3, 2020	10,801	\$ 108	—	\$ —	Capital	Deficit	Loss
Net income	Net income	—	—	—	—	—	257	—	257	Net income	—	—	—	—	—	110,139	—
Other comprehensive (loss), net of tax		—	—	—	—	—	—	(2,233)	(2,233)								
Issuance of common stock under employee stock plans		450,112	4	—	—	25	—	—	29								
Shares withheld for taxes related to vesting of equity awards		(112,482)	(2)	—	—	(800)	—	—	(802)								
Stock repurchase		(256,046)	(2)	—	—	(1,770)	—	—	(1,772)								
Share-based compensation		—	—	—	—	1,686	—	—	1,686								
Balance as of July 3, 2020	Balance as of July 3, 2020	10,800,974	108	—	—	814,283	(730,741)	(14,969)	68,681	Balance as of July 3, 2020	10,801	\$ 108	—	\$ —	Capital	Deficit	Loss
Net income	Net income	—	—	—	—	—	110,139	—	110,139	Net income	—	—	—	—	—	110,139	—
Other comprehensive income, net of tax		—	—	—	—	—	—	642	642								
Other comprehensive (loss) income	Other comprehensive (loss) income	—	—	—	—	—	—	—	—	Other comprehensive (loss) income	—	—	—	—	—	—	642
Issuance of common stock under employee stock plans	Issuance of common stock under employee stock plans	393,724	4	—	—	1,902	—	—	1,906	Issuance of common stock under employee stock plans	394	4	—	—	1,902	—	—
Shares withheld for taxes related to vesting of equity awards	Shares withheld for taxes related to vesting of equity awards	(13,366)	—	—	—	(167)	—	—	(167)	Shares withheld for taxes related to vesting of equity awards	(13)	—	—	—	(167)	—	—
Stock repurchase	Stock repurchase	(27,887)	—	19,587	(787)	—	—	—	(787)	Stock repurchase	(28)	—	20	(787)	—	—	—
Share-based compensation	Share-based compensation	—	—	—	—	2,921	—	—	2,921	Share-based compensation	—	—	—	—	2,921	—	—
Balance as of July 2, 2021	Balance as of July 2, 2021	11,153,445	112	19,587	(787)	818,939	(620,602)	(14,327)	183,335	Balance as of July 2, 2021	11,154	112	20	(787)	818,939	(620,602)	(14,327)
Net income	Net income	—	—	—	—	—	21,160	—	21,160	Net income	—	—	—	—	—	21,160	—
Other comprehensive (loss), net of tax		—	—	—	—	—	—	(1,702)	(1,702)								
Other comprehensive (loss) income	Other comprehensive (loss) income	—	—	—	—	—	—	—	—	Other comprehensive (loss) income	—	—	—	—	—	—	(1,702)
Issuance of common stock under employee stock plans	Issuance of common stock under employee stock plans	198,143	2	—	—	1,029	—	—	1,031	Issuance of common stock under employee stock plans	198	2	—	—	1,029	—	—

Shares withheld for taxes related to vesting of equity awards	Shares withheld for taxes related to vesting of equity awards	(16,072)	—	—	—	(543)	—	—	(543)	Shares withheld for taxes related to vesting of equity awards	(16)	—	—	—	(543)	—	—
Stock repurchase	Stock repurchase	(175,356)	(2)	175,356	(5,360)	—	—	—	(5,362)	Stock repurchase	(175)	(2)	175	(5,360)	—	—	—
Share-based compensation	Share-based compensation	—	—	—	—	3,834	—	—	3,834	Share-based compensation	—	—	—	—	3,834	—	—
Balance as of July 1, 2022	Balance as of July 1, 2022	11,160,160	\$ 112	194,943	\$(6,147)	\$823,259	\$ (599,442)	\$ (16,029)	\$ 201,753	Balance as of July 1, 2022	11,161	112	195	\$(6,147)	823,259	\$(599,442)	(16,029)
Net income										Net income	—	—	—	—	—	11,528	—
Other comprehensive (loss) income										Other comprehensive (loss) income	—	—	—	—	—	—	25
Issuance of common stock under employee stock plans										Issuance of common stock under employee stock plans	396	3	—	—	1,267	—	—
Shares withheld for taxes related to vesting of equity awards										Shares withheld for taxes related to vesting of equity awards	(39)	—	—	—	(1,198)	—	—
Stock repurchase										Stock repurchase	—	—	—	—	—	—	—
Share-based compensation										Share-based compensation	—	—	—	—	6,720	—	—
Balance as of June 30, 2023	Balance as of June 30, 2023	11,160,160	\$ 112	194,943	\$(6,147)	\$823,259	\$ (599,442)	\$ (16,029)	\$ 201,753	Balance as of June 30, 2023	11,518	\$ 115	195	\$(6,147)	\$830,048	\$(587,914)	(16,004)

See accompanying Notes to Consolidated Financial Statements

AVIAT NETWORKS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. The Company and Summary of Significant Accounting Policies

The Company

We design, manufacture Aviat Networks, Inc. ("Aviat," the "Company," "we," "us," and sell "our") designs, manufactures, and sells a range of wireless networking and access networking solutions and services to mobile and fixed telephone service providers, private network operators, government agencies, transportation and utility companies, public safety agencies and broadcast system operators across the globe. Our products include broadband wireless access base stations and customer premises equipment for fixed and mobile, point-to-point digital microwave radio systems for access, backhaul, trunking and license-exempt applications, supporting new network deployments, network expansion, and capacity upgrades.

We were Aviat was incorporated in Delaware in 2006 to combine the businesses of Harris Corporation's Microwave Communications Division ("MCD") and Stratex Networks, Inc. ("Stratex"). On January 28, 2010, we changed our corporate name from Harris Stratex Networks, Inc. to Aviat Networks, Inc. ("the Company," "Aviat Networks," "Aviat," "we," "us," and "our") to more effectively reflect our business and communicate our brand identity to customers. Additionally, the change of our corporate name was to comply with the termination of the Harris Corporation ("Harris") trademark licensing agreement resulting from the spin-off by Harris of its interest in our stock to its stockholders in May 2009.

Basis of Presentation

The consolidated financial statements include the accounts of Aviat Networks the Company and its wholly-owned and majority owned subsidiaries. Significant All intercompany transactions and accounts have been eliminated. Certain amounts in the financial statements have been reclassified for comparative purposes to conform to the current period financial statement presentation.

Our fiscal year includes 52 or 53 weeks and ends on the Friday nearest June 30. This was July 1, June 30, 2023 for fiscal 2023, July 1, 2022 for fiscal 2022, July 2, and July 2, 2021 for fiscal 2021 and July 3, for fiscal 2020, 2021. Fiscal 2023, 2022 and 2021 presented includes 52 weeks while fiscal 2020 included 53 weeks. weeks. In these notes to consolidated

financial statements, we refer to our fiscal years as “fiscal 2022” 2023”, “fiscal 2021” 2022” and “fiscal 2020, 2021.”

Stock Split

On April 7, 2021 we effected a two-for-one stock split in the form of a stock dividend to shareholders of record as of April 1, 2021. Common stock, Additional paid-in-capital, per share and equity award amounts for all periods presented have been retrospectively reclassified to reflect the two-for-one stock split in the form of a stock dividend.

Use of Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) requires us to make estimates, assumptions and judgments affecting the amounts reported and related disclosures. Estimates are based upon historical factors, current circumstances and the experience and judgment of our management. We evaluate our estimates and assumptions on an ongoing basis and may employ outside experts to assist us in making these evaluations. Changes in such estimates, based on more accurate information, or different assumptions or conditions, may affect amounts reported in future periods. Such estimates affect significant items, including revenue recognition, provision for uncollectible receivables, inventory valuation, goodwill and identified intangible assets in business combinations, valuation allowances for deferred tax assets and uncertainties in income taxes. The actual results that we experience may differ materially from our estimates.

Cash, Cash Equivalents and Restricted Cash

We consider all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash equivalents are carried at amortized cost, which approximates fair value due to the short-term nature of these investments. Investments with an original maturity of greater than three months are accounted for as short-term investments and are classified as such at the time of purchase.

We hold cash and cash equivalents at several major financial institutions, which often significantly exceed Federal Deposit Insurance Corporation insured limits. However, a substantial portion of the cash equivalents is invested in prime money market funds which are backed by the securities in the fund.

As of July 1, 2022 June 30, 2023 and July 2, 2021 July 1, 2022, all of our high-quality marketable debt securities were invested in prime money market funds.

Cash and cash equivalents that are restricted as to withdrawal or usage under the terms of contractual agreements are recorded as restricted cash. Our long-term restricted cash is included in other assets on our consolidated balance sheets and represents the cash balance in on our disability insurance voluntary plan account that cannot be used by us for any operating purposes other than to pay benefits to the insured employees and was recorded in other assets on our consolidated balance sheets and the corresponding liabilities were included in other long-term liabilities on our consolidated balance sheets. employees. See Note 5. Balance Sheet Components for further information.

Significant Concentrations

We typically invoice our customers for the sales order (or contract) value of the related products delivered at various milestones, including order receipt, shipment, installation and acceptance and for services when rendered. Our trade receivables are derived from sales to customers located in North America, Africa, Europe, the Middle East, Asia-Pacific and Latin America.

Accounts receivable is presented net of allowance for estimated uncollectible accounts to reflect any loss anticipated on the collection of accounts receivable balances. We calculate the allowance based on our history of write-offs, level of past due accounts and the economic status of the customers. The fair value of our accounts receivable approximates their net realizable value.

We regularly require letters of credit from certain customers and, from time to time, we discount these letters of credit issued by customers through various financial institutions. The discounting of letters of credit depends on many factors, including the willingness of financial institutions to discount the letters of credit and the cost of such arrangements. Under these arrangements, collection risk is fully transferred to the financial institutions. We record the financing charges on discounting these letters of credit as interest expense.

During fiscal 2022, Motorola accounted for 13% of our total revenue. During fiscal 2023 and 2021, and 2020 there were no customers that customer accounted for more than 10% of our total revenue. During fiscal 2022 there was one customer that accounted for 13% of our total revenue. As of July 1, 2022 June 30, 2023 and July 2, 2021 July 1, 2022, MTN Group a group of related entities accounted for approximately 17% 14% and 14% 17%, respectively, of our accounts receivable.

Financial instruments that potentially subject us to a concentration of credit risk consist principally of cash equivalents, marketable debt securities, trade accounts receivable and financial instruments used in foreign currency hedging activities. We invest our excess cash primarily in prime money market funds and certificates of deposit. We are exposed to credit risks related to such instruments in the event of default or decrease in credit-worthiness of the issuers of the investments. Risks associated with cash and cash equivalents, and investments are mitigated by banking with, and investing in, creditworthy institutions.

We perform ongoing credit evaluations of our customers and generally do not require collateral on accounts receivable, as the majority of our customers are large, well-established companies. However, in certain circumstances, we may require letters of credit, additional guarantees or advance payments. We maintain allowances for collection losses, but historically have not experienced any significant losses related to any particular geographic area. Our customers are primarily in the telecommunications industry, so our accounts receivable are concentrated within one industry and exposed to concentrations of credit risk within that industry. Accounts receivable are written off when attempts to collect outstanding amounts have been exhausted or there are other indicators that the amounts are no longer collectible.

We rely on third parties to manufacture our products and we purchase raw materials from third-party vendors. In addition, we purchase certain strategic component inventory which is consigned to our third-party manufacturers. Other components included in our products are sourced from various suppliers and are principally industry standard parts and components that are available from multiple vendors. The inability of a contract manufacturer or supplier to fulfill our supply requirements or changes in their financial or business condition could disrupt our ability to supply quality products to our customers, and thereby may have a material adverse effect on our business and operating results.

We have entered into agreements relating to our foreign currency contracts with Silicon Valley Bank, a multinational financial institution. The amounts subject to credit risk arising from the possible inability of any such parties to meet the terms of their contracts are generally limited to the amounts, if any, by which such party's obligations exceed our obligations to that party.

Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Cost is determined using standard cost, which approximates actual cost on a weighted-average first-in-

first-out first-in-first-out basis. We regularly review inventory quantities first hand and record adjustments to reduce the cost of inventory for excess and obsolete inventory based primarily on our estimated forecast of product demand and production

requirements. Inventory adjustments are measured as the difference between the cost of the inventory and net realizable value based upon assumptions about future demand and charged to the provision for inventory, which is a component of cost of sales. At the point of the loss recognition, a new, lower-cost basis for that inventory is established, and any subsequent improvements in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

Customer Service Inventories

Our We carry customer service related inventories are stated at the lower of cost and net realizable value. We carry such as service parts because we generally provide product warranty for 12 to 36 months and earn revenue by providing enhanced and extended warranty and repair service during and beyond this warranty period. Customer service related inventories consist of both component parts, which are primarily used to repair defective units, and finished units, which are provided for customer use permanently or on a temporary basis while the defective unit is being repaired. We record adjustments to reduce the carrying value of customer service inventories to their net realizable value. Factors influencing these adjustments include product life cycles, end of service life plans and volume of enhanced or extended warranty service contracts. Estimates of net realizable value involve significant estimates and judgments about the future, and revisions would be required if these factors differ from our estimates. See Note 5. Balance Sheet Components for further information.

Property, Plant and Equipment

Property, plant and equipment are stated on the basis of cost less accumulated depreciation and amortization. We capitalize costs of software, consulting services, hardware and other related costs incurred to purchase or develop internal-use software. We expense costs incurred during preliminary project assessment, re-engineering, training and application maintenance.

Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized depreciated on the straight-line method over the shorter of the remaining lease term or the estimated useful life of the improvements. The useful lives of the assets are generally as follows:

Buildings	40 years
Leasehold improvements	2 to 10 years
Software	3 to 5 years
Machinery and equipment	2 to 5 years

Expenditures for maintenance and repairs are charged to expense as incurred. incurred and are included in cost of revenues and selling and administrative expenses on our consolidated statements of operations. Cost and accumulated depreciation of assets sold or retired are removed from the respective property accounts, and any gain or loss is reflected in the consolidated statements of operations.

Impairment Business Combinations

The Company accounts for acquisitions as required by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805, Business Combinations ("ASC 805"). The assets and liabilities of acquired businesses are recorded at their estimated fair values at the date of acquisition. The excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of estimates and assumptions. If our assumptions or estimates in the fair value calculation change based on information that becomes available during the one-year period from the acquisition date, we may record adjustments to the net assets acquired with a corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Goodwill

The Company accounts for goodwill as required by FASB ASC Topic 350, Intangibles - Goodwill and Other ("ASC 350"). We test goodwill for impairment on an annual basis and when events occur that may suggest that the fair value of such assets cannot support the carrying value. ASC 350 gives an entity the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the quantitative impairment test is unnecessary. However, if an entity concludes otherwise, then the quantitative impairment test shall be used to identify the impairment and measure the amount of an impairment loss to be recognized (if applicable).

As of June 30, 2023, we had recorded goodwill in the amount of \$5.1 million, related to the Redline acquisition completed in the first quarter of fiscal 2023. We did not have any recorded goodwill as of July 1, 2022. We test our goodwill for impairment on an annual basis on the first day of our fourth fiscal quarter. We have determined that we have one reporting unit. We performed a qualitative assessment in fiscal 2023. This assessment considered changes in our projected future cash flows and discount rates, recent market transactions and overall macroeconomic conditions. Based on this assessment, we concluded that it was more likely than not that the estimated fair value of our reporting unit was higher than its carrying value and that the performance of a quantitative impairment test was not required. See Note 10, Segment and Geographic Information and Note 12, Acquisitions for further information.

Valuation of Long-Lived Assets

We evaluate The Company periodically reviews the carrying value of its long-lived assets, for impairment including finite-lived intangibles, and property, plant and equipment, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable, recoverable or that the assigned useful lives may not longer be appropriate. Impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets. If impairment exists, the impairment loss is measured and recorded based on discounted estimated future cash flows. In estimating future cash flows, assets are grouped at the lowest levels for which there are identifiable cash flows that are largely independent of cash flows from other asset groups.

Our estimate of future cash flows is based upon, among other things, certain assumptions about expected future operating performance, growth rates and other factors. The actual cash flows realized from these assets may vary significantly from our estimates due to increased competition, changes in technology, fluctuations in demand, consolidation estimates. There were no impairment losses recorded for fiscal 2023, 2022 or 2021.

The Company amortizes the cost of our customers, reductions in average selling prices and other factors. Assumptions underlying future cash flow estimates finite-lived intangible assets on a straight-line basis over their estimated useful lives, which approximates the pattern of economic benefit.

The useful lives of the finite-lived purchased intangible assets are therefore subject to significant risks and uncertainties, as follows:

	Years
Patents	10
Customer relationships	14
Trade names	16

Warranties

On product sales, we provide for future warranty costs upon product delivery. The specific terms and conditions of those warranties vary depending upon the product sold and the country in which we do business. In the case of

products sold by us, our warranties generally start from the delivery date and continue for one to three years, depending on the terms.

Many of our products are manufactured to customer specifications and their acceptance is based on meeting those specifications. Factors that affect our warranty liabilities include the number of product units subject to warranty protection, historical experience and management's judgment regarding anticipated rates of warranty claims and cost per claim. We assess the adequacy of our recorded warranty liabilities every quarter and make adjustments to the liabilities as necessary. See Note 5, Balance Sheet Components for further information.

Leases

We lease facilities under non-cancelable operating lease agreements. These leases have varying terms that range from one to 20 years and contain leasehold improvement incentives, rent holidays and escalation clauses. In addition, some of these leases have renewal options for up to 3 years.

We determine if an arrangement contains a lease at inception. These operating leases are included in Right of use assets (ROU assets) on our July 1, 2022 June 30, 2023 consolidated balance sheets and represent our right to use the underlying asset for the lease term. Our obligation to make lease payments are included in "Short-term short-term lease liabilities" liabilities and "Long-term long-term lease liabilities" liabilities on our July 1, 2022 June 30, 2023 consolidated balance sheets. We have not entered into any financing leases during fiscal 2022, 2023.

Operating lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of our leases do not provide an implicit rate, we used

the incremental borrowing rate based on the remaining lease term at commencement date in determining the present value of future payments. The operating lease ROU assets also include any lease payments made and exclude lease incentives and initial direct costs incurred. Variable lease payments are expensed as incurred and are not included within the ROU asset and lease liability calculation. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Certain of our lease arrangements include non-lease components and we account for non-lease components together with lease components for all such lease arrangements.

Leases with an initial term of 12 months or less are not recorded on our consolidated balance sheets. We recognize lease expense for these leases on a straight-line basis over the lease term.

Foreign Currency Translation

The functional currency of our subsidiaries located in the United Kingdom, Singapore, Mexico, Algeria, Lebanon and New Zealand is the United States ("U.S.") dollar. Determination of the functional currency is dependent upon the economic environment in which an entity operates as well as the customers and suppliers the entity conducts business with. Changes in facts and circumstances may occur which could lead to a change in the functional currency of that entity. Accordingly, all of the non-functional currency denominated monetary assets and liabilities of these subsidiaries are re-measured into U.S. dollars at the current exchange rate as of the applicable balance sheet date, and all non-monetary date. Non-monetary assets and liabilities are re-measured measured at historical rates. Income and expenses are re-measured at the average exchange rate prevailing during the period. Gains and losses resulting from the re-measurement of these subsidiaries' financial statements are included in the consolidated statements of operations.

Our other international subsidiaries use their respective local currency as their functional currency. Assets and liabilities of these subsidiaries are translated at the local current exchange rates in effect at the balance sheet date, and income and expense accounts are translated at the average exchange rates during the period. The resulting translation adjustments are included in accumulated other comprehensive loss.

Gains and losses resulting from foreign exchange transactions and revaluation re-measurement of monetary assets and liabilities in non-functional currencies are included in other (expense) income, net in the accompanying consolidated statements of operations, based on the nature of the transactions. Net foreign exchange (loss) (losses) gains recorded in our consolidated statements of operations during fiscal 2023, 2022 and 2021 and 2020 were \$(1.0) million, \$(1.1) million, and \$(1.0) million, and \$0.4 million, respectively.

Retirement Benefits

As of July 1, 2022 June 30, 2023, we provided retirement benefits to substantially all employees primarily through our defined contribution retirement plans. These plans have matching and savings elements. Contributions by us to these retirement plans are based on profits and employees' savings with no other funding requirements. Contributions to retirement plans are expensed as incurred. Retirement plan expense amounted to \$1.9 million \$2.1 million, \$1.8 million \$1.9 million and \$1.7 million \$1.8 million in fiscal 2023, 2022 and 2021, respectively. Retirement plan expenses are included in cost of revenues, research and 2020, respectively, development, and selling and administrative expenses on our consolidated statements of operations.

Revenue Recognition

Under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, we recognize revenue by applying the following five-step approach: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, we satisfy a performance obligation. See Note 3.3. Revenue Recognition for additional discussion on revenue recognition. further information.

Cost of Product Sales and Services

Cost of sales consists primarily of materials, labor and overhead costs incurred internally and amounts incurred for contract manufacturers to produce our products, personnel and other implementation costs incurred to install our products and train customer personnel, and customer service and third party original equipment manufacturer costs to provide continuing support to our customers.

Shipping and handling costs are included as a component of costs of product sales in our consolidated statements of operations because they are also included in revenue that we bill our customers.

Advertising Costs

We expense all advertising costs as incurred. Advertising costs were immaterial during fiscal 2023, 2022 2021 and 2020, 2021.

Presentation of Transactional Taxes Collected from Customers and Remitted to Government Authorities

We present transactional taxes such as sales and use tax collected from customers and remitted to governmental authorities on a net basis.

Research and Development Costs

Our research and development costs, which include costs in connection with new product development, improvement of existing products, process improvement, and product use technologies, are generally charged to operations in the period in which they are incurred. For certain software projects under development, we capitalize the development costs during the period between determining technological feasibility of the product and commercial release and are included in Other assets on the consolidated balance sheet. We amortize the capitalized development cost upon commercial release, generally over three years. To date, the amount of development costs capitalized and amount amortized have not been material.

Share-Based Compensation

The Company has a share-based compensation plan which includes non-qualified stock options, restricted stock units and performance share awards. We estimate the grant date fair value of our share-based awards and amortize this the fair value to compensation expense over the requisite service period or vesting term. To estimate the fair value of our stock option awards, we use the Black-Scholes option pricing model. The determination of the fair value of stock option awards on the date of grant using an option pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include our expected stock price volatility over the expected term of the awards, actual and projected employee stock option exercise behaviors, the risk-free interest rate and expected dividends, dividend yield. Due to the inherent limitations of option valuation models, including consideration of future events that are unpredictable and the estimation process utilized in determining the valuation of the share-based awards, the ultimate value realized by our employees may vary significantly from the amounts expensed in our financial statements. For restricted stock awards and units, and performance share awards and units, we measure the grant date fair value based upon the market price of our common stock on the date of the grant. The fair value of each market-based stock unit performance share award with market conditions was is estimated using the a Monte-Carlo simulation model, model on the date of the grant. We elected to account for forfeitures as they occur.

We generally recognize compensation cost for share-based payment awards on a straight-line basis over the requisite service period. For an award that has a graded vesting schedule, compensation expense is recognized on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards. The amount of compensation cost recognized at any date must at least equal the portion of the grant-date value of the award that is vested at that date.

For awards with a performance condition vesting feature, we recognize share-based compensation costs for the performance awards and units when achievement of the performance conditions is considered probable. Any previously recognized compensation cost would be reversed if the performance condition is not satisfied or if it is not probable that the performance conditions will be achieved. For awards with a market condition vesting feature, we recognize share-based compensation costs over the period the requisite service is rendered, regardless of when, if ever, the market condition is satisfied.

Restructuring Charges

Our restructuring charges represent expenses incurred in connection with certain cost reduction programs that we have implemented, and consisted of the costs of employee termination costs, lease and other contract termination charges and other costs of exiting activities or geographies. A liability for costs associated with an exit or disposal activity is measured at its fair value when the liability is incurred. Expenses for one-time termination benefits are recognized at the date we notify the employee, unless the employee must provide future service, in which case the benefits are expensed ratably over the future service period. We recognize severance benefits provided as part of an ongoing benefit arrangement when the payment is probable, and the amounts can be reasonably estimated. Liabilities related to termination of an operating lease or contract are measured and recognized at fair value when the contract does not have any future economic benefit to the entity and the fair value of the liability is determined based on the present value of the remaining lease obligations, adjusted for the effects of deferred items recognized under the lease, and reduced by estimated sublease rentals that could be reasonably obtained for the property. The assumptions in determining such estimates include anticipated timing of sublease rentals and estimates of sublease rental receipts and related costs based on market conditions. We expense all other costs related to an exit or disposal activity as incurred.

Income Taxes and Related Uncertainties

We account for income taxes under the asset and liability method. Deferred tax assets and liabilities are determined based on the estimated future tax effects of temporary differences between the financial statement and tax basis of assets and liabilities, as measured by tax rates at which temporary differences are expected to reverse as well as operating loss and tax credit carry forwards. Deferred tax expense (benefit) is the result of changes in deferred tax assets and liabilities. A valuation allowance is established to offset any deferred tax assets if, based upon the available information, it is more likely than not that some or all of the deferred tax assets will not be realized.

We are required to compute our income taxes in each federal, state, and foreign jurisdiction in which we operate. This process requires that we estimate the current tax exposure as well as assess temporary differences between the accounting and tax treatment of assets and liabilities, including items such as accruals and allowances not currently deductible for tax purposes as well as operating loss and tax credit carry forwards. The income tax effects of the differences we identify are classified as current or long-term deferred tax assets and liabilities in our consolidated balance sheets. Our judgments, assumptions, and estimates relative to the current provision for income taxes take into account current tax laws, our interpretation of current tax laws, and possible outcomes of current and future audits conducted by foreign and domestic tax authorities. Changes in tax laws or our interpretation of tax laws and the resolution of current and future tax audits could significantly impact the amounts provided for income taxes in our consolidated balance sheets and consolidated statements of operations. We must also assess the likelihood that deferred tax assets will be realized from future taxable income and, based on this assessment, establish a valuation allowance, if required. Our determination of our valuation allowance is based upon a number of assumptions, judgments, and estimates, including forecasted earnings, future taxable income, and the relative proportions of revenue and income before taxes in the various domestic and international jurisdictions in which we operate. To the extent we establish a valuation allowance or change the valuation allowance in a period, we reflect the change with a corresponding increase or decrease to our tax provision in our consolidated statements of operations.

We use a two-step process to determine the amount of tax benefit to be recognized for uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. It is inherently difficult and subjective to estimate such

amounts, as this requires us to determine the probability of various possible outcomes. We reevaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision in the period.

Accounting Standards Adopted

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-12, Income Taxes (Topic 740). This guidance simplifies the accounting for income taxes by removing certain exceptions to the general principles and also simplifies areas such as franchise taxes, step-up in tax basis of goodwill, separate entity financial statements and interim recognition of enactment of tax laws and rate changes. ASU 2019-12 became effective for us in our first quarter of fiscal 2022. The adoption had no material impact on our unaudited condensed consolidated financial statements.

Accounting Standards Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848). This guidance provides optional guidance related to reference rate reform, which provides practical expedients for contract modifications and certain hedging relationships associated with the transition from reference rates that are expected to be discontinued. This guidance is applicable for our borrowing instruments, which use LIBOR as a reference rate, and will be effective through December 31, 2022. We are currently evaluating the potential impact of ASU 2020-04 will have on our consolidated financial statements.

In June 2016, the FASB issued ASU Accounting Standard Update ("ASU") 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13) and also issued subsequent amendments to the initial guidance: ASU 2018-19, ASU 2019-04, ASU 2019-05 and ASU 2019-05 2022-02 (collectively, Topic 326 "Topic 326"). Topic 326 requires measurement and recognition of expected credit losses for financial assets held. Topic 326 will be became effective for us in our first quarter of fiscal 2023, and earlier 2023. The adoption is permitted. We are evaluating had no material impact on the impact adopting Topic 326 will have on our Company's consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which requires entities to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination. ASU 2021-08 became effective for our first quarter of fiscal 2023. The adoption had no material impact on the Company's consolidated financial statements.

Accounting Standards Not Yet Adopted

The Company considers the applicability and impact of all ASUs issued by the FASB. The Company determined at this time that all other ASUs issued but not yet adopted are either not applicable or are expected to have a minimal impact on its financial position and results of operations.

Note 2. Net Income per Share of Common Stock

Net income per share is computed using the two-class method, by dividing net income attributable to us by the weighted average number of shares of our outstanding common stock and participating securities outstanding.

stock.

The following table presents the computation of basic and diluted net income per share attributable to our common stockholders:

(In thousands, except per share amounts)	(In thousands, except per share amounts)	Fiscal Year			(In thousands, except per share amounts)	Fiscal Year		
		2022	2021	2020		2023	2022	2021
Numerator:	Numerator:				Numerator:			
Net income	Net income	\$ 21,160	\$ 110,139	\$ 257	Net income	\$ 11,528	\$ 21,160	\$ 110,139
Denominator:	Denominator:				Denominator:			
Weighted average shares outstanding, basic	Weighted average shares outstanding, basic	11,167	11,036	10,782	Weighted average shares outstanding, basic	11,358	11,167	11,036

Effect of potentially dilutive equivalent shares	Effect of potentially dilutive equivalent shares	653	652	154	Effect of potentially dilutive equivalent shares	497	653	652
Weighted average shares outstanding, diluted	Weighted average shares outstanding, diluted	11,820	11,688	10,936	Weighted average shares outstanding, diluted	11,855	11,820	11,688
Net income per share:	Net income per share:				Net income per share:			
Basic	Basic	\$ 1.89	\$ 9.98	\$ 0.02	Basic	\$ 1.01	\$ 1.89	\$ 9.98
Diluted	Diluted	\$ 1.79	\$ 9.42	\$ 0.02	Diluted	\$ 0.97	\$ 1.79	\$ 9.42

The following table summarizes the weighted-average equity awards that were excluded from the diluted net income per share calculations since they were **antidilutive**: **anti-dilutive**:

(In thousands)	(In thousands)	Fiscal Year			(In thousands)	Fiscal Year		
		2022	2021	2020		2023	2022	2021
Stock options	Stock options	114	8	356	Stock options	194	114	8
Restricted stock units and performance stock units	Restricted stock units and performance stock units	72	4	2	Restricted stock units and performance stock units	21	72	4
Total shares of common stock excluded	Total shares of common stock excluded	186	12	358	Total shares of common stock excluded	215	186	12

Note 3. Revenue Recognition

We recognize revenue by applying the following five-step approach: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, we satisfy a performance obligation.

Contracts and customer purchase orders are used to determine the existence of an arrangement.

Many of the Company's arrangements with customers contain multiple performance obligations and therefore promises to provide multiple goods and services. The Company evaluates each promised good and service in a contract to determine whether it represents a distinct performance obligation or should be accounted for as a combined performance obligation. For goods and services determined to be distinct we have concluded that they provide a benefit to the customer either on their own or together with other resources that are readily available to the customer, without having the need for significant integration or customization.

Revenue from product sales, recognized at a point-in-time, is generated predominately from the sales of products manufactured by third-party manufacturers to whom we have outsourced our manufacturing processes. Printed circuit assemblies, mechanical housings, and packaged modules are manufactured by contract manufacturing partners, with periodic business reviews of material levels and obsolescence. Product assembly, product testing, complete system integration, and system testing may either be performed within our own facilities or at the locations of our third-party manufacturers.

Revenue from services includes certain network planning and design, engineering, installation and commissioning ("field services"), extended warranty, **hosted software-as-a-service ("SaaS")**, customer support, consulting, training, and

education. Maintenance and support services are generally offered to our customers and recognized over a specified period of time and from sales and subsequent renewals of maintenance and support contracts. The network planning and design, engineering and installation related services noted are recognized based on an over-time recognition model using the cost-input method. Certain judgment is required when estimating total contract costs and progress to completion on the over-time arrangements, as well as whether a loss is expected to be incurred on the contract. The cost estimation process for these

contracts is based on the knowledge and experience of the Company's project managers, engineers, and financial professionals. Changes in job performance and job conditions are factors that influence estimates of the total costs to complete those contracts and the Company's revenue recognition. If circumstances arise that change the original estimates of revenues, costs, or extent of progress toward completion, revisions to the estimates are made in a timely manner. These revisions may result in increases or decreases in estimated

revenues or costs, and such revisions are reflected in income in the period in which the circumstances that gave rise to the revision become known to us. We perform ongoing profitability analysis of our service contracts accounted for under this method to determine whether the latest estimates of revenues, costs, and profits require updating. In rare circumstances if these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately. We establish billing terms at the time project deliverables and milestones are agreed. Revenues recognized in excess of the amounts invoiced to clients are classified as unbilled receivables and if invoicing is ahead of revenue recognized it is classified as an unearned liability on the consolidated balance sheets.

In addition, shipping documents and customer acceptances, when applicable, are used to verify delivery and transfer of control. We typically satisfy our performance obligations upon shipment or delivery of product depending on the contractual terms. Payment terms to customers generally range from net 30 to 120 days from invoice, which are considered to be standard payment terms. Revenue recognition does not necessarily follow payment terms as there are a number of scenarios where they would be different. Recognition follows contractual terms and those vary depending on the nature of the performance obligation being satisfied. These timing differences result in contract assets and liabilities as discussed below. We assess our ability to collect from our customers based primarily on the creditworthiness and past payment history of the customer.

While our customers do not have the right of return, we reserve for estimated product returns as an offset to revenue based primarily on historical trends. Actual product returns may be different than what was estimated. These factors and unanticipated changes in economic and industry condition could make actual results differ from our return estimates.

We present transactional taxes such as sales and use tax collected from customers and remitted to government authorities on a net basis.

Bill-and-Hold Sales

Certain customer arrangements consist of bill-and-hold characteristics under which transfer of control has been met (including the passing of title and significant risk and reward of ownership transferred to the customers). Therefore, customer, while we retain physical possession of the customers product. We evaluate bill-and-hold arrangement criteria to determine when the customer has obtained control. Once control has been obtained by the customer, they can direct or determine the use of the bill-and-hold inventory while we retain physical possession of the product until it is installed at a customer site at a point in time in the future.

Termination Rights

The contract term is determined on the basis of the period over which the parties to the contract have present enforceable rights and obligations. Certain customer contracts include a termination for convenience clause that allows the customer to terminate services without penalty, upon advance notification. We concluded that the duration of support contracts does not extend beyond the non-cancellable portion of the contract.

Variable Consideration

The consideration associated with customer contracts is generally fixed. Variable consideration includes discounts, rebates, refunds, credits, incentives, penalties, or other similar items. The amount of consideration that can vary is not a substantial portion of total consideration.

Variable consideration estimates are re-assessed at each reporting period until a final outcome is determined. The changes to the original transaction price due to a change in estimated variable consideration are applied on a retrospective basis, with the adjustment recorded in the period in which the change occurs. Changes to variable consideration are tracked and material changes disclosed.

Stand-alone Selling Price

Stand-alone selling price is the price at which an entity would sell a good or service on a stand-alone (or separate) basis at contract inception. Under the model, the observable price of a good or service sold separately provides the best evidence of stand-alone selling price. However, in certain situations, stand-alone selling prices will not be readily observable and the entity must estimate the stand-alone selling price.

When allocating on a relative stand-alone selling price basis, any discount provided in the contract is allocated proportionately to all of the performance obligations in the contract.

The majority of products and services that we offer have readily observable selling prices. For products and services that do not, we estimate stand-alone selling price using the market assessment approach based on expected selling price and adjust those prices as necessary to reflect our costs and margins. As part of our stand-alone selling price policy, we review product pricing on a periodic basis to identify any significant changes and revise our expected selling price assumptions as appropriate.

Shipping and Handling

Shipping and handling costs are included as a component of costs of product sales in our consolidated statements of operations because they are also included in revenue that we bill our customers.

Costs to Obtain a Contract

We have assessed the treatment of costs to obtain or fulfill a contract with a customer. Under ASC 606, we capitalize sales commissions related to multi-year service contracts, and amortize the asset over the period of benefit, which is the estimated service period. Sales commissions paid on contract renewals, including service contract renewals, is commensurate with the sales commissions paid on the initial contracts. The capitalized sales commissions are included in Other Current Assets other current assets and Other Assets other assets on the consolidated balance sheets. We have not identified any impairments during the periods presented.

We elected the practical expedient to expense sales commissions as incurred when the amortization period of the related asset is one year or less. These costs are recorded as sales selling and marketing administrative expense and included in our consolidated balance sheet as accrued expenses until paid. Our amortization expense was not material for the fiscal years ended July 1, 2022, June 30, 2023, July 2, 2021, July 1, 2022 and July 3, 2020, July 2, 2021.

Contract Balances, Performance Obligations, and Backlog

The following table provides information about receivables and liabilities from contracts with customers (in thousands):

		July 1, 2022		July 2, 2021		June 30, 2023		July 1, 2022	
Contract Assets	Contract Assets								
Accounts receivable, net	Accounts receivable, net	\$	73,168	\$	48,135			\$	73,168
Unbilled receivables	Unbilled receivables	\$	45,857	\$	37,521			\$	45,857
Capitalized commissions	Capitalized commissions	\$	2,341	\$	1,720			\$	2,341
Contract Liabilities	Contract Liabilities								
Advance payments and unearned revenue	Advance payments and unearned revenue	\$	33,740	\$	32,304			\$	33,740
Unearned revenue, long-term	Unearned revenue, long-term	\$	8,920	\$	8,592			\$	8,920

Significant changes in contract balances may arise as a result of recognition over time for services, transfer of control for equipment, and periodic payments (both in arrears and in advance). The Contract Asset balance has contract balances have continued to grow as we continue to execute on large North American over time projects and International projects that carry notably longer payment terms.

From time to time, we may experience unforeseen events that could result in a change to the scope or price associated with an arrangement. We would update the transaction price and measure of progress for the performance obligation and recognize the change as a cumulative catch-up to revenue. Because of the nature and type of contracts we engage in, the timeframe to completion and satisfaction of current and future performance obligations can shift; however, this will have no impact on our future obligation to bill and collect.

As of July 1, 2022, June 30, 2023, we had \$42.7 million \$51.7 million in advance payments and unearned revenue and long-term unearned revenue, of which approximately 60% 72% is expected to be recognized as revenue in fiscal 2023 2024 and the remainder thereafter. During fiscal years 2023 and 2022, and 2021, we recognized approximately \$23.3 million \$47.2 million and \$21.9 \$23.3 million respectively, that was included in advance payments and unearned revenue at the beginning of each reporting period.

Remaining Performance Obligations

We elect the practical consideration to exclude performance obligations that relate to contracts with original expected durations of one year or less. As our product purchase orders are generally delivered within one year or less and our maintenance and support service contracts can be terminated without substantive termination penalties resulting in contracts with less than one year of duration, these performance obligations have been excluded from the remaining performance obligation amounts. The aggregate amount of transaction price allocated to the remaining unsatisfied performance obligations (or partially unsatisfied) was approximately \$97.0 million \$151.8 million at July 1, 2022, June 30, 2023 relating to our long-term field service projects. Of this amount, we expect to recognize approximately 50% 70% as revenue during fiscal 2023, 2024, with the remaining amount to be recognized as revenue beyond 12 months.

Note 4. Leases

We lease facilities under non-cancelable operating lease agreements. These leases have original terms that range from one to 20 years and may contain leasehold improvement incentives, rent holidays and escalation clauses. In addition, some of these leases have renewal options for up to 3 years. We lease office space in Austin, Texas as our corporate headquarters with an original term of 36 months.

We determine if an arrangement contains a lease at inception. These operating leases are included in "Right of use assets" (ROU assets) on our July 1, 2022 consolidated balance sheet and represent our right to use the underlying asset for the lease term. Our obligation to make lease payments are included in "Short-term lease liabilities" and "Long-term lease liabilities" on our July 1, 2022 consolidated balance sheet. We have not entered into any financing leases during fiscal 2022.

Operating lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of our leases do not provide an implicit rate, we used the incremental borrowing rate based on the remaining lease term at commencement date in determining the present value of future payments. The operating lease ROU assets also include any lease payments made and exclude lease incentives and initial direct costs incurred. Variable lease payments are expensed as incurred and are not included within the ROU asset and lease liability calculation. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Certain of our lease arrangements include non-lease components and we account for non-lease components together with lease components for all such lease arrangements.

Leases with an initial term of 12 months or less are not recorded on our consolidated balance sheets. We recognize lease expense for these leases on a straight-line basis over the lease term.

As of July 1, 2022, June 30, 2023, total ROU assets were approximately \$2.8 million, \$2.6 million, and short-term lease liabilities and long-term lease liabilities were approximately \$0.5 million, \$0.6 million and \$2.4 million, \$2.1 million, respectively. Cash paid for lease liabilities was \$0.9 million for fiscal 2023. As of July 1, 2022, total ROU assets were approximately \$2.8 million, and short-term lease liabilities and long-term lease liabilities were approximately \$0.5 million and \$2.4 million, respectively. Cash paid for lease liabilities was \$0.7 million for fiscal 2022.

The following summarizes our lease costs, lease term and discount rate for fiscal 2022, 2023 and 2021, 2022 (in thousands):

		Fiscal		Fiscal	
		2022	2021	2023	2022
Operating lease costs	Operating lease costs	\$ 1,061	\$ 1,213	\$ 1,288	\$ 1,061
Short-term lease costs	Short-term lease costs	2,252	1,639	1,999	2,252
Variable lease costs	Variable lease costs	171	324	107	171
Total lease costs	Total lease costs	\$ 3,484	\$ 3,176	\$ 3,394	\$ 3,484

Other information related to our operating leases for fiscal 2022, 2023 and 2021, 2022 (in thousands, except for weighted average):

		Fiscal		Fiscal	
		2022	2021	2023	2022
Weighted average remaining lease term	Weighted average remaining lease term	7.9 years	7.8 years	6.9 years	7.9 years
Weighted average discount rate	Weighted average discount rate	5.6 %	5.7 %	5.8 %	5.6 %
Operating lease assets obtained in exchange for operating lease liabilities	Operating lease assets obtained in exchange for operating lease liabilities	\$ 104	\$ 1,772	\$ 95	\$ 104

Rental expense for operating leases, including rentals on a month-to-month basis was \$3.4 million, \$3.6 million for fiscal 2022, and \$3.3 million for each of fiscal 2023, 2022 and 2021, and 2020, respectively.

As of July 1, 2022, June 30, 2023, our future minimum lease payments under all non-cancelable operating leases with an initial term in excess of one year were as follows (in thousands):

Fiscal years	Fiscal years	Amount	Fiscal years	Amount
2023		\$ 667		
2024	2024	553	2024	\$ 837
2025	2025	570	2025	634

2026	2026	476	2026	490
2027	2027	169	2027	169
2028			2028	175
Thereafter	Thereafter	1,386	Thereafter	1,211
Total lease payments	Total lease payments	3,821	Total lease payments	3,516
Less: interest	Less: interest	(896)	Less: interest	(766)
Present value of lease liabilities	Present value of lease liabilities	\$ 2,925	Present value of lease liabilities	\$ 2,750

Note 5. Balance Sheet Components

Cash, Cash Equivalents, and Restricted Cash

The following table provides a summary of cash, cash equivalents, and restricted cash reported within the Consolidated Balance Sheets consolidated balance sheets that reconciles to the corresponding amount in the Consolidated Statements consolidated statements of cash flows:

(In thousands)	June 30, 2023	July 1, 2022
Cash and cash equivalents	\$ 22,242	\$ 36,877
Restricted cash included in other assets	279	227
Total cash, cash equivalents, and restricted cash	\$ 22,521	\$ 37,104

Cash Flows:

(In thousands)	July 1, 2022	July 2, 2021
Cash and cash equivalents	\$ 36,877	\$ 47,942
Restricted cash included in Other assets	227	256
Total cash, cash equivalents, and restricted cash	\$ 37,104	\$ 48,198

and cash equivalents includes \$2.6 million of collateralized cash for certain commercial commitments as of June 30, 2023.

Accounts Receivable, net

Our net accounts receivable are summarized below:

(In thousands)	July 1, 2022	July 2, 2021
Accounts receivable	\$ 74,102	\$ 50,276
Less: Allowances for collection losses	(934)	(2,141)
Total accounts receivable, net	\$ 73,168	\$ 48,135

(In thousands)	June 30, 2023	July 1, 2022
Accounts receivable	\$ 102,372	\$ 74,102
Less: allowances for collection losses	(719)	(934)
Total accounts receivable, net	\$ 101,653	\$ 73,168

Inventories

Our inventories are summarized below:

(In thousands)	(In thousands)	July 1, 2022	July 2, 2021	(In thousands)	June 30, 2023	July 1, 2022
Finished products	Finished products	\$ 14,916	\$ 15,409	Finished products	\$ 18,502	\$ 14,916
Raw materials and supplies	Raw materials and supplies	10,478	8,027	Raw materials and supplies	12,794	10,478
Customer service inventories				Customer service inventories	\$ 1,761	\$ 1,775
Total inventories	Total inventories	\$ 25,394	\$ 23,436	Total inventories	\$ 33,057	\$ 27,169

Consigned inventories included within raw materials	Consigned inventories included within raw materials	Consigned inventories included within raw materials
	\$ 9,796	\$ 6,570
	\$ 11,224	\$ 9,796

During fiscal 2023, 2022, 2021 and 2020, 2021, we recorded charges to adjust our inventory and customer service inventory inventories due to excess and obsolete inventory resulting from lower sales forecasts, product transitioning or discontinuance. Such charges incurred during

fiscal 2023, 2022, 2021 and 2020, 2021 were classified in cost of product sales as follows:

(In thousands)	(In thousands)	Fiscal Year			(In thousands)	Fiscal Year		
		2022	2021	2020		2023	2022	2021
Excess and obsolete inventory charges (recovery)	\$	647	\$ 544	\$ 233				
Excess and obsolete inventory charges					\$	1,109	\$ 647	\$ 544
Customer service inventory write-downs	Customer service inventory write-downs	1,088	908	712	Customer service inventory write-downs	1,029	1,088	908
Total charges	Total charges	\$ 1,735	\$ 1,452	\$ 945	Total charges	\$ 2,138	\$ 1,735	\$ 1,452

Other Current Assets Held for Sale

We consider properties to be Assets held for sale when management approves and commits to a plan to dispose of a property or group of properties. The property held for sale prior to the sale date is separately presented on the balance sheet as Assets held for sale. Our other current assets are summarized below:

During the second quarter of fiscal 2021 management initiated the sale of our facility located in the United Kingdom. We completed the sale during the third quarter of fiscal 2022 with proceeds of \$2.3 million, reflecting a gain of \$0.1 million. We have no additional assets held for sale.

(In thousands)	June 30, 2023	July 1, 2022
Contract manufacturing assets	\$ 6,487	\$ 1,621
Prepays and other current assets	15,675	10,816
Total other current assets	\$ 22,162	\$ 12,437

Property, Plant and Equipment, net

Our property, plant and equipment, net is summarized below:

(In thousands)	(In thousands)	July 1, 2022	July 2, 2021	(In thousands)	June 30, 2023	July 1, 2022
Land	Land	\$ 210	\$ 210	Land	\$ 210	\$ 210
Buildings and leasehold improvements	Buildings and leasehold improvements	5,796	6,914	Buildings and leasehold improvements	5,889	5,796
Software	Software	21,368	21,370	Software	16,989	21,368
Machinery and equipment	Machinery and equipment	49,584	51,244	Machinery and equipment	47,150	49,584
		76,958	79,738		70,238	76,958
Less accumulated depreciation and amortization		(68,071)	(68,037)			
Total Property, Plant and Equipment, net		\$ 8,887	\$ 11,701			
Less accumulated depreciation				Less accumulated depreciation	(60,786)	(68,071)

Total property, plant and equipment, net	Total property, plant and equipment, net	\$ 9,452	\$ 8,887
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Included in the total plant, property and equipment above were \$1.2 million, \$0.4 million and \$0.3 million, \$1.2 million of assets in progress which have not been placed in service as of July 1, 2022, June 30, 2023 and July 2, 2021, July 1, 2022, respectively. Depreciation and amortization expense related to property, plant and equipment including amortization of internal use software was \$4.5 million, \$5.5 million, \$5.4 million, \$4.5 million and \$4.4 million, \$5.4 million in fiscal 2023, 2022 and 2021, and 2020, respectively.

Accrued Expenses

Our accrued expenses are summarized below:

(In thousands)	June 30, 2023	July 1, 2022
Compensation and benefits	\$ 10,368	\$ 11,625
Taxes	4,553	5,286
Professional fees	2,104	944
Warranties	2,100	2,913
Commissions	1,453	1,864
Other	3,864	3,819
Total accrued expenses	\$ 24,442	\$ 26,451

(In thousands)	July 1, 2022	July 2, 2021
Accrued compensation and benefits	\$ 11,625	\$ 13,455
Accrued agent commissions	1,864	2,348
Accrued warranties	2,913	3,228
Other	10,049	9,123
	\$ 26,451	\$ 28,154

We accrue for the estimated cost to repair or replace products under warranty. Changes in our accrued warranty liability, which is included as a component of accrued expenses in the consolidated balance sheets, were as follows:

(In thousands)	(In thousands)	Fiscal Year			(In thousands)	Fiscal Year		
		2022	2021	2020		2023	2022	2021
Balance as of the beginning of the fiscal year	Balance as of the beginning of the fiscal year	\$ 3,228	\$ 3,196	\$ 3,323	Balance as of the beginning of the fiscal year	\$ 2,913	\$ 3,228	\$ 3,196
Warranty provision recorded during the period	Warranty provision recorded during the period	1,328	1,679	1,564	Warranty provision recorded during the period	768	1,328	1,679
Acquisition					Acquisition	55	—	—
Consumption during the period	Consumption during the period	(1,643)	(1,647)	(1,691)	Consumption during the period	(1,636)	(1,643)	(1,647)
Balance as of the end of the period		\$ 2,913	\$ 3,228	\$ 3,196				
Balance as of the end of the fiscal year	Balance as of the end of the fiscal year	\$ 2,100	\$ 2,913	\$ 3,228	Balance as of the end of the fiscal year	\$ 2,100	\$ 2,913	\$ 3,228

Advance payments and Unearned Revenue

Our advance payments and unearned revenue are summarized below:

(In thousands)	(In thousands)	July 1, 2022	July 2, 2021	(In thousands)	June 30, 2023	July 1, 2022
Advance payments	Advance payments	\$ 1,870	\$ 2,445	Advance payments	\$ 1,607	\$ 1,870

Unearned revenue	Unearned revenue	31,870	29,859	Unearned revenue	42,661	31,870
		<u>\$ 33,740</u>	<u>\$ 32,304</u>		<u>\$ 44,268</u>	<u>\$ 33,740</u>

Note 6. Fair Value Measurements of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal market (or most advantageous market, in the absence of a principal market) for the asset or liability in an orderly transaction between market participants as of the measurement date. We maximize the use of observable inputs and minimize the use of unobservable inputs in measuring fair value and establish a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 — Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2 — Observable market-based inputs or observable inputs that are corroborated by market data; and
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying amounts, estimated fair values and valuation input levels of our assets and liabilities that are measured at fair value on a recurring basis as of **July 1, 2022**, **June 30, 2023** and **July 2, 2021**, **July 1, 2022** were as follows:

(In thousands)	July 1, 2022		July 2, 2021		Valuation Inputs
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
Assets:					
Cash and cash equivalents:					
Money market funds	\$ 5,367	\$ 5,367	\$ 26,847	\$ 26,847	Level 1
Bank certificates of deposit	\$ 3,682	\$ 3,682	\$ 3,288	\$ 3,288	Level 2
Marketable securities	\$ 10,893	\$ 10,893	\$ —	\$ —	Level 1
Liabilities:					
Other accrued expenses:					
Foreign exchange forward contracts	\$ 114	\$ 114	\$ 14	\$ 14	Level 2

(In thousands)	June 30, 2023		July 1, 2022		Valuation Inputs
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
Assets:					
Cash and cash equivalents:					
Money market funds	\$ 571	\$ 571	\$ 5,367	\$ 5,367	Level 1
Bank certificates of deposit	\$ 3,793	\$ 3,793	\$ 3,682	\$ 3,682	Level 2
Marketable securities	\$ 2	\$ 2	\$ 10,893	\$ 10,893	Level 1
Liabilities:					
Other accrued expenses:					
Foreign exchange forward contracts	\$ —	\$ —	\$ 114	\$ 114	Level 2

We classify items within Level 1 if quoted prices are available in active markets. Our Level 1 items mainly are marketable securities and money market funds purchased from major financial institutions. Our marketable securities are included in current assets on our balance sheet as they are available to be converted into cash to fund current operations. These marketable securities are publicly traded stock measured at fair value and classified within Level 1. As of **July 1, 2022**, **June 30, 2023**, these money market funds were valued at \$1.00 net asset value per share by these financial institutions.

We classify items in Level 2 if the observable inputs to quoted market prices, benchmark yields, reported trades, broker/dealer quotes or alternative pricing sources are available with reasonable levels of price transparency. Our bank

certificates of deposit and foreign exchange forward contracts are classified within Level 2. The carrying value of bank certificates of deposit approximates their fair value. Foreign currency forward contracts are measured at fair value using observable foreign currency exchange rates. The assets and liabilities related to our We did not have any foreign currency forward contracts were not material outstanding as of **July 1, 2022** and **July 2, 2021**, **June 30, 2023**. We did not have any recurring assets or liabilities that were valued using significant unobservable inputs.

Our policy is to recognize asset or liability transfers among Level 1, Level 2 and Level 3 as of the actual date of the events or change in circumstances that caused the transfer. During fiscal 2022, 2021 and 2020, 2022, we had no transfers between levels of the fair value hierarchy of our assets or liabilities measured at fair value.

Note 7. Credit Facility and Debt

On May 17, 2020 May 9, 2023, we entered into Amendment No. 4 to Third Amended a Secured Credit Facility Agreement (the "Credit Facility" or "Credit Agreement") with Wells Fargo Bank, National Association, as administrative agent, swingline lender and Restated Loan issuing lender and Security Agreement with Silicon Valley Bank (the "SVB Credit Facility") which extended the expiration date to June 28, 2024. Wells Fargo Securities LLC, Citigroup Global Markets Inc., and Regions Capital Markets as lenders. The SVB Credit Facility provides for a \$25.0 million accounts receivable formula based \$40.0 million revolving credit facility that (the "Revolver") and a \$50.0 million Delayed Draw Term Loan Facility (the "Term Loan") with a maturity date of May 8, 2028. The \$40.0 million Revolver can be borrowed by our U.S. company, with a \$25.0 million \$10.0 million sublimit that can be borrowed by our U.S. and Singapore entities. Loans may be advanced under the SVB Credit Facility based on a borrowing base equal to a specified percentage of the value of eligible accounts of the borrowers under the SVB Credit Facility. The borrowing base is subject to certain eligibility criteria. Availability under the accounts receivable formula based revolving credit facility can also be utilized to issue for letters of credit, and a \$10.0 million swingline loan sublimit. The Term Loan has a funding date on or prior to the closing date of the previously announced NEC Transaction with a \$12.0 million sub limit. We may prepay loans under the SVB Credit Facility in whole or in part at any time without premium or penalty. proceeds used to settle the cash portion of the consideration and related expense. See Note 12. Acquisitions for further information.

As of July 1, 2022 June 30, 2023, available credit under the SVB Credit Facility Revolver was \$21.7 million reflecting \$40.0 million. Available credit under the calculated borrowing base of \$25.0 million less outstanding letters of credit of \$3.3 million. Term Loan was \$50.0 million. We did not borrow borrowed \$36.5 million and repaid \$36.5 million against the SVB Credit Facility Revolver during fiscal 2022 or 2021 and 2023. As of June 30, 2023 there was no borrowing outstanding as for either the Revolver or Term Loan. Deferred financing costs of July 1, 2022, \$0.8 million were paid in association with entering into the Credit Facility.

The SVB Outstanding borrowings under the Credit Facility carries an bear interest at either: (a) Adjusted Term Secured Overnight Financing Rate ("SOFR") plus the applicable margin; or (b) the Base Rate plus the applicable margin. The pricing levels for interest rate at our option, computed (i) at the prime rate reported in the Wall Street Journal plus a spread of 0.50% to 1.50%, with such spread margins are determined based on our the Consolidated Total Leverage Ratio as determined and adjusted quick ratio; or (ii) if we satisfy a minimum adjusted quick ratio, a LIBOR rate determined in accordance with the SVB quarterly.

The Credit Facility plus requires the Company and its subsidiaries to maintain a spread fixed charge coverage ratio to be greater than 1.25 to 1.00 as of 2.75%. Any outstanding Singapore subsidiary borrowed loans shall bear interest at an additional 2.00% above the applicable prime or LIBOR rate.

last day of any fiscal quarter of the Company. The SVB Credit Facility also requires that the Company maintain a maximum leverage ratio of 3.00 times EBITDA, with a step-down to 2.75 times EBITDA after four full quarters, and 2.50 times EBITDA after eight full quarters. The Credit Facility contains monthly customary affirmative and quarterly financial negative covenants, including, minimum adjusted quick ratio among others, covenants limiting the ability of the Company and minimum profitability (EBITDA) requirements. In the event our adjusted quick ratio falls below a certain level, cash received in our accounts with Silicon Valley Bank may be directly applied to reduce outstanding obligations under the SVB Credit Facility. The SVB Credit Facility also imposes certain restrictions on our ability its subsidiaries to dispose of assets, permit a change in control, merge or consolidate, make acquisitions, incur indebtedness, grant liens, make investments, make certain restricted payments, and enter into transactions with affiliates, under certain circumstances. Certain of our assets, including accounts receivable, inventory, and equipment, are pledged as collateral for the SVB Credit Facility. Upon an event of default, outstanding obligations would be immediately due and payable. Under certain circumstances, a default interest rate will apply on all obligations during the existence of an event of default at a per annum rate of interest equal in each case subject to 5.00% above the applicable interest rate. customary exceptions.

As of July 1, 2022 June 30, 2023, we were in compliance with the quarterly all financial covenants as amended, contained in the Credit Agreement.

On May 9, 2023, the Company and Silicon Valley Bank ("SVB") terminated the Third Amended and Restated Loan and Security Agreement dated June 29, 2018, and as amended May 17, 2021 (the "SVB Credit Facility"), by and between the Company, as borrower, and SVB, as lender. We borrowed \$65.7 million and repaid \$65.7 million against the SVB Credit Facility. Facility during fiscal 2023. As of June 30, 2023, we had \$2.6 million of collateralized cash on deposit with SVB associated with certain commercial commitments.

During fiscal 2022, we terminated an uncommitted short-term line of 2023, the weighted-average interest rate under our available credit from a bank in New Zealand to support the operations of our subsidiary located there. facilities was 7.6%.

Note 8. Restructuring Activities

The following table summarizes our restructuring related activities during fiscal year 2023, 2022 2021 and 2020: 2021:

(In thousands)	(In thousands)	Facilities and				Total	Employee Severance and			Facilities and	
		Severance and Benefits			Other		Benefits		Other	Total	
		Q4 2022	Fiscal 2021	Prior Years	Prior Years		Fiscal 2023	Prior Years	Prior Years		
Plan	Plan	Plans	Plans	Plans	Plans	Plans	Plans	Plans	Total		
Balance as of June 28, 2019		\$ —	\$ —	\$ 1,089	\$ 238	\$ 1,327					
Charges, net		—	—	4,049	—	4,049					
Cash payments		—	—	(2,636)	—	(2,636)					
Foreign currency translation (gain) loss		—	—	—	(2)	(2)					
Balance as of July 3, 2020	Balance as of July 3, 2020	—	—	2,502	236	2,738	Balance as of July 3, 2020	\$ —	\$ 2,502	\$ 236	\$ 2,738
Charges, net	Charges, net	—	2,414	(143)	—	2,271	Charges, net	—	2,271	—	2,271

Cash payments	Cash payments	—	(205)	(2,086)	—	(2,291)	Cash payments	—	(2,291)	—	(2,291)
Foreign currency translation (gain) loss	Foreign currency translation (gain) loss	—	—	7	12	19	Foreign currency translation (gain) loss	—	7	12	19
Balance as of July 2, 2021	Balance as of July 2, 2021	—	2,209	280	248	2,737	Balance as of July 2, 2021	—	2,489	248	2,737
Charges, net		434	271	(231)	(236)	238					
Charges (reversals), net							Charges (reversals), net	—	474	(236)	238
Cash payments	Cash payments	(139)	(1,371)	(49)	—	(1,559)	Cash payments	—	(1,559)	—	(1,559)
Foreign currency translation (gain) loss	Foreign currency translation (gain) loss	—	(23)	—	(12)	(35)	Foreign currency translation (gain) loss	—	(23)	(12)	(35)
Balance as of July 1, 2022	Balance as of July 1, 2022	\$ 295	\$ 1,086	\$ —	\$ —	\$ 1,381	Balance as of July 1, 2022	—	1,381	—	1,381
Charges, net							Charges, net	2,947	—	—	2,947
Cash payments							Cash payments	(2,347)	(1,381)	—	(3,728)
Balance as of June 30, 2023							Balance as of June 30, 2023	\$ 600	\$ —	\$ —	\$ 600

As of July 1, 2022 June 30, 2023, the sum of the accrued restructuring balance of \$1.4 million \$0.6 million was in short-term restructuring liabilities on the consolidated balance sheets. Included in the above plans for which we were carrying a provision were positions identified for termination that have not been executed from a restructuring perspective.

Q4 2022 Plan Fiscal 2023 Plans

During the fourth quarter of Q4 2022, our Board of Directors approved a restructuring plan (the "Q4 2022 Plan") to restructure specific groups to optimize skill sets and align structure to execute on strategic deliverables. The Q4 2022 Plan was anticipated to entail a reduction in force of approximately 11 employees to be implemented through early fiscal year 2023, with a certain number of positions being consolidated.

Fiscal 2021 Plan

During the third quarter of fiscal 2021, our Board of Directors approved restructuring plans, (the "Fiscal 2021 Plan") to continue to reduce primarily associated with the acquisition of Redline and reductions in workforce in our operating costs and improve profitability as part of our transformational initiative to optimize our business model and increase efficiencies. We recorded restructuring charges of \$2.4 million related to operations outside the Fiscal 2021 Plan in United States. The fiscal 2021. The Fiscal 2021 Plan was anticipated to entail a reduction in force of approximately 30 employees 2023 plans are expected to be implemented completed through the end of fiscal year 2022, with a certain number of positions being consolidated and/or relocated.

Q4 2020 Plan

During the fourth quarter first half of fiscal 2020, our Board of Directors approved a restructuring plan (the "Q4 2020 Plan") to continue to reduce our operating costs and improve profitability to optimize our business model and increase efficiencies. Payments related to the accrued restructuring liability balance for this plan was completed in the second quarter of fiscal 2022. 2024.

Prior Years' Plan Plans

Activities under the Fiscal 2015-2016 Plan prior years' plans primarily included reductions in workforce across the Company, but primarily in our operations outside the United States. Payments related to the accrued restructuring liability balance for this plan these plans are complete.

Note 9. Stockholders' Equity

Stock Repurchase Program

During the second quarter of fiscal 2022 we completed the \$7.5 million stock repurchase program approved by our board Board of directors Directors in May 2018. This repurchase program was temporarily suspended from February 2020 to February 2021. In November 2021, our board Board of directors Directors approved a stock repurchase

program to purchase up to \$10.0 million of our common stock. During fiscal 2023 we did not repurchase any shares of our common stock. In fiscal 2022, 2021 and 2020 we repurchased \$5.4 million, \$0.8 million and \$1.8 million of our common stock in the open market, \$0.8 million, respectively. As of July 1, 2022, June 30, 2023, \$7.3 million remained available for repurchase under our November 2021 stock repurchase program.

The following table summarizes the repurchase of our common stock:

(In thousands, except share and per-share amounts)					(In thousands, except share and per-share amounts)				
		Shares	Weighted-Average Price Paid per Share	Aggregate purchase price			Shares	Weighted-Average Price Paid per Share	Aggregate purchase price
Fiscal 2023					Fiscal 2023				
Treasury Shares					Treasury Shares	—	\$ —	\$ —	\$ —
Fiscal 2022	Fiscal 2022				Fiscal 2022				
Treasury Shares	Treasury Shares	175,356	\$ 30.57	\$ 5,361	Treasury Shares	175,356	\$ 30.57	\$ 5,360	\$ 5,360
Fiscal 2021	Fiscal 2021				Fiscal 2021				
Treasury Shares	Treasury Shares	19,587	\$ 40.16	\$ 787	Treasury Shares	19,587	\$ 40.16	\$ 787	\$ 787
Fiscal 2020		256,046	\$ 6.91	\$ 1,769					

Starting in February 2021, repurchased shares were recorded as treasury stock and we do not anticipate retiring them. Treasury stock did not participate in the two-for-one stock split in the form of a stock dividend paid on April 7, 2021. All repurchased shares prior to February 2021 were retired and reflected the two-for-one stock split. As of July 1, 2022, \$7.3 million remained available for repurchase under our November 2021 stock repurchase program.

Stock Incentive Programs

Stock Equity Plan

At July 1, 2022, As of June 30, 2023, we had one stock incentive plan for our employees and non-employee directors, the 2018 Incentive Plan (the "2018 Plan"). The 2018 Plan was approved by the Company's stockholders at the fiscal year 2017 Annual Stockholders' Meeting and it added 500,000 shares to the equity pool in March 2018. An increase of 1,250,000 shares available to grant to employees and non-employee directors was approved at the Annual Meeting of Stockholders in November 2021. The 2018 Plan replaced the 2007 Plan as our primary long-term incentive program ("LTIP"). The 2007 Plan was discontinued following stockholder approval of the 2018 Plan, but the outstanding awards under the 2007 Plan will continue to remain in effect in accordance with their terms; provided that, as shares are returned under the 2007 Plan upon cancellation, termination or otherwise of awards outstanding under the 2007 Plan, such shares will be available for grant under the 2018 Plan. The 2018 Plan also provides for the issuance of share-based awards in the form of stock options, stock appreciation rights, restricted stock awards and units, and performance share awards and units.

Under the 2018 Plan, option exercise prices are equal to the fair market value of our common stock on the date the options are granted using our closing stock price. After vesting, options generally may be exercised within seven years after the date of grant.

Restricted stock units are not transferable until vested and the restrictions lapse upon the achievement of continued employment or service over a specified time period. Restricted stock units issued to employees generally vest three years from the date of grant (three-year cliff or annually over three years). Restricted stock units issued to non-executive board members annually generally vest on the day before the annual stockholders' meeting.

Vesting of performance share awards and units is subject to the achievement of predetermined financial performance criteria and continued employment through the end of the applicable period. Market-based stock units vest upon meeting certain predetermined share price performance criteria, and continued employment through the end of the applicable period.

We issue new shares of our common stock to our employees upon the exercise of stock options, vesting of restricted stock awards and units or vesting of performance share awards and units. All awards that are canceled prior to vesting or expire unexercised are returned to the approved pool of reserved shares and made available for future grants under the 2018 Plan. Shares of our common stock remaining available for future issuance under the 2018 Plan totaled 932,752, 1,822,810 as of July 1, 2022, June 30, 2023.

On March 3, 2020, our Board of Directors authorized and declared a dividend distribution of one right (a "Right") for each outstanding share of our common stock, par value \$0.01 per share, to our stockholders of record as of the close of business on March 3, 2020, (the "Record Date"). Each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series A Participating Preferred Stock, par value \$0.01 per share (the "Preferred Shares"), of the Company at an exercise price of \$35.00 per one one-thousandth of a Preferred Share, subject to adjustment. Until the rights become exercisable, they will not be evidenced by separate certificates and will trade automatically with shares of the Company's common stock. The Rights have a de minimis fair value. The complete terms of the Rights are set forth in the Amended and Restated Tax Benefit Preservation Plan (the "Plan"), dated as of March 3, 2020, August 27, 2020, and amended as of August 27, 2020, February 28, 2023, between the Company and Computershare Inc., as rights agent. By adopting the Plan, we are helping to preserve the value of certain deferred tax benefits, including those generated by net operating losses

(collectively, the "Tax Benefits"), which could be lost in the event of an "ownership change" as defined under Section 382 Code. We The amended Plan will be submitted to the Company's stockholders for ratification at the Company's 2023 annual meeting (the "Annual Meeting"), which extends the final expiration date of the Plan to a stockholder vote and our stockholders voted to approve the Plan at the 2020 Annual Meeting of Stockholders.

until March 3, 2026.

Also, on September 6, 2016, our Board of Directors adopted certain amendments to our Amended and Restated Certificate of Incorporation, as amended (the "Charter Amendments") The Charter Amendments are designed to preserve the Tax Benefits by restricting certain transfers of our common stock.

Employee Stock Purchase Plan

Under the Employee Stock Purchase Plan ("ESPP"), employees are entitled to purchase shares of our common stock at a 5% discount from the fair market value at the end of a three-month purchase period. As of July 1, 2022, 110,123 shares were reserved for future issuances under the ESPP. We issued 2,329,125 shares under the ESPP during fiscal 2022, 2023. The ESPP was terminated at the end of calendar year 2022 and the remaining shares reserved for future issuance expired.

Share-Based Compensation

Total The following table presents the compensation expense for share-based awards included in our consolidated statements of operations for fiscal 2023, 2022, 2021 and 2020, 2021:

		Fiscal Year					Fiscal Year		
(In thousands)	(In thousands)	2022	2021	2020	(In thousands)	2023	2022	2021	
By Expense Category:	By Expense Category:				By Expense Category:				
Cost of product sales and services	Cost of product sales and services	\$ 440	\$ 372	\$ 182	Cost of product sales and services	\$ 627	\$ 440	\$ 372	
Research and development	Research and development	246	250	112	Research and development	514	246	250	
Selling and administrative	Selling and administrative	3,148	2,299	1,392	Selling and administrative	5,579	3,148	2,299	
Total share-based compensation expense	Total share-based compensation expense	\$ 3,834	\$ 2,921	\$ 1,686	Total share-based compensation expense	\$ 6,720	\$ 3,834	\$ 2,921	
By Types of Award:	By Types of Award:				By Types of Award:				
Options	Options	\$ 582	\$ 757	\$ 588	Options	\$ 1,394	\$ 582	\$ 757	
Restricted stock awards and units	Restricted stock awards and units	1,482	857	743	Restricted stock awards and units	3,565	1,482	857	
Performance share awards and units and market-based stock units	Performance share awards and units and market-based stock units	1,770	1,307	355	Performance share awards and units and market-based stock units	1,761	1,770	1,307	
Total share-based compensation expense	Total share-based compensation expense	\$ 3,834	\$ 2,921	\$ 1,686	Total share-based compensation expense	\$ 6,720	\$ 3,834	\$ 2,921	

The following table summarizes the unamortized compensation expense and the remaining years over which such expense would be expected to be recognized, on a weighted-average basis, by type of award:

	July 1, 2022	
	Unamortized Expense	Weighted-Average Remaining Recognition Period
	(In thousands)	(Years)
Options	\$ 839	1.11
Restricted stock awards and units	\$ 7,736	2.02
Performance share awards and units	\$ 2,243	1.10

	June 30, 2023	
	Unamortized Expense	Weighted-Average Remaining Recognition Period
	(In thousands)	(Years)
Options	\$ 1,637	1.38
Restricted stock awards and units	\$ 5,426	1.38
Performance share awards and units	\$ 2,096	0.98

Stock Options

A summary of the combined stock option activity under our equity plans during fiscal 2022 2023 is as follows:

	2022				2023			
	Shares	Weighted-Average Exercise Price-	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value	Shares	Weighted-Average Exercise Price-	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value
			(Years)	(In thousands)			(Years)	(In thousands)
Options outstanding as of July 2, 2021	540,790	\$ 9.55	5.38	\$ 12,090				
Options outstanding as of July 1, 2022					469,716	\$ 15.15	4.68	\$ 5,599
Granted	114,012	\$ 33.84			110,945	\$ 32.10		
Exercised	(103,088)	\$ 9.33			(148,674)	\$ 8.31		
Forfeited	(81,998)	\$ 11.35			(16,705)	\$ 22.97		
Expired	—	\$ —			(1,190)	\$ 35.97		
Options outstanding as of July 1, 2022	<u>469,716</u>	\$ 15.15	4.68	\$ 5,599				
Options vested and expected to vest as of July 1, 2022	469,716	\$ 15.15	4.68	\$ 5,599				
Options exercisable as of July 1, 2022	111,505	\$ 9.97	3.3	\$ 1,693				
Options outstanding as of June 30, 2023					<u>414,092</u>	\$ 21.77	4.65	\$ 4,911
Options vested and expected to vest as of June 30, 2023					414,092	\$ 21.77	4.65	\$ 4,911
Options exercisable as of June 30, 2023					188,254	\$ 14.41	3.78	\$ 3,607

The aggregate intrinsic value represents the total pre-tax intrinsic value or the aggregate difference between the closing price of our common stock on July 1, 2022 June 30, 2023 of \$25.09, \$33.37, and the exercise price for in-the-money options that would have been received by the optionees if all options had been exercised on July 1, 2022 June 30, 2023.

Additional information related to our stock options is summarized below:

	Fiscal Year			Fiscal Year		
	2022	2021	2020	2023	2022	2021
(In thousands)						

Intrinsic value of options exercised	Intrinsic value of options exercised	\$ 1,624	\$ 2,208	\$ 3	Intrinsic value of options exercised	\$ 3,725	\$ 1,624	\$ 2,208
Fair value of options vested	Fair value of options vested	\$ 608	\$ 484	\$ 499	Fair value of options vested	\$ 1,142	\$ 608	\$ 484

The fair value of each option grant under our 2018 Stock Plan was estimated using the Black-Scholes option pricing model on the date of grant. A summary of the significant weighted-average assumptions we used in the Black-Scholes valuation model is as follows:

		Fiscal Year				Fiscal Year		
		2022	2021	2020		2023	2022	2021
Expected dividends	Expected dividends	— %	— %	— %	Expected dividends	— %	— %	— %
Expected volatility	Expected volatility	61.9 %	48.5 %	51.7 %	Expected volatility	62.9 %	61.9 %	48.5 %
Risk-free interest rate	Risk-free interest rate	0.4 %	0.2 %	1.7 %	Risk-free interest rate	3.5 %	0.4 %	0.2 %
Expected term (in years)	Expected term (in years)	3.0	3.0	4.6	Expected term (in years)	3.0	3.0	3.0

The following summarizes all of our stock options outstanding and exercisable as of July 1, 2022 June 30, 2023:

Actual Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number Outstanding	Weighted-Average Remaining Contractual Life		Number Exercisable	Weighted-Average Exercise Price	
		(Years)	Weighted-Average Exercise Price		(Years)	Weighted-Average Exercise Price
\$6.42 —	9,826	4.88	\$ 6.42	6,552	6.42	\$ 6.42
\$7.23 —	145,554	3.76	\$ 7.23	18,668	7.23	\$ 7.23
\$8.90 —	40,204	2.52	\$ 8.90	40,204	8.90	\$ 8.90
\$11.00 —	150,956	5.06	\$ 11.00	40,708	11.00	\$ 11.00
\$17.25 —	123,176	6.01	\$ 32.32	5,373	24.00	\$ 24.00
	469,716	4.68	\$ 15.15	111,505	9.97	\$ 9.97

Actual Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number Outstanding	Weighted-Average Remaining Contractual Life		Number Exercisable	Weighted-Average Exercise Price	
		(Years)	Weighted-Average Exercise Price		(Years)	Weighted-Average Exercise Price
\$7.23 — \$35.97	414,092	4.65	\$ 21.77	188,254	14.41	\$ 14.41

Restricted Stock Awards and Units

A summary of the status of our restricted stock as of July 1, 2022 June 30, 2023 and changes during fiscal 2022 2023 is as follows:

	Weighted-Average Grant Date Fair Value		Weighted-Average Grant Date Fair Value	
	Shares	\$	Shares	\$
Restricted stock outstanding as of July 2, 2021	189,244	\$ 10.46		
Restricted stock outstanding as of July 1, 2022			383,257	\$ 25.59

Granted	Granted	279,588	\$	32.26	Granted	74,827	\$	31.67
Vested and released	Vested and released	(46,788)	\$	11.57	Vested and released	(146,226)	\$	22.92
Forfeited	Forfeited	(38,787)	\$	16.73	Forfeited	(38,407)	\$	29.32
Restricted stock outstanding as of July 1, 2022		<u>383,257</u>	\$	25.59				
Restricted stock outstanding as of June 30, 2023					Restricted stock outstanding as of June 30, 2023	<u>273,451</u>	\$	28.16

The fair value of each restricted stock grant is based on the closing price of our common stock on the date of grant. The total grant date fair value of restricted stock that vested during fiscal 2023, 2022 and 2021 and 2020 was \$0.5 million, \$3.4 million, \$0.5 million and \$1.7 million, \$0.5 million, respectively.

Market-Based Stock Units

A summary of the status of our market-based stock units as of July 1, 2022 and changes during fiscal 2022 is as follows:

	Shares	Weighted-Average Grant Date Fair Value	
Market-based stock units outstanding as of July 2, 2021	165,000	\$	11.51
Granted	46,533		38.91
Vested and released	—		—
Forfeited	(3,474)		35.97
Market-based stock units outstanding as of July 1, 2022	<u>208,059</u>	\$	14.54

The fair value for each market-based stock units with market condition was estimated using the Monte-Carlo simulation model. A summary of the significant weighted-average assumptions we used in the Monte-Carlo simulation model is as follows:

	Fiscal Year		
	2022	2021	
Expected dividends	—	—	
Expected volatility	62.2% - 60.0%	53.2% - 48.9%	
Risk-free interest rate	0.37% - 0.45%	0.13% - 0.19%	
Weighted-average grant date fair value per share granted	\$35.56 - \$31.88	\$	14.07

Performance Share Awards and Units

A summary of the status of our performance shares awards and units as of July 1, 2022, June 30, 2023 and changes during fiscal 2022, 2023 is as follows:

	Shares	Weighted-Average Grant Date Fair Value	
Performance share awards and units outstanding as of July 2, 2021	103,328	\$	14.58
Granted	—	\$	—
Vested and released	(45,938)	\$	8.66
Forfeited/Cancelled	(40,346)	\$	9.38
Performance share awards and units outstanding as of July 1, 2022	<u>17,044</u>	\$	42.85

	Shares	Weighted-Average Grant Date Fair Value	
Performance shares outstanding as of July 1, 2022	225,103	\$	16.69
Granted	66,649		30.01

Vested and released	(99,348)	9.56
Forfeited	(12,350)	21.71
Performance shares outstanding as of June 30, 2023	<u>180,054</u> \$	<u>25.20</u>

The fair value of performance shares was estimated using the Monte-Carlo simulation model. A summary of the significant weighted-average assumptions is as follows:

	Fiscal Year	
	2023	2022
Expected dividends	—	—
Expected volatility	63.7 %	62.2% - 60.0%
Risk-free interest rate	3.5 %	0.45% - 0.37%
Weighted-average grant date fair value per share granted	\$32.10	\$35.56 - \$31.38

The total grant date fair value of performance share units that vested during fiscal 2023, 2022 and 2021 and 2020 was \$0.4 million, \$1.0 million, \$0.4 million and \$0.5 million, \$0.4 million, respectively.

Note 10. Segment and Geographic Information

We operate in one reportable business segment: the design, manufacturing and sale of a range of wireless networking products, solutions and services. We conduct business globally and our sales and support activities are managed on a geographic basis. Our Chief Executive Officer is the Chief Operating Decision Maker (the "CODM"). Our CODM manages our business primarily by function globally and reviews financial information on a consolidated basis, accompanied by disaggregated information about revenues by geographic region, for purposes of allocating resources and evaluating financial performance. The profitability of our geographic regions is not a determining factor in allocating resources and the CODM does not evaluate profitability below the level of the consolidated company.

We report revenue by region and country based on the location where our customers accept delivery of our products and services. Revenue by region for 2023, 2022, 2021 and 2020, 2021 were as follows:

(In thousands)	(In thousands)	Fiscal Year			(In thousands)	Fiscal Year		
		2022	2021	2020		2023	2022	2021
North America	North America	\$ 199,801	\$ 183,071	\$ 151,709	North America	\$ 202,096	\$ 199,801	\$ 183,071
Africa and Middle East	Africa and Middle East	47,527	44,023	37,595	Africa and Middle East	60,416	47,527	44,023
Europe	Europe	12,973	8,826	11,157	Europe	18,772	12,973	8,826
Latin America and Asia Pacific	Latin America and Asia Pacific	42,658	38,991	38,181	Latin America and Asia Pacific	65,309	42,658	38,991
Total Revenue	Total Revenue	\$ 302,959	\$ 274,911	\$ 238,642	Total Revenue	\$ 346,593	\$ 302,959	\$ 274,911

Revenue by country comprising more than 5% 10% of our total revenue for fiscal 2023, 2022, 2021 and 2020, 2021 was as follows:

(In thousands, except percentages)	Revenue	% of Total Revenue
Fiscal 2022:		
United States	\$ 198,824	65.6 %
Philippines	16,327	5.4 %
Fiscal 2021:		
United States	\$ 181,842	66.1 %
Fiscal 2020:		
United States	\$ 147,795	61.9 %
Philippines	\$ 12,550	5.3 %

(In thousands, except percentages)	Revenue	% of Total Revenue
Fiscal 2023		
United States	\$ 198,435	57.3 %
Fiscal 2022		
United States	\$ 198,824	65.6 %
Fiscal 2021		

United States		\$	181,842	66.1 %
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Our long-lived assets, consisting primarily of net property, plant and equipment, by geographic areas based on the physical location of the assets as of July 1, 2022, June 30, 2023 and July 2, 2021 July 1, 2022 were as follows:

(In thousands)	(In thousands)	July 1, 2022		July 2, 2021		(In thousands)	June 30, 2023		July 1, 2022	
New Zealand	New Zealand	\$	5,149	\$	6,840	New Zealand	\$	3,619	\$	5,149
United States	United States		2,972		3,434	United States		5,048		2,972
Slovenia			433		1,122					
Other countries	Other countries		333		305	Other countries		785		766
Total	Total	\$	8,887	\$	11,701	Total	\$	9,452	\$	8,887

Note 11. Income Taxes

Income (loss) before provision for (benefit from) income taxes during fiscal year 2023, 2022, 2021 and 2020, 2021 consisted of the following:

(In thousands)	(In thousands)	Fiscal Year			(In thousands)	Fiscal Year		
		2022	2021	2020		2023	2022	2021
United States	United States	\$ 31,923	\$ 26,325	\$ 9,497	United States	\$ 20,531	\$ 31,923	\$ 26,325
Foreign	Foreign	(1,488)	(3,885)	(5,788)	Foreign	2,572	(1,488)	(3,885)
Total income before income taxes	Total income before income taxes	\$ 30,435	\$ 22,440	\$ 3,709	Total income before income taxes	\$ 23,103	\$ 30,435	\$ 22,440

Provision for (benefit from) income taxes for fiscal year 2023, 2022, 2021 and 2020, 2021 were summarized as follows:

(In thousands)	(In thousands)	Fiscal Year			(In thousands)	Fiscal Year		
		2022	2021	2020		2023	2022	2021
Current provision (benefit):	Current provision (benefit):				Current provision (benefit):			
Federal	Federal	\$ 15	\$ (60)	\$ (10)	Federal	\$ —	\$ 15	\$ (60)
Foreign	Foreign	1,234	2,128	3,589	Foreign	1,493	1,234	2,128
State and local	State and local	333	221	45	State and local	637	333	221
		1,582	2,289	3,624		2,130	1,582	2,289
Deferred provision (benefit):	Deferred provision (benefit):				Deferred provision (benefit):			
Federal	Federal	6,348	(75,587)	(744)	Federal	8,826	6,348	(75,587)
Foreign	Foreign	161	983	572	Foreign	(522)	161	983
State and local	State and local	1,184	(15,384)	—	State and local	1,141	1,184	(15,384)
		7,693	(89,988)	(172)		9,445	7,693	(89,988)
Total provision for (benefit from) income taxes	Total provision for (benefit from) income taxes	\$ 9,275	\$ (87,699)	\$ 3,452	Total provision for (benefit from) income taxes	\$ 11,575	\$ 9,275	\$ (87,699)

The provision for (benefit from) income taxes differed from the amount computed by applying the federal statutory rate of 21.0% 21%, to our income before provision for (benefit from) income taxes as follows:

(In thousands)	(In thousands)	Fiscal Year			(In thousands)	Fiscal Year		
		2022	2021	2020		2023	2022	2021
Tax provision at statutory rate	Tax provision at statutory rate	\$ 6,344	\$ 4,713	\$ 779	Tax provision at statutory rate	\$ 4,852	\$ 6,344	\$ 4,713
Valuation allowances	Valuation allowances	220	(95,796)	(6,577)	Valuation allowances	239	220	(95,796)
Permanent differences	Permanent differences	242	(346)	(347)	Permanent differences	19	7	(346)
Foreign income inclusions	Foreign income inclusions				Foreign income inclusions	397	—	—
Effect of flow-through entities	Effect of flow-through entities				Effect of flow-through entities	409	58	101
Transaction costs	Transaction costs				Transaction costs	746	235	—
State and local taxes, net of U.S. federal tax benefit	State and local taxes, net of U.S. federal tax benefit	1,534	1,436	542	State and local taxes, net of U.S. federal tax benefit	1,034	1,534	1,436
Foreign income taxed at rates different than the U.S. statutory rate	Foreign income taxed at rates different than the U.S. statutory rate	439	209	764	Foreign income taxed at rates different than the U.S. statutory rate	218	439	209
Executive compensation limitation	Executive compensation limitation	439	—	—	Executive compensation limitation	663	439	—
Stock-based compensation excess tax benefits	Stock-based compensation excess tax benefits	(580)	(482)	—	Stock-based compensation excess tax benefits			
Tax credit/deductions - generated and expired	Tax credit/deductions - generated and expired	113	108	99	Tax credit/deductions - generated and expired			
Share-based compensation	Share-based compensation				Share-based compensation	(728)	(580)	(482)
Tax credit - generated and expired	Tax credit - generated and expired				Tax credit - generated and expired	(140)	113	108
Foreign withholding taxes	Foreign withholding taxes	267	1,184	303	Foreign withholding taxes	88	267	1,184
Brazil withholding tax receivable	Brazil withholding tax receivable	—	72	—	Brazil withholding tax receivable	—	—	72
Change in uncertain tax positions	Change in uncertain tax positions	644	102	2,674	Change in uncertain tax positions	406	644	102
Return-to-provision/Deferred true-up adjustments	Return-to-provision/Deferred true-up adjustments	(269)	—	5,634	Return-to-provision/Deferred true-up adjustments	359	(269)	—
Acquisition restructuring and integration	Acquisition restructuring and integration				Acquisition restructuring and integration	3,022	—	—
Other	Other	(118)	1,101	(419)	Other	(9)	(176)	1,000
Total provision for (benefit from) income taxes	Total provision for (benefit from) income taxes	\$ 9,275	\$ (87,699)	\$ 3,452	Total provision for (benefit from) income taxes	\$ 11,575	\$ 9,275	\$ (87,699)

Our provision for (benefit from) income taxes was \$9.3 \$11.6 million of expense for fiscal 2023, \$9.3 million of expense fiscal 2022 and \$87.7 million of benefit for fiscal 2021 and \$3.5 million of expense for fiscal 2020. 2021. Our tax expense for fiscal 2022 2023 was primarily due to tax expense related to U.S. and profitable foreign subsidiaries. subsidiaries, including tax expense associated with our acquisition of Redline in July 2022 and subsequent restructuring and integration impact. See Note 12. Acquisitions.

Our tax benefit expense for fiscal 2021 2022 was primarily due to the release of \$92.2 million in valuation allowance on our U.S. federal and state deferred tax assets, offset by tax expenses related to U.S. and profitable foreign subsidiaries and an increase in our reserve for uncertain tax positions, subsidiaries.

The components of deferred tax assets and liabilities were as follows:

(In thousands)	(In thousands)	July 1, 2022	July 2, 2021	(In thousands)	June 30, 2023	July 1, 2022
Deferred tax assets:	Deferred tax assets:			Deferred tax assets:		
Inventory	Inventory	\$ 4,065	\$ 5,279	Inventory	\$ 4,363	\$ 4,065
Accruals and reserves	Accruals and reserves	3,248	3,437	Accruals and reserves	1,848	3,248
Bad debts	Bad debts	157	392	Bad debts	125	157
Amortization	Amortization	2,274	1,530	Amortization	86	2,274
Stock compensation		807	552			
Share-based compensation				Share-based compensation	858	807
Deferred revenue	Deferred revenue	1,913	1,960	Deferred revenue	3,678	1,913
Unrealized exchange gain/loss	Unrealized exchange gain/loss	374	197	Unrealized exchange gain/loss	3,229	374
Other	Other	2,888	3,433	Other	144	2,888
Capitalized research expenses				Capitalized research expenses	5,119	—
Tax credit carryforwards	Tax credit carryforwards	4,926	5,447	Tax credit carryforwards	4,274	4,926
Tax loss carryforwards	Tax loss carryforwards	114,048	119,287	Tax loss carryforwards	100,791	114,048
Total deferred tax assets before valuation allowance	Total deferred tax assets before valuation allowance	134,700	141,514	Total deferred tax assets before valuation allowance	124,515	134,700
Valuation allowance	Valuation allowance	(37,529)	(37,447)	Valuation allowance	(37,032)	(37,529)
Total deferred tax assets	Total deferred tax assets	97,171	104,067	Total deferred tax assets	87,483	97,171
Deferred tax liabilities:	Deferred tax liabilities:			Deferred tax liabilities:		
Branch undistributed earnings reserve	Branch undistributed earnings reserve	176	130	Branch undistributed earnings reserve	90	176
Depreciation	Depreciation	948	450	Depreciation	520	948
Right of use assets	Right of use assets	548	634	Right of use assets	488	548
Other	Other	650	—	Other	227	650
Total deferred tax liabilities	Total deferred tax liabilities	2,322	1,214	Total deferred tax liabilities	1,325	2,322
Net deferred tax assets	Net deferred tax assets	\$ 94,849	\$ 102,853	Net deferred tax assets	\$ 86,158	\$ 94,849
As Reported on the Consolidated Balance Sheets						
As reported on the consolidated balance sheets			As reported on the consolidated balance sheets			
Deferred income tax assets	Deferred income tax assets	\$ 95,412	\$ 103,467	Deferred income tax assets	\$ 86,650	\$ 95,412
Deferred income tax liabilities	Deferred income tax liabilities	563	614	Deferred income tax liabilities	492	563
Total net deferred income tax assets	Total net deferred income tax assets	\$ 94,849	\$ 102,853	Total net deferred income tax assets	\$ 86,158	\$ 94,849

Our valuation allowance related to deferred income taxes, as reflected in our consolidated balance sheets, was \$37.5 million as of July 1, 2022, June 30, 2023 and \$37.4 million as of July 2, 2021, July 1, 2022. The change in valuation allowance for the fiscal years ended June 30, 2023 and July 1, 2022 was a decrease of \$0.5 million and July 2, 2021 was an increase of \$0.1 million, respectively.

The decrease in the valuation allowance in fiscal 2023 was primarily due to the release of certain U.S. federal, state, and foreign valuation allowances, partially offset by losses in tax jurisdictions in which we cannot recognize tax benefits. The increase in the valuation allowance in fiscal 2022 was primarily due to losses in tax jurisdictions in which we cannot recognize tax benefits, partially offset by the release of certain U.S. federal, state, and foreign valuation allowances. The decrease in the valuation allowance in fiscal 2021 was primarily due to the release of certain U.S. federal, state, and foreign valuation allowances, partially offset by losses in tax jurisdictions in which we cannot recognize tax benefits. During the third quarter of fiscal 2021, we recorded a valuation allowance release of \$92.2 million as a discrete item based on management's reassessment of the amount of its U.S. federal and state deferred tax assets that are more likely than not to be realized, primarily as a result of increases in U.S. profitability in the current period and expectations of continued profitability in future periods. In performing our analysis, we used the most updated plans and estimates that we currently use to manage the underlying business and calculated the utilization of our deferred tax assets. As of July 1, 2022, June 30, 2023, we continue to maintain a valuation allowance of \$1.1 million, \$1.2 million on certain U.S. federal and state deferred tax assets that we believe is not more likely than not to be realized in future periods.

Tax loss and credit carryforwards as of July 1, 2022, June 30, 2023 have expiration dates ranging between one year and no expiration in certain instances. The amounts of U.S. federal tax loss carryforwards as of July 1, 2022, June 30, 2023 was \$358.9 million, \$303.5 million and begin to expire in fiscal 2023, 2024. The amount of U.S. federal and state tax credit carryforwards as of July 1, 2022, June 30, 2023 was \$7.0 million, \$6.9 million, and certain credits began to expire in fiscal 2023, 2024. The amount of foreign tax loss carryforwards as of July 1, 2022, June 30, 2023 was \$188.0 million, \$186.0 million and certain losses began to expire in fiscal 2023, 2024. The amount of foreign tax credit carryforwards as of July 1, 2022, June 30, 2023 was \$2.8 million, \$3.1 million, and certain credits will begin to expire in fiscal 2026.

We use the flow-through method to account for investment tax credits generated on eligible scientific research and development expenditures. Under this method, the investment tax credits are recognized as a benefit to income tax in the year they are generated.

United States income taxes have not been provided on basis differences in foreign subsidiaries of \$3.2 million as of July 1, 2022, June 30, 2023 because of our intention to reinvest these earnings indefinitely. Additionally, no foreign withholding taxes, federal or state taxes have been provided if these unremitted earnings of the Company's foreign subsidiaries were distributed, as such amounts are considered permanently reinvested.

It is not practicable to estimate the additional income taxes, including applicable foreign withholding taxes, that would be due upon the repatriation of these earnings.

As of July 1, 2022, June 30, 2023, we had unrecognized tax benefits of \$17.7 million, \$16.1 million for various federal, foreign, and state income tax matters. Unrecognized tax benefits increased/decreased by \$0.4 million, \$1.6 million during fiscal 2022, 2023. Our total unrecognized tax benefits that, if recognized, would affect our effective tax rate was \$9.7 million as of July 1, 2022, June 30, 2023. These unrecognized tax benefits are presented on the accompanying consolidated balance sheets net of the tax effects of net operating loss carryforwards.

We account for interest and penalties related to unrecognized tax benefits as part of our provision for income taxes. The interest accrued was \$0.7 million as of July 1, 2022, June 30, 2023. As of July 2, 2021, June 30, 2023, an immaterial amount of penalties have been accrued.

Our unrecognized tax benefit activity for fiscal 2023, 2022, 2021 and 2020, 2021 was as follows:

(In thousands)	Amount
Unrecognized tax benefit as of June 28, 2019	\$ 12,987
Unrecognized tax benefit as of July 3, 2020	18,047
Additions for tax positions in prior periods	7,023
Additions for tax positions in current periods	3,094
Decreases for tax positions in prior periods	(4,692)
Decreases related to change of foreign exchange rate	(365)
Unrecognized tax benefit as of July 3, 2020	18,047
Additions for tax positions in prior periods	184
Additions for tax positions in current periods	869
Decreases for tax positions in prior periods	(1,788)
Decreases related to change of foreign exchange rate	(57)
Unrecognized tax benefit as of July 2, 2021	17,255
Additions for tax positions in prior periods	54
Additions for tax positions in current periods	704
Decreases for tax positions in prior periods	(104)
Decreases related to change of foreign exchange rate	(202)
Unrecognized tax benefit as of July 1, 2022	17,707
Additions for tax positions in prior periods	19
Additions for tax positions in current periods	770
Decreases for tax positions in prior periods	(457)
Decreases related to change of foreign exchange rate	(1,953)
Unrecognized tax benefit as of June 30, 2023	\$ 17,707
	16,086

There was no an immaterial change in our unrecognized tax benefit for tax positions in prior periods for fiscal year 2022 2023 related to settlements with tax authorities in the table above. Our unrecognized tax benefit decreased for tax positions in prior periods by \$0.9 \$0.0 million and \$3.8 \$0.9 million for fiscal year 2022 and 2021, and 2020, respectively, related to settlements with tax authorities in the table above.

We have a number of years with open tax audits which vary from jurisdiction to jurisdiction. Our major tax jurisdictions that are open and subject to potential audits include the U.S., Singapore, Ghana, Kenya, Nigeria, Saudi Arabia and Saudi Arabia, Tanzania. The earliest years for these jurisdictions are as follows: U.S. - 2003; Singapore - 2015; Ghana - 2016; Kenya - 2018; Nigeria - 2006; and Saudi Arabia - 2019 and Tanzania - 2019.

On December 27, 2020, the US enacted the Consolidated Appropriations Act of 2021 (CAA) which extended and expanded certain tax relief measures created by the CARES Act, including, but not limited to, (1) second round of Payroll Protection Program loans, and (2) the Employer Retention Credit for 2021.

2017.

On March 11, 2021, the US enacted the American Rescue Plan Act of 2021 (ARPA) ("ARPA") which expands Section 162(m) to cover the next five most highly compensated employees for the taxable year, in addition to the "covered employees" effective for taxable years beginning after December 31, 2026. We continue to examine the elements of CAA and the ARPA and the impact they it may have on our future business.

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022 ("IRA") which includes a new corporate alternative minimum tax of 15% on adjusted financial statement income of corporations with profits greater than \$1 billion, effective for taxable years beginning after December 31, 2022, and a 1% excise tax on stock repurchases

by public corporations after December 31, 2022. We will continue to evaluate the applicability and effect of the IRA as more guidance is issued.

Note 12. Acquisitions

NEC's Wireless Transport Business

On May 9, 2023, the Company entered into a Master Sale of Business Agreement (the "Purchase Agreement"), with NEC Corporation. Pursuant to the Purchase Agreement, the Company will purchase certain assets and liabilities from NEC relating to NEC's wireless backhaul business (the "NEC Transaction"). Initial consideration due at the closing of the NEC Transaction will be comprised of (i) an amount in cash equal to \$45.0 million, subject to certain post-closing adjustments, and (ii) the issuance of \$25 million in Company common stock. Aggregate consideration will be approximately \$70 million. The Company has obtained permanent financing to fund the cash portion of the NEC Transaction. See Note 7. Credit Facility and Debt for further information.

The Purchase Agreement contains certain customary termination rights, including, among others, (i) the right of the Company or NEC to terminate if all the conditions to closing have not been either waived or satisfied on or before February 9, 2024 and (ii) there is a final non-appealable order of a government entity prohibiting the consummation of the NEC Transaction. The NEC Transaction remains subject to, among other things, regulatory approvals and satisfaction of other customary closing conditions.

The Company expects to complete the NEC Transaction in the fourth quarter of calendar year 2023.

NEC is a leader in wireless backhaul networks with an extensive installed base of their Pasolink series products.

Redline Communications Group Inc.

On July 5, 2022, the Company acquired all of the issued and outstanding shares of Redline Communications Group Inc. ("Redline"), for a purchase price of \$20.4 million. Redline is a leading provider of mission-critical data infrastructure. Acquiring Redline allows Aviat to expand its Private Networks Offering with Private LTE/5G and Unlicensed Wireless Access Solutions, by creating an integrated end-to-end offering for wireless access and transport in the Private Networks segment, leveraging Aviat's sales channel to address a large dollar Private LTE/5G addressable market and increasing Aviat's reach in mission-critical industrial Private Networks.

Cash acquired as part of the all-cash acquisition was \$4.6 million for total net consideration of \$15.8 million. The acquisition was accounted for as a business combination using the acquisition method of accounting. The assets acquired and the liabilities assumed have been recorded at their respective fair values as of the acquisition date. The recognized goodwill is attributable to the workforce of the acquired business and expected synergies. The goodwill from this acquisition is expected to be deductible for tax purposes. Transaction costs related to the acquisition were expensed as incurred and are included in selling and administrative expenses in the consolidated statements of operations.

The preliminary purchase price allocation has been updated for certain measurement period adjustments based on the final valuation resulting in a \$2.5 million increase in identifiable finite-lived intangible assets and a \$2.6 million decrease in net tangible assets acquired. These adjustments resulted in corresponding increase to goodwill.

The results of operations of Redline have been included in our consolidated financial statements since the date of acquisition. The Company determined that the impact of this acquisition was not material to our consolidated financial statements; therefore, revenue and earnings since the acquisition date and pro forma information are not required or presented.

A summary of the final purchase price allocation is as follows:

(In thousands)

Cash and cash equivalents	\$	4,642
Accounts receivable, net		4,281
Inventories		3,379
Property, plant and equipment, net		688
Identifiable finite-lived intangible assets:		
Patents		690
Customer relationships		7,730
Trade names		1,330
Other assets		1,921
Accounts payable		(2,113)
Advance payments and unearned revenue		(3,301)
Other liabilities		(3,948)
Goodwill		5,112
Total consideration	\$	20,411

The following table presents details of the acquired identifiable finite-lived intangible assets:

	Useful life in Years	Gross	Accumulated amortization	Net
Identifiable intangible assets:				
Patents	10	\$ 690	\$ (69)	\$ 621
Customer relationships	14	7,730	(552)	7,178
Trade names	16	1,330	(83)	1,247
Total identifiable intangible assets		<u>\$ 9,750</u>	<u>\$ (704)</u>	<u>\$ 9,046</u>

Amortization of finite-lived intangibles is included in selling and administrative expenses. As of June 30, 2023, the estimated future amortization expense of intangible assets with finite lives is as follows:

	Amount
	(In thousands)
2024	\$ 704
2025	704
2026	704
2027	704
2028	704
Thereafter	5,526
Total	\$ 9,046

Note 13. Commitments and Contingencies

Purchase Orders and Other Commitments

From time to time in the normal course of business, we may enter into purchasing agreements with our suppliers that require us to accept delivery of, and remit full payment for, finished products that we have ordered, finished

products that we requested be held as safety stock, and work in process started on our behalf in the event we cancel or terminate the purchasing agreement. Because these agreements do not specify fixed or minimum quantities, do not specify minimum or variable price provisions, and do not specify the approximate timing of the transaction, and we have no present intention to cancel or terminate any of these agreements, we currently do not believe that we have any future liability under these agreements.

As of [July 1, 2022](#) [June 30, 2023](#), we had outstanding purchase obligations and other commitments as follows:

	Payments due by period					Total
	2023	2024	2025	2026	2027	
Purchase obligations with suppliers of contract manufacturers	\$ 45,378	\$ 4,530	\$ 2,909	\$ —	\$ —	\$ 52,817
Contractual obligations associated with software as a service and software maintenance support	2,895	922	124	—	—	3,941
Total obligations	\$ 48,273	\$ 5,452	\$ 3,033	\$ —	\$ —	\$ 56,758

	Payments due by period					Total
	2024	2025	2026	2027	2028	
Purchase obligations with suppliers of contract manufacturers	\$ 34,004	\$ 3,089	\$ —	\$ —	\$ —	\$ 37,093
Contractual obligations associated with software as a service and software maintenance support	971	1,708	896	164	—	3,739
Total obligations	\$ 34,975	\$ 4,797	\$ 896	\$ 164	\$ —	\$ 40,832

Financial Guarantees and Commercial Commitments

Guarantees issued by banks, insurance companies or other financial institutions are contingent commitments issued to guarantee our performance under borrowing arrangements, such as bank overdraft facilities, tax and customs obligations and similar transactions or to ensure our performance under customer or vendor contracts. The terms of the guarantees are generally equal to the remaining term of the related debt or other obligations and are generally limited to two years or less. As of [July 1, 2022](#) [June 30, 2023](#), we had no guarantees applicable to our debt arrangements.

We have entered into commercial commitments in the normal course of business including surety bonds, standby letters of credit agreements and other arrangements with financial institutions primarily relating to the guarantee of future performance on certain contracts to provide products and services to customers. As of [July 1, 2022](#) [June 30, 2023](#), we had commercial commitments of [\\$65.4 million](#) [\\$61.0 million](#) outstanding that were not recorded on our consolidated balance sheets.

Indemnifications

Under the terms of substantially all of our license agreements, we have agreed to defend and pay any final judgment against our customers arising from claims against such customers that our products infringe the intellectual property rights of a third party. As of [July 1, 2022](#) [June 30, 2023](#), we have not received any notice that any customer is subject to an infringement claim arising from the use of our products; we have not received any request to defend any customers from infringement claims arising from the use of our products; and we have not paid any final judgment on behalf of any customer related to an infringement claim arising from the use of our products. Because the outcome of

infringement disputes is related to the specific facts of each case and given the lack of previous or current indemnification claims, we cannot estimate the maximum amount of potential future payments, if any, related to our indemnification provisions. As of July 1, 2022, June 30, 2023, we had not recorded any liabilities related to these indemnifications.

Legal Proceedings

We are subject from time to time to disputes with customers concerning our products and services. In May 2016, From time to time, we received notification of a claim for damages from a customer alleging may be involved in various other legal claims and litigation that certain arise in the normal course of our products were defective which operations. We are aggressively defending all current litigation matters. Although there can be no assurances and the outcome of these matters is currently not determinable, we settled currently believe that none of these claims or proceedings are likely to have a material adverse effect on our financial position. There are many uncertainties associated with any litigation and these actions or other third-party claims against us may cause us to incur costly litigation and/or substantial settlement charges. As a result, our business, financial condition, results of operations, and cash flows could be adversely affected. The actual liability in any such matters may be materially different from our estimates, if any.

We record accruals for our outstanding legal proceedings, investigations or claims when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated. We evaluate, at least on a quarterly basis, developments in legal proceedings, investigations or claims that could affect the amount of any accrual, as well as any developments that would result in a loss contingency to become both probable and reasonably estimable. We have not recorded any significant accrual for loss contingencies associated with such legal claims or litigation discussed above.

Contingent Liabilities

We record a loss contingency as a charge to operations when (i) it is probable that an immaterial asset has been impaired or a liability has been incurred at the date of the financial statements; and (ii) the amount during of the third quarter of 2021, loss can be reasonably estimated. Disclosure in the notes to the financial statements is required for loss contingencies that do not meet both conditions if there is a reasonable possibility that a loss may have been incurred. Gain contingencies are not recorded until realized. We expense all legal costs incurred to resolve regulatory, legal and tax matters as incurred.

In March 2016, an enforcement action by the Indian Department of Revenue, Ministry of Finance was brought against our subsidiary Aviat Networks (India) Private Limited ("Aviat India") relating to the non-realization of intercompany receivables and non-payment of intercompany payables, which originated from 1999 to 2012, within the time frames dictated by the Indian regulations under the Foreign Exchange Management Act. In November 2017, the Indian Department of Revenue, Ministry of Finance also initiated a similar action against Telsima Communications Private Limited ("Telsima India"), a subsidiary of the Company, relating to the non-realization of intercompany receivables and non-payment of intercompany payables which originated from the period prior to our acquisition of Telsima India in February 2009. In September 2019, our directors of Aviat India appeared before the Ministry of Finance Enforcement Directorate. No settlement offers were discussed at the meeting and the matter is still ongoing with no subsequent hearing date currently scheduled, scheduled as of June 30, 2023. We have accrued an immaterial amount representing the estimated probable loss for which we would settle the matter. We currently cannot form an estimate of the range of loss in excess of our amounts already accrued. If the outcome of this matter is greater than the current immaterial amount accrued, we intend to dispute it vigorously.

From time to time, we may be involved in various other legal claims and litigation that arise in the normal course of our operations. We are aggressively defending all current litigation matters. Although there can be no assurances and the outcome of these matters is currently not determinable, we currently believe that none of these claims or proceedings are likely to have a material adverse effect on our financial position. We expect to defend each of these disputes vigorously. There are many uncertainties associated with any litigation and these actions or other third-party claims against us may cause us to incur costly litigation and/or substantial settlement charges. As a result, our business, financial condition, results of operations, and cash flows could be adversely affected. The actual liability in any such matters may be materially different from our estimates, if any.

We record accruals for our outstanding legal proceedings, investigations or claims when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated. We evaluate, at least on a quarterly basis, developments in legal proceedings, investigations or claims that could affect the amount of any accrual, as well as any developments that would result in a loss contingency to become both probable and reasonably estimable. We have not recorded any significant accrual for loss contingencies associated with such legal claims or litigation discussed above.

Contingent Liabilities

We record a loss contingency as a charge to operations when (i) it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements; and (ii) the amount of the loss can be reasonably estimated. Disclosure in the notes to the financial statements is required for loss contingencies that do not meet both those conditions if there is a reasonable possibility that a loss may have been incurred. Gain contingencies are not recorded until realized. We expense all legal costs incurred to resolve regulatory, legal and tax matters as incurred.

Periodically, we review the status of each significant matter to assess the potential financial exposure. If a potential loss is considered probable and the amount can be reasonably estimated, we reflect the estimated loss in our results of operations. Significant judgment is required to determine the probability that a liability has been incurred or an asset impaired and whether such loss is reasonably estimable. Further, estimates of this nature are highly subjective, and the final outcome of these matters could vary significantly from the amounts that have been included in our consolidated financial statements. As additional information becomes available, we reassess the potential liability related to our pending claims and litigation and may revise estimates accordingly. Such revisions in the estimates of the potential liabilities could have a material impact on our results of operations and financial position.

Note 13. Subsequent Event

On April 13, 2022, Aviat and Redline Communications, Inc. ("Redline"), a leading provider of mission-critical data infrastructure, signed a definitive agreement for Aviat to acquire all outstanding common stock of Redline. The transaction closed on July 5, 2022, subsequent to the balance sheet date. Redline allows Aviat to expand its Private Networks Offering with Private LTE/5G, Unlicensed Wireless Access Solutions, by creating an integrated end-to-end offering for wireless access and transport in the Private Networks segment, leveraging Aviat's sales channel to address a large dollar Private LTE/5G addressable market and increasing Aviat's reach in mission-critical industrial Private

Networks. Redline shareholders received \$0.69 (\$0.90 CAD) per share in cash. The total transaction value was approximately \$12.9 million USD and the implied enterprise value was approximately \$15.0 million after adding back Redline's net debt as of July 5, 2022. Aviat is continuing to integrate Redline and additional disclosures are not available as of the time of this filing as we are in the process of determining the fair value of the assets and liabilities assumed.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on management's evaluation, with participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as of the end of the period covered by this report, our CEO and CFO have concluded that our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act are effective to provide reasonable assurance that the information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Controls Over Financial Reporting

There were no changes to our internal control over financial reporting as defined in Rules 13a-15(f) or 15d-15(f) that occurred during the quarter ended July 1, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP.

Management, including our CEO and CFO, assessed our internal control over financial reporting as of July 1, 2022, the end of our fiscal year, June 30, 2023. Management based its assessment on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Management's assessment included evaluation of elements such as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies, and our overall control environment.

Based on this assessment, management has concluded that our internal control over financial reporting was effective as of the end of the fiscal year June 30, 2023 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external reporting purposes in accordance with U.S. GAAP. We reviewed the results of management's assessment with the Audit Committee of our Board of Directors.

BDO USA LLP, the independent registered public accounting firm that audited the consolidated financial statements of the Company included in this Annual Report on Form 10-K, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting as of July 1, 2022. The June 30, 2023 has been audited by our independent registered public accounting firm, as stated in their attestation report is included herein.

Changes in this Item under Internal Controls Over Financial Reporting

There were no changes to our internal control over financial reporting as defined in Rules 13a-15(f) or 15d-15(f) that occurred during the heading "Report of Independent Registered Public Accounting Firm." quarter ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our CEO and CFO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well-designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in

achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Report of Independent Registered Public Accounting Firm

To the stockholders and the Board of Directors of Aviat Networks, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Aviat Networks, Inc. and subsidiaries (the "Company") as of June 30, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended June 30, 2023, of the Company and our report dated August 30, 2023, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Austin, Texas
August 30, 2023

Item 9B. Other Information

Not applicable. None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Certain information required by Part III is omitted from this Annual Report on Form 10-K because we will file a definitive Proxy Statement with the SEC within 120 days after the end of our fiscal year ended **July 1, 2022** **June 30, 2023**.

Item 10. Directors, Executive Officers and Corporate Governance

We adopted a Code of Conduct that is available at www.aviatnetworks.com. We most recently amended and restated our Code of Conduct on **February 10, 2021**, in **November 2022** and posted it on our website. If, in the future, we amend our Code of Conduct or grant waivers from our Code of Conduct with respect to any of our executive officers or directors, we will make information regarding such amendments or waivers available on our corporate website (www.aviatnetworks.com) for a period of at least 12 months.

For information with respect to Executive Officers, see Part I, Item 1 of this Annual Report on Form 10-K, under “**Executive**” **Information about our Executive Officers, of the Registrant,**” which is incorporated herein by reference.

All information required to be disclosed in this Item 10 that is not otherwise contained herein will appear in our definitive Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation

Information regarding our executive and director compensation will appear in our definitive Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information regarding security ownership of certain beneficial owners and management and related stockholder matters will appear in our definitive Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information regarding certain relationships and related transactions, and director independence will appear in our definitive Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information regarding our principal accountant fees and services will appear in our definitive Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report.

1. Financial Statements

The financial statements of Aviat Networks, Inc. are set forth in Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules

Schedule

Page

Schedule II — Valuation and Qualifying Accounts for the three fiscal years ended **July 1, 2022** **June 30, 2023**

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All other schedules have been omitted because the required information is not present or is not present in amounts sufficient to require submission of the schedules or because the information required is included in the consolidated financial statements or notes thereto.

(b) Exhibits.

The information required by this Item is set forth on the Exhibit Index (following the Signatures section of this report) and is included, or incorporated by reference, in this Form 10-K.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AVIAT NETWORKS, INC.
(Registrant)

Date: September 14, 2022 August 30, 2023

By: /s/ David M. Gray

David M. Gray
Senior Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ /s/ Peter A. Smith Peter A. Smith	President and Chief Executive Officer (Principal Executive Officer)	September 14, 2022 August 30, 2023
_____ /s/ David M. Gray David M. Gray	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	September 14, 2022 August 30, 2023
_____ /s/ John Mutch John Mutch	Chairman of the Board	September 14, 2022 August 30, 2023
_____ /s/ Bryan Ingram Bryan Ingram	Director	September 14, 2022 August 30, 2023
_____ /s/ Michele Klein Michele Klein	Director	September 14, 2022 August 30, 2023
_____ /s/ Somesh Singh Somesh Singh	Director	September 14, 2022
_____ /s/ James C. Stoffel James C. Stoffel	Director	September 14, 2022 August 30, 2023
_____ /s/ Bruce Taten Bruce Taten	Director	September 14, 2022 August 30, 2023

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

AVIAT NETWORKS, INC.

Years Ended July 1, 2022 June 30, 2023, July 2, 2021 July 1, 2022 and July 3, 2020 July 2, 2021

(In thousands)	Balance at Beginning of Period	Charged to (Credit from) Costs and Expenses	Deductions	Balance at End of Period
Allowances for collection losses:				
Year ended July 1, 2022	\$ 2,141	\$ (1,206)	\$ —	\$ 935
Year ended July 2, 2021	\$ 1,841	\$ 300	\$ —	\$ 2,141
Year ended July 3, 2020	\$ 1,602	\$ 248	\$ 9 ⁽¹⁾	\$ 1,841

(1) - Consisted of changes to allowance for collection losses of \$0 for foreign currency translation gain and \$9 thousand for uncollectible accounts charged off, net of recoveries on accounts previously charged off.

(In thousands)	Balance at Beginning of Period	Charged to (Credit from) Costs and Expenses	Write-offs	Balance at End of Period
Allowances for collection losses:				
Year ended June 30, 2023	\$ 934	\$ 467	\$ (682)	\$ 719
Year ended July 1, 2022	\$ 2,141	\$ (1,207)	\$ —	\$ 934
Year ended July 2, 2021	\$ 1,841	\$ 300	\$ —	\$ 2,141

EXHIBIT INDEX

The following exhibits are filed or furnished herewith or are incorporated herein by reference to exhibits previously filed with the SEC:

<u>Ex. #</u>	<u>Description</u>
<u>2.1#</u>	Master Sale of Business Agreement, dated May 9, 2023, by and among the Company and NEC (incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K filed with the SEC on May 9, 2023, File No. 001-33278)
<u>3.1</u>	Amended and Restated Certificate of Incorporation of Aviat Networks, Inc., as amended (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q filed with the SEC on February 10, 2017, File No. 001-33278)
<u>3.2</u>	Amended and Restated Bylaws of Aviat Networks, Inc. (incorporated by reference to Exhibit 3.13.1 to the Current Report on Form 8-K filed with the SEC on August 23, 2022 August 24, 2023, File No. 001-33278)
<u>4.1</u>	Certificate of Designation of Rights, Preferences and Privileges of Series A Participating Preferred Stock (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed with the SEC on September 7, 2016. File No. 001-33278)
<u>4.2</u>	Specimen common stock certificate, adopted as of January 29, 2010 (incorporated by reference to Exhibit 4.1.1 to the Annual Report on Form 10-K for fiscal year end July 2, 2010 filed with the SEC on September 9, 2010, File No. 001-33278)
<u>4.3</u>	Amended and Restated Tax Benefit Preservation Plan, dated as of August 27, 2020, by and between Aviat Networks, Inc. and Computershare Inc., as Rights Agent (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on August 31, 2020, File No. 011-33278)
<u>4.4* 4.4</u>	Amendment No. 1 to the Amended and Restated Tax Benefit Preservation Plan, dated as of February 28, 2023, by and between Aviat Networks, Inc. and Computershare Inc., as Rights Agent (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on February 28, 2023, File No. 001-33278)
<u>4.5*</u>	Description of Registered Securities
<u>10.1</u>	Intellectual Property Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the SEC on February 1, 2007, File No. 001-33278)
<u>10.2</u>	Tax Sharing Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.11 to the Current Report on Form 8-K filed with the SEC on February 1, 2007, File No. 001-33278)
<u>10.3+</u>	Standard Form of Executive Employment Agreement between Harris Stratex Networks, Inc. and certain executives (incorporated by reference to Exhibit 10.16 to the Current Report on Form 8-K filed with the SEC on February 1, 2007, File No. 001-33278)
<u>10.4+</u>	Aviat Networks, Inc. 2007 Stock Equity Plan (as Amended and Restated Effective November 13, 2015) (incorporated by reference to Appendix A to Schedule 14A filed with the SEC on October 1, 2015, File No. 001-33278)
<u>10.5</u>	Third Amended and Restated Loan and Security Agreement, dated as of June 29, 2018, by and among Aviat Networks, Inc., Aviat U.S., Inc., Aviat Networks (S) Pte. Ltd. and Silicon Valley bank (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on June 29, 2018, File No. 001-33278)
<u>10.5.1</u>	Amendment #1 to Third Amended and Restated Loan and Security Agreement, dated as of September 28, 2018, by and among Aviat Networks, Inc., Aviat U.S., Inc., Aviat Networks (S) Pte. Ltd. and Silicon Valley Bank (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on October 4, 2018, File No. 001-33278)
<u>10.5.2</u>	Amendment #2 to Third Amended and Restated Loan and Security Agreement, dated as of June 10, 2019, by and among Aviat Networks, Inc., Aviat U.S., Inc., Aviat Networks (S) Pte. Ltd. and Silicon Valley Bank (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on June 12, 2019, File No. 001-33278)
<u>10.5.3</u>	Third Amendment to Third Amended and Restated Loan and Security Agreement, dated as of May 4, 2020, by and among Aviat Networks, Inc., Aviat U.S., Inc., Aviat Networks (S) Pte. Ltd. and Silicon Valley Bank (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on May 5, 2020, File No. 001-33278)
<u>10.5.4</u>	Fourth Amendment to Third Amended and Restated Loan and Security Agreement, dated as of May 17, 2021, by and among Aviat Networks, Inc., Aviat U.S., Inc., Aviat Networks (S) Pte. Ltd. and Silicon Valley Bank (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on May 5, 2020, File No. 001-33278)

Ex. #	Description
10.6 10.4	Letter Agreement, dated as of January 11, 2015, among Aviat Networks, Inc., Steel Partners Holdings L.P., Lone Star Value Management, LLC and certain other parties (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on January 12, 2015, File No. 001-33278)
10.7+	Employment Agreement, dated January 20, 2016, between Aviat Networks, Inc. and Eric Chang (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on January 21, 2016, File No. 001-33278)
10.7.1+	Amendment to Employment Agreement, dated June 20, 2018, between Aviat Networks, Inc. and Eric Chang (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on June 25, 2018, File No. 001-33278)
10.7.2+	Amendment to Employment Agreement, dated April 3, 2020, between Aviat Networks, Inc. and Eric Chang (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on April 3, 2020, File No. 001-33278)
10.8 10.5	Lease Agreement, dated June 8, 2016, between Aviat Networks, Inc., through its wholly owned subsidiary Aviat U.S., Inc., and The Irvine Company LLC (incorporated by reference to Exhibit 10.34 to the Annual Report on Form 10-K for fiscal year end July 1, 2016 filed with the SEC on September 9, 2016, File No. 001-33278)
10.9+ 10.6+	Employment Agreement, dated January 2, 2020, between Aviat Networks, Inc. and Peter Smith (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on January 2, 2020, File No. 001-33278)
10.9.1+ 10.6.1+	First Amendment to the Employment Agreement between Aviat Networks, Inc. and Peter Smith, dated May 17, 2021 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on May 18, 2021, File No. 001-33278)

Ex. #	Description
10.9.2+ 10.6.2+	Second Amendment to Employment Agreement, dated July 4, 2021, between the Company and Pete Smith (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on July 7, 2021, File No. 001-33278)
10.10+ 10.7+	Aviat Networks, Inc. Amended and Restated 2018 Incentive Plan (incorporated by reference to Appendix 1 to the Registrant's Proxy Statement on Schedule 14A filed with the SEC on September 27, 2021, File No. 001-33278)
10 10.11+ 8+	Employment Agreement, dated September 21, 2021 between the Company and David Gray (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on October 18, 2021, File No. 001-33278)
10.12+* 10.9+	Employment Agreement, dated July 1, 2012 between the Company and Bryan C. Tucker (incorporated by reference to Exhibit 10.12 to the Annual Report on Form 10-K for fiscal year end July 1, 2022 filed with the SEC on September 14, 2022, File No. 001-33278)
10.12.1+* 10.9.1+	Letter Agreement amending Employment Agreement dated June 27, 2019, between the Company and Bryan C. Tucker (incorporated by reference to Exhibit 10.12.1 to the Annual Report on Form 10-K for fiscal year end July 1, 2022 filed with the SEC on September 14, 2022, File No. 001-33278)
10.10#	Credit Agreement dated May 9, 2023, by and among the Company, the Opco, the Singapore Borrower and the Lenders (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on May 9, 2023, File No. 001-33278)
21*	List of Subsidiaries of Aviat Networks, Inc.
23.1*	Consent of Deloitte & Touche LLP
23.2*	Consent of BDO USA, LLP P.A.
31.1*	Rule 13a-14(a)/15d-14(a) Certification of President and Chief Executive Officer
31.2*	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1**	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

- + Management compensatory contract, arrangement or plan required to be filed as an exhibit pursuant to Item 15(b) of this report.
- * Filed herewith.
- ** Furnished herewith.
- # Certain schedules and exhibits to this agreement have been omitted in accordance with Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC on request.
- ¥ Certain portions of this exhibit were redacted pursuant to Item 601(b)(2)(ii) of Regulation S-K.

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Exhibit 4.4

AVIAT NETWORKS, INC. DESCRIPTION OF REGISTERED SECURITIES

General

Aviat Networks, Inc. (the "Company," "we," or "our") is incorporated in the State of Delaware. We have two classes of registered securities, common stock and preferred share purchase rights ("Rights").

The rights of our security holders are generally covered by Delaware law and our certificate of incorporation ("Certificate") and by-laws ("Bylaws") (each as amended or restated and in effect as of the date hereof). The terms of our securities are therefore subject to Delaware law, including the Delaware General Corporation Law (the "DGCL"), and the common and constitutional law of Delaware. Additionally, the terms of the Rights are described in that certain Tax Benefit Preservation Plan, dated as of March 3, 2020 (as amended and restated on August 27, 2020, as amended, the "Plan"), between the Company and Computershare Inc., as rights agent. We submitted the Plan to a stockholder vote and our stockholders approved the Plan at the 2020 Annual Meeting of Stockholders.

Our Board of Directors (the "Board") adopted Amendment No. 1 to the Plan (the "Amendment to the Plan") on February 28, 2023, which will be submitted to a stockholder vote at the 2023 Annual Meeting of Stockholders.

This description is a summary and does not purport to be complete. Our Certificate, Bylaws and the Plan are incorporated by reference or filed as an exhibit to the Annual Report on Form 10-K of which this exhibit is a part, and amendments or restatements of each will be filed with the Securities and Exchange Commission (the "SEC") in future periodic or current reports in accordance with the rules of the SEC. We encourage you to read our Certificate and Bylaws, the Plan, and the applicable provisions of the DGCL for additional information.

Authorized Capital Stock

We are authorized to issue 300,000,000 shares of common stock, par value \$0.01 per share and 50,000,000 shares of preferred stock, par value \$0.01 per share.

Common Stock

Voting Rights

Holders of our common stock are entitled to one vote per share in the election of directors and on all other matters submitted to a vote at a meeting of shareholders. Holders of our common stock do not have cumulative voting rights, meaning that holders of a majority of the shares of common stock voting for the election of directors can elect all the directors if they choose to do so. The voting rights of holders of our Series A Participating Preferred Stock ("Series A Preferred Stock"), which are discussed in further detail below, or of any future series of preferred stock issued by the board of directors of the Company (the "Board"), Board, may affect the voting power associated with our common stock.

Dividend Rights

Subject to prior rights and preferences that may be applicable to any outstanding shares or series of preferred stock, holders of our common stock are entitled to dividends when, as and if declared by our Board out of funds legally available therefor.

Liquidation Rights

If we liquidate or dissolve our business, whether voluntarily or involuntarily, the holders of common stock will share ratably in the distribution of assets available for distribution to stockholders after creditors are paid and preferred stockholders, including holders of Series A Preferred Stock, if any, receive their distributions.

Other

Our common stock has no preemptive or conversion rights and is not entitled to the benefits of any redemption or sinking fund provision. The outstanding shares of our common stock are fully paid and non-assessable with no restrictions on alienability.

Stock Exchange Listing

Our common stock is traded on The Nasdaq Stock Market LLC under the symbol "AVNW."

Preferred Stock

The Board generally will be authorized, without further stockholder approval, to issue from time to time up to an aggregate of 50,000,000 shares of preferred stock, in one or more series. Each The Board is expressly authorized to fix by resolution or resolutions the designations and the powers, preferences and rights, and the qualifications, limitations and restrictions thereof, of the shares of each series of preferred stock will have Preferred Stock, including without limitation the following:

- the distinctive serial designation of such series which shall distinguish it from other series;
- the number of shares designations, preferences, voting powers included in such series;
- the dividend rate (or special, preferential or no voting powers), relative, participating, optional or other special rights and privileges and method of determining such qualifications, limitations or restrictions as is determined by rate) payable to the Board, which may include, among others, the right to provide that holders of the shares of each such series, may be: (i) subject to a sinking fund provision or other any conditions upon which shares such dividends shall be redeemed paid and the date or purchased; (ii) entitled to receive dates upon which such dividends (which may shall be payable;
- whether dividends on the shares of such series shall be cumulative and, in the case of shares of any series having cumulative dividend rights, the date or non-cumulative) at dates or method of determining the date or dates from which dividends on the shares of such rates, on such conditions, and at such times, and series shall be cumulative;
- the amount or amounts which shall be payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series; (iii) entitled to such rights upon the dissolution of, or upon any distribution out of the assets of the Company; (iv) corporation to the holders of the shares of such series upon voluntary or involuntary liquidation, dissolution or winding up the Company, and the relative rights of priority, if any, of payment of the shares of such series;
- the price or prices at which, the period or periods within which and the terms and conditions upon which the shares of such series may be redeemed, in whole or in part, at the option of the Company or at the option of the holder or holders thereof or upon the happening of a specified event or events;
- the obligation, if any, of the Company to purchase or redeem shares of such series pursuant to a sinking fund or otherwise and the price or prices at which, the period or periods within which and the terms and conditions upon which the shares of such series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;
- whether or not the shares of such series shall be convertible into, or exchangeable, for, at any time or times at the option of the holder or holders thereof or at the option of the Company or upon happening of a specified event or events, into shares of any other class or classes of stock, or of any other series of the same or any other class or classes of stock of the Company, at such and the price or prices or at such rate or rates of exchange or conversion and with such any adjustments if any; applicable thereto; and
- whether or (v) entitled to not the benefit holders of such limitations, if any, on the issuance of additional shares of such series or shares shall have voting rights, in addition to the voting rights provided by law, and if so the terms of any other series of preferred stock.

such voting rights.

The rights of the holders of common stock will generally be subordinate to the rights of holders of any preferred stock issued in the future. The issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could adversely affect the voting power or other rights of the holders of common stock, and could make it more difficult for a third party to acquire, or discourage a third party from attempting to acquire, a majority of our outstanding voting stock. As of the date hereof, the Board has designated one series of preferred stock, the Series A Preferred Stock. No shares of the Series A Preferred Stock are currently issued or outstanding.

Preferred Share Purchase Rights

Rights Plan

On March 3, 2020, the Board authorized and declared a dividend distribution of one Right for each outstanding share of common stock **par value \$0.01 per share**, of the Company to stockholders of record as of the close of business on March 13, 2020 (the "Record Date"). Each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series A Preferred Stock, par value \$0.01 per share, of the Company at an exercise price of \$35.00 (the "Exercise Price") per one one-thousandth of a share of Series A Preferred Stock, subject to adjustment. The complete terms of the Rights are set forth in the Plan.

The Plan is intended to protect the Company's ability to use its net operating losses, any loss or deduction attributable to a "net unrealized built-in loss" and other tax attributes (collectively, "Tax Benefits"). If the Company experiences an "ownership change," as defined in Section 382 of the Internal Revenue Code (the "Code"), its ability to use the Tax Benefits could be substantially limited, and the timing of the usage of the Tax Benefits could be substantially delayed, which could significantly impair the value of the Tax Benefits. Generally, an "ownership change" occurs if the percentage of the Company's stock owned by one or more "five percent stockholders" increases by more than 50 percentage points over the lowest percentage of stock owned by such stockholders at any time during the prior three-year period or, if sooner, since the last "ownership change" experienced by the Company.

The Plan is intended to act as a deterrent to any person acquiring 4.9% or more of the outstanding shares of common stock without the approval of the Board. This would protect the Tax Benefits because changes in ownership by a person owning less than 4.9% of the shares of common stock are not included in the calculation of "ownership change" for purposes of Section 382 of the Code. We submitted the Plan to a stockholder vote and our stockholders approved the Plan at the 2020 Annual Meeting of Stockholders.

On February 28, 2023, the Board approved, and the Company and Computershare Inc., as Rights Agent, entered into the Amendment to the Plan, which extends the final expiration date of the Plan from March 3, 2023 to March 3, 2026. The Amendment to the Plan will be submitted to a stockholder vote at the 2023 Annual Meeting of Stockholders. If stockholder approval of the Amendment to the Plan is not obtained at the 2023 Annual Meeting of Stockholders, the Company anticipates terminating the Plan at the close of business on the date that the voting results are certified.

Distribution and Transfer of Rights; Rights Certificates

The Board declared a dividend of one Right for each outstanding share of common stock as of the Record Date. Prior to the Distribution Date referred to below:

- The Rights are evidenced by and trade with the certificates for the shares of common stock (or, with respect to any uncertificated shares of common stock registered in book entry form, by notation in book entry), and no separate rights certificates will be **distributed; distributed.**
- New certificates issued after the Record Date for shares of common stock will contain a legend incorporating the Plan by reference (for uncertificated shares of common stock registered in book entry form, this legend will be contained in a notation in book entry); **and.**
- The surrender for transfer of any certificates for shares of common stock (or the surrender for transfer of any uncertificated shares of common stock registered in book entry form) will also constitute the transfer of the Rights associated with such shares of common stock.
- Rights will accompany any new shares of common stock that are issued after the Record Date.

Distribution Date

Subject to certain exceptions specified in the Plan, the Rights will separate from the shares of common stock and become exercisable following (1) the 10th business day (or such later date as may be determined by the Board) after the public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired beneficial ownership of 4.9% or more of the shares of common stock or (2) the 10th business day (or such later date as may be determined by the Board) after a person or group announces a tender or exchange offer that would result in ownership by a person or group of 4.9% or more of the shares of common stock. For purposes of the Plan, beneficial ownership is defined to include the ownership of derivative securities. Any person or group of affiliated or associated persons who beneficially owns 4.9% or more of the outstanding shares of common stock as of the announcement of the Plan will not be an Acquiring Person, but only for so long as such person or group does not become the beneficial owner of any additional shares of common stock.

The date on which the Rights separate from the shares of common stock and become exercisable is referred to as the "Distribution Date." After the Distribution Date, the Company will mail Rights certificates to the Company's stockholders as of the close of business on the Distribution Date and the Rights will become transferable apart from the shares of common stock. Thereafter, such Rights certificates alone will represent the Rights.

Preferred Shares Purchasable Upon Exercise of Rights

After the Distribution Date, each Right will entitle the holder to purchase, for the Exercise Price, one one-thousandth of a share of Series A Preferred Stock having economic and other terms similar to that of one share of common stock. This portion of a share of Series A Preferred Stock is intended to give the stockholder approximately the same dividend, voting and liquidation rights as would one share of common stock, and should approximate the value of one share of common stock.

More specifically, each one one-thousandth of a share of Series A Preferred Stock, if issued, will:

- not be redeemable;
- entitle holders to quarterly dividend payments of \$0.01 per share, or an amount equal to the dividend paid on one share of common stock, whichever is greater;
- entitle holders upon liquidation either to receive \$1.00 per share or an amount equal to the payment made on one share of common stock, whichever is greater;
- have the same voting power as one share of common stock (see "Voting Rights of Series A Preferred Stock" below for additional information); and
- entitle holders to a per share payment equal to the payment made on one share of common stock if the shares of common stock are exchanged via merger, consolidation or a similar transaction.

Voting Rights of Series A Preferred Stock

If issued, holders of our Series A Preferred Stock will be entitled to one thousand votes per share of preferred stock (subject to adjustment upon the occurrence of certain specified events, including a stock split, reverse stock split or payment of dividends in common stock) on all

matters submitted to a vote of the stockholders of the Company. Except as provided in the Certificate, the Bylaws, any certificate of designation of preferred stock or by law, the holders of Series A Preferred Stock and common stock will vote together as one class on all matters submitted to a vote of the stockholders of the Company. Upon the occurrence and continuance of a default with respect to the payment of dividends to the holders of Series A Preferred Stock, the holders of the Series A Preferred Stock, voting as a class, have the right to elect two directors to the Board, who shall serve for so long as such default continues. After such election and during the continued period of default, the number of directors shall not be increased or decreased except by vote of the holders of the Series A Preferred Stock.

Flip-In Trigger

If an Acquiring Person obtains beneficial ownership of 4.9% or more of the shares of common stock, except pursuant to an offer for all outstanding shares of common stock that the independent members of the Board determine to be fair and not inadequate and to otherwise be in the best interests of the Company and its stockholders after receiving advice from one or more investment banking firms, *then* each Right will entitle the holder thereof to purchase, for the Exercise Price, a number of shares of common stock (or, in certain circumstances, cash, property or other securities of the Company) having a then-current market value of twice the Exercise Price. However, the Rights are not exercisable following the occurrence of the foregoing event until such time as the Rights are no longer redeemable by the Company, as further described below. Following the occurrence of an event set forth in preceding sentence, all Rights that are or, under certain circumstances specified in the Plan, were beneficially owned by an Acquiring Person or certain of its transferees will be null and void.

Flip-Over Trigger

If, after an Acquiring Person obtains 4.9% or more of the shares of common stock, (1) the Company merges into another entity, (2) an acquiring entity merges into the Company or (3) the Company sells or transfers more than 50% of its assets, cash flow or earning power, *then* each Right (except for Rights that have previously been voided as set forth above) will entitle the holder thereof to purchase, for the Exercise Price, a number of shares of common stock of the person engaging in the transaction having a then-current market value of twice the Exercise Price.

Redemption of the Rights

The Rights will be redeemable at the Company's option for \$0.01 per Right (payable in cash, shares of common stock or other consideration deemed appropriate by the Board) at any time on or prior to the 10th business day (or such later date as may be determined by the Board) after the public announcement that an Acquiring Person has acquired beneficial ownership of 4.9% or more of the shares of common stock. Immediately upon the action of the Board ordering redemption, the Rights will terminate and the only right of the holders of the Rights will be to receive the \$0.01 redemption price. The redemption price will be adjusted if the Company undertakes a stock dividend or a stock split.

Exchange Provision

At any time after the date on which an Acquiring Person beneficially owns 4.9% or more of the shares of common stock and prior to the acquisition by the Acquiring Person of 50% of the shares of common stock, the Board may exchange the Rights (except for Rights that have previously been voided as set forth above), in whole or in part, for shares of common stock at an exchange ratio of one share of common stock per Right (subject to adjustment). In certain circumstances, the Company may elect to exchange the Rights for cash or other securities of the Company having a value approximately equal to one share of common stock.

Expiration of the Rights

The Rights expire on the earliest of (1) 5:00 p.m., New York City time, on March 3, 2023 (unless such date is extended); (2) the redemption or exchange of the Rights as described above; (3) the repeal of Section 382 of the Code or any other change if the Board determines that the Plan is no longer necessary or desirable for the preservation of the Tax Benefits; (4) the time at which the Board determines that the Tax Benefits are fully utilized or no longer available pursuant to Section 382 of the Code or that an ownership change pursuant to Section 382 of the Code would not adversely impact in any material respect the time period in which the Company could use the Tax Benefits, or materially impair the amount of the Tax Benefits that could be used by the Company in any particular time period, for applicable tax purposes; or (5) a determination by the Board that the Plan is no longer in the best interests of the Company and its stockholders.

Amendment of Terms of the Plan and the Rights

The terms of the Rights and the Plan may be amended in any respect without the consent of the holders of the Rights on or prior to the Distribution Date. Thereafter, the terms of the Rights and the Plan may be amended without the consent of the holders of Rights in order to (1) cure any ambiguities, (2) shorten or lengthen any time period pursuant to the Plan or (3) make changes that do not adversely affect the interests of holders of the Rights.

Voting Rights; Other Stockholder Rights

The Rights will not have any voting rights. Until a Right is exercised, the holder thereof, as such, will have no separate rights as stockholder of the Company.

Anti-Dilution Provisions

The Board may adjust the Exercise Price, the number of shares of Series A Preferred Stock issuable and the number of outstanding Rights to prevent dilution that may occur from a stock dividend, a stock split or a reclassification of the shares of Series A Preferred Stock or common stock.

With certain exceptions, no adjustments to the Exercise Price will be made until the cumulative adjustments amount to at least 1% of the Exercise Price. No fractional shares of Series A Preferred

Stock will be issued and, in lieu thereof, an adjustment in cash will be made based on the current market price of such shares.

Transfer Agent and Registrar

Computershare Investor Services is the transfer agent and registrar for our common stock and the Rights.

Potential Anti-Takeover Effects

Some provisions of our Certificate and Bylaws and of the DGCL could make the acquisition of control of our company and/or the removal of our existing management more difficult, including the following:

- Subject to certain rights provided to the holders of Series A Preferred Stock, our Board fixes the size of the Board, may create new directorships and may appoint new directors to serve in such newly-created positions until the next election of one or more directors by our shareholders.
- Our Board is expressly authorized to amend or repeal our bylaws, or adopt new bylaws, except that certain sections of the Bylaws (as specified therein) may only be amended with the approval of 2/3 of certain specified directors and/or the approval of the stockholders otherwise required by applicable law or the Bylaws for such amendment.
- We have advance notice procedures with respect to shareholder proposals and the nomination of candidates for election as directors.
- Stockholders have no preemptive right to acquire our securities.
- Our Board has ability to authorize and issue undesignated preferred stock. This ability makes it possible for our Board to issue, without stockholder approval, preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us as further described under "Preferred Stock" above.
- As further discussed above, our Board has issued the Rights and adopted the Plan. The Plan is intended to act as a deterrent to any person acquiring 4.9% or more of the outstanding shares of common stock without the approval of the Board in order to preserve certain Tax Benefits.

Additionally, we are a Delaware corporation and are subject to Section 203 of the DGCL. In general, Section 203 prevents us from engaging in a business combination with an "interested stockholder" (generally, a person owning 15% or more of our outstanding voting stock) for three years following the time that person becomes a 15% stockholder unless one of the following is satisfied:

- before that person became a 15% stockholder, our Board approved the transaction in which the stockholder became a 15% stockholder or approved the business combination;
- upon completion of the transaction that resulted in the stockholder's becoming a 15% stockholder, the stockholder owned at least 85% of our voting stock outstanding at the time the transaction began (excluding stock held by directors who are also officers and by employee stock plans that do not provide employees with the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); and

- after the transaction in which that person became a 15% stockholder, the business combination is approved by our Board and authorized at a stockholders' meeting by at least two-thirds of the outstanding voting stock not owned by the 15% stockholder.

Under Section 203, these restrictions also do not apply to certain business combinations proposed by a 15% stockholder following the disclosure of an extraordinary transaction with a person who was not a 15% stockholder during the previous three years or who became a 15% stockholder with the approval of a majority of our directors. This exception applies only if the extraordinary transaction is approved or not opposed by a majority of our directors who were directors before any person became a 15% stockholder in the previous three years, or the successors of these directors.

These provisions are expected to discourage coercive takeover practices and inadequate takeover bids. They are also designed, in part, to encourage persons seeking to acquire control of the Company to first negotiate with our Board. We believe that the benefits of increased protection give us the potential ability to negotiate with the proponent

of an unfriendly or unsolicited proposal to acquire or restructure us and that these benefits outweigh the disadvantages of discouraging the proposals. Negotiating with the proponent could result in an improvement of the terms of the proposal.

Bryan C. Tucker
8625 Classic Lane
San Antonio, TX 78255

Employment Agreement

Dear Bryan:

This letter agreement sets forth the terms of your employment with Aviat Networks, Inc. (the "Company") as well as our understanding with respect to any termination of that employment relationship. This Agreement will become effective with your promotion to Vice President, Global Operations, July 1, 2012("Effective Date").

1. **Position and Duties.** On the Effective Date, you will remain employed by the Company as its Vice-President, Global Operations, reporting to the President and Chief Executive Officer. This position will be based at our facility location in San Antonio, Texas. You accept employment with the Company on the terms and conditions set forth in this Agreement, and you agree during your employment not to engage in any business, other employment or other activities which would conflict with your obligation to the Company, or create an actual or the appearance of a conflict of interest with the Company's interest or your employment relationship with the Company.

2. **Term of Employment.** Your employment with the Company is at will, which means that your employment is for no specified term, and may be terminated by you or the Company at any time, with or without cause or notice, subject to the provisions of Paragraphs 4 and 5 below.

3. **Compensation.** You will be compensated by the Company for your services as follows:

(a) **Salary:** On the Effective Date, you will be paid a monthly base salary of \$18,500, (\$222,000 per year) less applicable withholding, in accordance with the Company's normal payroll procedures and applicable law. In conjunction with your annual performance review, which will occur at or about the start of each fiscal year, your base salary will be reviewed by your supervisor, and may be subject to adjustment in Fiscal Year 2013 based upon various factors including, but not limited to, your performance and the Company's profitability. Your base salary will not be reduced except as part of a salary reduction program that similarly affects all members of the executive staff reporting to the Chief Executive Officer of the Company.

(b) **Annual Short-Term Incentive Plan:** Effective upon your promotion, your targeted incentive bonus will increase to 40% of your annual base salary. Your annual incentive payment will be pro-rated effective from your promotion date reflecting the percentage increase to your incentive target if applicable. Any payment under the Annual Incentive Plan will be made (if minimum targets are met) in the calendar year in which the relevant fiscal year ends. In addition subject to the Boards approval of such a plan for company employee's each year, continuing in Fiscal Year 2013, you will be eligible to participate in the Company's Annual Incentive Plan based upon that years plan parameters. For fiscal year 2013 the AIP plan parameters are based upon the Grant of Performance Restricted Shares. Your applicable Grant consists of 25,000 Performance Restricted Shares with the Performance requirement(s) as discussed with your Manager.

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Bryan C. Tucker
Employment Agreement

(c) Long-Term Incentive Program: Subject to Board approval each year, you will be eligible to participate in a Long-Term Incentive Program. You will be eligible to continue your participation in the Aviat Networks LTIP plan, for FY13 subject to Board approval, with a Grant of 25,000 Stock Options.

(d) Benefits: You will have the right, on the same basis as other employees of the Company, to participate in and to receive benefits under any Company group medical, dental, life, disability or other group insurance plans, as well as under the Company's business expense reimbursement, educational assistance, holiday, and other benefit plans and policies. You will also be eligible to participate in the Company's 401(k) plan.

(e) Vacation: Vacation will continue to accrue based upon 3 weeks per year. Maximum accrued vacation will be in accordance with the Company's vacation policy.

(f) Earned Compensation: For purposes of those Paragraphs of this agreement pertaining to termination of the employment relationship, whether involuntary or voluntary, unless otherwise expressly provided here in, no part of the (i) the Annual Incentive Plan for the year in which the termination occurs, (ii) no part of any performance shares for a multiyear period or periods in which the termination occurs and (iii) no part of any equity awards that are not vested as of the termination date will be deemed earned as of the date of termination.

4. Voluntary Termination or Death. In the event that you voluntarily resign from your employment with the Company (other than for Good Reason or Good Reason Following a Change of Control as defined in Paragraphs 5(d) and 6(b)), or in the event that your employment terminates as a result of your death, you will be entitled to no compensation or benefits from the Company other than those earned under Paragraph 3 through the date of termination. However if your employment terminates as a result of your death, the Company will pay your estate the prorated portion of any short-term incentive bonus that you would have earned during the incentive bonus period in which your employment terminates (the pro-ration) shall be equal to the percentage of that bonus period that you were actually employed by the Company); such prorated bonus will be paid at the time that such incentives bonuses are paid to other Company employees. You agree that if you voluntarily terminate your employment with the Company for any reason, you will provide the Company with at least 10 business days' written notice of your resignation. The Company shall have the option, in its sole discretion, to make your resignation effective at any time prior to the end of such notice period, provided the Company pays you an amount equal to the base salary and benefits you would have earned through the end of the notice period.

5. Other Termination. Your employment may be terminated under the circumstances set forth below.

(a) Termination by Disability. If, by reason of any physical or mental incapacity, you have been or will be prevented from performing your then-current duties under this Agreement with reasonable accommodation, then, to the extent permitted by law, the Company may terminate your employment without any advance notice. Upon such termination, if you sign a general release of known and unknown claims in a form satisfactory to the Company, which becomes valid and irrevocable within 60 days of your termination, and you fully comply with your obligation under Paragraph 7 8 and 10, the Company will provide you with the severance payments and benefits described in Paragraph 5(c). Nothing in this paragraph shall affect your rights under any applicable Company disability plan; provided, however, that your severance payments will be offset by any disability income payments received by you so that the total monthly severance and disability income payments during your severance period shall not exceed your then-current base salary.

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Bryan C. Tucker
Employment Agreement

(b) Termination for Cause; The Company may terminate your employment at any time for cause (as described below) without providing any notice, (except to the extent expressly provided below). If your employment is terminated by the Company for cause, you shall be entitled to no compensation or benefits for the Company other than those earned under Paragraph 3 through the date of your termination. For purposes of this Agreement, a termination for "cause" occurs if you are terminated for any of the following reasons: (i) theft, dishonesty, misconduct or falsification of any employment or Company records; (ii) improper disclosure of the Company's confidential or proprietary information; (iii) any action by you which has a material detrimental effect on the Company's reputation or business; (iv) your refusal or inability to perform any assigned duties (other than as a result of a disability) after written notice from the Company to you of, and a 30-day opportunity to cure, such refusal or inability; (v) your material breach of this Agreement or of the employee proprietary

information/confidentiality/ assignment of inventions agreement not otherwise described in this paragraph, after written notice from the Company to you of, and a 30-day opportunity to cure, such breach; or (vi) your conviction (including any plea of guilty or no contest) for any criminal act that impairs your ability to perform your duties under this Agreement.

(c) **Termination Without Cause:** The Company may terminate your employment without cause at any time with or without advanced notice. If your employment is terminated by the Company without cause, and you sign a general release of known and unknown claims in a form satisfactory to the Company within the applicable review period, which there upon is (or, if any revocation period is required by law, following expiration of such period becomes) valid and irrevocable within sixty (60) days of your termination of employment, and you fully comply with your obligations under Paragraphs 7, 8, and 10, you will receive the following severance benefits:

(i) payments at your final base salary rate for a period of twelve (12) months following your termination; such payments will be subject to applicable withholding and made in accordance with the Company's normal payroll practices; provided, however, that any such payments that would have been paid in accordance with the Company's normal [payroll practices before your release becomes valid and irrevocable will accumulate and be paid only if and when both (x) your release becomes valid and irrevocable and (y) such validity and irrevocability in no event occurs more than 60 days after your termination;

(ii) payment of the premiums necessary to continue your group health insurance under COBRA provided you have timely elected COBRA coverage) until the earlier of (x) twelve (12) months following your termination date; or (y) the date you first became eligible to participate in another employer's group health insurance plan; or (z) the date on which you are no longer eligible for COBRA coverage;

(iii) the Company will pay you the prorated portion of any incentive bonus that you would have earned, if any, during the incentive bonus period in which your employment terminates (the pro-ration shall be equal to the percentage of that bonus period that you are actually employed by the Company), and such prorated bonus will be paid to you at the time that such incentive bonuses are paid to other Company employees, or at any earlier time required by applicable law;

(iv) with respect to any stock options or equity-related awards granted to you by the Company, you will cease vesting upon your termination date; however, you will be entitled to purchase any vested shares of stock that are subject to those options until the earlier of (x) twelve (12) months following your termination date, or (y) the date on which the applicable option(s) expire(s); except as set forth

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Bryan C. Tucker
Employment Agreement

in this subparagraph, your Company stock options and other equity-related awards will continue to be subject to and governed by the Plan and the applicable stock option agreements between you and the Company; and

(v) reasonable outplacement assistance selected and paid for by the Company.

(d) **Resignation for Good Reason:** If you resign from your employment with the Company for Good Reason (as defined in this paragraph), and such resignation does not qualify as a resignation for Good Reason Following a Change of Control as defined in Paragraph 6b and you sign a general release of known and unknown claims in a form satisfactory to the Company within the applicable review period which there upon is (or, if any revocation period is required by law, following expiration of such period becomes) valid and irrevocable within sixty (60) days of your termination, and you fully comply with your obligations under Paragraphs 7, 8, and 10, you shall receive the severance benefits described in Paragraph 5(c). For purposes of this Paragraph, "Good Reason" means any of the following conditions, which condition(s) remain in effect 60 days after written notice from you to the Chief Executive Officer of said condition(s):

(i) a reduction in your base salary of 20% or more, other than a reduction that is similarly applicable to all members of the Company's executive staff; or

(ii) a material reduction in your employee benefits, other than a reduction that is similarly applicable to all of the members of the Company's executive staff; or

(iii) a material breach by the Company of any material provision of this Agreement; or

(iv) the relocation of the Company's workplace to a location that is more than 75 miles from your Company workplace of San Antonio, Texas.

The foregoing condition(s) shall not constitute "Good Reason" if you do not provide the Chief Executive Officer with the written notice described above within 45 days after you first become aware of the condition(s).

(e) Termination or Resignation For Good Reason Following a Change of Control: If, within 18 months following any Change of Control (as defined below), your employment is terminated by the Company without cause, or if you resign from your employment with the Company for Good Reason Following a Change of Control (as defined below), you sign a general release of known and unknown claims in a form satisfactory to the Company within the applicable review period which there upon is (or, if any revocation period is required by law, following expiration of such period becomes) valid and irrevocable within sixty (60) days of your termination, and you fully comply with your obligations under Paragraphs 7, 8, and 10, you shall receive the severance benefits described in Paragraph 5(c); provided, that the time periods set forth in subparagraphs 5(c)(i), (ii), and (iv) shall each be increased by an additional twelve months. In addition, if such termination occurs, you shall receive a payment (in lieu of any payment under subparagraph 5(c)(iii)) equal to the greater of (i) the average of the annual incentive bonus payments received by you, if any, for the previous three years, or (ii) your target incentive bonus for the year in which your employment terminates. Such payment will be made to you within 15 days following the date on which the general release of claims described above becomes irrevocable. The Company will also accelerate the vesting of all unvested time-vesting equity awards granted to you by the Company, and all other then-unvested equity-related awards that vest based solely on continued employment by the Company or its affiliates (unless the

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Employment Agreement

terms of such other equity-related awards expressly provide that there is not to be any such acceleration)..

6. Change of Control/Good Reason.

(a) For purposes of this Agreement, a "Change of Control" of the Company shall mean the occurrence of any of the following:

(i) any merger, consolidation, share exchange or Acquisition, unless immediately following such merger, consolidation, share exchange or Acquisition, at least 50% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of (A) the entity resulting from such merger, consolidation or share exchange, or the entity which has acquired all or substantially all of the assets of the Company (in the case of an asset sale that satisfies the criteria of an Acquisition) (in either case, the "Surviving Entity"), or (B) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the Surviving Entity (the "Parent Entity") is represented by Company securities that were outstanding immediately prior to such merger, consolidation, share exchange or Acquisition (or, if applicable, is represented by shares into which such Company securities were converted pursuant to such merger, consolidation, share exchange or Acquisition), or

(ii) any person or group of persons (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended and in effect from time to time) directly or indirectly acquires beneficial ownership (determined pursuant to Securities and Exchange Commission Rule 13d-3 promulgated under the said Exchange Act) other than through a merger, consolidation, share exchange, or Acquisition of securities possessing more than 30% of the total combined voting power of the Company's outstanding securities other than (A) an employee benefit plan of the Company or any of its Affiliates, (B) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, or (C) an underwriter temporarily holding securities pursuant to an offering of such securities or

(iii) over a period of 36 consecutive months or less, there is a change in the composition of the Board such that a majority of the Board members (rounded up to the next whole number, if a fraction) ceases, by reason of one or more proxy contests for the

election of Board members, to be composed of individuals each of whom meet one of the following criteria: (A) have been a Board member continuously since the adoption of this Plan or the beginning of such 36 month period, or (B) have been elected or nominated during such 36 month period by at least a majority of the Board members that satisfied the criteria of this subsection (iii) when they were elected or nominated, or

(iv) a majority of the Board determines that a Change of Control has occurred, or

(v) the complete liquidation or dissolution of the Company;

For the purposes of this Agreement, the term "Affiliate" means any corporation, partnership, limited liability company, business trust, or other entity controlling, controlled by or under common control with the Company, and "Acquisition" means a merger or consolidation of the Company into another person (i.e., which merger or consolidation the Company does not survive) or the sale, transfer, or other disposition of all or substantially all of the Company's assets to one or more persons in a single transaction or series of related transactions.

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(b) For purposes of this Agreement, "Good Reason Following a Change of Control" means any of the following conditions, which condition(s) remain in effect 60 days after written notice from you to the Chief Executive Officer of said condition(s):

(i) a material and adverse change in your position, duties or responsibilities for the Company, as measured against your position, duties or responsibilities immediately prior to the Change of Control; or

(ii) a reduction in your base salary as measured against your base salary immediately prior to the Change in Control; or

(iii) a material reduction in your employee benefits, other than a reduction that is similarly applicable to a majority of the members of the Company's executive staff; or

(iv) the relocation by more than 75 miles of your Company workplace of San Antonio, Texas.

7. Confidential and Proprietary Information: As a condition of your employment, you agree to sign and abide by the Company's standard form of employee proprietary information/confidentiality/assignment of inventions agreement.

8. Termination Obligations.

(a) You agree that all property, including, without limitation, all equipment, proprietary information, documents, books, records, reports, notes, contracts, lists, (and r computer files and data), and copies thereof, created on any medium and furnished to, obtained by, or prepared by you in the course of or incident to your employment, belongs to the Company and shall be returned to the Company promptly upon any termination of your employment.

(b) Upon your termination for any reason, and as a condition of your receipt of any severance benefits hereunder, you will promptly resign in writing from all offices and directorships then held with the Company or any affiliate of the Company.

(c) Following the termination of your employment with the Company for any reason, you shall fully cooperate with the Company in all matters relating to the winding up of pending work on behalf of the Company and the orderly transfer of work to other employees of the Company. You shall also cooperate in the defense of any action brought by any third party against the Company.

9. Limitation of Payments and Benefits.

To the extent that any of the payments and benefits provided for in this Agreement or otherwise payable to you (the "Payments") constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), the amount of such Payments shall be either:

(a) the full amount of the Payments, or

(b) a reduced amount that would result in no portion of the Payments being subject to the excise tax imposed pursuant to Section 4999 of the Code (the "Excise Tax"), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by you, on an after-tax basis, of the

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greatest amount of benefit. In the event that any Excise Tax is imposed on the Payments, you will be fully responsible for the payment of any and all Excise Tax, and the Company will not be obligated to pay all or any portion of any Excise Tax.

10. **Other Activities.** In order to protect the Company's valuable proprietary information, you agree that during your employment you will not as a compensated or uncompensated officer, director, consultant, advisor, partner, joint venture, investor, independent contractor, employee or otherwise, provide any labor, services, advice, or assistance to any entity or its successor involved in the design, manufacture, distribution, (directly or indirectly), or integration of any digital microwave products used in terrestrial microwave point-to-point telecommunications network anywhere in the world. You acknowledge and agree that the restrictions contained in the preceding sentence are reasonable and necessary. You also agree that for a period of twelve (12) months after your employment terminates, you will not solicit any employee of Company directly or indirectly to leave employment with the Company for any purpose, including but not limited to for purposes of providing labor, services, advice or assistance to any entity or individual. In the event of your breach of this Paragraph, the Company shall not be obligated to provide you with any further severance payments or benefits subsequent to such breach, in addition to other remedies available under applicable laws.

11. **Dispute Resolution.** The parties agree that any suit, action, or proceeding arising out of or relating to this Agreement, the parties' employment relationship, or the termination of that relationship for any reason, shall be brought in the appropriate state or federal court arising in Santa Clara, California, and you agree to submit to the personal jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection they may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Paragraph 11 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

12. **Compliance With Section 409A.** This Agreement is intended to comply with, or otherwise be exempt from Section 409A of the Code and the rules and regulations promulgated thereunder (collectively, "Section 409A"). However, the Company has not made and is making no representation to you relating to the tax treatment of any payment pursuant to this Agreement under Section 409A and the corresponding provisions of any applicable State income tax laws.

Notwithstanding anything to the contrary in this Agreement, any payments or benefits due hereunder upon a termination of employment which are a "deferral of compensation" within the meaning of Section 409A shall only be payable or provided to you upon a "separation from service" as defined for purposes of Section 409A. In addition, if you are a "specified employee" as determined pursuant to Section 409A as of the date of your separation from service, as so defined, and if any payments or entitlements provided for in this Agreement constitute a "deferral of compensation" within the meaning of Section 409A and cannot be paid or provided in the manner provided herein without subjecting you to additional tax, interest or penalties under Section 409A, then any such payment or entitlement which is otherwise payable during the first six months following your separation from service shall be paid or provided to you in a lump sum on the earlier of (i) the first business day of the seventh calendar month immediately following the effective date of your separation from service or (ii) the date of your death. To the extent required to satisfy the provisions of the foregoing sentence with respect to any benefit to be provided in-kind, the Company shall bill you, and you shall promptly pay, the value for tax purposes of any such benefit and the Company shall therefore promptly refund the amount so paid by you as soon as allowed by the foregoing sentence.

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Bryan C. Tucker

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For purposes of Section 409A, the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments. With respect to any reimbursement of your expenses, or any provision of in-kind benefits to you, as specified under this Agreement, such reimbursement of expenses or provision of in-kind benefits shall be subject to the following conditions: (1) the expenses eligible for reimbursement or the amount of in-kind benefits provided in one taxable year shall not affect the expenses eligible for reimbursement or the amount of in-kind benefits provided in any other taxable year, except for any medical reimbursement arrangement providing for the reimbursement of expenses referred to in Section 105(b) of the Code; (2) the reimbursement of an eligible expense shall be made no later than the end of the year after the year in which such expense was incurred; and (3) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

13. **Severability.** If any provision of this Agreement is deemed invalid, illegal or unenforceable, such provision shall be modified so as to make it valid, legal and enforceable, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected.

14. **Confirmation of Rights which are not Dependent Upon Signing a Release.** Whether or not you sign a release as provide in certain provisions of this Agreement, (a) you will be paid all wages due, including any unused accrued vacation, as of your last day of work, (b) your health care coverage as a primary insured under the Company's health plan will continue through the end of the month in which your last day of work falls, (c) thereafter, you will be eligible for continuation of health insurance at your own expense if you timely elect coverage under the Consolidation Omnibus Budget Reconciliation Act ("COBRA"), and (d) you will receive information regarding your right to continue health insurance under COBRA.

15. **Applicable Withholding.** All salary, bonus, severance and other payments identified in this Agreement are subject to applicable withholding by the Company.

16. **Assignment.** In view of the personal nature of the services to be performed under this Agreement by you, you cannot assign or transfer any of your obligations under this Agreement.

17. **Entire Agreement.** This Agreement and the agreements referred to above constitute the entire agreement between you and the Company regarding the terms and conditions of your employment, and they supersede all prior negotiations, representations or agreements between you and the Company regarding your employment, whether written or oral. This Agreement sets forth our entire agreement regarding the Company's obligation to provide you with severance benefits upon any termination of your employment, and you shall not be entitled to receive any other severance benefits from the Company pursuant to any Company severance plan, policy or practice.

18. **Governing Law.** This Agreement shall be governed by and construed in accordance with the law of the State of California.

19. **Modification.** This Agreement may only be modified or amended by a supplemental written agreement signed by you and an authorized representative of the Board.

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Bryan C. Tucker
Employment Agreement

Please sign and date this letter on the spaces provided below to acknowledge your acceptance of the terms of this Agreement.

Sincerely,

Aviat Networks, Inc.

By: /s/ Michael Pangja
President and Chief Executive Financial Officer

I agree to and accept employment with Aviat Networks, Inc. on the terms and conditions set forth in this Agreement.

Date: July ____, 2012 ____/s/Bryan C. Tucker
Bryan Cary Tucker

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AVIAT NETWORKS
5250 Prue Road Suite 535 San Antonio, Texas
78250
Phone: +210 526 6300
Fax: +210 526 6301
WWW.AVIATNETWORKS.COM

June 27, 2019

Bryan Tucker

Aviat – US, San Antonio Dear Bryan:

I am pleased to confirm that based on your performance and exceptional contributions to Aviat Networks the following compensation package has been approved by the Board and will be effective July 1, 2019. You will continue to execute the duties and responsibilities of **SVP NA Sales & Services** reporting to me.

- **Base Salary:** Your annual base salary will be \$290,012
- **SIC Target:** Your FY20 SIC target will be \$145,006
- **LTIP Target:** Your FY20 LTIP award will be \$145,006

Specifics of your SIC and LTIP Target incentives will be specified in the respective plan documents and will be made available to you in the first quarter of FY20.

As a current employee, your benefits, vacation accruals and all other terms and conditions of your employment with Aviat Networks remain the same.

I would like to take this opportunity to thank you for positive impact you have had towards the renewed success of our company. I look forward to your continued support and contribution to achieve even better performance for Aviat Networks in the forthcoming year.

Thank you for your continued commitment and contribution to Aviat Networks. Respectfully,
Signature on file

Michael Pangia President & CEO

Exhibit 21

AVIAT NETWORKS, INC.

SUBSIDIARIES AS OF July 1, 2022 Subsidiaries as of June 30, 2023
(100% direct or indirect ownership by Aviat Networks, Inc.)

Name of Subsidiary	State or Other Jurisdiction of Incorporation
Aviat Networks Algeria S.A.R.L.	Algeria
Aviat Networks (Australia) Pty. Ltd.	Australia
Aviat Networks (Bangladesh) Limited	Bangladesh
NZ Telcoms (Botswana) Limited	Botswana
Radio Communications and Engineering Services Botswana	Botswana
Aviat Networks Brasil Servicos Servicos em Comunicacoes Comunicações Ltda.	Brazil
Aviat Communications Canada ULC	Canada
Aviat Networks Canada ULC	Canada
Aviat Communications Technology (Shenzhen) Company Ltd.	The People's Republic of China
Aviat Networks France S.A.S.	France
Aviat Networks Ghana Limited	Ghana
Aviat Networks Holland B.V.	The Netherlands
Aviat Networks HK Limited	Hong Kong
Aviat Networks (India) Private Limited	India
Telsima Communications Private Limited	India
PT Aviat Networks Indonesia	Indonesia
PT Aviat Solusi Komunikasi	Indonesia
PT Aviat Telekomunikasi Internasional	Indonesia
Aviat Networks Côte d'Ivoire	Ivory Coast
Aviat Networks (Kenya) Limited	Kenya
Aviat Networks Malaysia Sdn. Bhd.	Malaysia
Digital Microwave (Mauritius) Private Limited	Mauritius
Aviat Networks México S.A. de C.V.	Mexico
Aviat Networks Holland B.V.	Netherlands
Aviat Networks (NZ) Limited	New Zealand
Aviat Networks Communication Solutions Limited	Nigeria
Stratex Networks Nigeria Limited	Nigeria
Aviat Networks South Sudan	South Sudan
Aviat Networks (Clark) Corporation	The Philippines
Aviat Networks Philippines, Inc.	The Philippines
Aviat Networks Polska Sp. z.o.o.	Poland
Aviat Networks Redline Communications Solutions LLC Romania Ltd.	Russia Romania
Aviat Net Works Saudi Telecom & Information Technology Co.	Kingdom of Saudi Arabia
Aviat Networks (S) Pte. Ltd.	Republic of Singapore
Aviat storitveno podjetje, Storitveno Podjetje, d.o.o.	Slovenia
Aviat Networks (South Africa) (Proprietary) Limited	Republic of South Africa
DMC Stratex Networks (South Africa) (Proprietary) Limited	Republic of South Africa
Aviat Networks (South Sudan) Ltd.	South Sudan
Aviat Networks Tanzania Limited	Tanzania
Aviat Networks (Thailand) Ltd.	Thailand
Aviat Networks (UK) Limited	Delaware
Aviat International Holdings, Inc.	Delaware
Aviat U.S., Inc.	Delaware
Telsima Corporation	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement No. 333-255206 on Form S-3 and Registration Statement Nos. 333-267592, 333-224957, 333-209462, 333-178467, and 333-163542 on Form S-8 of our reports dated August 30, 2023, relating to the consolidated financial statements of Aviat Networks, Inc. and subsidiaries (the "Company") and the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended June 30, 2023.

/s/ Deloitte & Touche LLP

Austin, Texas
August 30, 2023

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

Aviat Networks, Inc.
Austin, Texas

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-255206) and Form S-8 (Nos. 333-267592, 333-224957, 333-209462, 333-178467, 333-163542 and 333-140442) of Aviat Networks, Inc. of our reports report dated September 14, 2022September 14, 2022, relating to the consolidated financial statements and schedule and the effectiveness of Aviat Networks, Inc.'s internal control over financial reporting, which appear in this Form 10-K.

/s/ BDO USA, LLP P.C.

San Jose, California
September 14, 2022 August 30, 2023

Exhibit 31.1

CERTIFICATION

I, Peter A. Smith, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended July 1, 2022 June 30, 2023, of Aviat Networks, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 14, 2022 August 30, 2023

/s/ Peter A. Smith

Name: Peter A. Smith

Title: President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, David M. Gray, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended July 1, 2022 June 30, 2023, of Aviat Networks, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 14, 2022 August 30, 2023

/s/ David M. Gray

Name: David M. Gray

Title: Senior Vice President and Chief Financial Officer

Exhibit 32.1

Certification

Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the filing of the Annual Report on Form 10-K of Aviat Networks, Inc. ("Aviat Networks") for the fiscal year ended July 1, 2022 June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Peter A. Smith, the President and Chief Executive Officer, and David M. Gray, Senior Vice President and Chief Financial Officer, each hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. §1350, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Aviat Networks as of the dates and for the periods expressed in the Report

Date: September 14, 2022 August 30, 2023

/s/ Peter A. Smith

Name: Peter A. Smith

Title: President and Chief Executive Officer

/s/ David M. Gray

Name: David M. Gray

Title: Senior Vice President and Chief Financial Officer

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

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