



# Aviat Networks Investor Presentation

Fiscal Q4 2024  
October 7, 2024

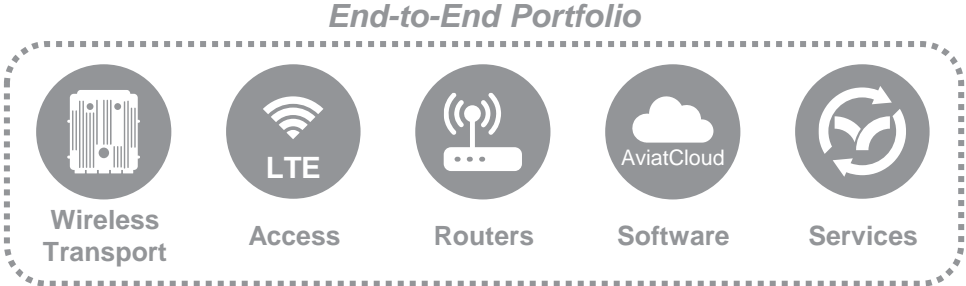
# Forward-Looking Statements

The information contained in this presentation includes forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, including Aviat's outlook, business conditions, new product solutions, customer positioning, future orders, bookings, new contracts, cost structure, profitability in fiscal 2025, its recent acquisitions and acquisition strategy, process improvements, measures designed to improve internal controls, plans and objectives of management, realignment plans and review of strategic alternatives and expectations regarding future revenue, gross margin, Adjusted EBITDA, operating income or earnings or loss per share. All statements, trend analyses and other information contained herein about the markets for the services and products of Aviat Networks, Inc. and trends in revenue, as well as other statements identified by the use of forward-looking terminology, including "anticipate," "believe," "plan," "estimate," "expect," "goal," "will," "see," "continue," "delivering," "view," and "intend," or the negative of these terms or other similar expressions, constitute forward-looking statements. 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.

For more information regarding the risks and uncertainties for our business, see "Risk Factors" in our most recent Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC"), as well as other reports filed by Aviat Networks, Inc. with the SEC from time to time. Aviat Networks, Inc. undertakes no obligation to update publicly any forward-looking statement for any reason, except as required by law, even as new information becomes available or other events occur in the future.

# Company Overview

**Aviat Networks** is the leading wireless transport and access solutions provider



**NASDAQ Listed: AVNW**

**Headquartered in Austin, TX**

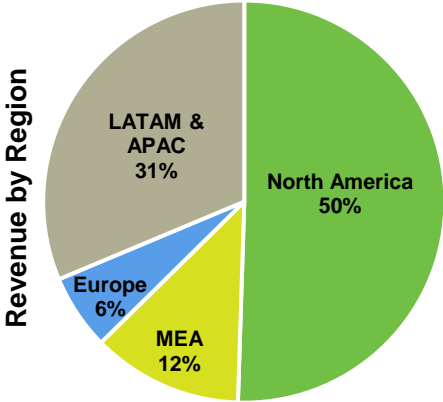
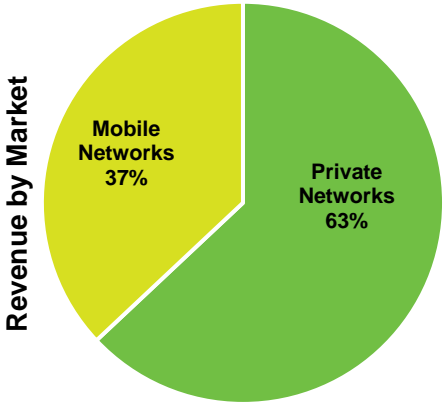
**3,000+ Customers Worldwide**

**Global Manufacturing Capabilities**

**Leading Technologies – 200+ Patents**

## Revenue Summary

**LTM Revenue: \$408 Million**



## Points of Excellence

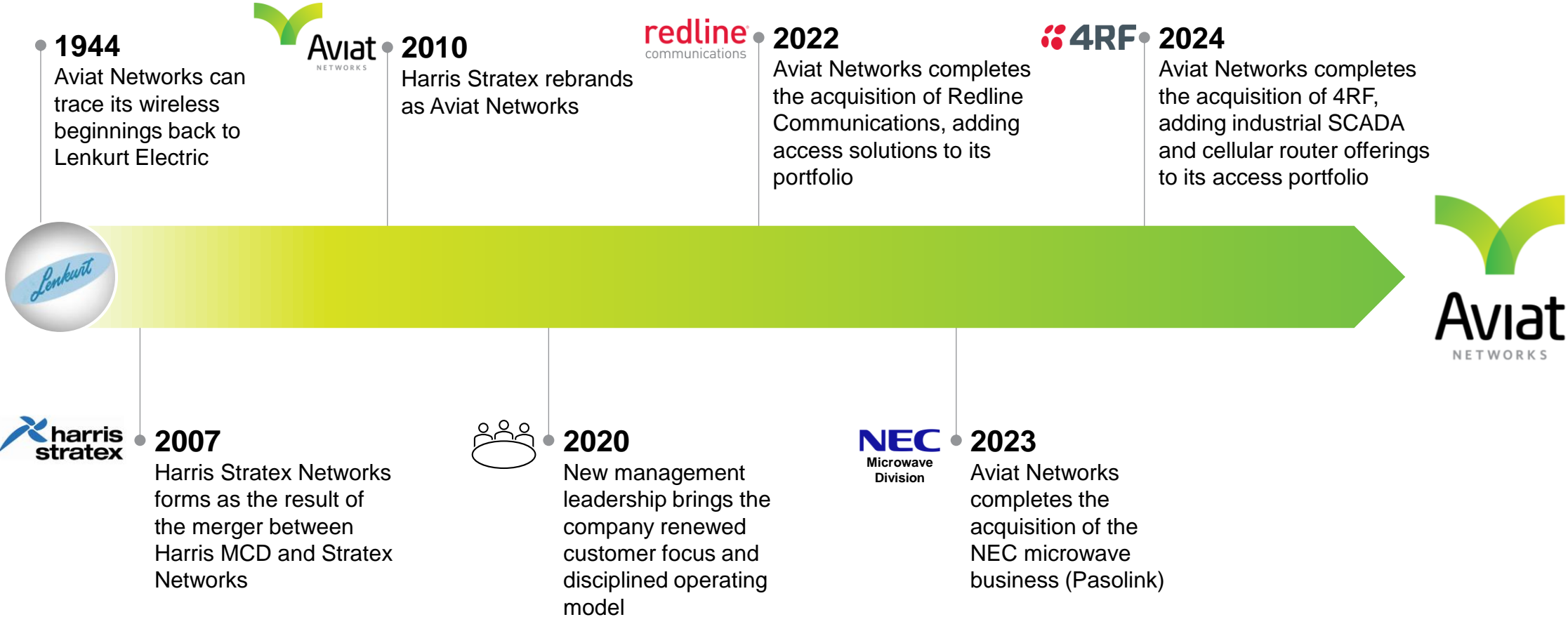
Lowest Total Cost of Ownership

Mission Critical Solutions Leader

Unrivalled Microwave Expertise

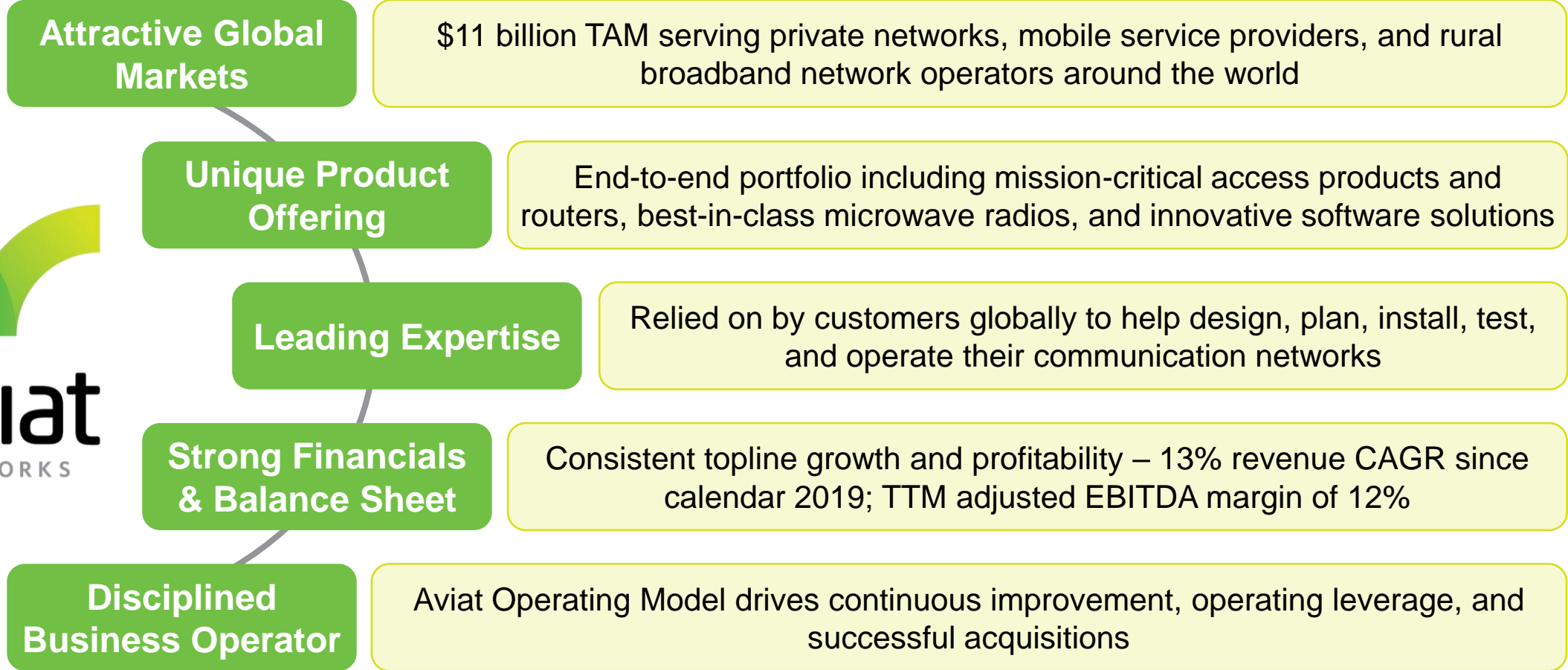
Innovative Products and Services

# Over 75 Years of Expertise



*A Long History of Wireless Leadership Invigorated by New Leadership and Consistent Execution*

# Investment Opportunity



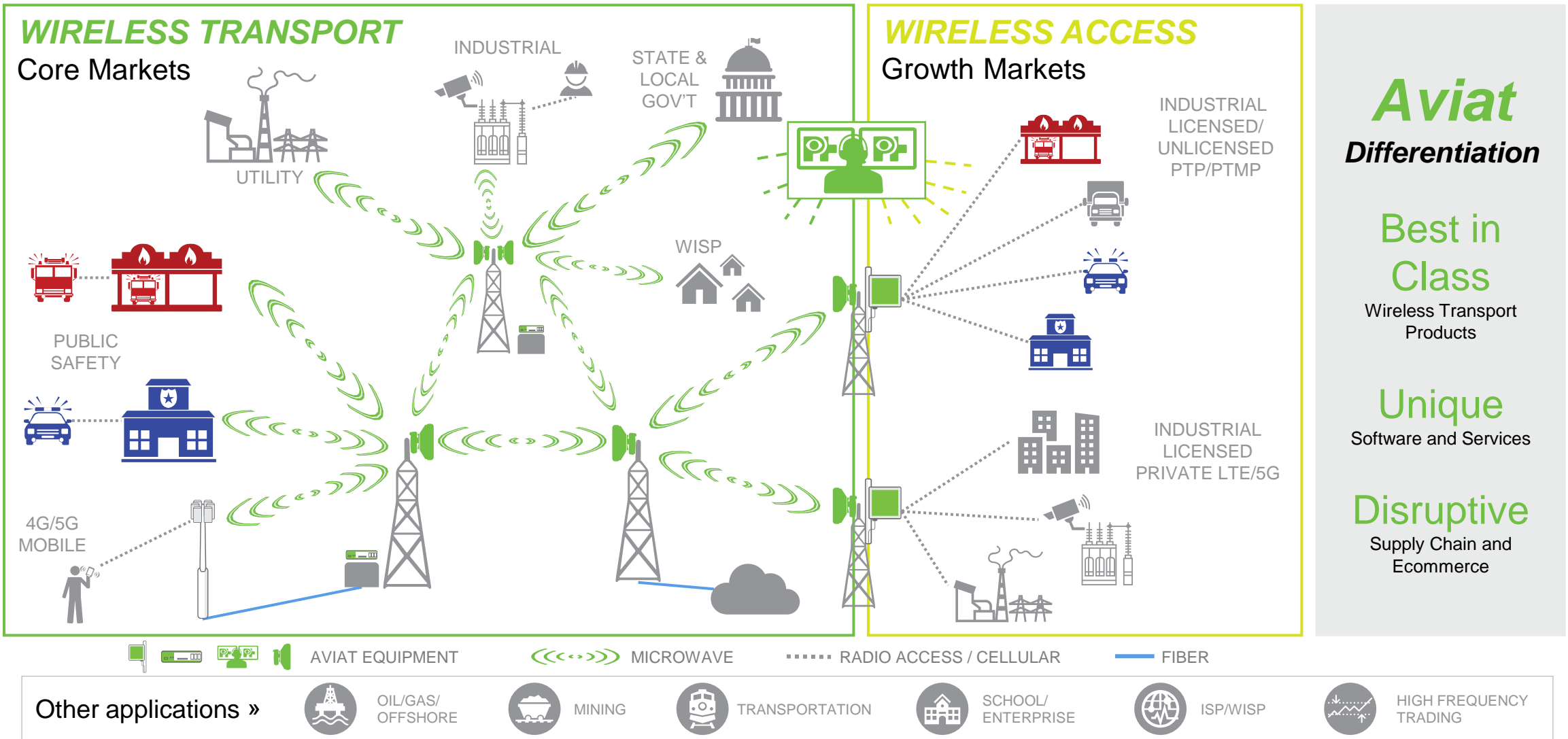
***Global Investment in Mission Critical, 5G, and Rural Broadband Networks Underpin Strong and Growing Demand Environment***

# Why Aviat Wins

	Aviat's Competitive Advantage	vs. Microwave Specialists	vs. Wireless Generalists
<b>Products</b>	<ul style="list-style-type: none"> <li>✓ Modular radio platform</li> <li>✓ End-to-end offering of radios, multi-band, routers, access</li> <li>✓ Better RF performance</li> </ul>	<ul style="list-style-type: none"> <li>• Highly leveraged in chipsets</li> <li>• Difficult to create new product variants quickly</li> <li>• Unable to invest in routing and other products</li> </ul>	<ul style="list-style-type: none"> <li>• Microwave not focus</li> <li>• Less responsive and agile to bringing radio solutions to market</li> </ul>
<b>Software &amp; Services</b>	<ul style="list-style-type: none"> <li>✓ Turnkey services portfolio (design, planning, install)</li> <li>✓ Software innovations to ease network operations and total cost of ownership (AviatCloud, Assurance software)</li> </ul>	<ul style="list-style-type: none"> <li>• Product focus and lack of software investment</li> <li>• Lack of experience and services make competing in private networks difficult</li> </ul>	<ul style="list-style-type: none"> <li>• Lack focus on dedicated software solutions for transport networks</li> </ul>
<b>Supply Chain</b>	<ul style="list-style-type: none"> <li>✓ Core competence – fast deliveries and disruptive go-to-market like the Aviat Store</li> </ul>	<ul style="list-style-type: none"> <li>• Lack modularity limits supply chain flexibility</li> <li>• Unable to create new business models or react to Aviat innovations</li> </ul>	<ul style="list-style-type: none"> <li>• Microwave supply chain not a priority vs. RAN</li> <li>• Cannot react to Aviat innovations</li> </ul>

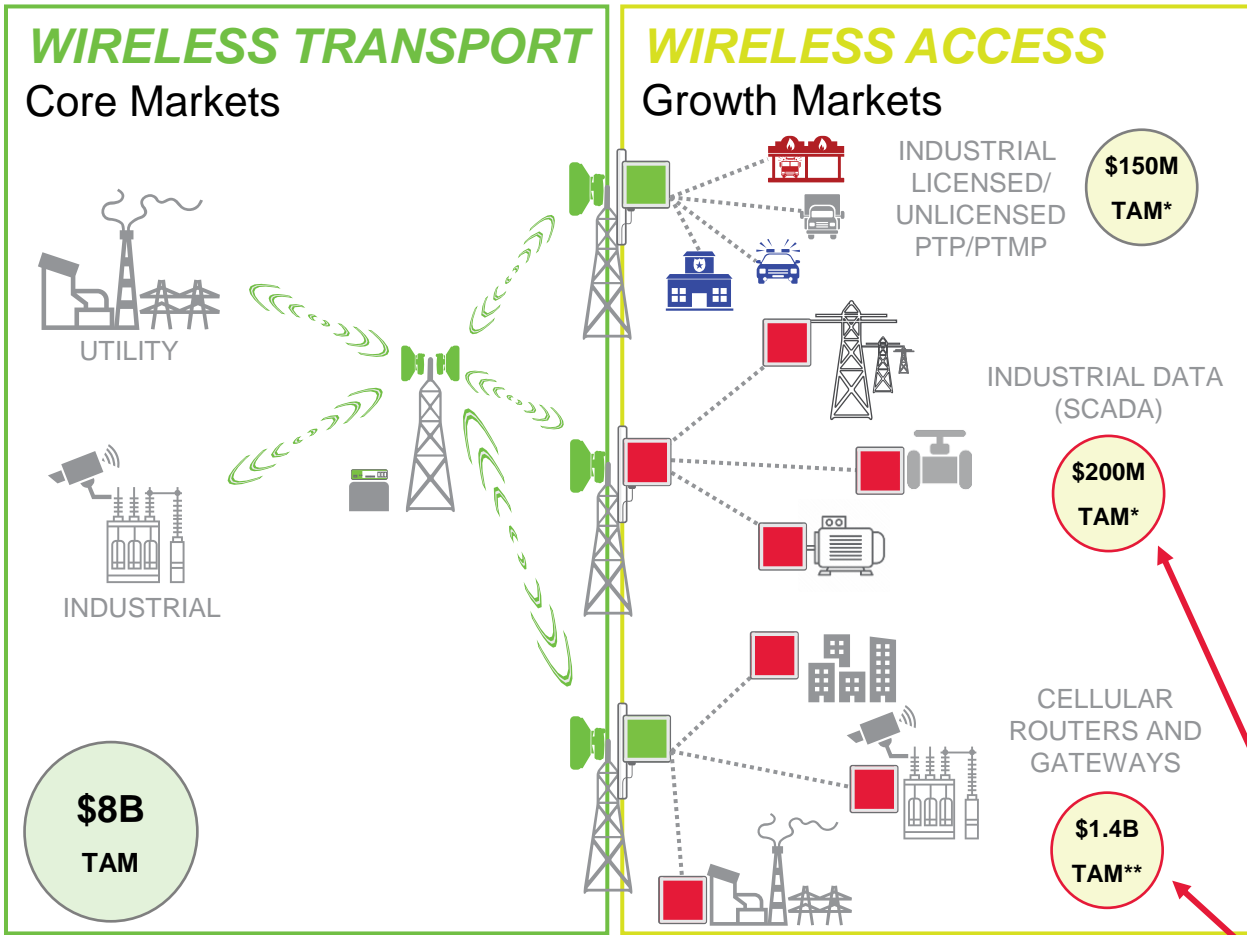
***Aviat Provides More Innovation and Better Value Than Our Competitors***

# Wireless Transport and Access Markets Overview



**Aviat Differentiation Aligned with Private Networks, 5G and Rural Broadband**

# Acquisition of 4RF Opens New Wireless Access Segment



AVIAT EQUIPMENT 4RF EQUIPMENT MICROWAVE RADIO ACCESS

## What 4RF Brings to Aviat:

- **Attractive Customer Segment and Increased Private Network Exposure**
  - Sales: ~70% North America, ~85% Utilities
  - Approx. 90% of 4RF and Aviat Networks utility customers are distinct – creates future cross-selling opportunities
- **Market Leading Access Products Designed for High Performance and High Reliability**
  - Private radio and LTE cellular routers for smart grid, distribution automation, metering and renewables, as well as general supervisory control and data acquisition (SCADA) and telemetry applications



- **Opens New \$200M Wireless Access Segment (Industrial SCADA)**
- **Opens Segments of the \$1.4B Cellular (LTE/5G) Router Market – Leverages Aviat's Private Networks Presence**

**4RF is an Attractive Bolt-On Acquisition That Expands and Strengthens Aviat's Offering in Private Network Industrial Access**



# Aviat Product Portfolio



## Health Assurance (HAS)

Detailed reports on network issues  
Reduces downtime



## ProVision Plus Network/Element Management

Simplifies network management  
Easy trouble shooting with multi-layer visualization



## Frequency Assurance (FAS)

Monitors and reports Interference  
Protects against WiFi-6E



## Split-Mount Systems

### iPasolink VR

- 6 to 38GHz freq. band
- Sub-band free ODU options
- Modular and scalable indoor units
- Standard and High-Power Outdoor Units
- No single point of failure options

**Markets:** Mobile Service Providers, Utilities, Public Safety, Oil & Gas, Mining, Transportation

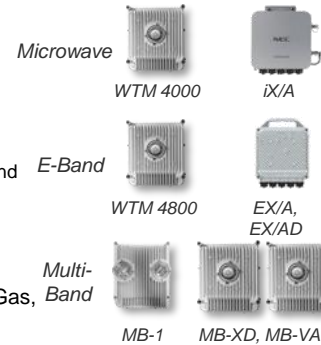


## All-Outdoor Systems

### WTM 4000, EX/A, EX/AD

- Single, Dual Channel or Multi-Band
- Full IP/ MPLS Capabilities
- Unique Multi-Band extended distance and vendor agnostic options
- 25GbE connectivity

**Markets:** Mobile Service Providers, WISPs, Utilities, Public Safety, Oil & Gas, Mining, Transportation



## Private LTE/5G

### RDL 6000, Aprisa LTE/5G, Aviat Core

- Base station, LTE/5G routers and EPC Core
- Power of a Macro in Small Cell footprint
- Lower power consumption
- Scalable EPC
- Ruggedized, secure cellular routers

**Markets:** Utilities, Public Safety, Oil & Gas, Mining, Transportation



## Trunking Systems

### STR 4500, OBC2, 7000iP TRP

- Split Mount, All-Indoor, and All-Outdoor Trunking Systems
- Up to 20 channels with diversity
- 10Gbps connectivity
- Flexible aggregation options

**Markets:** Mobile Service Providers, Utilities, Public Safety, Oil & Gas, Mining, Transportation



## Indoor Radio

### IRU600, TRP, Eclipse

- Ultra-High Tx Power, +37dBm
- Compact/expandable antenna branching
- Tough, Durable and Dependable
- Comprehensive native TDM features
- Strong Security (FIPS)

**Markets:** Utilities, Public Safety, Oil & Gas, Mining, Transportation



## Microwave Routers

### CTR8000 Series



CTR 8780  
CTR 8540

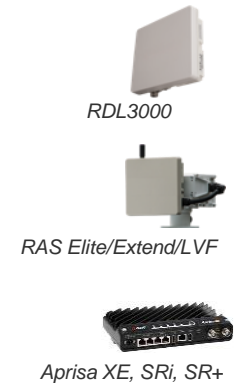
**Markets:** Mobile Service Providers, WISPs, Utilities, Public Safety, Oil & Gas, Mining, Transportation

## Industrial Access

### Narrowband PTP, PTMP and Nomadic Solutions

- PTP, PTMP licensed and unlicensed
- UHF, VHF, 220MHz - 5.8GHz
- Hardened and secure
- Innovative nomadic, self align offering
- ATEX/Hazloc

**Markets:** Utilities, Public Safety, Oil & Gas, Mining, Transportation



Wireless Transport

Wireless Access

Portfolio Focused on Lowering Total Cost of Ownership

AVIAT NETWORKS

# How Aviat Lowers Total Cost of Ownership

## 1. Reduced Tower Footprint

**What:** Lower power consumption, faster installation, smaller antennas, reduced tower loading, lower lease costs

**How:** Fewer boxes, high system gain, Multi-Band

## 2. Capacity Scalability

**What:** Less congestion, fewer truck rolls, less hardware

**How:** Multi-Band, A2C+, on-demand capacity upgrades

## 3. Integrated Routing

**What:** Reduced or zero indoor footprint, fewer boxes, simplified operations, lower power consumption

**How:** All-Outdoor at the edge, CTR/WTM integrated IP/MPLS

## 4. Spectrum Fee Savings

**What:** Reduced recurring spectrum fees

**How:** Moving capacity from Microwave to E-Band and Multi-Band

## 5. Higher Network Reliability

**What:** Better performance, increased resilience, fewer outages, faster fault-finding/restoration, lower OPEX

**How:** High MTBF, High Availability Routing, Aviat Assurance Software (HAS, FAS)

## 6. Simplified Logistics

**What:** Easy online design and ordering, fast delivery, Reduced inventory and warehouse costs

**How:** Aviat Design, Aviat Store, regional stock, on-demand capacity and license upgrades



# Microwave is a Crucial Backhaul Technology



**Microwave**

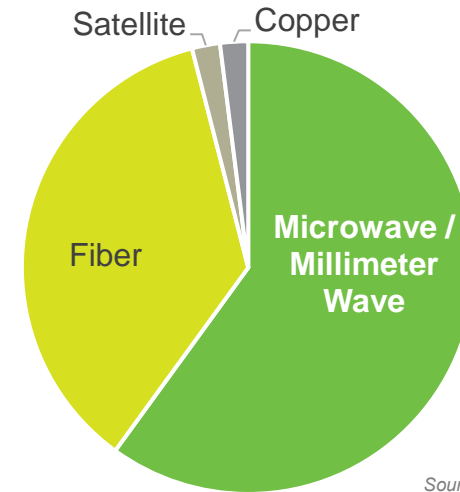


**Fiber**

<b>Speed to Deploy</b>	✓	
<b>High Reliability</b>	✓	
<b>Low Latency</b>	✓	
<b>Terrain Flexibility</b>	✓	
<b>Capacity</b>		✓
<b>Cost</b>	Per Link	Per Foot

Microwave is ideally suited for mission-critical private networks, rural broadband, and challenging deployment environments

Wireless transport accounts for 60% of cellular transport links



Source: Dell 'Oro; Excludes North East Asia

Service providers rely on microwave in their networks to provide cost-effective and reliable bandwidth

***Microwave Backhaul is Essential in Communication Networks Globally***

# Aviat's Market Opportunities

## Private Networks

- Upgrade cycle in public safety, utilities and other private networks driven by increasing bandwidth needs
- Private LTE / 5G market to be \$8B by 2027
- Aviat's end-to-end product and services allow for increasing share of wallet capture and competitive advantage

## Mobile Networks & 5G

- Early stages of global 5G upgrade cycle; mobile network data traffic expected to grow at 26% CAGR through 2028
- Wireless transport makes up 60% of cellular transport links
- Microwave radio market for global 5G transport market expect to grow at a 39% CAGR through CY2025

## Rural Broadband

- Over \$70 billion in U.S. government funding programs to build out rural broadband networks
- Microwave is a compelling solution for operators to lower total cost of ownership and increase speed to deploy
- Aviat's unique e-commerce platform allows for direct to network operator channel

***Aviat Networks is Capturing Additional Market Share Because of Its Innovative Portfolio and Focus on Lowest Total Cost of Ownership***

# Private Network Summary

## Growth Drivers

- Growth in Private LTE and Industrial IoT driven by video and modern applications
- States and municipalities upgrading their public safety communications
  - State and local budgets remain healthy; growing public safety funding
- American Rescue Plan Act (ARPA) funding of \$350 billion for U.S. States' water, sewer, public safety, and broadband infrastructure
- Vendor outsourcing and declining microwave expertise creates share of wallet opportunities

## Segments Addressed

### Public Safety and Security



### Oil & Gas

### Water

### Electric Utilities



### National / Regional Government

### Enterprise



## Aviat's Leadership

- Mission critical product differentiation
  - Highest powered radios
  - Ruggedized access products & cellular router
  - IP/MPLS integration
  - Software innovations to simplify network management (PV+, HAS, FAS)
- Strong state relationships and global partners
- Differentiated services offerings
  - Network design and testing
  - Install
  - Support
  - Managed services (incl. NOC)

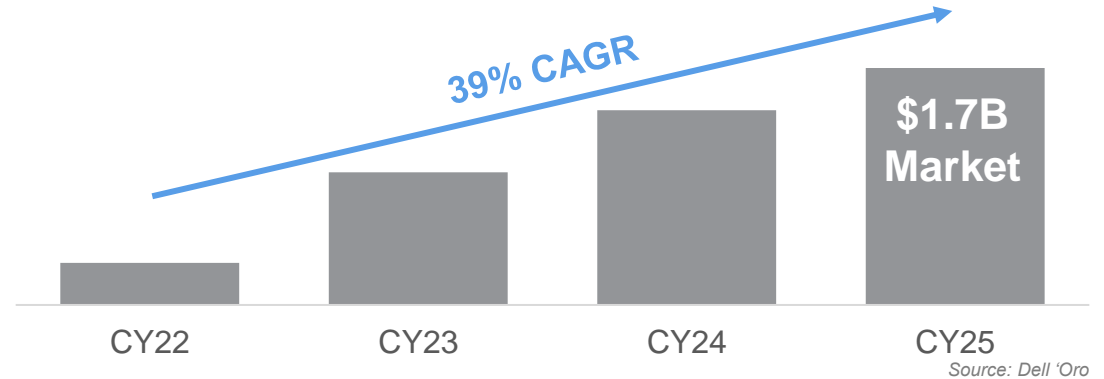
***Aviat Offers a Compelling Value Proposition to Private Network Operators***



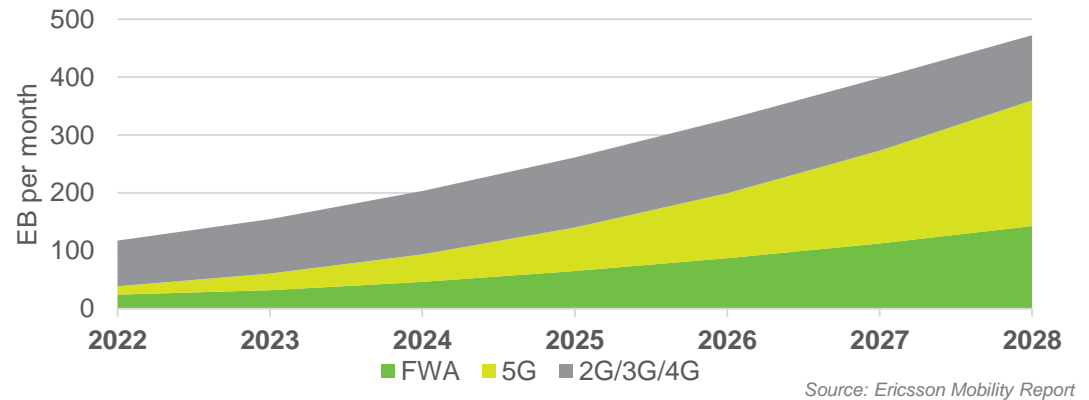
# Mobile Networks & 5G Market Summary

- Mobile service provider market driven by increasing bandwidth demand in 4G and 5G networks
  - Data from global networks is anticipated to grow rapidly (26% CAGR) through 2028, driven by 5G adoption and expanding 4G networks
- Aviat's product portfolio enables operators to increase their network capacity while lowering total cost of ownership (TCO)
  - **Single-box multi-band** lowers tower leasing costs while increase capacity
  - **Vendor-agnostic multi-band** allows operators to utilize existing radios and layer on Aviat's solution, lowering the barrier to entry for Aviat into a network
  - **Multi-band XD** enables longer distances between links which helps to minimize total network capex
  - **Highest capacity** radio available on the market (20 Gbps)
- Aviat's multi-band is up to \$10,000/link lower TCO vs competitive multi-band offerings
  - **Superior** solution → **Less** hardware → **Lowest** TCO

## Global 5G Wireless Transport Market



## Global Mobile Network Data Traffic

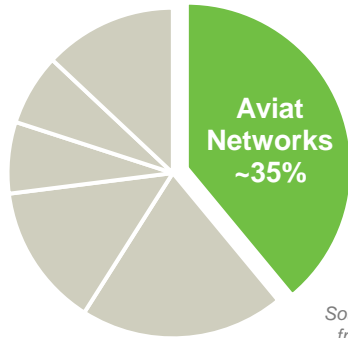


**Demand for Wireless Transport Driven by Increasing Data Consumption**

# Rural Broadband Summary

## Aviat E-Commerce Platform Leads Rural Broadband

Aviat is uniquely suited to serve WISPs through its Aviat Store and AviatCloud applications like Design (network planning and product recommendation) and automated radio and license applications



Source: PCN data from Comsearch

Leading wireless transport share of demand for North American ISPs

## Wireless Transport is the Solution

Wireless transport is ideal for rural communities and is lower cost, more reliable, and faster to deploy than fiber

Growing number of Fixed Wireless Access (FWA) deployments favors wireless backhaul

Estimate the USA rural broadband segment to be a ~\$420M TAM

## Over \$70B in Available Funding

<b>\$1.5 Billion</b>	CAF II
<b>\$20 Billion</b>	Rural Digital Opportunity Fund (RDOF)
<b>\$9 Billion</b>	5G Fund for Rural America
<b>\$42.5 Billion</b>	Broadband Equity, Access, and Deployment (BEAD) Program
<b>\$635 Million</b>	USDA Reconnect Program

**Large Investments in Broadband Infrastructure Creates Opportunities for Wireless Transport**

# Aviat Operating Model Framework

## Excellence in

### Customer Focus



### Innovation



### Talent



### Supply Chain



#### Our Actions

**We listen** during the commercial and sales process to understand our customers' needs and use our combined talents, skill and capabilities to create solutions that exceed expectations.

**We deliver** innovative, high-quality solutions that meet key customer segment needs. Voice of customer informs investment decisions. Release to market within budget, timeframe and scope.

**We drive** a performance culture and invest in our talent management programs to support evolving strategic business needs and implement organizational structures to facilitate results.

**We achieve** a competitive advantage by delivering quality products with best-in-class lead-times.

#### Our Processes

- Standard global VOC process
- Sales Goal planning
- eCommerce platform
- AviatCare customer service and support

- Aviat Operating System for software
- New Product Introduction (NPI) process
- Portfolio management
- Agile development methodology

- Performance Management Process
- Career Framework
- Talent Management Review
- Employee Ownership Program

- S&OP Planning
- Next day delivery e-commerce
- Order to Cash process
- Strategic sourcing to meet customer objectives globally

### Continuous Improvement | We Strive Everyday...

To improve, innovate and drive cost efficiency to achieve higher performance and to promote our continuous improvement culture

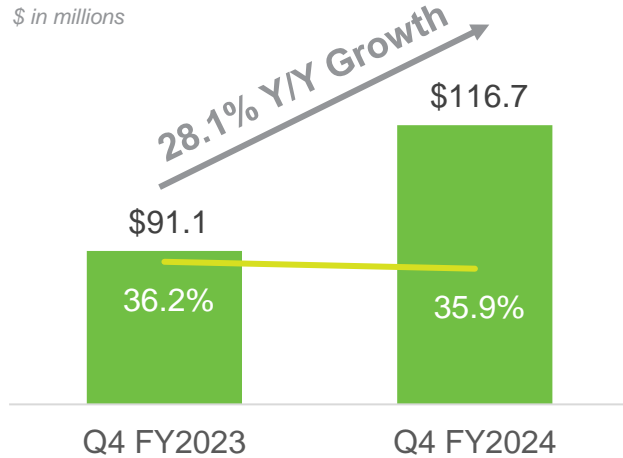
***Aviat Operating Model Supports Growth-Centric Culture by Leveraging Continuous Improvement and Driving Competitive Excellence***



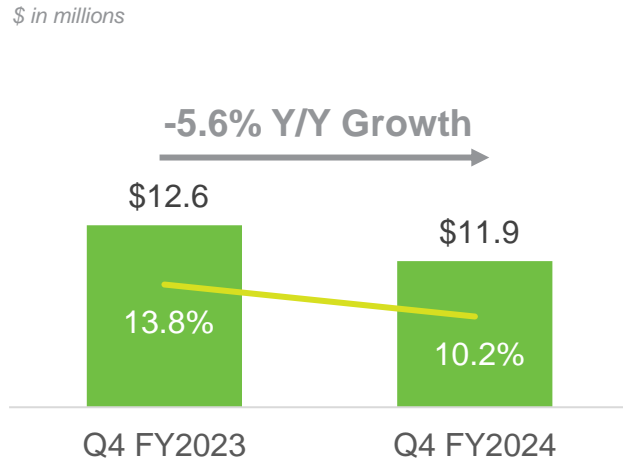
# Fourth Quarter Fiscal 2024 Financial Highlights and Historical Performance

# Fourth Quarter Fiscal 2024 Highlights

## Revenue & Non-GAAP Gross Margin



## Adjusted EBITDA & Adj. EBITDA Margin



- Revenue of \$116.7 million, up 28.1% compared to the same period last year
  - TTM revenue of \$408.1M, up 18.5% versus year-ago period
- Non-GAAP gross margin of 35.9%
- Non-GAAP operating income of \$10.6 million
- Adjusted EBITDA of \$11.9 million, or 10.2% of revenue
  - TTM Adj. EBITDA of \$48.1M, up 6.4% versus year-ago period
- Non-GAAP earnings per share of \$0.72
- Adjusted EBITDA and non-GAAP net income accretion from the Pasolink acquisition in the quarter

### Fiscal 2025 Guidance:

- Revenue: \$450.0 to \$490.0 million
- Adjusted EBITDA: \$46.0 to \$52.0 million

*Focused on Increasing Revenue, Capturing Aviat's Differentiation and Driving Costs Out*

# Fourth Quarter Fiscal 2024 Balance Sheet Highlights

<i>(\$'s in millions, except for DSO, DPO and Turns)</i>	Q1 FY24 Actual	Q2 FY24 Actual	Q3 FY24 Actual	Q4 FY24 Actual
Cash Equivalents and Marketable Securities	\$35.5	\$45.9	\$58.2	\$64.6
Third-Party Debt	\$0.0	(\$49.5)	(\$48.9)	(\$48.4)
Net Cash and Marketable Securities	\$35.5	(\$3.6)	\$9.3	\$16.3
Accounts Receivable	\$93.8	\$148.5	\$136.5	\$158.0
Unbilled Receivables	\$58.9	\$74.4	\$71.5	\$90.5
Advance Payments and Unearned Revenue	(\$53.7)	(\$63.0)	(\$49.8)	(\$66.3)
DSO's	102	118	117	115
DSO's net of Unbilled/Unearned	108	126	131	133
Accounts Payable	(\$61.8)	(\$67.4)	(\$64.6)	(\$92.9)
DPO's	100	102	80	95
Inventory	\$31.0	\$68.0	\$58.2	\$62.3
Turns	7.0	4.6	4.7	5.0

Note: Pasolink acquisition closed on November 30, 2023. Q2 FY24 balance sheet metrics begin reflecting the impact of the Pasolink acquisition.

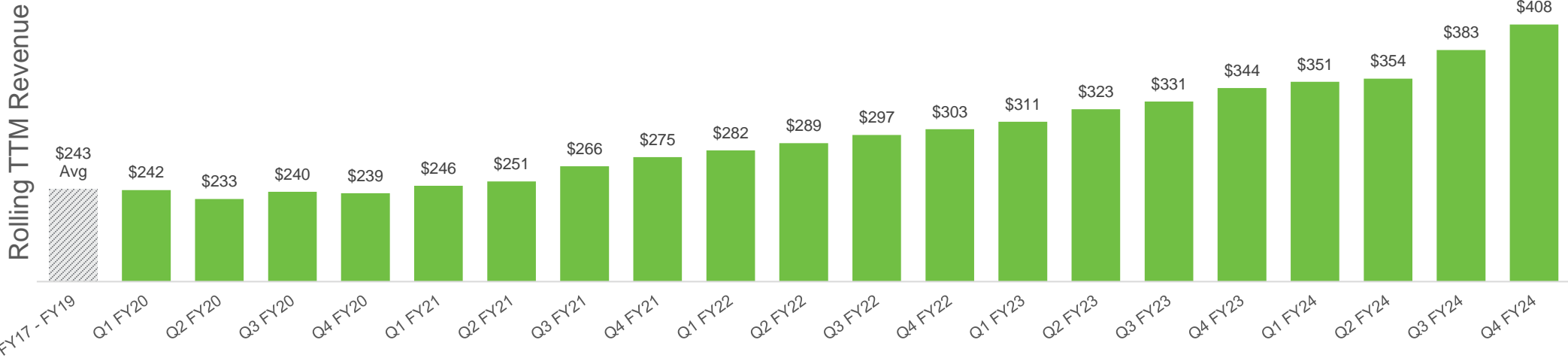
Asset / (Liability)

- Cash and marketable securities increased by \$6.4 million
- Net cash position of \$16.3 million
- Quarterly improvement in DSOs and Inventory Turns
- Preliminary purchase price allocation from the Pasolink acquisition:
  - Accounts receivable, net: \$49.3M
  - Inventories: \$34.2M
  - Advanced payments and unearned revenue: \$3.2M
  - Accounts payable: \$13.2M
  - Total net assets acquired: \$74.4M

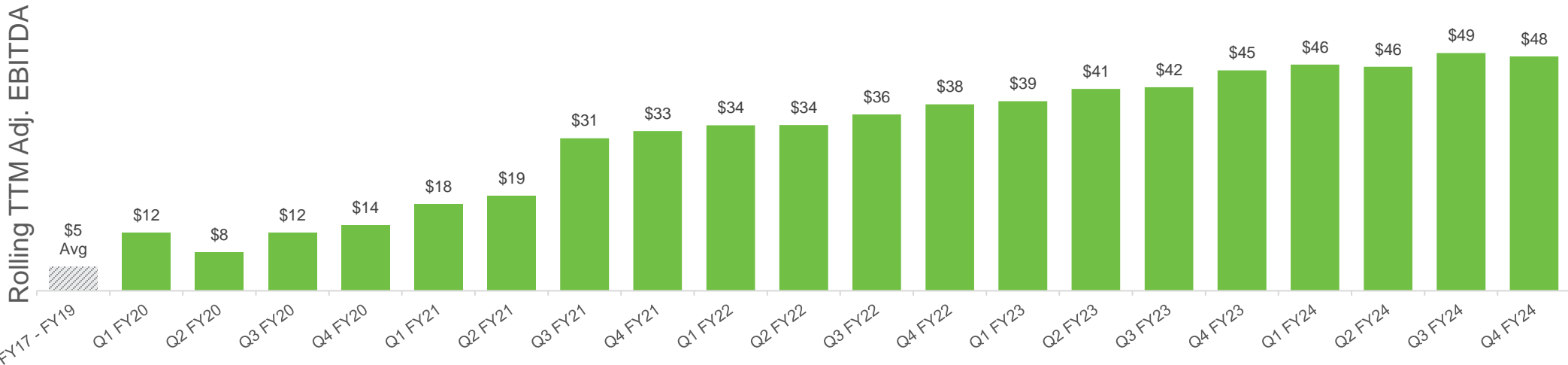
**Increased Net Cash Position by \$7 million in the Fourth Quarter**

# Rolling Trailing Twelve Months Historical Performance

\$ in millions

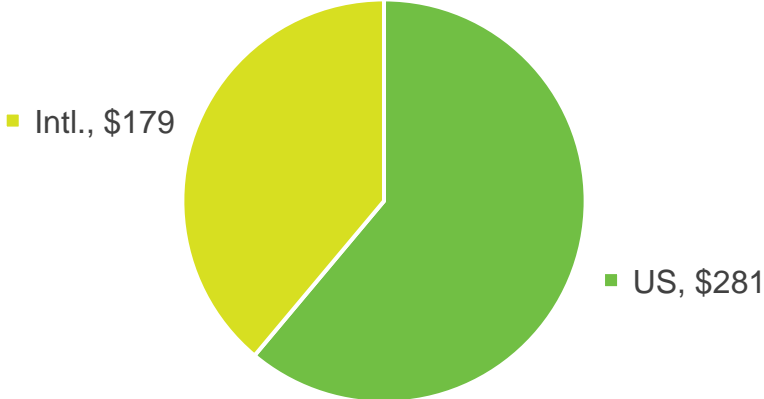


\$ in millions

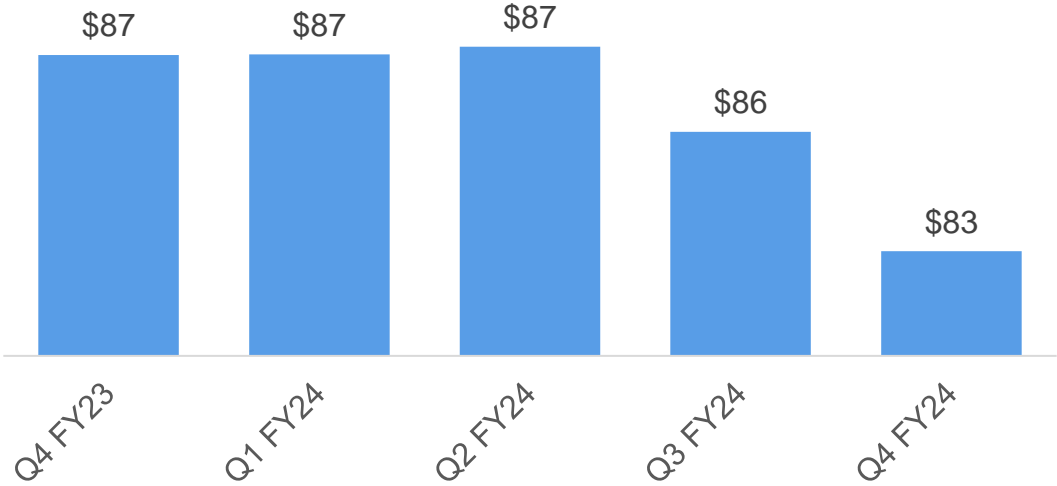


# Cash Benefit of Historical Net Operating Losses (NOLs)

Total NOLs (M)



Deferred Tax Asset on AVNW Balance Sheet



- \$460 million of gross NOLs
- NOL's reduce Aviat's statutory federal and state blended tax rate of ~25% to an effective cash tax rate of ~5%

- Improved financial performance and outlook for Aviat resulted in a full release of the valuation allowance against U.S. NOLs in Q3 of fiscal 2021
  - A one-time benefit of \$92 million was recognized in Net Income and Deferred Tax Assets

**Cash Tax Savings Will Continue for the Foreseeable Future at Levels Commensurate with our Earnings Before Tax Performance**

# GAAP to Non-GAAP Reconciliation

## RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES <sup>(1)</sup> Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended				Twelve Months Ended			
	28-Jun-24	% of Revenue	30-Jun-23	% of Revenue	28-Jun-24	% of Revenue	30-Jun-23	% of Revenue
(In thousands, except percentages and per share amounts)								
<b>GAAP gross margin</b>	<b>\$41,139</b>	<b>35.3%</b>	\$32,666	35.9%	<b>\$144,732</b>	<b>35.5%</b>	\$122,382	35.5%
Share-based compensation	96		164		406		627	
Merger and acquisition related expense	650		174		3,409		180	
<b>Non-GAAP gross margin</b>	<b>41,885</b>	<b>35.9%</b>	33,004	36.2%	<b>148,547</b>	<b>36.4%</b>	123,189	35.8%
<b>GAAP research and development expenses</b>	<b>\$10,985</b>	<b>9.4%</b>	\$6,256	6.9%	<b>\$36,426</b>	<b>8.9%</b>	\$24,908	7.2%
Share-based compensation	(141)		(129)		(593)		(514)	
<b>Non-GAAP research and development expenses</b>	<b>10,844</b>	<b>9.3%</b>	6,127	6.7%	<b>35,833</b>	<b>8.8%</b>	24,394	7.1%
<b>GAAP selling and administrative expenses</b>	<b>\$23,059</b>	<b>19.8%</b>	\$19,929	21.9%	<b>\$85,038</b>	<b>20.8%</b>	\$69,842	20.3%
Share-based compensation	(1,559)		(1,292)		(6,342)		(5,579)	
Merger and acquisition related expense	(1,070)		(2,727)		(9,121)		(4,526)	
<b>Non-GAAP selling and administrative expenses</b>	<b>20,430</b>	<b>17.5%</b>	15,910	17.5%	<b>69,575</b>	<b>17.0%</b>	59,737	17.3%
<b>GAAP operating income</b>	<b>\$5,455</b>	<b>4.7%</b>	\$6,324	6.9%	<b>\$19,401</b>	<b>4.8%</b>	\$24,620	7.1%
Share-based compensation	1,796		1,585		7,341		6,720	
Merger and acquisition related expense	1,720		2,901		12,530		4,706	
Restructuring charges	1,640		157		3,867		3,012	
<b>Non-GAAP operating income</b>	<b>10,611</b>	<b>9.1%</b>	10,967	12.0%	<b>43,139</b>	<b>10.6%</b>	39,058	11.3%
<b>GAAP income tax provision</b>	<b>\$3,060</b>	<b>2.6%</b>	\$1,997	2.2%	<b>\$6,146</b>	<b>1.5%</b>	\$11,145	3.2%
Adjustment to reflect pro forma tax rate	(2,560)		(1,697)		(4,546)		(9,945)	
<b>Non-GAAP income tax provision</b>	<b>500</b>	<b>0.4%</b>	300	0.3%	<b>1,600</b>	<b>0.4%</b>	1,200	0.3%

	Three Months Ended				Twelve Months Ended			
	28-Jun-24	% of Revenue	30-Jun-23	% of Revenue	28-Jun-24	% of Revenue	30-Jun-23	% of Revenue
(In thousands, except percentages and per share amounts)								
<b>GAAP net income</b>	<b>\$1,549</b>	<b>1.3%</b>	\$3,771	4.1%	<b>\$10,760</b>	<b>2.6%</b>	\$10,169	3.0%
Share-based compensation	1,796		1,585		7,341		6,720	
Merger and acquisition related expense	1,720		2,901		12,530		4,706	
Restructuring charges	1,640		157		3,867		3,012	
Other (income) expense, net	(70)		234		158		2,774	
Adjustment to reflect pro forma tax rate	2,560		1,697		4,546		9,945	
<b>Non-GAAP net income</b>	<b>\$9,195</b>	<b>7.9%</b>	<b>\$10,345</b>	<b>11.4%</b>	<b>\$39,202</b>	<b>9.6%</b>	<b>\$37,326</b>	<b>10.8%</b>
<b>Diluted net income per share:</b>								
GAAP	\$0.12		\$0.32		\$0.86		\$0.86	
Non-GAAP	\$0.72		\$0.87		\$3.15		\$3.15	
<b>Shares used in computing net income per share</b>								
GAAP	12,829		11,920		12,456		11,855	
Non-GAAP	12,829		11,920		12,456		11,855	
<b>Adjusted EBITDA:</b>								
<b>GAAP net income</b>	<b>\$1,549</b>	<b>1.3%</b>	\$3,771	4.1%	<b>\$10,760</b>	<b>2.6%</b>	\$10,169	3.0%
Depreciation and amortization of property, plant and equipment and intangible assets	1,265		1,615		4,993		6,180	
Interest expense, net	916		322		2,337		532	
Other (income) expense, net	(70)		234		158		2,774	
Share-based compensation	1,796		1,585		7,341		6,720	
Merger and acquisition related expense	1,720		2,901		12,530		4,706	
Restructuring charges	1,640		157		3,867		3,012	
Provision for income taxes	3,060		1,997		6,146		11,145	
<b>Adjusted EBITDA</b>	<b>\$11,876</b>	<b>10.2%</b>	<b>\$12,582</b>	<b>13.8%</b>	<b>\$48,132</b>	<b>11.8%</b>	<b>\$45,238</b>	<b>13.1%</b>

(1) The adjustments above reconcile our GAAP financial results to the non-GAAP financial measures used by us. Our non-GAAP net income excluded share-based compensation, and other non-recurring charges (recovery). Adjusted EBITDA was determined by excluding depreciation and amortization on property, plant and equipment, interest, provision for or benefit from income taxes, and non-GAAP pre-tax adjustments, as set forth above, from GAAP net income. We believe that the presentation of these non-GAAP items provides meaningful supplemental information to investors, when viewed in conjunction with, and not in lieu of, our GAAP results. However, the non-GAAP financial measures have not been prepared under a comprehensive set of accounting rules or principles. Non-GAAP information should not be considered in isolation from, or as a substitute for, information prepared in accordance with GAAP. Moreover, there are material limitations associated with the use of non-GAAP financial measures.



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