2022
Proxy Statement
& Annual Report

Aviat Networks, Inc.

September 26, 2022

To Our Stockholders,

Fiscal Year 2022 represents another year of substantial improvement to the business despite the ongoing pandemic and supply chain headwinds. In the previous two annual letters, the opportunity for growth and improved profitability was highlighted. We delivered 10.2% revenue growth and record profitability with Adjusted EBITDA margin at 12.7%. Our Fiscal Year 2022 goals were centered around growth-enablement and our foundation. Some of our key accomplishments against our goal set:

- Delivering differentiated products including multi-band extended distance to compete with fiber.
- Increasing our software and value-added services sales and launched a new offering called HAS. This offering extends our suite of standalone software offerings.
- Launching high availability routing software for mission critical networks.
- Increasing sales in the Aviat Store (ecommerce) and extended the platform in Europe, Latin America and APAC. Much of the N. America store growth was driven by rural broadband.
- Growing our North American private network business.
- Announcing our next generation modem strategy that will deliver technology leadership for years to come.
- Rolling out our first version of an operating model centered on customer focus, innovation, talent and supply chain. This operating system is the basis for continuous improvement as well as growth via acquisition.

These accomplishments led to the second consecutive year of meaningful margin expansion with topline growth and improvements to overall profitability.

Implementation of our Corporate Strategy

We continued progress executing on our corporate strategy launching several key offerings derived from our foundational voice of the customer process with an emphasis on total cost of ownership (TCO). These products included:

- **Multi-Band XD (Extended Distance).** MB-XD is the latest enhancement to Aviat's WTM 4800 Multi-Band product line, extending the reach of 10 Gbps links over distances up to 20 km to support 5G and rural broadband applications. To achieve comparable performance, competitive multi-band solutions require up to four times the hardware, making them costly and impractical for tower deployments, leaving high-cost fiber the only option. Now with MB-XD, operators can significantly lower their TCO by up to 90%, when compared to fiber alternatives. In FY22, Aviat added 22 new accounts with our Multi-Band offering and MB-XD will expand the addressable market for Aviat's multi-band solutions.

- **High Availability Routing Software.** During the year, we announced High Availability (HA) routing software for the CTR 8740. Aviat is now one of only a few router vendors on the market to support high availability software, with a targeted feature set designed for mission critical networks. With the addition of high availability routing, CTR 8740 now supports highly resilient backhaul networks and is a compelling choice for mission critical network operators seeking an affordable routing solution that is reliable, scalable, and secure.

- **Health Assurance Software (HAS).** HAS, the latest release in Aviat's Assurance software portfolio, continuously analyzes a customer's network and automatically identifies potential problems before traffic impacts occur. HAS software is designed to ensure the highest possible level of network performance and reliability, while reducing operational resource requirements and lowering total cost of ownership.

- **Hosted Software and Services.** Aviat focused on growing our cloud-enabled managed services business along with our hosted software where we saw 6x orders growth in the fiscal year with a number of new accounts connected and strong interest. Our Software as a Service (SaaS) value proposition positions Aviat for long-term success in this high-margin segment.

Our strategy, differentiated product set, execution and process improvements translated into new customer and commercial wins including:

- **Rural Broadband.** In FY22, Aviat added 62 new rural broadband accounts, growing our business significantly, and is now firmly the leading wireless backhaul provider to this segment in the US. With a large amount of rural broadband funding yet to be allocated and invested, and with our Aviat Store ecommerce platform delivering a seamless purchasing experience and disintermediating the value chain, we believe Aviat is well-positioned for continued growth in this segment.

- **Private Networks.** We continued to win large state network customers with 7 wins in FY22. Aviat's end-to-end solution spanning network planning, design, manufacturing, install, service and support were key to our progress. Our Extra High Power IRU600 indoor radio lowers the TCO (total cost of ownership) and delivers value to our customers.

In alignment with our strategy to position Aviat for profitable sustainable growth, we announced our next generation modem strategy in partnership with Maxlinear. At the heart of this strategy is an exciting chip innovation combining MODEM, Quality of Service (QoS), and other functionality into a single device for all wireless transport products across all frequency bands. This will allow Aviat to create more integrated microwave, millimeter-wave, and multi-band solutions that increase capacity and lower TCO for wireless transport while simplifying the supply chain and operational complexities. This complete solution for our customers combines Aviat's software leadership with this highly differentiated chip and solidifies Aviat's leadership position in wireless transport.

Aviat Operating System

The Aviat Operating System has four principal elements which are underpinned by our continuous improvement and customer centric values. The four elements are: customer focus, innovation, talent and supply chain. For Aviat, our business is configured such that we perform light manufacturing, assembly and test. Based on that construct, we focus the operating system on the four elements which are most impactful to our shareholders, customers and employees. In FY22, drove improvements in each of these elements including:

- **Customer Focus:** We continued to drive our strategic marketing process across the organization. This process of gaining deep understanding of our customers' economics through structured VOC (voice of the customer), and delivering products that meet their unmet economic needs, has been at the heart of our product and market successes in FY22. We will continue this trajectory in FY23 making this process even more pervasive in Aviat than it is today.

- **Innovation:** We Improved the agile development process for software (SW) R&D and Quality Assurance. We bundled the SW teams at both development sites, in Slovenia and New Zealand, and with external partners to create a unified development pool. This helps us reduce overhead, improve coordination, and use resources more efficiently to accelerate the development of new features in a fast-changing and dynamic market environment. We have also invested in further automation of testing to increase test coverage and throughput while ensuring better product quality for our customers.

- **Supply Chain:** We achieved a competitive advantage by delivering quality products with best-in-class lead times. Component commonality across platforms and strong relationships with key suppliers allowed us to meet customer objectives globally. Our Sales and Operations Planning framework is integral to aligning our daily operations with our overall strategy. We implemented our next day delivery e-commerce platform in North and Latin America, Australia and New Zealand and will extend to the Asia Pacific region in FY23.

- **Talent:** Our people truly differentiate Aviat from the competition and from commoditization. They are focused on achievement and delivering results. As a result, we have a continually improving performance culture. We drive our performance culture through our comprehensive framework of talent tools and assessments. In FY22 we redesigned our global performance review process to ensure meaningful feedback between employees and managers is communicated. We conducted Talent Management Reviews to identify and support high potentials in the organization. We also implemented an employee ownership program to allow employees to personally benefit from the success of the company. Standardized feedback practices have allowed us to mitigate turnover during a challenging environment.

Some further comments on the elements of the operating system. Innovation gets a lot of press and occasionally glory. Aviat's innovation is grounded in the customer and our choices, investments and architectures being fiercely debated internally. The approach has been showing fruitful outcomes.

On talent, I personally interview nearly every candidate who is extended an offer to join. In the process, I am focused on alignment with our operating system and our values. I will continue this process until the company is at a scale where this would become counterproductive.

We rely on our operating system as we evaluate M&A transactions. The deployment of the Aviat operating system is well under way with recently acquired Redline. As we look at other potential additions, we will maintain the lens of the Aviat Operating System as part of the evaluation process.

Aviat Values

The progress we have made in FY22 and in previous years is rooted in our values. Our performance management system includes a focus on results and the way in which our team members deliver the results. Our values include:

- **Integrity, Ethics, Safety -** These are table stakes
- **Accountability -** This value drives results throughout the organization
- **Exceptional Teamwork -** Critical to get contributions from global Aviat
- **Continuous Improvement -** This is the way we approach all of our opportunities and challenges
- **Customer Focus -** We talk about voice of the customer and new offerings on the earnings calls. Execution on this value is integral to our customer experience and the growth of Aviat

Our operating system and execution aligned with our values has allowed us to achieve better-than-market results.

<u>Fiscal Year 2022 Financial Results</u>

In Fiscal Year 2022 we reported:

Increased total revenue of $303.0 million, compared to revenue of $274.9 million in Fiscal Year 2021, or 10.2%. This was the second consecutive year of double-digit revenue growth. Revenue in North America increased by

$16.7 million year-over-year or 9.1% while international revenue growth accelerated, increasing $11.3 million or 12.3%.

Increased backlog of $245 million, up over $20 million compared to prior year-end, and continued to have a book-to-bill ratio greater than 1.

GAAP gross margin of 36.1% and non-GAAP gross margins of 36.2%, compared to GAAP and non-GAAP margins in Fiscal Year 2021 of 37.3% and 37.5%, representing a decrease of 120 basis points and 130 basis points, respectively. The decline resulted from significant inflationary pressures arising from a highly challenging supply chain environment.

GAAP total operating expenses of $80.5 million, compared to $80.4 million in Fiscal Year 2021, an increase of $0.1 million or 0.1%. On a non-GAAP basis, excluding the impact of restructuring charges, share-based compensation and M&A related costs, total operating expenses for Fiscal Year 2022 were $75.8 million, compared to $75.7 million in Fiscal Year 2021. We have reinvested cost savings from restructuring activities into growth-related initiatives.

Increased adjusted Earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") of $38.3 million in Fiscal Year 2022, as compared to $32.8 million in Fiscal Year 2021, a year-over-year increase of $5.6 million, or 16.9%.

$47.8 million in net cash, cash equivalents and marketable securities on our balance sheet, compared to $47.9 million at the end of Fiscal Year 2021. We have no loans outstanding. During Fiscal Year 2022, we also invested $5.4 million to repurchase shares from our stock repurchase program, and $7.3 million remains available under the program.

We continued to generate positive cash flow from operations despite making significant working capital investments in inventory and accounts receivable to effectively manage the highly challenging supply chain environment.

Fiscal Year 2023 Outlook

We anticipate organic growth in both revenue and Adjusted EBITDA in Fiscal Year 2023. We have a strong backlog entering Fiscal Year 2023. The supply chain and component availability remain problematic. The Aviat supply chain team and Aviat suppliers have done a tremendous job throughout Fiscal Year 2022. We believe the environment is moderating but still presents challenges. In addition, there is the threat of recession. The better that our supply chain team performs and the better that our suppliers deliver, the better our customers and investors will be. Our company and our products are well-positioned to benefit from key market drivers:

- The rollout of 5G
- The increased importance of mission-critical networks, and
- The expansion of rural broadband networks.

We will continue to be strategic about partnerships and inorganic growth. On July 5th, 2022, Aviat announced it first acquisition in more than ten years. We acquired Redline Communication. We expect to leverage Aviat's operating system to drive growth and improve margins. We expect that Redline will add approximately $20M of revenue in FY23 and approximately $1.0M to $1.4 million of adjusted EBITDA.

We anticipate continuing our strong momentum across our verticals. We have great relationships and history with global and domestic 5G players. We will continue to focus on share gains in our mission-critical network business. Redline advances the portfolio that we offer in mission-critical networks. Lastly, we will leverage increased funding for rural broadband and the Aviat Store to participate in the expansion of these developing networks.

Aviat's goals are clearly defined: growth, margin expansion and meaningful bottom-line improvements. We are excited about our outlook and expect to deliver on these goals, and value to our shareholders in Fiscal Year 2023.

Sincerely,

Peter A. Smith

Pete Smith,

President and CEO, Aviat Networks

This letter to Stockholders contains statements that qualify as "forward looking statements" under the Private Securities Litigation Reform Act of 1995, including, but not limited to our plans, strategies and objectives for future operations, expectations regarding future performance and opportunities to improve business processes. All statements, trend analyses and other information contained herein regarding the foregoing beliefs and expectations, as well as about the markets for the services and products of Aviat and trends in revenue, and 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. Certain risks, uncertainties and other factors may cause our actual results to be materially different from those expressed or implied by each forward-looking statement. These other risks, uncertainties and other factors are discussed in our Fiscal Year 2022 Form 10-K and in our other filings with the Securities and Exchange Commission. You should not rely on any forward-looking statements. We undertake no obligation to update publicly any forward-looking statement, whether written or oral, for any reason, except as required by law, even as new information becomes available or other events occur in the future.

AVIAT NETWORKS, INC.

Fiscal Year 2022 Summary

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND REGULATION G DISCLOSURE

To supplement the consolidated financial statements presented in accordance with accounting principles generally accepted in the United States (GAAP), we provide additional measures of gross margin, research and development expenses, selling and administrative expenses, operating income, provision for or benefit from income taxes, net income, diluted net income per share and adjusted income before interest, tax, depreciation and amortization (Adjusted EBITDA), adjusted to exclude certain costs, charges, gains and losses, as set forth below. We believe that these non-GAAP financial measures, when considered together with the GAAP financial measures, provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionate positive or negative impact on results in any particular period. We also believe these non-GAAP measures enhance the ability of investors to analyze trends in our business and to understand our performance. In addition, we may utilize non-GAAP financial measures as a guide in our forecasting, budgeting and long-term planning process and to measure operating performance for some management compensation purposes. Any analysis of non-GAAP financial measures should be used only in conjunction with results presented in accordance with GAAP. Reconciliations of these non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP follow.

Table 3

AVIAT NETWORKS, INC.

Fiscal Year 2022 Summary

RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES[1]

Consolidated Statements of Operations

(Unaudited)

	Twelve Months Ended			
	July 1, 2022	**% of Revenue**	July 2, 2021	% of Revenue
	(In thousands, except percentages and per share amounts)			
GAAP gross margin	**$ 109,235**	**36.1 %**	$ 102,615	37.3 %
Share-based compensation	**440**		372	
Non-GAAP gross margin	**109,675**	**36.2 %**	102,987	37.5 %

[1] The adjustments above reconcile our GAAP financial results to the non-GAAP financial measures used by Aviat Networks. Aviat monitors the non-GAAP financial measures included above, and our management believes they are helpful to investors because they provide an additional tool to use in evaluating Aviat's financial and business trends and operating results. In addition, Aviat's management uses these non-GAAP measures to compare Aviat's performance to that of prior periods for trend analysis and for budgeting and planning purposes. Our non-GAAP net income excludes share-based compensation, and other non-recurring charges (recovery) and Adjusted EBITDA is 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 the 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.

	Twelve Months Ended			
	July 1, 2022	% of Revenue	July 2, 2021	% of Revenue
	(In thousands, except percentages and per share amounts)			
GAAP research and development expenses	**$ 22,596**	**7.5 %**	$ 21,810	7.9 %
Share-based compensation	**(246)**		(250)	
Non-GAAP research and development expenses	**22,350**	**7.4 %**	21,560	7.8 %
GAAP selling and administrative expenses	**$ 57,656**	**19.0 %**	$ 56,324	20.5 %
Share-based compensation	**(3,148)**		(2,299)	
Merger and acquisition related expense	**(1,061)**		—	
Non-GAAP selling and administrative expenses	**53,447**	**17.6 %**	54,025	19.7 %
GAAP operating income	**$ 28,745**	**9.5 %**	$ 22,210	8.1 %
Share-based compensation	**3,834**		2,921	
Merger and acquisition related expense	**1,061**		—	
Restructuring charges	**238**		2,271	
Non-GAAP operating income	**33,878**	**11.2 %**	27,402	10.0 %
GAAP income tax provision (benefit)	**$ 9,275**	**3.1 %**	$ (87,699)	(31.9)%
Adjustment to reflect pro forma tax rate	**(8,075)**		88,899	
Non-GAAP income tax provision	**1,200**	**0.4 %**	1,200	0.4 %
GAAP net income	**$ 21,160**	**7.0 %**	$ 110,139	40.1 %
Share-based compensation	**3,834**		2,921	
Merger and acquisition related expense	**1,061**		—	
Restructuring charges	**238**		2,271	
Other income, net	**(1,690)**		(230)	
Adjustment to reflect pro forma tax rate	**8,075**		(88,899)	
Non-GAAP net income	**$ 32,678**	**10.8 %**	$ 26,202	9.5 %
Diluted net income per share:				
GAAP	**$ 1.79**		$ 9.42	
Non-GAAP	**$ 2.76**		$ 2.23	
Shares used in computing diluted net income per share				
GAAP/Non-GAAP	**11,820**		11,688	
<u>Adjusted EBITDA:</u>				
GAAP net income	**$ 21,160**	**7.0 %**	$ 110,139	40.1 %
Depreciation and amortization of property, plant, and equipment	**4,463**		5,383	
Other income, net	**(1,690)**		(230)	

	Twelve Months Ended			
	July 1, 2022	**% of Revenue**	July 2, 2021	% of Revenue
	(In thousands, except percentages and per share amounts)			
Share-based compensation	**3,834**		2,921	
Merger and acquisition related expense	**1,061**		—	
Restructuring charges	**238**		2,271	
Provision for (benefit from) income taxes	**9,275**		(87,699)	
Adjusted EBITDA	**$ 38,341**	**12.7 %**	$ 32,785	11.9 %

AVIAT NETWORKS, INC.
200 Parker Drive, Suite C100A
Austin, TX 78728

Notice of Annual Meeting of Stockholders for Fiscal Year 2022
to be held on November 9, 2022

TO THE HOLDERS OF COMMON STOCK OF AVIAT NETWORKS, INC.

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders for fiscal year 2022 (the "Annual Meeting") of Aviat Networks, Inc. (the "Company") will be held online only on November 9, 2022, at 12:30 p.m. Central Time. You may attend the Annual Meeting online via webcast by visiting www.virtualshareholdermeeting.com/AVNW2022 and entering your 16-digit control number included with the Notice of Internet Availability of Proxy Materials or proxy card. You will be able to vote your shares and submit questions while attending the Annual Meeting online for the following purposes:

1. To elect six directors to serve until the Company's 2023 Annual Meeting of Stockholders or until their successors have been elected and qualified;

2. To vote on the ratification of the appointment by our Audit Committee of Deloitte & Touche LLP ("Deloitte") as the Company's independent registered public accounting firm for fiscal year 2023;

3. To hold an advisory, non-binding vote to approve the Company's named executive officer compensation ("Say-on-Pay"); and

4. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement or other delay thereof.

Only holders of common stock at the close of business on September 13, 2022 are entitled to notice of and to vote at the Annual Meeting or any adjournment, postponement or other delay thereof.

Whether or not you expect to attend the Annual Meeting online, we urge you to submit a proxy to vote your shares. This will help ensure the presence of a quorum at the Annual Meeting.

By Order of the Board of Directors

September 26, 2022

/s/ Peter A. Smith
President and Chief Executive Officer

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON NOVEMBER 9, 2022

This Proxy Statement for the 2022 Annual Meeting of Stockholders and our Annual Report to Stockholders for the Fiscal Year Ended July 1, 2022 are available at www.proxyvote.com

Your vote is important regardless of the number of shares you own. The Board of Directors urges you to sign, date and return the enclosed proxy card by mail (using the enclosed postage-paid envelope) as promptly as possible, or vote electronically or by telephone as described in the attached proxy statement. If you have any questions or need assistance in voting your shares, please contact Broadridge toll-free at 1-800-690-6903.

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AVIAT NETWORKS, INC.

PROXY STATEMENT

FOR THE ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON November 9, 2022

This proxy statement (this "Proxy Statement") applies to the solicitation of proxies by the Board of Directors (the "Board") of Aviat Networks, Inc. (which we refer to as "Aviat," the "Company," "we," "our," and "ours") for use at the Annual Meeting of Stockholders for fiscal year 2022 and any adjournment, postponement or other delay thereof (the "Annual Meeting"), to be held at 12:30 p.m., Central Time, on November 9, 2022. The Annual Meeting will be held online via webcast, at www.virtualshareholdermeeting.com/AVNW2022 ("Meeting Website"). Stockholders attending the meeting online via webcast will be able to submit questions and vote their shares electronically at the meeting. These proxy materials are being made available on or about September 26, 2022, to our stockholders entitled to notice of and to vote at the Annual Meeting.

To participate in the Annual Meeting, you will need the 16-digit control number included on your proxy card, voting instruction form or notice of internet availability. The Annual Meeting will begin promptly at 12:30 p.m., Central Time. Online access and check-in will begin at 12:15 p.m., Central Time. We encourage you to access the Meeting Website prior to the start time to allow ample time for login procedures and so you may address any technical difficulties before the Annual Meeting begins. If you encounter any difficulties accessing the webcast Annual Meeting during login or in the course of the meeting, please contact the phone number found on the login page at www.virtualshareholdermeeting.com/AVNW2022.

You may vote and ask questions during the Annual Meeting by following the instructions available on the Meeting Website at the time of the Annual Meeting. Stockholders may submit questions electronically, in real-time during the meeting. A list of stockholders entitled to vote at the Annual Meeting will be available for ten days prior to the Annual Meeting for examination by any stockholder for any purpose germane to the Annual Meeting by emailing our Investor Relations team at investorinfo@aviatnet.com. This list will also be available for such purposes during the Annual Meeting at the link to be provided upon your registration for the Annual Meeting.

ABOUT THE ANNUAL MEETING

What is the purpose of the Annual Meeting?

The purpose of the Annual Meeting is to obtain stockholder action on the matters outlined in the notice of meeting included with this Proxy Statement. All holders of shares of common stock at the close of business on September 13, 2022, are entitled to notice of and to vote at the Annual Meeting. At the Annual Meeting, our stockholders will vote (i) to elect six directors, (ii) on the ratification of the appointment by our Audit Committee of Deloitte & Touche LLP ("Deloitte") as the Company's independent registered public accounting firm for fiscal year 2023, (iii) on an advisory, non-binding resolution to approve the Company's named executive officer compensation ("Say-on-Pay"), and (iv) to transact such other business as may properly come before the Annual Meeting or any adjournment or postponement or other delay thereof.

What is the record date, and who is entitled to vote at the Annual Meeting?

The record date for the stockholders entitled to vote at the Annual Meeting is September 13, 2022 (the "Record Date"). The Record Date was established by the Board as required by the Delaware General Corporation Law and the Amended and Restated Bylaws of the Company (the "Bylaws"). Owners of shares of our common stock at the close of business on the Record Date are entitled to receive notice of the Annual Meeting and to vote at the Annual Meeting. You may vote all shares that you owned as of the Record Date.

What are the voting rights of the holders of common stock at the Annual Meeting?

Each outstanding share of our common stock is entitled to one vote on each matter considered at the Annual Meeting. As of the Record Date, there were 11,202,669 shares of our common stock outstanding.

Who may attend the Annual Meeting?

All stockholders as of the Record Date, or their duly appointed proxies, may attend the Annual Meeting. Stockholders will be able to participate in the Annual Meeting online via webcast by visiting www.virtualshareholdermeeting.com/AVNW2022 and entering the 16-digit control number included in your Notice of Internet Availability of Proxy Materials, or on your proxy card or in the instructions that accompanied your proxy materials.

The Annual Meeting will begin promptly at 12:30 p.m. Central time. Online check-in will be available beginning at 12:15 p.m. Central time. Please allow ample time for online check-in procedures. If you encounter any difficulties accessing the webcast Annual Meeting during login or in the course of the meeting, please contact the phone number found on the login page at www.virtualshareholdermeeting.com/AVNW2022.

If your shares are held in "street name" (that is, through a bank, broker or other holder of record) and you wish to attend the Annual Meeting but did not receive a 16-digit control number from your bank or brokerage firm, please follow the instructions from your bank or brokerage firm, including any requirement to obtain a legal proxy. Most banks or brokerage firms allow a shareholder to obtain a legal proxy either online or by mail.

You may contact us by calling 512-265-3680 for more information or directions on how to attend the Annual Meeting online.

How do I vote?

Stockholders of record can vote by proxy as follows:

- Via the Internet: Stockholders may submit voting instructions through the Internet by following the instructions included with the proxy card.

- By Telephone: Stockholders may submit voting instructions by telephone by following the instructions included with the proxy card.

- By Mail: Stockholders may sign, date and return their proxy card in the pre-addressed, postage-paid envelope provided.

- At the Annual Meeting: You may attend the Annual Meeting online via webcast, vote, and submit a question during the Annual Meeting online by visiting www.virtualshareholdermeeting.com/AVNW2022 and using your 16-digit control number to enter the meeting even if you have previously returned a proxy card.

Why did I receive a one-page notice in the mail regarding the internet availability of proxy materials this year instead of a full set of proxy materials?

Pursuant to SEC rules, we have provided access to our proxy materials over the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the "Notice") to our stockholders of record and beneficial owners of shares held in "street name." All stockholders entitled to vote at the Annual Meeting will have the ability to access the proxy materials on a website referred to in the Notice or request a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. In addition, the Notice contains information on how stockholders of record may request delivery of proxy materials in printed form by mail or electronically by email on an ongoing basis. Please note that, while our proxy materials are available at the website referenced in the Notice and on our website, no other information contained on either website is incorporated by reference into or considered to be a part of this document.

How can I access the proxy materials and annual report on the internet?

This Proxy Statement, the form of proxy card, the Notice and our annual report on Form 10-K for the fiscal year ended July 1, 2022 are available at www.Proxyvote.com.

Why is Aviat soliciting proxies?

In lieu of personally attending and voting at the Annual Meeting, you may appoint a proxy to vote on your behalf. The Board has designated proxy holders to whom you may submit your voting instructions. The proxy holders for the Annual Meeting are John Mutch, Chairman of the Board, and Peter A. Smith, Director, President and Chief Executive Officer ("CEO").

How do I revoke my proxy?

If you are a stockholder of record, you may revoke your proxy at any time before your shares are voted at the Annual Meeting by:

- delivering a written notice of revocation to the Company's Secretary, at 200 Parker Drive, Suite C100A, Austin, TX 78728;
- signing, dating and returning a proxy card bearing a later date;
- submitting another proxy by Internet or telephone (the latest dated proxy will control); or
- attending the Annual Meeting and voting online by ballot.

If you hold your shares in "street name," you should follow the directions provided by the bank, broker or other holder of record to revoke your proxy. Regardless of how you hold your shares, your online attendance at the Annual Meeting after having executed and delivered a valid proxy card will not in and of itself constitute a revocation of your proxy.

What vote is required to approve each item?

- Proposal No. 1 (election of directors): the director nominees will be elected by a majority of the votes cast. Stockholders may not cumulate votes in the election of directors. **The Board recommends a vote "FOR" all nominees.**
- Proposal No. 2 (ratification of appointment of independent registered public accounting firm): the affirmative vote by the holders of a majority of the voting power of the common stock present online or represented by proxy at the Annual Meeting and entitled to vote on the proposal is necessary for approval of Proposal No. 2. **The Board recommends a vote "FOR" Proposal No. 2.**
- Proposal No. 3 (advisory, non-binding vote on named executive officer compensation): the affirmative vote by the holders of a majority of the voting power of the common stock present online or represented by proxy at the Annual Meeting and entitled to vote on the proposal is necessary for approval of Proposal No. 3. **The Board recommends a vote "FOR" Proposal No. 3.**

What happens if a director does not receive a sufficient number of votes?

Aviat's Corporate Governance Guidelines provide that a director nominee who receives a greater number of votes "AGAINST" his or her election than votes "FOR" his or her election must promptly offer his or her resignation to the Board. The Board will determine whether to accept the nominee's resignation. See "Policy on Majority Voting for Directors" for additional information.

What constitutes a quorum, abstention and broker "non-vote"?

The presence at the Annual Meeting virtually through the webcast, or by proxy of the holders of common stock entitled to cast a majority of the voting power of all of the common stock issued and outstanding and entitled to vote at the Annual Meeting constitutes a quorum for the transaction of business at the Annual Meeting.

Abstentions and broker "non-votes" are counted as present and are, therefore, included for purposes of determining whether a quorum is present at the Annual Meeting. An abstention occurs when a stockholder does not vote for or against a proposal but specifically abstains from voting. A broker "non-vote" occurs when a bank, broker or other holder of record holding shares in street name for a beneficial owner signs and submits a proxy or votes with respect to shares of common stock held in a fiduciary capacity, but does not vote on a particular matter because the bank, broker or other holder of record does not have discretionary voting power with respect to that matter and has not received instructions from the beneficial owner or because the bank, broker or other holder of record elects not to vote on a matter as to which it does have discretionary voting power. Under the rules governing banks, brokers and other holders of record who are voting with respect to shares held in street name, such entities have the discretion to vote such shares on routine matters but not on non-routine matters. Only Proposal No. 2 is a routine matter.

For Proposal No. 1, abstentions and broker "non-votes", if any, will be disregarded and have no effect on the outcome of the vote. For Proposals No. 2 and No. 3, abstentions will have the same effect as voting against the proposal, and broker "non-votes", if any, will be disregarded and have no effect on the outcome of the vote.

Who pays for the cost of solicitation?

We will bear the entire cost of solicitation, including the preparation, assembly, printing, and mailing of this Proxy Statement, the proxy card, the Notice and any additional solicitation materials that may be furnished to our stockholders and the maintenance and operation of the website providing Internet access to these proxy materials. We will reimburse banks, brokers and other holders of record for reasonable expenses incurred in sending proxy materials to beneficial owners of our common stock and maintaining Internet access for such materials and the submission of proxies. We may supplement the original solicitation of proxies by mail through solicitation by telephone, email, over the Internet or by other means by our directors, officers and other employees. No additional compensation will be paid to these individuals for any such services.

What is the deadline for submitting proposals and director nominations for the 2023 Annual Meeting?

For stockholder proposals that are not intended to be included in next year's proxy statement and for director nominations that are intended to be included in next year's proxy statement, a stockholder of record must submit a written notice thereof, which notice must be received by our Corporate Secretary at our principal executive offices not earlier than August 11, 2023, or later than September 10, 2023. The full requirements for the submission of proposals of business not intended to be included in the Company's proxy and of nominations of directors are contained in Article II, Sections 13 and 14, respectively, of our Bylaws, which are available for review at our website, www.aviatnetworks.com.

Stockholder proposals intended for inclusion in next year's proxy statement pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 (the "Exchange Act") must be directed to the Corporate Secretary, Aviat Networks, Inc., at our principal executive offices, and must be received by May 29, 2023.

In accordance with the rules of the SEC, the proxies solicited by the Board for the 2023 Annual Meeting will confer discretionary authority on the proxy holders to vote on any director nomination or stockholder proposal properly presented at the 2023 Annual Meeting if the Company fails to receive notice of such matter in accordance with the periods specified above.

Who will count the votes?

Broadridge will tabulate the votes cast by proxy. The Company has retained an independent inspector of elections in connection with Aviat's solicitation of proxies for the Annual Meeting. Aviat intends to notify stockholders of the results of the Annual Meeting by filing a Form 8-K with the SEC.

CORPORATE GOVERNANCE

We believe in and are committed to sound corporate governance principles. Consistent with our commitment to and continuing evolution of corporate governance principles, we adopted a Code of Conduct, Corporate Governance Guidelines and written charters for the Governance and Nominating Committee, Audit Committee and Compensation Committee which are available in the Governance subsection of the Investors page of our website at https://aviatnetworks.com. Each of our Board committees is required to conduct an annual review of its charter and applicable guidelines.

Board Members

The authorized size of the Board is currently up to seven. Our Bylaws require that the Board have a minimum of three directors. Directors are nominated by the Governance and Nominating Committee of the Board. The following are the members of the Board as of the date of this Proxy Statement.

Name	Title and Positions
John Mutch	Director, Chairman of the Board
Bryan Ingram	Director
Michele Klein	Director
Somesh Singh	Director
Peter A. Smith	Director, President and Chief Executive Officer
Dr. James C. Stoffel	Director
Bruce Taten	Director

The Board has determined that each of our current directors other than Mr. Smith has no relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and is otherwise independent in accordance with listing rules of the NASDAQ Stock Market (the "NASDAQ Listing Rules"). Our independent directors regularly meet in executive session without members of management present.

All of our directors are requested to attend our annual meetings of stockholders. Six of our seven directors, representing all of our current directors who were directors (or nominees to become directors) at the time of the 2021 Annual Meeting, attended our 2021 Annual Meeting either in-person or via telephone.

Board Diversity Matrix (as of September 26, 2022)

Board Size:				
Total Number of Directors	7			
	Female	**Male**	**Non-Binary**	**Did not Disclose Gender**
Part I: Gender:				
Directors	1	6	-	-
Part II: Demographic Background				
African American or Black	-	-	-	-
Alaskan Native	-	-	-	-
Asian	-	1	-	-
Hispanic or Latinx	-	-	-	-
Native American	-	-	-	-
Native Hawaiian or Pacific Islander	-	-	-	-
White	1	5		
Two or More Races or Ethnicities	-	-	-	-
LGBTQ+	-			

Director Selection Process

The Governance and Nominating Committee is responsible for leading the search for qualified individuals for election as directors to ensure the Board has an optimal mix of skills, expertise and diversity of background. The Governance and Nominating Committee recommends candidates to the full Board for election. Any formal invitation to a director candidate is authorized by the full Board. The Governance and Nominating Committee identifies candidates through a variety of means, including recommendations from members of the Board, suggestions from Company management and, from time to time, a third-party search firm. The Governance and Nominating Committee also considers candidates recommended by stockholders. Stockholders wishing to recommend director candidates for consideration by the Governance and Nominating Committee may do so by writing to the Secretary of the Company, giving the recommended candidate’s name, biographical data and qualifications.

Recently Appointed Directors

Bruce Taten was recommended to the Governance and Nominating Committee by a current Board member and through an independent, third-party executive search firm retained by the Company to identify and assist in identifying or evaluating potential nominees in fiscal year 2021. Mr. Taten brings expertise in a wide variety of matters, including mergers and acquisitions, compliance, financial, tax, and environmental, social and corporate governance.

Director Nominees

We expect each nominee standing for election as a director to be able to serve if elected. If any nominee is not able to serve, proxies will be voted in favor of the remainder of those nominated. There are no family relationships between or among any of our executive officers, directors, or director nominees.

There are no material legal proceedings in which any director, director nominee, officer, or affiliate of the Company or any owner of record or beneficial owner of more than five percent of any class of voting securities of the Company or any, associate of such director, officer, affiliate of the Company or security holder, is a party adverse to us or has a material interest adverse to us.

Board and Committee Meetings and Attendance

In fiscal year 2022, the Board held five regularly scheduled meetings and nine special meetings. Each of the Board members attended 100% of the Board meetings and 100% of the total number of meetings of the committee or committees on which the member served, in each case, with respect to Board and committee meetings that took place while such director was a member of the Board.

Board Member Qualifications

Our Board believes that its members should encompass a range of talents, skills and expertise, which enables the Board to provide sound guidance with respect to the Company's operations and interest. Each director shall have the ability to apply good business judgement and must be able to exercise his or her duties of loyalty and care. Candidates for the position of director should exhibit proven leadership capabilities, high integrity, exercise high level responsibilities within their chosen careers, and have an ability to quickly grasp complex principles of business, finance, international transactions, and communication technologies. Our Board prefers a variety of professional experiences and backgrounds among its members. The Board has chosen not to impose term limits or mandatory retirement age with regard to service on the Board in the belief that continuity of service and the past contributions of the members of the Board who have developed an in-depth understanding of the Company and its business over time bring a seasoned approach to the Company's governance. In addition to considering a candidate's experiences and background, candidates are reviewed in the context of the current composition of the Board and evolving needs of our businesses. In particular, the Board has sought to include members that have experience in establishing, growing and leading communications companies in senior management positions and serving on the board of directors of other companies. In determining that each of the members of the Board is qualified to be a director, the Board has relied on the attributes listed below and, where applicable, on the direct personal knowledge of each of the members' prior service on the Board.

The Board, as part of its focus on Environmental, Social and Governance matters ("ESG"), has encouraged the Governance and Nominating Committee to search for two or more diverse director nominees from traditionally under-represented minority groups to be nominated as directors in the future.

Directors' Biographies

The following is a brief description of the business experience and background of each nominee for director, including the capacities in which each has served during at least the past five years:

Mr. John Mutch, age 66, currently serves as Chairman of the Board and has served on the Board since January 2015. He served on the Board of Directors of Steel Excel Inc., a provider of drilling and production services to the oil and gas industry and a provider of event-based sports services and other health-related services, from 2007 to 2016. From December 2008 to January 2014, he served as Chairman of the board of directors and Chief Executive Officer of Beyondtrust Software, a privately-held security software company. Mr. Mutch has been the founder and managing partner of MV Advisors LLC, a strategic block investment firm that provides focused investment and strategic guidance to small and mid-cap technology companies, since December 2005. Prior to founding MV Advisors LLC, in March 2003, Mr. Mutch was appointed by the U.S. Bankruptcy court to the board of directors of

Peregrine Systems, Inc., a provider of enterprise asset and service management solutions. He assisted that company in a bankruptcy work-out proceeding and was named President and Chief Executive Officer in July 2003. Previous to running Peregrine Systems, Inc., Mr. Mutch served as President, Chief Executive Officer and a director of HNC Software, an enterprise analytics software provider. Before HNC Software, Mr. Mutch spent seven years at Microsoft Corporation in a variety of executive sales and marketing positions. Mr. Mutch previously served on the boards of directors of Phoenix Technologies Ltd., a leader in core systems software products, services and embedded technologies, Edgar Online, Inc., a provider of financial data, analytics and disclosure management solutions, Aspyra, Inc., a provider of clinical and diagnostic information systems for the healthcare industry, Overland Storage, Inc., a provider of unified data management and data protection solutions, and Brio Software, Inc., a provider of business intelligence software. He has served as a director at Agilysys, Inc., a provider of information technology solutions, since March 2009. From April 2017 to May 2019, Mr. Mutch served as a director at Maxwell Technologies, Inc., a manufacturer of energy storage and power delivery solutions for automotive, heavy transportation, renewable energy, backup power, wireless communications and industrial and consumer electronics applications. From July 2017 to March 2018, he served as a director at YuMe, Inc., a provider of digital video brand advertising solutions, at which time YuMe was acquired by RhythmOne plc, a technology-enabled digital media company, and Mr. Mutch continued serving as a director on the RhythmOne board until January 2019. Mr. Mutch holds a Bachelor of Science in Economics from Cornell University and a Master of Business Administration from the University of Chicago.

Mr. Mutch brings to the Board extensive experience as an executive in the technology sector. He also has experience as a director at several public companies in the technology sector. He is or has been a member of the audit committee of various public and private companies and brings valuable financial expertise to the Board. For these reasons, we believe Mr. Mutch is qualified to continue serving on the Board.

Mr. Bryan Ingram, age 58, currently serves on the Board and is a senior corporate executive and advisor whose technology career spans 35 years in executive management roles with industry leaders Broadcom, Avago, Agilent, HP, and Westinghouse. He has a proven record in the global semiconductor industry for delivering highly differentiated product performance, cost improvements, resilient supply chains, and driving growth through the wireless ecosystem. Mr. Ingram presently serves as a director for SGH (formerly Smart Global Holdings), where he was elected in October 2018 and serves on the nominating and governance committee as well as the compensation committee. Mr. Ingram has also been a director for Anokiwave since June 2020. Most recently, from November 2019 to March 2020, Mr. Ingram served as a consultant for Broadcom, and he previously served as senior vice president and general manager of Broadcom's Wireless Semiconductor Division, from November 2015 to October 2019, where he oversaw the development, production, and marketing of RF components for handsets and other wireless devices. Prior to Broadcom, Mr. Ingram served as the Chief Operating Officer for Avago Technologies from April 2013 to October 2015. From October of 2015 until May 2016, Mr. Ingram served as the Senior Vice President and General Manager of the Wireless Semiconductor Division of Avago Technologies. Mr. Ingram holds a Bachelor of Science in Electrical Engineering from the University of Illinois and a Master of Science in Electrical Engineering from Johns Hopkins University. We believe Mr. Ingram's experience and success in the semiconductor industry, as well as supply chain expertise, qualify him to serve as a member of the Board.

Ms. Michele Klein, age 73, was appointed to the Board in May 2021. She is an experienced public company director, venture capital investor and CEO. Ms. Klein chairs our Governance and Nominating committee and serves on the Compensation committee. In 2021 she was also elected a director of Rockley Photonics, a chipset developer and module supplier, where she chairs the Nominating and Governance committee and serves on Compensation. In 2019 Michele Klein was elected a director of Intevac, a manufacturer of vacuum deposition systems, where she serves on the Compensation and Nominating and Governance Committees. In 2017 she was elected a director of Photon Control, a provider of optical sensors and systems to the semiconductor industry, where she served on Audit and chaired the M&A Committee until the Company's acquisition in July 2021. She is also a director of Gridtential Energy, a private energy storage company. From 2005 until 2010 Ms. Klein served as Sr. Director of Applied Ventures LLC, the venture capital arm of Applied Materials, where she recommended and managed investments in energy storage and solar energy, and represented Applied Materials on the boards of energy technology companies. Ms. Klein co-founded Boxer Cross, a semiconductor equipment manufacturer, and served as Chief Executive Officer and Director from 1997 until its acquisition by Applied Materials in 2003. She previously co-founded and led High Yield Technology, a semiconductor metrology company, from 1986 until its acquisition by public Pacific Scientific in 1996. Ms. Klein earned a BS degree from the University of Illinois and an MBA from the Stanford Graduate School of Business. We believe Ms. Klein's investment and capital markets experience, and leadership roles in both public and private manufacturing companies in semiconductor, communications infrastructure, wireless and tech-enabled services, qualifies her to continue to serve as a director of the Company.

Mr. Peter A. Smith, age 56, has been our President and CEO since January 2020 and a member of the Board since February 2020. Mr. Smith has more than 25 years of leadership experience in business management and a proven track record of creating value for companies. He most recently served as Senior Vice President, US Windows and Canada for Jeld-Wen from March 2017 to December 2019, where he had full profit and loss responsibility for Jeld-Wen's $1B+ windows business, implementing lean manufacturing principles and strategic development programs to deliver growth and improved profitability. Prior to Jeld-Wen, from October 2013 to March 2017, he served as President of Polypore International's Transportation and Industrial segment and oversaw transformative initiatives that helped prepare the former public company for sale to the Asahi Kasei Group. Previously, he served as Chief Executive Officer and a director of Voltaix Inc., until its sale to Air Liquide.

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. In these roles, his responsibilities ran the gamut of operations, sales and marketing, business development, and mergers and acquisitions. Mr. Smith also served on the boards of Adaptive 3D from 2020 to 2021 and Soleras Advanced Coatings from 2015 to 2018. 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. We believe Mr. Smith's executive leadership experience and position as the Company's CEO qualify him to continue serving on the Board.

Dr. James C. Stoffel, age 76, has served as a member of the Board since January 2007 and was the lead independent director for Aviat from July 2010 to February 2015. In addition, Dr. Stoffel currently serves on the board of directors of PAR Technology Corporation, a NYSE listed company which provides software as a service (SaaS) and related solutions to the hospitality industry. He has been on the PAR board of directors since November 2017 and is currently the Lead Independent Director of PAR and chairman of the Compensation Committee. From June 1, 2020 to February 2022, Dr. Stoffel served as a director on the board of EZAccess MD. Dr. Stoffel retired from the board of directors of Harris Corporation in October 2018, having served since August 2003. He also retired in December 2018 from Trillium International, LLC, a private equity company, where he served as co-founding General Partner since 2006. He continues to be an advisor to multiple private equity firms. Prior to his private equity work, Dr. Stoffel was Senior Vice President, Chief Technical Officer and Director of Research and Development of Eastman Kodak Company ("Kodak"). He held this position from 2000 to April 2005. He joined Kodak in 1997 as Vice President and Director, Electronic Imaging Products Research and Development, and became Director of Research and Engineering in 1998. Prior to joining Kodak, he was with Xerox Corporation, where he began his career in 1972. His most recent position with Xerox Corporation was Vice President, Corporate Research and Technology. Dr. Stoffel holds a Bachelor of Science in Electrical Engineering from the University of Notre Dame and received his Master of Science and PhD from Syracuse University.

Mr. Bruce Taten, age 66, was appointed to the Board on March 9, 2022. Mr. Taten served as Senior Vice President, General Counsel and Chief Compliance Officer for Cooper Industries, plc from 2008 until its merger with Eaton Corporation in October 2012. Previously, Mr. Taten was Vice President and General Counsel at Nabors Industries from 2003 until 2008 and earlier practiced law with Simpson Thacher & Bartlett LLP and Sutherland Asbill & Brennan LLP. Before attending law school, he practiced as a C.P.A. with Peat Marwick Mitchell & Co., which is now KPMG, in New York. From 2015 to date, Mr. Taten is a practicing attorney through his firm, the Law Office of Bruce M. Taten, and private investor. He is admitted to practice law in the states of Texas and New York. Mr. Taten earned his FSA Credential from the Sustainability Accounting Standards Board (SASB) in 2020. Mr. Taten holds a B.S. and Masters degree from Georgetown University and a J.D. from Vanderbilt University. Mr. Taten has served on board of directors of Jeld-Wen Holdings, Inc. (NYSE: JELD), since 2014 and currently serves as chair of the compensation committee and on the governance and nominating committee. The Board believes Mr. Taten's qualifications to sit on our Board include his environmental, social and governance knowledge, and his experience in mergers and acquisitions, compliance, financial, tax and corporate governance expertise working on other companies' boards of directors and as a general counsel and chief compliance officer.

Board Leadership

The Board does not have a policy regarding the separation of the roles of CEO and Chairman of the Board as the Board believes that it is in the best interests of the Company for the Board to make that determination based on the position and direction of the Company and the membership of the Board. The members of the Board possess considerable experience and unique knowledge of the challenges and opportunities that the Company faces and are in the best position to evaluate the needs of the Company and how to best organize the capabilities of the directors and management to meet those needs.

When the CEO also serves as Chairman of the Board, our Corporate Governance Guidelines provide for the appointment of a lead independent director.

The Board has determined that having Mr. Mutch serve as Chairman is in the best interest of the Company at this time. This structure ensures a greater role for the independent directors in the oversight of the Company and active participation of the independent directors in setting agendas and establishing Board priorities and procedures and is useful in establishing a system of corporate checks and balances. Separating the Chairman position from the CEO position allows the CEO to focus on setting the strategic direction of the Company and the day-to-day leadership and performance of the Company, while the Chairman leads the Board in its role of, among other things, providing advice to, and overseeing the performance of, the CEO. In addition, managing the Board can be a time-intensive responsibility, and this structure permits our CEO to focus on the management of the Company's day-to-day operations.

The Board's Role in Risk Oversight

Assessing and managing risk is the responsibility of the management of the Company. The Board's oversight of major risks occurs at both the full Board level and at the Board committee level. The Board oversees and reviews certain aspects of the Company's risk management efforts, focusing on the adequacy of the Company's risk management and risk mitigation processes. Management is responsible for establishing the Company's business strategy, identifying and assessing the related risks and implementing appropriate risk management practices. At the Board's request, management proposed a process for identifying, evaluating and monitoring material risks and such process has been approved by the Board and is currently in effect. This risk management program is overseen by senior management who, in connection with their regular review of the overall business, identify and prioritize a broad range of material risks (e.g., financial, strategic, compliance and operational). Senior management also discusses mitigation plans to address such material risks. Prioritized risks and management's plans for mitigating such risks are regularly presented to the full Board for discussion and in order to ensure monitoring. In addition to the risk management program, the Board encourages management to promote a corporate culture that incorporates risk management into the Company's corporate strategy and day-to-day business operations.

In addition, each of our Board committees also oversees the management of risks that fall within the committee's areas of responsibility. In performing this function, each committee has full access to management, as well as the ability to engage advisors. The Audit Committee oversees the Company's compliance with legal and regulatory requirements. The Governance and Nominating Committee assists the Board in shaping the corporate governance of the Company. The Compensation Committee oversees the management of risks relating to the Company's executive compensation plans, incentive structure and succession planning.

A discussion of risk factors in the Company's compensation design can be found below under the heading "Risk Considerations in Our Compensation Program."

Principles of Corporate Governance, Bylaws and Other Governance Documents

The Board has adopted Corporate Governance Guidelines and other corporate governance documents that supplement certain provisions of our Bylaws and relate to, among other things, the composition, structure, interaction and operation of the Board. Some of the key governance features of our Corporate Governance Guidelines, Bylaws and other governance documents are summarized below.

> *Majority Voting in Director Elections*. In an uncontested election of directors, to be elected to the Board, each nominee must receive the affirmative vote of shares representing a majority of the votes cast, meaning that the number of votes "FOR" a director nominee must exceed the number of votes "AGAINST" that director nominee.

Aviat's Corporate Governance Guidelines provide that any director nominee in an uncontested election who does not receive a greater number of votes "FOR" his or her election than votes "AGAINST" such election must, promptly following certification of the stockholder vote, offer his or resignation to the Board for consideration in accordance with the following procedures.

The Board will evaluate the best interests of the Company and its stockholders and decide the action to be taken with respect to such offered resignation. In reaching their decision, the Board will consider all factors they deem relevant. Following the Board's determination, the Company will, within four business days, disclose publicly in a document furnished or filed with the SEC the Board's decision as to whether or not to accept the resignation offer. The disclosure will also include a description of the process by which the decision was reached, including, if applicable, the reason or reasons for rejecting the offered resignation.

All nominees for election as a director in an uncontested election are deemed to have agreed to abide by this policy and will offer to resign and will resign if requested to do so in accordance with this policy (and will if requested submit an irrevocable resignation letter, subject to this majority voting policy, as a condition to being nominated for election).

Prohibition Against Pledging Aviat Securities and Hedging Transactions. In accordance with Aviat's Insider Trading Policy, directors and executive officers are prohibited from short sales of Aviat securities, entering into puts, calls or other derivative securities, pledging Aviat securities and engaging in hedging transactions with respect to Aviat securities. Aviat specifically prohibits directors and executive officers from holding Aviat securities in any margin account for investment purposes or otherwise using Aviat securities as collateral for a loan. An exception to this prohibition may be granted where a person wishes to pledge Company securities as collateral for a loan (not including margin debt) and clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities. Insiders are also prohibited from purchasing certain instruments (including prepaid variable forward contracts, equity swaps, and collars) and engaging in transactions designed to hedge or offset any decrease in the value of Aviat securities.

Environmental, Social and Governance

In fiscal year 2022, the Board adopted an ESG framework that the Company will continue to implement and report out on in more details in the upcoming years. The ESG framework identifies the Company's corporate values and links them to ESG factors and Key Performance Indicators ("KPIs"), such as board diversity, safety and employee equity ownership. On the environmental side of the framework, the Company began analyzing its energy resource consumption and separately, monitoring and ensuring its compliance with the Company's Global Environmental Policy which can be found at https://aviatnetworks.com/about-us/responsible-sourcing. Also in fiscal year 2022, the Company obtained International Organization for Standardization ("ISO") 14001 certification, which relates to the Company's environmental management system, for its corporate office in Austin, Texas. The Company is also a member of the Responsible Business Alliance and EcoVadis which helps Aviat seek to maintain the best practices in its global supply chain as well as provides a rating of our compliance. In fiscal year 2022, there have been zero work-related fatalities and only one work-related injury.

In furtherance of its engagement with employees, the Company is committed to a safe and welcoming workplace. The Company expanded its tracking of work-related injuries and fatalities throughout its global workforce and will report that information to the Board of Directors annually.

The Company also worked to incorporate greater employee engagement in fiscal year 2022 through a variety of processes and the implementation of a Diversity and Inclusion Policy globally. In certain locations, the Company granted each employee Aviat stock as part of an "Employee Ownership" program. In other locations, where local laws or regulations made granting equity untenable, the Company provided those employees with an additional cash bonus equal in value to the granted Restricted Stock Units. Restricted Stock Units were granted with a ratable vesting period of one third per year over three years. This program resulted in approximately 97% of all employees holding equity in the Company in fiscal year 2022.

Many of the Company's products may assist Aviat customers with their own sustainability goals and initiatives. For example, the Company offers products that can reduce diesel consumption and thus the carbon dioxide emissions of Aviat customers over time. We estimate Aviat solutions when compared with our competitors can reduce diesel fuel consumption by five million liters annually which results in 13,000 metric tons of avoided carbon dioxide emissions annually[1]. Aviat also assists its customers in closing the digital divide around the globe. The Company provides communication equipment which may easily be deployed in rural or hard to reach locations.

[1] Estimate based on Aviat's internal calculations of power savings compared with competitive wireless transport solutions.

Board Committees

The Board maintains an Audit Committee, a Compensation Committee and a Governance and Nominating Committee as its regular committees. Copies of the charters for the Audit Committee, the Compensation Committee and the Governance and Nominating Committee are available on our website at https://investors.aviatnetworks.com/corporate-governance/documents-charters.

The following table shows, at the conclusion of fiscal year 2022, the Chairman and members of each committee, the number of committee meetings held, and the principal functions performed by each committee as described in such committee's charter:

Committee	**Number of Meetings in Fiscal Year 2022**	**Members**	**Principal Functions**
Audit	4	John Mutch (Chairperson) Bryan Ingram Dr. James C. Stoffel	• Selects our independent registered public accounting firm • Reviews reports of our independent registered public accounting firm • Reviews and pre-approves the scope and cost of all services, including all non-audit services, provided by the firm selected to conduct the audit • Monitors the effectiveness of the audit process • Reviews independent registered public accounting firm's and management's assessment of the adequacy of financial reporting and operating controls • Monitors corporate compliance program • Monitors corporate data and information security • Reviews the process by which management identifies and mitigates key areas of risk • Reviews the Company's audited and unaudited financial results in the Company's annual and quarterly reports on Form 10-K, Form 10-Q and earnings releases • Reviews the scope and responsibilities of the internal audit program and on the appointment of the individual or firm serving in such capacity • Reviews and approves all related party transactions
Compensation	4	Dr. James C. Stoffel (Chairperson) Bryan Ingram Michele Klein Somesh Singh	• Reviews our executive compensation policies and strategies • Oversees and evaluates our overall compensation structure and programs • Ensures that an executive performance evaluation is in place • Reviews and overseas management's continuity planning processes • Annually reviews incentive compensation arrangements and their contribution to the desired risk management policy and practices

Committee	Number of Meetings in Fiscal Year 2022	Members	Principal Functions
Governance and Nominating	4	Michele Klein (Chairperson) John Mutch Dr. James C. Stoffel	• Develops and implements policies and practices relating to corporate governance and ESG initiatives • Reviews and monitors implementation of our governance policies and procedures • Establish, implement, and monitor the processes for (a) effective communication with stockholders and (b) consideration of stockholder proposals • Assists in developing criteria for open positions on the Board • Reviews and recommends nominees for election of directors to the Board • Reviews and recommends policies, if needed, for selection of candidates for directors • Develops, recommends, and oversees an annual self-evaluation process of the Board and its committees

Audit Committee

The Audit Committee is primarily responsible for selecting and approving the services performed by our independent registered public accounting firm, as well as reviewing our accounting practices, internal audit program, related party transactions, corporate financial reporting, data and information security, and system of internal controls over financial reporting. No material amendments to the Audit Committee Charter were made during fiscal year 2022. During fiscal year 2022, the Audit Committee was comprised of independent, non-employee members of our Board who were "financially sophisticated" under the NASDAQ Listing Rules.

The Board has determined that Mr. Mutch qualifies as "audit committee financial experts," as defined under Item 407(d)(5)(i) of Regulation S-K under the Securities Act of 1933 and the Exchange Act. Such status does not impose on any director duties, liabilities or obligations that are greater than the duties, liabilities or obligations otherwise imposed on a director as members of our Audit Committee and the Board.

Following the Annual Meeting, it is expected that Messrs. Mutch, Ingram, and Stoffel will serve on the Audit Committee for fiscal year 2023 with Mr. Mutch remaining as chair. Each of Messrs. Mutch, Ingram and Stoffel are independent under NASDAQ listing standards and Rule 10A-3(b)(1) of the Exchange Act.

Compensation Committee

The Compensation Committee has the authority and responsibility to approve our overall executive compensation strategy, to ensure that performance evaluation processes are in place for the Company's executives, to administer our annual and long-term compensation plans, to annually review the incentive compensation arrangements and their contribution to desired risk management policy and practices, and to review and make recommendations to the Board regarding executive compensation. The Compensation Committee is comprised of independent, non-employee members of the Board in accordance with NASDAQ Listing Rules. During fiscal year 2022, the Compensation Committee utilized Compensia, Inc. ("Compensia") as independent, third-party consulting firms.

Following the Annual Meeting, it is expected that Messrs. Ingram, Klein, Stoffel and Taten, and will serve on the Compensation Committee for fiscal year 2023 with Mr. Stoffel remaining as chair. All the expected members of the Compensation Committee for fiscal year 2023 are independent under the NASDAQ Listing Rules.

Compensation Committee Interlocks and Insider Participation

No member or nominee of the Compensation Committee was an officer or employee or former officer of the Company. None of our executive officers currently serves or in the past year has served as a member of the Board of Directors or Compensation Committee of any entity that has one or more executive officers serving on our Board or Compensation Committee. For a description of transactions between us and members of our Compensation Committee and affiliates of such members, if any, please see “Transactions with Related Persons.”

Governance and Nominating Committee

Each member of the Governance and Nominating Committee met the independence requirements of the NASDAQ Listing Rules.

The Governance and Nominating Committee develops and implements policies and practices related to corporate governance consistent with sound corporate governance principles. The Governance and Nominating Committee also has oversight to the Company’s ESG initiatives. The Governance and Nominating Committee establishes, implements, and monitors the processes for (a) effective communication with stockholders and (b) consideration of stockholder proposals. The Governance and Nominating Committee also reviews the process by which management identifies and mitigates key areas of risk and reviews and oversees management’s continuity planning processes.

The Governance and Nominating Committee also recommends candidates to the Board and periodically reviews whether a more formal selection policy should be adopted. The Governance and Nominating Committee does not have a specific policy with regard to the consideration of any director candidates recommended by security holders, and there is no difference in the manner in which the committee members evaluate nominees for director based on whether the nominee is recommended by a stockholder. We utilized an executive search firm to identify and assist in identifying or evaluating potential nominees.

In reviewing potential candidates for the Board, the Governance and Nominating Committee considers the individual’s experience and background. Candidates for the position of director should exhibit proven leadership capabilities, high integrity, exercise high level responsibilities within their chosen career, and possess an ability to quickly grasp complex principles of business, finance, international transactions and communications technologies. In general, candidates who have held an established executive level position in business, finance, law, education, research, government or civic activity will be preferred.

Although the Governance and Nominating Committee has not adopted a formal diversity policy with regard to the selection of director nominees, diversity is one of the factors that the committee considers in identifying director nominees. When identifying and recommending director nominees, the Governance and Nominating Committee views diversity expansively to include, without limitation, concepts such as race, gender, national origin, traditionally under-represented minority groups, differences of viewpoint, professional experience, education, skill and other qualities or attributes that contribute to board diversity. As part of this process, the Governance and Nominating Committee evaluates how a particular candidate would strengthen and increase the diversity of the Board in terms of how that candidate may contribute to the Board’s overall balance of perspectives, backgrounds, knowledge, experience, skill sets and expertise in substantive matters pertaining to the Company’s business.

In making its recommendations, the Governance and Nominating Committee bears in mind that the foremost responsibility of a director of a corporation is to represent the interests of the stockholders as a whole. The Governance and Nominating Committee intends to continue to evaluate candidates for election to the Board on the basis of the foregoing criteria.

Following the Annual Meeting, it is expected that Messrs. Klein, Mutch, and Taten will serve on the Governance and Nominating Committee for fiscal year 2023 with Ms. Klein remaining as chair. All the expected members of the Governance and Nominating Committee for fiscal year 2023 are independent under the NASDAQ Listing Rules.

Stockholder Communications with the Board

Stockholders who wish to communicate directly with the Board may do so by submitting a comment via the Company’s website at https://investors.aviatnetworks.com/investor-resources/contact-us or by sending a letter addressed to: Aviat Networks, Inc., c/o Corporate Secretary, 200 Parker Drive, Suite C100A, Austin, TX 78728. The Corporate Secretary monitors these communications and provides a summary of all received messages to the Board at its regularly scheduled meetings. When warranted by the nature of communications, the Corporate

Secretary will request prompt attention by the appropriate committee or independent director of the Board, independent advisors or management. The Corporate Secretary may decide in her judgment whether a response to any stockholder communication is appropriate.

Code of Conduct

We implemented our Code of Conduct effective January 26, 2007 and as amended May 13, 2022. All of our employees, including the CEO and CFO, are required to abide by the Code of Conduct to help ensure that our business is conducted in a consistently ethical and legal manner. The Company has adopted a written policy, and management has implemented a reporting system, intended to encourage our employees to bring to the attention of management and the Audit Committee any complaints regarding the integrity of our internal system of controls over financial reporting, or the accuracy or completeness of financial or other information related to our financial statements.

TRANSACTIONS WITH RELATED PERSONS

During fiscal year 2022 and 2021, we believe there were no transactions, or series of similar transactions, to which we were or are to be a party in which the amount exceeded $120,000, and in which any of our directors, director nominees, or executive officers, any holders of more than 5% of our common stock or any members of any such person's immediate family, had or will have a direct or indirect material interest, other than compensation described in the sections titled "Director Compensation and Benefits" and "Executive Compensation."

The Company does not have a formal written policy with respect to the review, approval, or ratification of transactions with related persons other than the Audit Committee's responsibility to review such transactions as described in its charter. The Company has established procedures to identify these transactions, if any, and bring them to the attention of the Audit Committee of the Board for consideration. These procedures include a quarterly assessment in connection with our quarterly financial risk assessments. The Audit Committee of the Board considers the following regulatory guidance: (i) Item 404(a) of Regulation S-K of the Securities Act of 1933, as amended (Transactions with Related Persons); (ii) Accounting Standards Codification Topic 850 (Related Party Disclosures); (iii) Public Company Accounting Oversight Board Auditing Standard No. 18 (Related Parties); and (iv) the NASDAQ's governance standards related to independence determinations.

Our Code of Conduct prohibits all employees, including our executive officers, from benefiting personally from any transactions with us other than approved compensation benefits.

DIRECTOR COMPENSATION AND BENEFITS

The Board has delegated responsibility to the Compensation Committee to determine the form and amount of director compensation, which reviewed and assessed from time to time by the Compensation Committee with changes, if any, recommended to the Board for action. Director compensation may take the form of cash, equity, and other benefits ordinarily available to directors.

Directors who are not employees of ours received the following fees, as applicable, for their services on our Board during fiscal year 2022:

- $60,000 basic annual cash retainer, payable on a quarterly basis, which a director may elect to receive in the form of shares of common stock;
- $40,000 annual cash retainer, payable on a quarterly basis, for service as Chairman of the Board;
- $20,000 annual cash retainer, payable on a quarterly basis, for service as Chairman of the Audit Committee;
- $10,000 annual cash retainer, payable on a quarterly basis, for service as Chairman of the Governance and Nominating Committee;
- $15,000 annual cash retainer, payable on a quarterly basis, for service as Chairman of the Compensation Committee; and
- Annual grant of restricted stock units ("RSUs") under our Amended and Restated 2018 Incentive Plan (the "2018 Plan") valued at $100,000, with 100% vesting at the earlier of (1) the day before the date of the

Annual Meeting, or (2) the first anniversary of the 2022 annual stockholders' meeting, subject to continuing service as a director through such earlier date.

We reimburse each non-employee director for reasonable travel expenses incurred and in connection with attendance at Board and committee meetings on our behalf, and for expenses such as supplies and continuing director education costs, including travel for one course per year. Employee directors are not compensated for service as a director.

As adopted by the Company's Board of Directors in November 2019, members of the Board shall achieve ownership of three times (3x) such director's annual cash retainer (exclusive of chairperson or committee fees). A director is required to achieve compliance with the foregoing ownership requirement by the later of (a) five years from the date of adoption of the guidelines, or (b) five years from the start of such director's directorship with the Company. All vested RSUs or Company shares purchased by a director in the open market shall be counted toward a director's ownership requirement.

Fiscal Year 2022 Compensation of Non-Employee Directors

Our non-employee directors received the following aggregate amounts of compensation in respect of fiscal year 2022:

Name	Fees Earned in Cash	Stock Awards[2]		Total
	($)	($)		($)
Bryan Ingram	45,000	$	102,718	147,718
Michele Klein	67,500	$	102,718	167,500
John Mutch	120,000	$	102,718	220,000
Somesh Singh	45,000	$	102,718	145,000
Dr. James C. Stoffel	75,000	$	102,718	175,000
Bruce Taten [1]	15,000	$	38,715	52,500

[1] Mr. Taten was appointed by the Board as a non-employee director, effective March 9, 2022. He received a pro-rated annual cash retainer and equity award for his service on the Board during the third quarter of fiscal year 2022.
[2] The amounts shown in this column reflect the aggregate grant date fair value of RSUs granted to our non-employee directors computed in accordance with FASB ASC Topic 718, determined without regard to estimated forfeitures. The assumptions made in determining the fair values of our stock awards and option awards are set forth in Notes 1 and 9 to our fiscal year 2022 Consolidated Financial Statements in Part II, Item 8 of our Annual Report on Form 10-K for the fiscal year ended July 1, 2022, as filed with the SEC on September 14, 2022.

Our non-employee directors are also reimbursed for all reasonable travel and expenses occurred as a result of their work as a director.

As of July 1, 2022, our non-employee directors held the following numbers of unvested RSUs, all of which were granted under the 2018 Plan:

Name	Unvested Stock Awards
Bryan Ingram	3,219
Michele Klein	3,219
John Mutch	3,219
Somesh Singh	3,219
Dr. James C. Stoffel	3,219
Bruce Taten	1,335

Indemnification

Our Bylaws require us to indemnify each of our directors and officers with respect to their activities as a director, officer, or employee of ours, or when serving at our request as a director, officer, or trustee of another corporation, trust, or other enterprise, against losses and expenses (including attorney fees, judgments, fines, and amounts paid in settlement) incurred by them in any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, to which they are, or are threatened to be made, a party(ies) as a result of their service to us. In addition, we carry directors' and officers' liability insurance, which includes similar coverage for our directors and executive officers. We will indemnify each such director or officer for any one or a combination of the following, whichever is most advantageous to such director or officer:

- The benefits provided by our Bylaws in effect on the date of the indemnification agreement or at the time expenses are incurred by the director or officer;
- The benefits allowable under Delaware law in effect on the date the indemnification bylaw was adopted, or as such law may be amended;
- The benefits available under liability insurance obtained by us; and
- Such benefits as may otherwise be available to the director or officer under our existing practices.

Under our Bylaws, each director or officer will continue to be indemnified even after ceasing to occupy a position as an officer, director, employee or agent of ours with respect to suits or proceedings arising from his or her service with us.

In addition, the Company has entered into indemnification agreement with each director and officer.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Except as noted below, the following table sets forth information with respect to the beneficial ownership of our common stock as of September 13, 2022, by each person or entity known by us to beneficially own more than five percent of our common stock, by our directors, by our nominees for director, by our named executive officers and by all our directors, nominees for director and executive officers as a group. Except as indicated in the footnotes to this table, and subject to applicable community property laws, the persons listed in the table below have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them. Unless otherwise indicated, the address of each of the beneficial owners identified is c/o Aviat Networks, Inc., 200 Parker Drive. Suite C100A. Austin, TX 78728. As of September 13, 2022, there were 11,202,669 shares of our common stock outstanding.

	Shares Beneficially Owned as of September 13, 2022[(1)]	
Name and Address of Beneficial Owner	**Number of Shares of Common Stock**	**Percentage of Voting Power of Common Stock**
Royce and Associates, LP 745 Fifth Avenue, New York, NY 10015	636,087[(2)]	5.7%
Topline Capital Management, LLC 544 Euclid Street, Santa Monica, CA 90402	590,107[(3)]	5.3%

(1) Beneficial ownership is determined under the rules and regulations of the SEC, and generally includes voting or dispositive power with respect to such shares.
(2) Based solely on a review of Form 13F-HR filed with the SEC on August 4, 2022 by Royce and Associates LP.
(3) Based solely on a review of Schedule 13G filed with the SEC on February 2, 2022 by Topline Capital Management, LLC.

Named Executive Officers and Directors	Common Shares Currently Held	Common Shares that May be Acquired within 60 Days of the Record Date[(1)]	Total Beneficial Ownership	Percentage Beneficially Owned
Erin Boase	10,088	4,872	14,960	*
Eric Chang	16,956	—	16,956	*
Gary Croke	7,811	27,818	35,629	*
David Gray	7,568	2,190	9,758	*
Bryan Ingram	—	3,219	3,219	*
Michele Klein	1329	3,219	4,548	*
John Mutch	70456	3,219	73,675	*
Somesh Singh	2,000	3,219	5,219	*
Peter A. Smith	65,884	37,400	103,284	*
Dr. James C. Stoffel	79,777	3,219	82,996	*

Named Executive Officers and Directors	Common Shares Currently Held	Common Shares that May be Acquired within 60 Days of the Record Date(1)	Total Beneficial Ownership	Percentage Beneficially Owned
Bruce Taten	—	1,335	1,335	*
Bryan Tucker	3,263	47,257	50,520	*
All directors, nominees for director, and executive officers as a group (12 persons)	265,132	136,967	402,099	3.6%

* Less than 1 %

(1) Shares of common stock that a person has the right to acquire within 60 days are deemed to be outstanding and beneficially owned by that person for the purpose of computing the total number of shares beneficially owned by that person and the percentage ownership of that person, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person or group. Accordingly, the amounts in the table include shares of common stock that such person has the right to acquire within 60 days of September 13, 2022 by the exercise of stock options.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

For fiscal year 2022, the Audit Committee consisted of three members of the Board, each of whom was independent of the Company and its management, as defined in the NASDAQ Listing Rules. The Board has adopted, and periodically reviews, the Audit Committee charter. The charter specifies the scope of the Audit Committee's responsibilities and how it carries out those responsibilities.

The Audit Committee reviews management's procedures for the design, implementation, and maintenance of a comprehensive system of internal controls over financial reporting and disclosure controls and procedures focused on the accuracy of our financial statements and the integrity of our financial reporting systems. The Audit Committee provides the Board with the results of its examinations and recommendations, and reports to the Board as it may deem necessary to make the Board aware of significant financial matters requiring the attention of the Board.

The Audit Committee does not conduct auditing reviews or procedures. The Audit Committee monitors management's activities and discusses with management the appropriateness and sufficiency of our financial statements and system of internal control over financial reporting. Management has primary responsibility for the Company's financial statements, the overall reporting process and our system of internal control over financial reporting. Our independent registered public accounting firm audits the financial statements prepared by management and the effectiveness of our internal control over financial reporting, expresses an opinion as to whether those financial statements fairly present our financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States ("GAAP") and discusses with the Audit Committee any issues they believe should be raised with us.

The Audit Committee reviews reports from our independent registered public accounting firm with respect to their annual audit and the effectiveness of our internal control over financial reporting and approves in advance all audit and non-audit services provided by our independent auditors in accordance with applicable regulatory requirements. The Audit Committee also considers, in advance of the provision of any non-audit services by our independent registered public accounting firm, whether the provision of such services is compatible with maintaining their independence.

In accordance with its responsibilities, the Audit Committee has reviewed and discussed with management the audited financial statements for the year ended July 1, 2022 and the process designed to achieve compliance with Section 404 of the Sarbanes-Oxley Act of 2002. The Audit Committee has also discussed with our independent registered public accounting firm for such financial statements, BDO USA, LLP ("BDO"), the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board ("PCAOB") and the SEC. The Audit Committee has received the written disclosures and letter from BDO required by applicable requirements of the PCAOB regarding the communications of BDO with the Audit Committee concerning independence, and has discussed with BDO its independence, including whether the provision by BDO of non-audit services, as applicable, is compatible with its independence.

Based on these reviews and discussions, the Audit Committee recommended to the Board that the Company's audited financial statements for the year ended July 1, 2022 be included in Company's Annual Report on Form 10-K.

Audit Committee Board of Directors

John Mutch, Chairman
Bryan Ingram
Dr. James C. Stoffel

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES

BDO was our independent registered public accounting firm for the fiscal years ended July 1, 2022, July 2, 2021 and July 3, 2020. Representatives of BDO will be present at the Annual Meeting, will have an opportunity to make a statement should they so desire and will be available to respond to appropriate questions.

The following table sets forth the fees billed for services rendered by our auditors, BDO, for each of our last two fiscal years:

	Fiscal Year 2022 [1]	Fiscal Year 2021 [1]
Audit Fees [2]	$ 1,333,000.00	$ 1,387,000.00
Audit Related Fees	—	—
Tax Fees [3]	319,000.00	248,000.00
All Other Fees	—	—
Total Fees for Services Provided	$ 1,652,000.00	$ 1,635,000.00

(1) Includes fees to be billed to us by BDO and BDO's international affiliates for fiscal 2021 and 2020 financial statement audits, internal control over financial reporting, quarterly reviews and statutory audits.
(2) Audit fees include fees associated with the annual audit of our consolidated financial statements, internal control over financial reporting, as well as reviews of our quarterly reports on Form 10-Q, SEC registration statements, accounting and reporting consultations and statutory audits required internationally for our subsidiaries.
(3) Tax fees were for services related to tax compliance, tax advice, tax planning services and transfer pricing.

BDO did not perform any professional services related to financial information systems design and implementation for us in fiscal year 2022, fiscal year 2021 or fiscal year 2020.

The Audit Committee has determined in its business judgment that the provision of non-audit services described above is compatible with maintaining BDO's independence.

Audit Committee Pre-Approval Policy

Section 10A(i)(1) of the Exchange Act and related SEC rules require that all auditing and permissible non-audit services to be performed by a company's principal accountants be approved in advance by the Audit Committee of the Board, subject to a "de minimis" exception set forth in the SEC rules (the "De Minimis Exception"). Pursuant to Section 10A(i)(3) of the Exchange Act and related SEC rules, the Audit Committee has established procedures by which the Chairperson of the Audit Committee may pre-approve such services provided the pre-approval is detailed as to the particular service or category of services to be rendered and the Chairperson reports the details of the services to the full Audit Committee at its next regularly scheduled meeting. All audit-related and non-audit services in fiscal years 2022, 2021 and 2020, if any, were pre-approved by the Audit Committee at regularly scheduled meetings of the Audit Committee, or through the process described in this paragraph, and none of such services was performed pursuant to the De Minimis Exception.

Change in Accountants

On September 22, 2022, the Audit Committee approved dismissal of BDO as the Company's independent registered public accounting firm, effective on and as of September 22, 2022, and appointed Deloitte as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2023.

This change was not a result of any disagreement between the Company and BDO and was a result of the geographic change in the Company's corporate headquarters in 2019 and the Company's desire to have an independent registered public accounting firm in Austin, Texas.

BDO's report on Company's financial statements for each of the fiscal years ended July 1, 2022, and July 2, 2021, did not contain an adverse opinion, disclaimer of opinion, nor was it qualified, modified as to uncertainty, audit scope, or accounting principles. In connection with the audits of the Company's financial statements for each of the fiscal years ended July 1, 2022, and July 2, 2021, and in the subsequent interim period through September 22, 2022, there were no disagreements with BDO on any matters of accounting principles or practices, financial statement disclosure, or auditing scope and procedures which, if not resolved to the satisfaction of BDO, would have caused BDO to make reference to the matter in their reports.

During the fiscal years ended July 1, 2022, and July 2, 2021, and in the subsequent interim period through September 22, 2022, there were no “reportable events” as that term is described in Item 304(a)(1)(v) of Regulation S-K.

During the fiscal years ended July 1, 2022, and July 2, 2021, and in the subsequent interim period through September 22, 2022, neither the Company, nor anyone acting on its behalf, consulted with Deloitte with respect to (1) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that would have been rendered on the Company’s financial statements, and neither a written report nor oral advice was provided that Deloitte concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing, or financial reporting issue; or (2) any matter that was either the subject of a “disagreement” (as that term is used in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) or a “reportable event” (as described in Item 304(a)(1)(v) of Regulation S-K).

The Company provided BDO with a copy of this disclosure and requested that BDO furnish the Company with a letter addressed to the US Securities and Exchange Commission stating whether it agrees with the statements contained herein. A copy of BDO’s letter was filed as Exhibit 16.1 to the Company’s Current Report on Form 8-K.

At the Annual Meeting, the shareholders are being asked to ratify the appointment of Deloitte on September 22, 2022 as the Company’s independent registered public accounting firm for fiscal year 2023. In the event of a negative vote on such ratification, the Audit Committee will reconsider its selection. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interest of the Company and its shareholders. Representatives of Deloitte are expected to be present at the Annual Meeting, will have an opportunity to make a statement should they so desire, and will be available to respond to questions.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview and Summary

This Compensation Discussion and Analysis, which has been prepared by management, is intended to help our stockholders understand our executive compensation philosophy, objectives, policies, practices, and decisions. It is also intended to provide context for the compensation awarded to, earned by, or paid to each of our named executive officers (our “named executive officers”) during fiscal 2022 (defined as July 3, 2021 – July 1, 2022) as detailed in the Summary Compensation Table below and in the other tables and narrative discussion that follow.

Named Executive Officer	Position
Peter A. Smith	President and Chief Executive Officer
David Gray	Senior Vice President and Chief Financial Officer
Bryan Tucker	Senior Vice President, Americas Sales and Services
Erin Bose	General Counsel, Vice President Legal Affairs
Gary Croke	Vice President, Marketing and Product Line Management
Eric Chang	Former Senior Vice President and Chief Financial Officer

Over the past year our Company has gone through one leadership change. Mr. Chang, our Senior Vice President and Chief Financial Officer at the beginning of the 2022 fiscal year, stepped down on October 18,

2021. On October 18, 2021, the Company appointed David Gray as Senior Vice President and Chief Financial Officer (“CFO”).

The executive team successfully led the Company to achieve 10.2% revenue growth and record profitability with adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”) margin at 12.6%. The executive team’s accomplishments during fiscal year 2022 led to the second consecutive year of meaningful topline growth in and operating margin expansion despite significant pandemic led supply chain and inflationary challenges. The executive team also continued to develop and implement an operating model that serves as the basis for continuous improvement and organic and acquisition led growth enablement.

To understand our approach to executive compensation, you should read the entire Compensation Discussion and Analysis that follows. The following brief summary introduces the major topics covered:

- The cornerstone of our executive compensation program is pay for performance. Accordingly, while we pay competitive compensation and other benefits, our named executive officers’ compensation opportunity is weighted toward variable pay.

- The objectives of our executive compensation program are to reward superior performance, motivate our executives to achieve our goals and attract and retain a strong management team. We believe that our emphasis on long term stockholder value creation results in an executive compensation program structure that is beneficial to our Company and our stockholders.

- The Compensation Committee is made up of independent, non-employee members of the Board and oversees the executive compensation program for our named executive officers. The Compensation Committee works closely with its independent compensation consultant and management to evaluate the effectiveness of the Company’s executive compensation program throughout the year. The Compensation Committee’s specific responsibilities are set forth in its charter, which can be found on the Company’s website at http://investors.aviatnetworks.com/committee-details/compensation-committee. In reviewing the elements of our executive compensation program - base salary, annual cash incentives, long-term incentives and post-termination compensation - our Compensation Committee reviews market data from similar companies.

- Our competitive positioning philosophy is to set compensation fairly, as compared to the compensation of our peer group companies, with allowances for internal factors such as tenure, individual performance and the nature of the relative scope and complexity of the role.

- Our annual incentive program is based on specific Company financial performance goals for the fiscal year and includes provisions to “clawback” any excess amounts paid in the event of a later correction or restatement of our financial statements.

- We conducted our annual pay review of executive compensation in August of 2021. Our CEO had a performance-based pay adjustment in July 2021, therefore his base pay was not increased in connection with the August modifications that were made to other named executive officers’ base salaries in connection with that annual review.

- We believe the compensation program for the named executive officers supported our strategic priorities and aligned compensation earned with the Company’s financial performance in fiscal year 2022.

Compensation Governance Best Practices

The Compensation Committee believes that a demonstrated commitment to best practices in compensation governance is itself an essential component of our approach to executive compensation. The following practices are some examples of this commitment:

- *Pay for performance:* A substantial portion of our executives’ compensation opportunity is tied to achieving specified corporate objectives. In fiscal year 2022, 100% of the annual cash bonuses granted pursuant to the Annual Incentive Plan (the “AIP”) was performance-based and at-risk, subject to the Company’s achievement of certain financial objectives. Under the 2018 Plan, one-third of the equity awards value granted to the named executive officers during the fiscal year

2022 were performance-based restricted stock units (which, if based on the Company's stock price are referred to herein as market share units ("MSUs") and if based on other performance criteria as described herein are referred to as performance share units ("PSUs")), the vesting of which is subject to achievement of a targeted financial measure. In past years we made the distinction between MSUs and PSUs, however, we decided that going forward it is appropriate to simplify discussion for all awards that vest based on any type of performance measure as PSUs. With respect to the remaining discussions, references to PSUs include references to MSUs, where applicable. All equity grants are subject to the 2018 Plan.

- *Mix of short-term and long-term compensation:* Short-term compensation for our named executive officers is comprised of base salaries and bonuses payable pursuant to the AIP, which pays out only to the extent that the Company achieves its financial targets. Long-term compensation, granted under the 2018 Plan was comprised of PSUs, stock options and time-based RSUs for fiscal year 2022. PSUs are earned, if the performance or market-based criteria, as applicable, are met, at the end of a three-year plan cycle, while stock options and RSUs vest annually 1/3 at the end of each successive anniversary of the date of grant.

- *Independent compensation consultant:* The Compensation Committee directly retains the services of Compensia, an independent compensation consultant, to advise it in determining reasonable and market-based compensation policies and practices.

- *Prohibition on hedging and pledging:* Our named executive officers, together with all other employees, are prohibited from engaging in hedging, pledging or similar transactions with respect to our securities.

- *No perquisites:* Our named executive officers are not provided any perquisites other than our occasional provision of relocation expense reimbursement.

- *No single trigger change of control acceleration:* Change of control arrangements in the employment agreements with applicable named executive officers include "double trigger" vesting provisions providing for acceleration of vesting of outstanding unvested equity awards only in the event that both a change of control occurs, and the named executive officer's employment terminates thereafter for reasons specified in the employment agreements. The executive officers without employment agreements are generally subject to the Company's post-termination compensation policies that the Compensation Committee has historically applied to executive officers that are not otherwise subject to individual arrangements (the "Post Termination Guidelines"). While the Post Termination Guidelines are not a formally adopted policy, historically the Compensation Committee has considered it to be appropriate to apply only "double trigger" vesting provisions to executive officers, which means that acceleration of vesting of outstanding unvested equity awards occur only in the event that both a change of control occurs, and the executive officer incurs an involuntary termination. The Post Termination Guidelines are described in more detail below.

- *No tax gross-ups:* We do not provide gross-up payments to cover our named executive officers' personal income taxes that may pertain to any of the compensation or benefits paid or provided by the Company, other than the limited circumstances of required relocation.

- *Clawback:* We have a clawback policy that entitles us to recover all or a portion of any performance-based compensation, including cash and equity components, if our financial statements are restated as a result of errors, omissions or fraud.

- *Compensation risk management:* The Compensation Committee reviews and analyzes the risk profile of our compensation programs and practices on an annual basis.

Compensation Philosophy and Objectives

The primary objectives of our total executive compensation program are to use compensation as a tool to recruit and retain outstanding executives and incentivize them to create longer-term value for our stockholders. The following principles guide our overall compensation program:

- reward superior performance;

- motivate our executives to achieve strategic, operational, and financial goals;
- enable us to attract and retain a world-class management team; and
- align outcomes and rewards with stockholder expectations.

Each year, the Compensation Committee reviews the executive compensation program to ensure its design and policies remain appropriately aligned with our evolving business needs and to consider best compensation practices. Our executive compensation program is also reviewed to ensure that it achieves a balance between providing meaningful retention and performance incentives to our executives while managing both the Company's share burn rate and the dilutive effects of equity awards to the Company's stockholders.

Executive Compensation Process

The Compensation Committee is responsible for establishing and implementing executive compensation policies in a manner consistent with our compensation objectives and principles. The Compensation Committee reviews and approves the features and design of our executive compensation program, and approves the compensation levels, individual AIP objectives and total compensation targets for our named executive officers other than our CEO. The independent members of the full Board approve the compensation level, individual AIP objectives, and financial targets for our CEO, based on recommendations from the Compensation Committee. The Compensation Committee also monitors executive succession planning and monitors our performance as it relates to overall compensation policies for employees, including benefit and savings plans.

In discharging its responsibilities, the Compensation Committee may engage outside consultants and consult with our Human Resources Department, as well as internal and external legal or accounting advisors, as the Compensation Committee determines to be appropriate. The Compensation Committee considers recommendations from our CEO and senior management when making decisions regarding our executive compensation program and compensation of our named executive officers. Following each fiscal year end, our CEO, assisted by our Human Resources Department, assesses the performance of all executives other than the CEO. Following this annual performance review process, our CEO recommends base salary and incentive awards for executives (other than himself) to the Compensation Committee. The CEO, with the help of management and the independent consultant, makes recommendations to the Compensation Committee regarding the plan design of the overall executive compensation program for review, discussion and approval. The Compensation Committee is also responsible for developing pay recommendations for the CEO and in securing the full Board's approval of these recommendations annually.

Independent Compensation Consultant for Compensation Committee

The Compensation Committee has the authority under its charter to engage the services of outside advisors, experts and others for assistance. Accordingly, the Compensation Committee retained Compensia as an independent consultant to advise the Compensation Committee on matters related to the compensation of the Company's executive officers. All services that Compensia provided to Aviat in fiscal year 2022 were approved by the Compensation Committee and were related to executive or Board compensation. Compensia provides an annual review of the Company's compensation practices, reviews and makes recommendations regarding Aviat's compensation peer groups and provides independent input to the Compensation Committee on programs and practices.

Compensation Committee Advisor Independence

The Compensation Committee has considered the independence of Compensia pursuant to NASDAQ Listing Rules and related SEC rules and found no conflict of interest in Compensia providing advice to the Compensation Committee during fiscal year 2022. The Compensation Committee is also regularly advised by the Company's primary outside counsel, Vinson & Elkins LLP ("V&E"). Pursuant to the NASDAQ Listing Rules and related SEC rules, the Compensation Committee has found no conflict of interest in V&E continuing to provide advice to the Compensation Committee. The Compensation Committee reassesses the independence of its advisors annually.

Consideration of Say-on-Pay Results

Each year at our annual meeting, we conduct an advisory vote of our stockholders on our executive compensation program. Although this vote is not binding on the Board or us, we believe that it is important for our stockholders to have an opportunity to express their views regarding our executive compensation philosophy, program and practices as disclosed in our proxy statement on an annual basis. The Board and our Compensation Committee value stockholders' opinions and, to the extent there is any significant vote against the compensation of our named executive officers, the Compensation Committee evaluates whether any actions are warranted or appropriate.

At our 2021 Annual Meeting, 97.1% of the votes cast on the advisory vote on executive compensation supported our named executive officers' compensation as disclosed in the proxy statement. Our Compensation Committee evaluated these results and took into account many other factors in evaluating our executive compensation programs as discussed in the Compensation Discussion and Analysis. Although none of our Compensation Committee's subsequent actions or decisions with respect to the compensation of our named executive officers were directly attributable to the results of the vote, our Compensation Committee took the vote outcome into consideration in the course of its deliberations. Our Compensation Committee believes that concerns on executive compensation matters should be considered as part of its deliberations and intends to consider the results of future advisory votes in its compensation review process.

Competitive Positioning

Our management and Compensation Committee consider external data to assist in evaluating and setting target total direct compensation. Our compensation policy and practice is to target total compensation levels for all executive officers, including our named executive officers, at competitive levels for similar positions as derived from the market composite data, factoring in experience in the position and competent performance. The Compensation Committee may decide to target total direct compensation above or below the 50th percentile of the market data for similar positions in unique circumstances based on an individual's background, experience, and relative complexity and scope of the applicable role. Though compensation levels may differ among our named executive officers based upon competitive factors and the role, responsibilities and performance of each named executive officer, there are no material differences in our compensation policies or in the way target total direct compensation opportunity is determined for any of our executive officers.

For fiscal year 2022, targets for total cash and cash-based compensation (base salary and short-term incentive compensation pursuant to the AIP), long-term incentives and total direct compensation (base salary, and short- and long-term incentive compensation) for our named executive officers were set based on data collected by Compensia from our proxy peer group companies and from a proprietary survey source, using results for technology companies with median annual revenue of $290 million. The peer group companies selected and used for compensation comparisons are reflective of our market for executive talent and business line competitors. Also, the overall composition of the peer group reflects companies of similar complexity and size to us.

For fiscal year 2022, these peer group companies included:

ADTRAN, Inc.	Applied Optoelectronics, Inc.	Bel Fuse, Inc.
Cambium Networks Corporation	Casa Systems, Inc.	Clearfield, Inc.
Comtech Telecommunications Corp.	DZS, Inc.	Digi International, Inc.
EMCORE Corp.	Harmonic, Inc.	Inseego Corp.
PCTEL, Inc.	Ribbon Communications, Inc.	Richardson Electronics, Ltd.

Each year, the Compensation Committee with the compensation consultant reviews the appropriateness of the comparison group used for assessing the compensation of our CEO and other named executive officers. For fiscal year 2022, we removed Calix, Inc due to their increased market cap. We added Cambium Networks as they met our size and industry criteria for inclusion and their business description fit in our peer group.

The fiscal year 2022 peer group consists of 15 companies located throughout the U.S. with Aviat positioned at or near the medial revenue and other financial metrics.

Total Compensation Elements

Our executive compensation program includes four primary elements:

- base salary
- annual incentive compensation pursuant to the AIP
- long-term compensation (equity incentives)
- post-termination compensation

Each named executive officer's performance is measured against factors such as short- and long-term strategic goals and financial measures of our performance, including revenue, total shareholder return ("TSR"), AIP expenses and other non-GAAP items namely non-GAAP gross adjusted earnings before interest, taxes, depreciation and amortization ("Gross Adjusted EBITDA"). Details regarding the applicable financial targets for incentive awards are described below.

Base Salary

Base salaries are provided as compensation for day-to-day responsibilities and services. Executive salaries are reviewed annually. Our CEO generally makes recommendations to the Compensation Committee in August of each year regarding the base salary of each named executive officer, other than himself. The Compensation Committee considers each named executive officer's responsibilities, as well as the Company's performance and recommended increases in base salary for select named executive officers and other officers. For the beginning of fiscal year 2022, the CEO recommended, and the Compensation Committee approved, base salary increases for our named executive officers (other than the CEO) as part of our annual compensation review. Effective October 2, 2021, Mr. Chang's base salary was increased from $300,000 to $309,000, Mr. Tucker's base salary was increased from $315,000 to $324,000, Ms. Boase's base salary was increased from $224,700 to $231,441 and Mr. Croke's base salary was increased from $230,000 to $236,900. Mr. Gray was hired in the position of CFO on October 18, 2021 at a base salary of $340,000. Mr. Smith received a base pay increase from $500,000 to $650,000 on July 1, 2021 in recognition of performance, therefore he did not receive a base salary increase during the 2022 fiscal year.

Annual Incentive Plan

Our AIP is designed to motivate our executives to focus on achievement of our short-term financial goals. The CEO reviews his recommendations for each named executive officer with the Compensation Committee, taking into account market data obtained from its independent compensation consultant. Based on recommendations by the CEO, and as specified in any applicable employment agreement, the Compensation Committee recommends to the Board an annual incentive compensation target, expressed as a percentage of base salary, for each named executive officer.

The Compensation Committee also recommends to the Board specific Company financial performance measures and targets including the relative weighting and payout thresholds for the AIP. The financial targets are aligned with our Board-approved annual operating plan, and during the year periodic reports are made to the Board about our performance compared with the targets. Under the AIP, a significant portion of the executive's annual compensation is tied directly to our financial performance. The target amount of annual incentive compensation under our AIP, expressed as a percentage of base salary or, solely with respect to our CEO, a target dollar amount, generally increases with an executive's level of management responsibility and is paid in the form of cash. For fiscal year 2022, individual AIP target incentives were set at $925,000 for Mr. Smith, 50% of base salary for Messrs. Chang, Gray and Tucker, and 40% for Ms. Boase and Mr. Croke in each case prorated for the number of days employed by the Company and salary adjustments during fiscal year 2022. Executives can earn more or less than target if minimum or maximum performance levels are achieved. No incentive can be earned if the Company does not achieve the minimum performance thresholds.

For fiscal year 2022, the AIP provided for an all-cash payout. The performance metric was 75% based on Gross Adjusted EBITDA and 25% based on revenue. The following table outlines the minimum, target and maximum performance and payout levels approved by the Compensation Committee for fiscal year 2022.

Fiscal Year 2022 Annual Incentive Plan – Minimum, Target and Maximum Thresholds

	Minimum	Target	Maximum
Fiscal Year 2022 AIP (75%)	**Earn 80%**	**Earn 100%**	**Earn 200%**
Gross Adjusted EBITDA	$30,500,000	$38,100,000	$57,200,000
Fiscal Year 2022 AIP (25%)	**Earn 90%**	**Earn 100%**	**Earn 200%**
Revenue	$258,400,000	$287,100,000	$344,500,000

In fiscal year 2022, the AIP met the Gross Adjusted EBITDA target at 118% and the Revenue target at 128%. During fiscal year 2022, the Company experienced significant events that could have impacted achievement of the targeted Gross Adjusted EBITDA metric and revenue metric including the ongoing COVID-19 pandemic which continues to impact worldwide economic conditions, supply chain shortages and inflationary pressures. No adjustments were made to the performance objectives, the target performance or the actual results for these significant events. During the 2022 fiscal year, partially as a result of management's swift actions to counter the aforementioned events, we achieved above target performance for both the Gross Adjusted EBITDA metric and the revenue metric. All named executive officers earned a payout as shown in the Summary Compensation Table below.

Long Term Incentive Compensation

Our equity awards under our 2018 Plan are designed to motivate our executives to focus on achievement of our long-term financial goals. Equity awards motivate our executives to achieve our long-term goals and to the extent our results affect our stock price, link such results with the performance of our stock over a longer period. Using equity awards helps us to retain executives, encourage share ownership and maintain a direct link between our executive compensation program and stockholder value creation. The Company utilizes stock options as a component of executive compensation because they have value only if the Company's share price increases and, therefore, motivate our executives to drive sustained, long-term stockholder value creation. Time-vesting RSUs are a component of executive compensation to further align our executives' interests with those of stockholders. Because these awards typically vest after a specified period following the date of grant, they also incentivize our executives to remain in our employ. PSUs are a component of executive compensation to ensure our executives' incentives are tied directly to key drivers of stockholder value growth. PSUs also play a role in executive retention, as a named executive officer is required to remain employed through the applicable vesting date in order to receive the shares underlying the PSUs as applicable.

For fiscal year 2022, the named executive officers were eligible to receive equity incentive awards. As has historically been the Company's practice, these equity incentive awards were granted in September 2021 following the filing of the Annual Report on Form 10-K using a combination of PSUs, stock options, and RSUs. Performance metrics and payout levels for the three-year performance period applicable to the PSUs granted during fiscal year 2022 were established at the beginning of fiscal year 2022.

Equity Vehicle	Weighting	Purpose / Description
PSUs	1/3	The PSUs are subject to three-year cliff vesting from the issuance date assuming achievement of TSR and revenue growth targets over a three-year performance period starting fiscal year 2022 and continued employment through the vesting date in September 2024.
Stock Options	1/3	Strike price: Determined based on the closing stock price on the date of grant. Vesting: One-third annually for a three-year period from the issuance date assuming continued employment through the vesting date. Expiration: Seven years from date of grant if not exercised.
RSUs	1/3	One-third annually for a three-year period from the issuance date assuming continued employment through the vesting date.

The table below shows the equity incentive award values granted for fiscal 2022 for each of the named executive officers. The total value amounts in the table were determined by reviewing peer group data and the Company's historical performance. The total value amounts were calculated based on similar cash compensation percentages available to the named executive officers and a specified target award value for Mr. Smith.

Named Executive Officer	PSUs (at target)[1]	Stock Options[2]	RSUs[3]	Total Value
Peter Smith	$873,816	$31,574	$766,682	$1,672,072
David Gray[4]	-	-	$200,193	$200,193
Bryan Tucker	$146,070	$116,741	$67,660	$330,470
Erin Boase	$47,035	$40,594	$40,610	$128,239
Gary Croke	$58,782	$50,742	$50,754	$160,278
Eric Chang	-	-	-	-

(1) The grant date fair value of the PSUs were determined under FASB ASC Topic 718 excluding the effect of estimated forfeitures.
(2) Individual award amounts were calculated based on Black-Scholes values.
(3) The grant date fair value of the RSUs was determined under FASB ASC Topic 718 and was calculated using the closing market price of our common stock on the respective grant dates.
(4) Mr. Gray received a sign-on equity of RSUs upon joining the Company on October 18, 2021. Per the terms of his award, he will receive one-third annually for a three-year period from the issuance date assuming continued employment through the vesting date.

Perquisites

Our named executive officers participate in the same group insurance and employee benefit plans as our other full-time U.S. employees. We do not provide special benefits or other perquisites to our executive officers other than occasional relocation expense reimbursement.

Generally Available Benefit Programs

In fiscal year 2022, our named executive officers were eligible to participate in the health and welfare programs that are generally available to all full-time U.S.-based employees, including medical, dental, vision, life, short-term and long-term disability insurance, employee counseling assistance, flexible spending accounts and accidental death and dismemberment insurance.

The named executive officers and all other eligible U.S.-based employees participate in our tax-qualified 401(k) Plan. Under the 401(k) Plan, all eligible employees can receive matching contributions from the Company of 2.5% of eligible compensation contributed. Each employee under the age of 50 can contribute a maximum of $20,500 during each calendar year, and each employee over the age of 50 can contribute a maximum of $27,000.

The named executive officers and all other eligible U.S.-based employees can elect, on a quarterly basis, to apply a portion of their cash compensation to purchase shares of our common stock at a 5% discount under our employee stock purchase plan. An employee's total purchases in any year cannot exceed $25,000 in value or 15% of his or her salary, whichever is less. Furthermore, an employee may not purchase more than 48 shares of common stock annually under the employee stock purchase plan.

The 401(k) Plan, employee stock purchase plan and the other benefits generally available to all other U.S.-based employees allow us to remain competitive and enhance employee loyalty and productivity. These benefit programs are primarily intended to provide all eligible employees with competitive and quality healthcare, financial contributions for retirement and to enhance hiring and retention.

Post-Termination Compensation

Employment agreements have been established with certain of our named executive officers. The executive officers without contracts are generally subject to the Company's Post Termination Guidelines noted above. The Post Termination Guidelines are currently being reviewed and formalized by the Compensation Committee, and the description of the Guidelines within this document solely reflect the current historical practices followed by the Compensation Committee with respect to executive officers that are not otherwise subject to an individual severance or change in control arrangement. These terms are subject to change prospectively as the Compensation Committee finalizes these guidelines.

The employment agreements and the Company's Post Termination Guidelines provide for certain payments and benefits to the employee if his or her employment is terminated, but neither arrangement provides for change in control benefits without an accompanying involuntary termination. We have determined that such payments and benefits are an integral part of a competitive compensation package for our named executive officers.

Neither the employment agreements nor the Post Termination Guidelines provide any tax-related gross-up payments to our named executive officers in connection with a termination or a "Change in Control" transaction. For a detailed discussion of the amounts and benefits that could become payable to the named executive officers upon a termination and/or a "Change in Control" transaction, please see the section below titled "Potential Payments Upon Termination or Change of Control."

Recovery of Executive Compensation

Our executive compensation program permits us to recover or "clawback" all or a portion of any performance-based compensation, including equity awards, if our financial statements are restated as a result of errors, omissions, or fraud. The amount which may be recovered will be the amount by which the affected compensation exceeded the amount that would have been payable had the financial statements been initially filed as restated, or any greater or lesser amount that the Compensation Committee or our Board shall determine. In no case will the amount to be recovered by us be less than the amount required to be repaid or recovered as a matter of law. Recovery of such amounts by us would be in addition to any actions imposed by law, enforcement agencies, regulators, or other authorities.

Tax and Accounting Considerations

Section 162(m) of the Internal Revenue Code of 1986, as amended, generally imposes a $1 million limit on the amount of compensation paid to "covered employees" (as defined in Section 162(m)) that a public corporation may deduct for federal income tax purposes in any year. Compensation paid to certain of our named executive officers will be subject to the $1 million per year deduction limitation imposed by Section 162(m). While we will continue to monitor our compensation programs in light of the deduction limitation imposed by Section 162(m), our Compensation Committee considers it important to retain the flexibility to design compensation programs that are in the best long-term interests of the Company and our stockholders. As a result, we have not adopted a policy requiring that all compensation be fully deductible. The Compensation Committee has concluded that paying compensation at levels in excess of the limits under Section 162(m) is in the best interests of the Company and our stockholders in certain circumstances.

Hedging and Pledging Prohibition

Our named executive officers, as well as all other employees, directors and their designees are prohibited from engaging in hedging, pledging or similar transactions with respect to our securities where the transaction is designed or intended to decrease the risks associated with holding our securities. This prohibition includes transactions involving puts, calls, collars or other derivative securities, whether granted pursuant to the 2018 Plan, or held directly or indirectly by the covered individual.

Stock Ownership Guidelines

To encourage the alignment between the Board, Management and shareholders, the Board adopted stock ownership guidelines for named executive officers in November 2021. Each named executive officer is expected to acquire and continue to hold company stock during his or her employment with the Company at the following multiples of base salary: five times for the CEO and one time for executive officers. The executive officers have five years to satisfy these guidelines after the date of adoption of these guidelines or the date of being designated an executive leader, whichever is later.

Risk Considerations in Our Compensation Program

The Compensation Committee, pursuant to its charter, is responsible for reviewing and overseeing the compensation and benefits structure applicable to our employees, generally. We do not believe that our compensation policies and practices for our employees encourage excessive risk-taking or create risks that are reasonably likely to have a material adverse effect on our company. In reaching this conclusion, we considered the following factors:

- Our compensation program is designed to provide a mix of both fixed and "at risk" incentive compensation.

- Our Compensation Committee and management team have responsibility for managing the administration, determination and approval of total and, in the case of the named executive officers, the Compensation Committee is responsible for individual approval of payouts under the incentive plans.

- The incentive elements of our compensation program (annual incentives and multi-year equity awards) are designed to reward both annual performance (under the AIP) and longer-term performance (under the 2018 Plan). We believe this design mitigates any incentive for short-term risk-taking that could be detrimental to our company's long-term best interests.

- The performance periods for our PSUs overlap, and our time-vested RSUs vest one-third annually for a three-year period from the issuance date. This mitigates the motivation to maximize performance in any one period at the expense of others.

- Maximum payouts under our AIP are currently capped at no more than 200% for all applicable employees of the target award opportunity set by the Compensation Committee. We believe these limits mitigate excessive risk-taking, since the maximum amount that can be earned is limited.

- Finally, our AIP and our 2018 Plan both contain provisions under which awards may be recouped or forfeited if the recipient has not complied with our policies. In addition, our performance-based plans (cash incentive and performance shares) both contain provisions under which awards may be recouped or forfeited if the financial results for a period affecting the calculation of an award are later restated.

- The Compensation Committee retains an independent compensation consultant.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis included in this Proxy Statement. Based on this review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Compensation Committee of the Board of Directors

Dr. James C. Stoffel, Chairman,
Bryan Ingram,
Michele Klein,
Somesh Singh

Summary Compensation Table

The following table summarizes the total compensation for each of our fiscal years ended July 1, 2022, July 2, 2021, July 3, 2020, of our named executive officers for the applicable years, consisting of our CEO, CFO and Senior Vice President Americas Sales and Services. With respect to fiscal year 2022, there were two additions to the named executive officers, consisting of General Counsel, Vice President Legal Affairs and Vice President Marketing and Product Line Management. Although Mr. Chang was no longer CFO at the end of the 2022 year, he is still required to be disclosed within the table for the portion of the year in which he was performing CFO services.

Name, Principal Position	Fiscal Year	Salary(3) ($)	Stock Awards(4) ($)	Option Awards(5) ($)	Non-Equity Incentive Plan Compensation(6) ($)	All Other Compensation(7) ($)	Total ($)
Peter A. Smith, Director, President and Chief Executive Officer	2022	650,000	1,640,498	31,574	1,113,168	19,509	2,454,749
	2021	444,231	1,202,160	94,715	458,325	16,761	2,216,192
	2020	187,692	664,485	-	138,113	3,996	994,286

Name, Principal Position	Fiscal Year	Salary[3] ($)	Stock Awards[4] ($)	Option Awards[5] ($)	Non-Equity Incentive Plan Compensation[6] ($)	All Other Compensation[7] ($)	Total ($)
David Gray,[1] Senior Vice President and Chief Financial Officer	2022	235,385	200,193	-	153,437	108,937	697,952
Bryan Tucker, Senior Vice President Americas Sales and Services	2022	324,450	213,729	116,740	193,804	16,402	850,125
	2021	315,000	140,360	70,191	229,163	19,328	774,042
Erin Boase, [2] General Counsel, Vice President Legal Affairs	2022	231,441	87,645	40,593	110,598	9,435	479,712
Gary Croke,[2] Vice President Marketing and Product Line Management	2022	236,900	109,535	50,742	113,206	10,466	520,849
Eric Chang, Former Senior Vice President and Chief Financial Officer	2022	93,842	-	-	-	27,202	121,044
	2021	299,616	101,464	50,742	268,250	10,862	730,934
	2020	270,231	88,752	87,748	137,736	5,929	590,396

(1) Mr. Gray was appointed as our Senior Vice President and Chief Financial Officer on October 18, 2021.
(2) Mr. Croke and Ms. Boase were appointed as executive officers in fiscal year 2022.
(3) Base salary amounts reflect a combination of the salary levels set at different times during the year. With respect to the 2022 year, the amounts reflect increases effective October 2, 2021 in connection with the annual merit review process discussed within the Compensation Discussion and Analysis.
(4) The "Stock Awards" column shows the full grant date fair value of the equity-based awards granted in fiscal 2022, 2021, and 2020.
The grant date fair value of the PSUs, MSUs, and RSUs was determined under FASB ASC Topic 718 and represents the amount we would expense in our financial statements over the entire vesting schedule for the awards. The grant date fair value of MSUs was estimated using a Monte-Carlo simulation model. The grant date fair value for PSUs and RSUs was based on the closing market price of our common stock on the respective grant dates. The assumptions used for determining values are set forth in Notes 1 and 9 to our audited consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for fiscal year 2022. These amounts reflect our accounting for these grants and do not correspond to the actual values that may be recognized by the named executive officers.
(5) The "Option Awards" column shows the aggregate grant date fair value of the stock options granted in fiscal 2022 and other applicable years was determined under FASB ASC Topic 718 (using Black-Scholes values). The assumptions used for determining values are set forth in Notes 1 and 9 to our audited consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for fiscal year 2022.
(6) The "Non-Equity Incentive Plan Compensation" column shows the cash bonus earned under the fiscal year 2022, 2021 and 2020 annual incentive plan.
(7) The following table describes the components of the "All Other Compensation" column.

Name	Year	Life Insurance[a] ($)	Company Matching Contributions Under 401(k) Plan[b] ($)	Vacation Payout[c] ($)	Sign-on Bonus ($)	Total All Other Compensation ($)
Peter A. Smith	2022	3,890	5,500	10,119		19,509
David Gray	2022	879	8,058	-	100,000	108,937
Bryan Tucker	2022	1,765	7,368	7,269		16,402
Erin Boase	2022	366	7,433	1,636		9,435
Gary Croke	2022	898	2,641	6,927		10,466
Eric Chang	2022	279	3,500	23,423		27,202

(a) Represents premiums paid for life insurance that represent taxable income for the named executive officer.
(b) Represents matching contributions made by us to the 401(k) account of the respective named executive.
(c) Represents vacation payout for unused vacation days due to policy change for US-based employees to flexible Paid Time Off.

Fiscal Year 2022 Grants of Plan-Based Awards

The following table lists our grants and incentives made to the named executive officers during our fiscal year ended July 1, 2022, of plan-based awards, both equity and non-equity based under our AIP and 2018 Plan. There is no assurance that the grant date fair value of stock and option awards will ever be realized. Mr. Chang was no longer employed on the grant dates for our plan-based awards, therefore he is not reflected in the table for the 2022 year.

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payments Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number or Shares of Stock or Units(3)	All Other Option Awards: Number of Securities Underlying Options(4)	Grant Date, Fair Value of Stock and Option Awards(5)
Name	**Type of Award**	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**(#)**	**(#)**	**($)**
Peter A. Smith	Options	7/3/2021	-	-	-	-	-	-	-	59,422	766,639
	RSU	7/3/2021	-	-	-	-	-	-	24,049	-	766,682
	PSU	7/3/2021	-	-	-	12,024	24,049	48,098	-	-	873,816
	AIP	-	462,500	925,000	1,850,000	-	-	-	-	-	-
David Gray											
	RSU	10/18/2021	-	-	-	-	-	-	6,568	-	200,193
	AIP	-	63,750	127,500	255,000	-	-	-	-	-	-
Bryan Tucker	Options	9/1/2021	-	-	-	-	-	-	-	4,567	67,661
	RSU	9/1/2021	-	-	-	-	-	-	1,881	-	67,660
	PSU	9/1/2021	-	-	-	940	1,881	3,762	-	-	78,357
	AIP	-	80,522	161,044	322,088	-	-	-	-	-	-
Erin Boase	Options	9/1/2021	-	-	-	-	-	-	-	2,740	40,594
	RSU	9/1/2021	-	-	-	-	-	-	1,129	-	40,610
	PSU	9/1/2021	-	-	-	565	1,129	2,258	-	-	47,035
	AIP	-	45,951	91,902	183,804	-	-	-	-	-	-
Gary Croke	Options	9/1/2021	-	-	-	-	-	-	-	3,425	50,742
	RSU	9/1/2021	-	-	-	-	-	-	1,411	-	50,754
	PSU	9/1/2021	-	-	-	706	1,411	2,822	-	-	58,752
	AIP	-	47,035	94,070	188,140	-	-	-	-	-	-

(1) The amounts shown under Estimated Possible Payouts Under Short-Term Non-Equity Incentive Plan Awards reflect possible payouts under our fiscal 2022 AIP. For Mr. Gray these columns represent the pro-rata portion of his AIP award following his hire date in October 2021. Actual amounts earned for the year are reflected above within the Summary Compensation Table.
(2) PSUs vest 100% on the third anniversary of the grant date based on the achievement of performance criteria.
(3) These amounts represent the number of RSUs granted to the named executive officers during fiscal year 2022, which vest annually over three years from the data of grant, subject to the named executive officer's continued employment through such vesting date.
(4) These amounts represent the number of stock options granted to the named executive officers during fiscal year 2022, which vest annually over three years from the date of grant, subject to the named executive officer's continued employment through such vesting date.
(5) The "Fair Value of Stock and Option Awards" column shows the full grant date fair value of the stock options and other equity-based awards granted in fiscal year 2022. The grant date fair value of the was awards were determined under FASB ASC Topic 718 and represents the amount we would expense in our financial statements over the entire vesting schedule for the awards in the event the vesting provisions are achieved.

The assumptions used for determining values are set forth in Notes 1 and 9 to our audited consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for the fiscal 2022. These amounts reflect our accounting for these grants and do not correspond to the actual values that may be recognized by the named executive officers.

Fiscal Year 2022 Outstanding Equity Awards

The following table provides information regarding outstanding unexercised stock options and unvested stock awards held by each of our named executive officers as of July 1, 2022. Each grant of options or unvested stock awards is shown separately for each named executive officer. The vesting schedule for each award of options and unvested stock awards is shown in the footnotes following this table based on the grant date. The material terms of the awards, other than exercise price and vesting schedules described below, are generally described in the 2018 Plan.

	Option Awards					Stock Awards			
								Equity Incentive Plan Awards	
Name	**Grant Date**	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Number of Securities Underlying Unexercised Options Unexercisable (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock that have not Vested (#)**	**Market Value of Shares or Units of Stock that have not Vested[7] ($)**	**Number of Unearned Shares, Units or Other Rights that have not Vested (#)**	**Market or Payout Value of Unearned Shares, Units or Other Rights that have not Vested[8] ($)**
Peter A. Smith	7/3/2021	-	59,422[2]	31.88	7/3/2028	24,049[4]	603,389	24,049[9]	603,389
	1/20/2021	-	-	-	-	30,000[1]	752,700	-	-
	1/20/2021	-	-	-	-	42,000[1]	1,053,780	-	-
	9/1/2020	8,796	17,590[2]	11.00	9/1/2027	8,610[4]	216,025	8,610[7]	216,025
David Gray	10/18/2021	-	-	-	-	6,568[10]	164,791	-	-
Bryan Tucker	9/1/2021	-	4,567[2]	35.97	9/1/2028	1,881[10]	47,194	1,881[9]	47,194
	9/1/2020	6,518	13,036[2]	11.00	9/1/2027	6,380[4]	160,074	6,380[7]	160,074
	9/20/2019	-	16,710[3]	7.23	9/20/2026	6,852[4]	171,917	6,852[5]	171,917
	9/7/2018	17,264	-	8.90	9/7/2025	-	-	4,315[6]	108,263
Erin Boase	9/1/2021	-	2,740[2]	35.97	9/1/2028	1,129[10]	28,327	1,129[9]	28,327
Gary Croke	9/1/2021	-	3,156[2]	35.97	9/1/2028	1,411[10]	35,402	1,411[9]	35,402
Eric Chang [11]	-	-	-	-	-	-	-	-	-

(1) Market-based conditions applicable to the MSUs granted to Mr. Smith in January 2021 were achieved in fiscal 2021 and will vest on December 31, 2022 and December 31, 2023, subject to the named executive officer's continued employment through such vesting date. In accordance with SEC rules, because such market-based conditions have been achieved and the MSUs only remain subject to time-based vesting conditions, the number of MSUs earned are reported in the "Number of Shares or Units of Stock that have not Vested" column.
(2) Stock options that vest annually over three years from date of grant.
(3) Stock options that cliff vest three years from date of grant.
(4) RSUs that cliff vest three years from date of grant.
(5) PSUs eligible to vest based on the Company's non-GAAP net income. From 50% to 150% of the target PSUs will vest in September 2022 following the end of the fiscal year July 1, 2022, that the Compensation Committee certifies achievement of the performance measure. Vesting of these PSUs is dependent on continuous employment with us through the vesting date. The number of PSUs reported in the table above reflects 100% of the target number of granted PSUs based on the Company's annual non-GAAP net income for the performance periods.
(6) PSUs eligible to vest based on the Company's non-GAAP net income. From 50% to 100% of the target PSUs will vest after the Compensation Committee certifies the achievement of the performance measure.
(7) PSUs eligible to vest based on the Company's annual average return on invested capital ("ROIC") from fiscal 2021 to fiscal 2023 and revenue growth for fiscal 2023. From 50% to 200% of the target PSUs will vest after the Compensation Committee certifies the achievement of the performance measure. Vesting of these PSUs is dependent on continuous employment with us through the vesting date in September 2023.
(8) Market value is based on the $25.09 closing price of a share of our common stock on July 1, 2022, as reported on the NASDAQ Global Select Market.
(9) PSUs eligible to three-year cliff vesting from grant date assuming achievement of TSR and revenue growth targets over a three-year performance period starting fiscal year 2022 to fiscal 2024. From 50% to 200% of the target PSUs will vest after the Compensation Committee certifies the achievement of the performance measure. Vesting of these PSUs is dependent on continuous employment with us through the vesting date in September 2024.
(10) RSUs that vest annually over three years from date of grant.
(11) Mr. Chang forfeited all outstanding and unvested equity awards as of his resignation date.

Fiscal Year 2022 Option Exercised and Stock Vested Table

The following table provides information for each of our named executive officers regarding the number of shares of our common stock acquired upon exercising vested options or release of stock awards during fiscal year 2022.

Name	Options Awards Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Stock Awards Number of Shares Acquired on Vesting[1] (#)	Value Received on Vesting ($)
Peter A. Smith	-	-	-	-
David Gray	-	-	-	-
Bryan Tucker	18,072	421,577	-	-
Erin Boase	-	-	-	-
Gary Croke	832	20,634	-	-
Eric Chang	-	-	-	-

(1) Vested number of shares of PSUs.

Potential Payments Upon Termination or Change of Control

Employment agreements and the Company's Post Termination Guidelines provide for such executive officers to receive certain payments and benefits if their employment with us is terminated. These arrangements are set forth in more detail below and assume an applicable termination event (and Change of Control event, as defined in the corresponding employment agreements) on July 1, 2022 and refer to our stock price on that date. The Board has determined that such payments and benefits are an integral part of a competitive compensation package for our executive officers.

The table below reflects the compensation and benefits due to each of Messrs. Smith, Gray and Tucker in the event of termination of employment by us without Cause (as defined below) or termination by the executive for good reason (other than within 12 or 18 months after a Change of Control, as defined below) and in the event of disability and in the event of termination of employment by us without cause or termination by the executive for good reason within 12 months after a Change of Control (depending on individual employment agreements). The amounts shown in the table are estimates of the amounts that would be paid upon termination of employment. There are currently no compensation and benefits due to any named executive officer under his employment agreement in the event of a termination of employment by us for cause or voluntary termination. In the event of a death of an executive, there are no severance benefits payable pursuant to the employment agreements that should be reflected in the table below, but the executive's estate would receive the pro-rata portion of the executive's annual bonus for the year in which the death occurred. The actual amounts would be determined only at the time of the termination of employment.

Name	Conditions for Payouts	Base Salary Component[1]	Cash Incentive Component[2]	Accelerated Equity Vesting[3]	Insurance Benefit[4]	Out-Placement Services[5]	Total
Peter A. Smith	Termination without cause or for good reason, or due to disability.	$650,000	$1,113,168	$3,157,275	$34,866	$30,000	$4,985,309
	Within 12 months after Change of Control	$1,300,000	$925,000	$3,477,127	$52,299	$30,000	$5,752,608
David Gray	Termination without cause or for good reason, or due to disability.	$340,000	$153,437	-	$15,464	$30,000	$593,848
	Within 18 months after Change of Control	$340,000	$170,000	$164,791	$23,196	$30,000	$727,987

Name	Conditions for Payouts	Base Salary Component(1)	Cash Incentive Component(2)	Accelerated Equity Vesting(3)	Insurance Benefit(4)	Out-Placement Services(5)	Total
Bryan Tucker	Termination without cause or for good reason, or due to disability.	$324,450	$193,804	$748,990	$27,998	$30,000	$1,616,406
	Within 18 months after Change of Control	$648,900	$162,225	$1,080,414	$41,997	$30,000	$2,226,906

(1) The base salary component represents the total gross monthly payments to each named executive officer at the base salary in effect as of the last day of fiscal 2022.
(2) The cash incentive component represents the cash bonus due under the fiscal year 2022 AIP.
(3) Reflects acceleration of outstanding equity awards, including pro-rata vesting of the equity awards granted during fiscal year 2021, 2020 and 2019 and outstanding as of July 2, 2022.
(4) The insurance benefit provided is paid directly to the insurer benefit provider and includes amounts for COBRA.
(5) The estimated dollar amounts for outplacement services would be paid directly to an outplacement provider selected by us.

Employment Agreement Terms

We currently maintain individual employment agreements with Messrs. Smith, Gray and Tucker. The employment agreements with our applicable named executive officers generally define a “Change of Control” as follows:

- 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 (i) the entity resulting from such merger, consolidation or share exchange, or the entity which has acquired all or substantially all of our assets (in the case of an asset sale that satisfies the criteria of an acquisition) (in either case, the “Surviving Entity”) or (ii) 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, (“Rule 13d-3”)) 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 is represented by our 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);

- any person or group of persons (within the meaning of Rule 13d-3) directly or indirectly acquires beneficial ownership (determined pursuant to Rule 13d-3) of securities possessing more than 30% of the total combined voting power of our outstanding securities other than: (i) an employee benefit plan of ours or any of our affiliates; (ii) a trustee or other fiduciary holding securities under an employee benefit plan of our or any of our affiliates; or (iii) an underwriter temporarily holding securities pursuant to an offering of such securities;

- Mr. Tucker’s contract also provides for a change of control in the event of 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: (i) have been a Board member continuously since the adoption of this plan or the beginning of such 36-month period; or (ii) have been elected or nominated during such 36-month period by at least a majority of the Board members and satisfied the criteria of this bullet when they were elected or nominated;

- Mr. Gray’s contract also provides for a change of control in the event a majority of the Board are replaced during any twelve-month period by directors whose appointment or election is not endorsed by a majority of the Board before the date of appointment or election;

- a majority of the Board determines that a Change of Control has occurred; or

- the complete liquidation or dissolution of the Company.

The employment agreements for Messrs. Smith and Tucker define “Cause” as follows:

- theft, dishonesty, misconduct or falsification of any employment or Company records;

- improper disclosure of the Company’s confidential or proprietary information;
- any action which as material detrimental effect on the Company’s reputation or business;
- refusal or inability to perform any assigned duties (other than as a result of disability) after written notice and a 30-day opportunity to cure such refusal or inability;
- material breach of an employment agreement or of the proprietary information, confidentiality, assignment of inventions agreement, after written notice and a 30-day opportunity to cure such breach;
- violation of the Company’s Code of Conduct or other written policies; or
- conviction (including any plea of guilty or no contest) for any criminal act that impairs the ability to perform duties under an employment agreement.

The employment agreement for Mr. Gray defines a “Cause” termination as follows:

- willful failure to perform duties (other than from incapacity from physical or mental illness);
- willful engagement in dishonesty, illegal conduct, or misconduct, which injures the Company
- violation of Company’s written policies or codes of conduct;
- breach of material obligation under employment or other agreement between Gray and the Company.

The employment agreement with Mr. Smith generally defines a “Good Reason” termination as follows:

- a reduction in base salary, other than a reduction that is similarly applicable to all members of the Company’s executive staff;
- a material adverse change to in his authority, duties and responsibilities (including a dismissal from the board of directors if the termination is not in connection with a Change of Control);
- . a relocation of his workplace more than 75 miles from Austin, TX.

If Mr. Smith’s “Good Reason” termination occurs in connection with a Change of Control, it would be modified to include a material reduction in his employee benefits, other than a reduction that is similarly applicable to all members of the Company’s executive staff.

The employment agreement with Mr. Tucker generally defines a “Good Reason” termination as follows:

- a reduction of at least 20% to the base salary in effect at the start date of the employment agreement, other than a reduction that is similarly applicable to all members of the Company’s executive staff;
- a material reduction in employee benefits, other than a reduction that is similarly applicable to all members of the Company’s executive staff;
- a material breach of the employment agreement by the Company; or
- a relocation of his workplace more than 75 miles from San Antonio, TX.

If Mr. Tucker’s “Good Reason” occurs following a Change of Control” the definition is modified slightly to include any reduction of salary against the base salary in effect prior to the Change of Control, and to add a material reduction in his position, duties or responsibilities.

The employment agreements generally provide that if they are terminated without cause or should they resign for good reason or become disabled and they sign a general release they will be entitled to receive the following severance benefits:

- severance payments at their final base salary for a period of 12 months;

- payment of premiums necessary to continue their group health insurance under COBRA when applicable (or to purchase other comparable health coverage on an individual basis if the employee is no longer eligible for COBRA coverage) until the earlier of (i) 12 months (depending on individual employment agreements), or (ii) the date on which they first became eligible to participate in another employer's group health insurance plan;

- the prorated portion of any incentive bonus they would have earned during the incentive bonus period in which their employment was terminated;

- for Messrs. Smith and Tucker any equity compensation subject to service-based vesting granted to the executive officer will stop vesting as of their termination date; however, they will be entitled to exercise any vested stock options until the earlier of: (i) 12 months; or (ii) the date on which the applicable option(s) expire; and for Mr. Gray, time-based equity will accelerate up to 12 months and unvested performance share units will be forfeited, and;

- outplacement assistance up to $30,000.

In addition, these agreements provide that if there is a Change of Control, and the executive's employment is terminated by us without cause or by the employee for good reason within a specific period after the Change of Control (12 months for Messrs. Smith and Tucker or 18 months for Mr. Gray), and they sign a general release of known and unknown claims in a form satisfactory to us, they will receive the following:

- Messrs. Smith and Tucker's base salary payment will be increased to 24 months;

- Mr. Smith's COBRA coverage will be extended to the earlier of 18 months and the date that he becomes eligible to participate in another employer's group health insurance plan, and Mr. Tucker's COBRA coverage period will be extended to the earlier of 24 months and the date that he becomes eligible to participate in another employer's group health insurance plan;

- Mr. Tucker will receive (i) rather than a pro-rata bonus for the year, he will receive a payment equal to the greater of (a) the average of the annual actual incentive bonus payments received by him, if any, for the previous three years, or (b) his target incentive bonus for the year in which his employment terminates, and (ii) accelerated vesting of all unvested stock option(s), RSUs, and PSUs (assuming performance criteria previously met or pro rata vesting at target) for the period of time worked during the performance period based on individual guidelines under the 2018 Plan;

- Mr. Smith will receive accelerated vesting for all time-based equity awards granted under the second amendment to his employment agreement and for all other grants, accelerated vesting of all unvested stock option(s), RSUs, and PSUs (assuming performance criteria previously met or pro rata vesting at target) for the period of time worked during the performance period based on individual guidelines under the 2018 Plan; and

- Mr. Gray will receive (i) a prorated annual incentive bonus payment, and (ii) accelerated vesting of all time-based unvested equity, with performance-based equity awards based at target.

The acceleration provisions within the individual awards agreements may differ from the terms set forth within the employment agreements.

Post Termination Guidelines

Ms. Boase and Mr. Croke have not been included within the table above, as the potential severance payments and benefits that they could receive upon an applicable termination of employment are not currently finalized or quantifiable. Pursuant to the Post Termination Guidelines that have historically been applied by the Company to executive officers, they could each receive the following benefits upon an involuntary termination without cause under the Post Termination Guidelines: (i) one year of base salary; (ii) a pro-rata bonus for the year in which the termination occurred; (iii) payment of premiums necessary to continue their group health insurance under COBRA when applicable (or to purchase other comparable health coverage on an individual basis if the employee is no longer eligible for COBRA coverage) until the earlier of (a) 12 months (depending on individual employment agreements), or (b) the date on which they first became eligible to participate in another employer's group health insurance plan; and (iv) time-based equity awards could receive accelerated vesting solely for the portion of the equity awards that would have vested within the twelve month period immediately following the termination, although all performance-based awards would be forfeited. In the event that the involuntary termination occurred within the 12-month period following a change in control event, the COBRA benefits continuation period could be increased to an 18 month period, and all outstanding equity-based compensation awards would receive full vesting acceleration, with performance-based awards accelerated at target levels.

Mr. Chang Employment Agreement

Mr. Chang was subject to an individual employment agreement during his employment with us, but that agreement was terminated in connection with his departure in the 2022 year. Mr. Chang did not receive severance benefits pursuant to that agreement in connection with his departure during the 2022 fiscal year.

CEO Pay Ratio

Pursuant to Item 402(u) of Regulation S-K, the Company is required to provide the following information with respect to the year ended July 1, 2022:

- The median of the annual total compensation of all employees of the Company (other than Mr. Smith's the Company's Chief Executive Officer) was $68,428.
- The annualized total compensation of Mr. Smith, the Company's Chief Executive Officer, was $3,570,803.
- Based on this information, the ratio of the annual total compensation of the Company's Chief Executive Officer to the median of the annual total compensation of all employees was 52.18 to 1.

To identify the median paid employee and determine such employee's annual total compensation in the last fiscal year, the Company assessed its employee population as of July 1, 2022, and determined employee compensation using the 12-month period ending July 1, 2022. On this date, the Company's employee population consisted of 634 individuals. The Company does not feel that there have been any material changes to the employee population or compensation arrangements to necessitate needing to recalculate this number.

The Company determined its median employee by: (i) calculating total target cash compensation as the sum of salary and target variable compensation, including target sales bonus, for each of the Company's employees; (ii) ranking the total target cash compensation of all employees except for the Chief Executive Officer from lowest to highest; and (iii) picking the employee who was in the middle of the list.

Equity Compensation Plan Summary

The following table provides information as of July 1, 2022, relating to our equity compensation plan:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Further Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity Compensation plans approved by security holders[(1)]	1,078,076[(2)]	$15.15[(3)]	437,556[(4)]
Equity Compensation plans not approved by security holders	-	$ -	-
Total	1,078,076	$15.15	437,556

(1) Consists of the 2007 Plan, the 2018 Plan and our employee stock purchase plan.
(2) The number includes 469,716, shares to be issued upon exercise of options, 383,257 shares to be issued upon vesting of RSUs, 208,059 shares to be issued upon vesting of MSUs (based on achievement of target market-based metrics) and 17,044 shares to be issued upon vesting of PSUs (based on achievement of target performance metrics).
(3) Excludes weighted average fair value of RSUs, MSUs and PSUs.
(4) Includes 110,123 shares reserved for future issuances under the employee stock purchase plan.

(Proposals Follow.)

PROPOSAL NO. 1

Election of Directors

At the Annual Meeting, directors are being nominated for election to serve until the 2023 Annual Meeting or until their successors are elected and qualified.

In the unanticipated event that a nominee is unable or declines to serve as a director at the time of the Annual Meeting, all proxies received by the proxy holders will be voted for any subsequent nominee named by the Board to fill the vacancy created by the earlier nominee's withdrawal from the election. As of the date of this Proxy Statement, the Board is not aware of any director nominee who is unable or will decline to serve as a director. Each of the nominees has consented to being named in this Proxy Statement and to serve as a director if elected. Ages are as of the date of this Proxy Statement.

Director Nominees

Name	Title	Age
John Mutch	Chairman of the Board	66
Bryan Ingram	Director	58
Michele Klein	Director	73
Peter A. Smith	Director	56
James C. Stoffel	Director	76
Bruce Taten	Director	66

RECOMMENDATION OF THE BOARD OF DIRECTORS

The Board of Directors unanimously approved the election of each of the Director Nominees and unanimously recommends a vote "For" each of the Director Nominees.

(Proposals Continue on Next Page.)

PROPOSAL NO. 2

Ratification of Appointment of Independent Registered Public Accounting Firm

The Audit Committee has appointed Deloitte as our independent registered public accounting firm to audit our consolidated financial statements for the fiscal year ending June 30, 2023, and our Board has ratified such appointment. See “Independent Registered Public Accounting Firm Fees.”

Notwithstanding its selection, the Audit Committee, in its discretion, may appoint another independent registered public accounting firm at any time during the year if the Audit Committee believes that such a change would be in the best interests of the Company and its stockholders. If the appointment is not ratified by our stockholders, the Audit Committee may reconsider whether it should appoint another independent registered public accounting firm.

RECOMMENDATION OF THE BOARD OF DIRECTORS

The Board of Directors unanimously recommends a vote “For” the ratification of the Audit Committee’s appointment of Deloitte as the Company’s Independent Registered Public Accounting Firm for Fiscal Year 2023.

(Proposals Continue on Next Page.)

PROPOSAL NO. 3

Advisory, Non-Binding Vote on Named Executive Officer Compensation

A "say-on-pay" advisory vote is required for all U.S. public companies under Section 14A of the Exchange Act which we request annually during our Annual Meeting of Stockholders. We are asking stockholders to approve, on an advisory, non-binding basis, the compensation of the Company's named executive officers disclosed in the Compensation Discussion and Analysis section, and the related compensation tables, notes and narrative, in this Proxy Statement.

The Board recommends that you vote "FOR" approval of the advisory, non-binding vote on executive compensation because it believes that the policies and practices described in the Compensation Discussion and Analysis section are effective in achieving the Company's goals of rewarding sustained financial and operating performance and leadership excellence, aligning the executives' long-term interests with those of the stockholders and motivating the executives to remain with the Company for long and productive careers. Named executive officer compensation of the past three years reflects amounts of cash and long-term equity awards consistent with periods of economic stress and lower earnings, and equity incentives aligning with our actions to stabilize the Company and to position it for a continued recovery.

We urge stockholders to read the Compensation Discussion and Analysis section of this Proxy Statement, as well as the Summary Compensation Table and related compensation tables, notes and narrative, which provide detailed information on the Company's compensation policies and practices and the compensation of our named executive officers.

As this vote is advisory, it will not be binding on our Board or our Compensation Committee, and neither our Board nor our Compensation Committee will be required to take any action as a result of the outcome of the vote. However, our Compensation Committee will carefully consider the outcome of this vote when considering future executive compensation policies and decisions.

Based on the voting results at the Company's 2018 Annual Meeting of Stockholders with respect to the frequency (the "Frequency Vote") of future stockholder advisory votes to approve the compensation of the Company's named executive officers, the Company includes an advisory, non-binding vote to approve the compensation of its named executive officers in its proxy materials on an annual basis. The next required Frequency Vote is scheduled for the Company's 2024 Annual Meeting of Shareholders.

RECOMMENDATION OF THE BOARD OF DIRECTORS

The Board of Directors unanimously recommends a vote "For" the approval of the advisory, non-binding vote on Named Executive Officer compensation.

(Proxy Statement Continues on Next Page.)

OTHER MATTERS

2022 Annual Report

Our annual report for the fiscal year ended July 1, 2022, including audited financial statements, will be available over the Internet through our website at www.aviatnetworks.com and is being mailed with this Proxy Statement.

Form 10-K

We filed an annual report on Form 10-K for the fiscal year ended July 1, 2022 with the SEC on September 14, 2022. Stockholders may obtain a copy of the annual report on Form 10-K, without charge, by writing to our Corporate Secretary, at the address of our offices located at 200 Parker Drive, Suite C100A, Austin, TX 78728, or through our website at www.aviatnetworks.com.

Other Business

The Board is not aware of any other matter that may be presented for consideration at the Annual Meeting or any adjournment thereof. Should any other matter properly come before the Annual Meeting, your shares of common stock will be voted in accordance with the discretion of the proxy holders.

Householding of Proxy Materials

To reduce costs and the environmental impact of the Annual Meeting, a single proxy statement and annual report, along with individual proxy cards, will be delivered in one envelope to certain stockholders having the same last name and address, and to individuals with more than one account registered with our transfer agent with the same address, unless contrary instructions have been received from an affected stockholder. Stockholders participating in householding will continue to receive separate proxy cards. If you are a registered stockholder and would like to enroll in this service or receive individual copies of this year's and/or future proxy materials, please contact Broadridge Financial Solutions, Inc. 51 Mercedes Way, Edgewood, New York 11717; or contact our Corporate Secretary at 512-265-3680 or at our headquarters at 200 Parker Drive, Suite C100A, Austin, TX 78728. If you are a beneficial stockholder, you may contact the broker or bank where you hold the account.

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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 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	**20-5961564**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
200 Parker Drive, Suite C100A, Austin Texas	**78728**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (408) 941-7100

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

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. ☒

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.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its fiscal 2022 Annual Meeting of Stockholders ("Proxy Statement"), which will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended July 1, 2022, 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

Table of Contents

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 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 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, we had 712 employees compared with 687 employees as of July 2, 2021.

Overview and Description of the Business

We design, manufacture and sell a range of wireless 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 wireless links for short, medium and long-distance interconnections. In addition to our wireless products, we also provide routers and a range of software tools and applications to enable deployment, monitoring, network management and optimization of our systems as well as to automate network design and procurement. We also source, qualify, supply 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. In dense urban and suburban areas, short range wireless solutions are faster to deploy and lower cost per mile than new fiber deployments. In developing nations, fiber infrastructure is scarce and 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.

Revenue from our North America and international regions represented approximately 66% and 34% of our revenue in fiscal 2022, respectively, 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 expand, add subscribers and increase the number of wirelessly connected devices, sensors and machines, they require ongoing investment in backhaul infrastructure. Whether mobile network operators choose to self-build this backhaul infrastructure or lease backhaul services from other network providers, the evolution of the network drives demand for transmission technologies such as microwave and millimeter wave wireless backhaul. Within this overall scope there are multiple individual drivers for investment in backhaul infrastructure.

- *5G Deployments.* Mobile Radio Access Network ("RAN") technologies are evolving. With the evolution from 4G (HSPA+ and LTE) to 5G, technology is advancing and providing subscribers with higher speed access to the Internet, social media, and video streaming services. The rapid increases 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.* 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, 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. 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.

These factors are combining to create a range of opportunities for continued investment in backhaul and transport networks favoring 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, energy consumption is emerging as a key component of TCO. Our research and development contemplates innovations in capacity, energy efficiency and 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 and 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 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 systems for microwave and millimeter wave networking applications. These solutions utilize a wide range of transmission frequencies, ranging from 5 GHz 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 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 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. WTM 4800 is the only single box multi-band solution for lowest total cost of ownership deployments. 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 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 and Asia. 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 $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 during fiscal 2023, 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 accounted for 13% 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 accounted for more than 10% of our total revenue.

Competition

The microwave and millimeter wave wireless networking business is a specialized segment of the telecommunications industry that is sensitive to technological advancements and is competitive. 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 Microelectronica S.p.A. 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, 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 $22.6 million, or 7.5% of revenue, in fiscal 2022, $21.8 million, or 7.9% of revenue, in fiscal 2021, and $19.3 million, or 8.1% of revenue, in fiscal 2020.

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 employees as of July 1, 2022, and were located primarily in New Zealand and Slovenia.

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 ASIC's 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, we (collectively with our subsidiaries) own approximately 184 U.S. patents and 188 international patents and had 5 U.S. patent applications pending and 15 international patent applications pending. The United States Patent and Trademark Office 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 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. 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.

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

As of July 1, 2022, we had 712 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 were full-time employees with 258 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.

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, are as follows:

Name and Age	Position Currently Held and Past Business Experience

Peter A. Smith, 56	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	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	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 24 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 Boase, 43	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	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 electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). Our website and the information posted thereon are not incorporated into this Annual Report on Form 10-K 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 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.

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 difficult to predict.
- 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.
- 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 to develop and maintain distribution and licensing relationships, our revenue may decrease.

Financial and Macroeconomic Risk Factors

- 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 and local laws relating to data privacy and security, which are continuously evolving. It may become costly for us to comply with such data privacy laws, and violating any of these data privacy law could cause an adverse effect on our reputation, business, 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.
- Increased attention to environmental, social, and governance ("ESG") matters and conservation measures may adversely impact our business.
- 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.

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 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 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;
- 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.

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.

If we fail to develop and maintain distribution and licensing relationships, our revenue may decrease.

Although a majority of our sales are made through our direct sales force, we also market our products through indirect sales channels such as independent agents, resellers, OEMs and systems integrators. These relationships enhance our ability to pursue major contract awards and, 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 inability to establish or maintain these distribution and licensing relationships could restrict our ability to market our products and thereby result in significant reductions in revenue. If these revenue reductions occur, our business, financial condition and results of operations would be harmed.

Financial and Macroeconomic Risk Factors

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.

We are highly dependent on sales to customers outside the U.S. In fiscal 2022, our sales to international customers accounted for 34% 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.

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;
- 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 the transfer restrictions in the Charter Amendments will be enforceable against all 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 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. 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 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 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, dilution or otherwise impede independent third-party development of similar technologies. Any of our intellectual property rights may be successfully challenged, opposed, diluted, misappropriated 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 intellectual property 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 and policies 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 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. 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 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 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.

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, penetration or attacks due to natural disasters, power loss, telecommunications failure, terrorist attacks, domestic vandalism, Internet failures, computer malware, ransomware, cyberattacks, data breaches and other events unforeseen or generally beyond our control. 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.

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 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, 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.

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, we leased approximately 138,000 square feet of facilities worldwide, with approximately 39% 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. We also lease approximately 35,000 square feet of office, assembly facilities and warehouse in multiple locations in Texas. Internationally, we lease approximately 103,000 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. 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 4. 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 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 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. 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.

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 28, 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, there were 1,968 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, we did not issue or sell any unregistered securities.

Issuer Repurchases 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, $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			

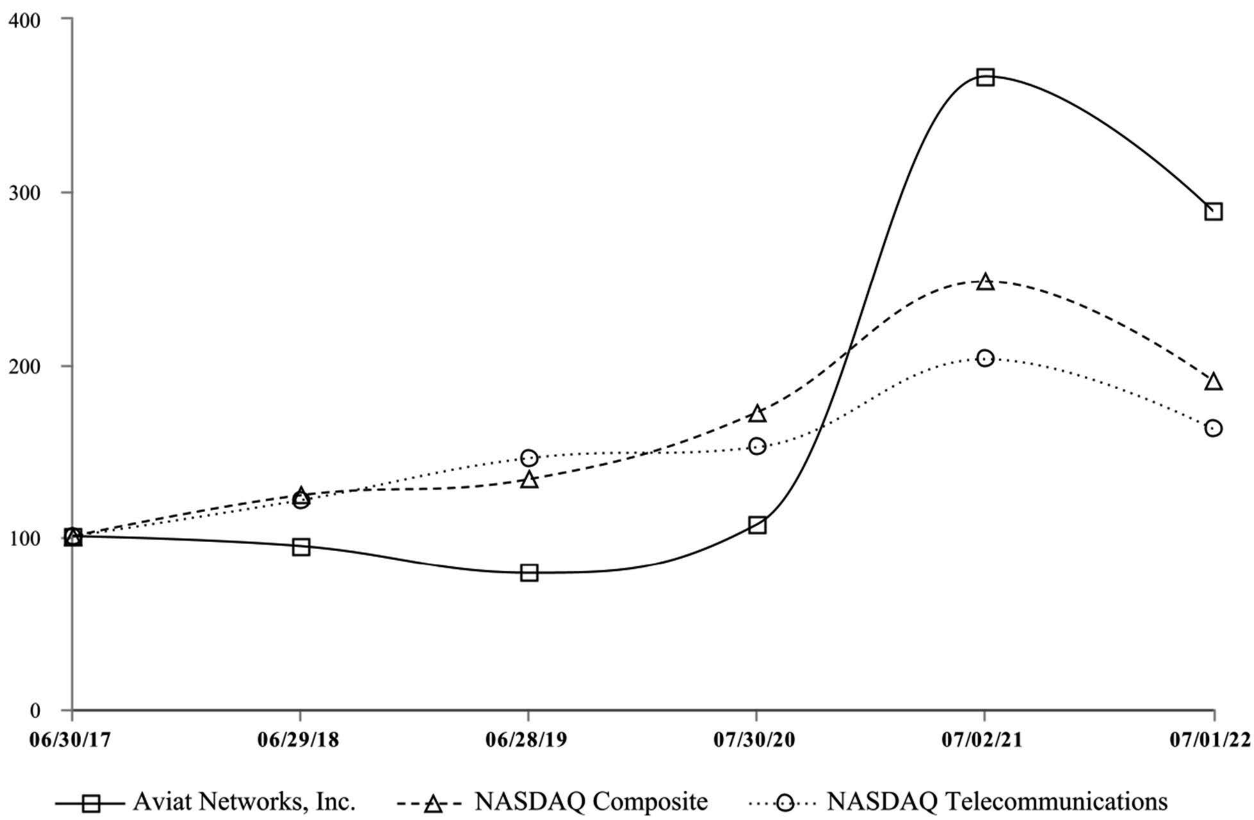
(1) In November 2021, our Board of Directors approved a stock repurchase program, which does not have an expiration date, for the repurchase of up to $10.0 million of our common stock.

Performance Graph

The following graph and accompanying data compare the cumulative total return on our common stock with the cumulative total return of the Total Return Index for The NASDAQ Composite Market (U.S. Companies) and the NASDAQ Telecommunications Index for the five-year period ended July 1, 2022. The 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*

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



	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.

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") is intended to help the reader understand our results of operations and financial condition. MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying notes. In 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 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.

Overview

Aviat sells radios, routers, software and services. We have more than 3,000 customers and significant relationships with global service providers and private network operators. Our manufacturing base in North America consists of a combination of contract manufacturing and assembly and test operated in Austin, Texas by Aviat. Our technology is underpinned by more than 200 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 difficult to manage, the impact on our ability to fulfill orders for the year ended July 1, 2022 was minimal. Depending on the progression of pandemic-related factors such as supply constraints, potential for temporary manufacturing restrictions 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 and adapting to the situation to mitigate impacts on our business, supply chain and customer demand. We expect the potential for these challenges to continue until business and economic activities return to more normal levels.

Our first priority remains the health and safety of our employees and their families. Employees whose tasks can be done offsite have been instructed to work from home. Our manufacturing sites remain operational, and we are maintaining social distancing and have enhanced cleaning protocols and usage of personal protective equipment, where appropriate.

Operations Review

The market for mobile backhaul continued to be our primary addressable market segment globally in fiscal 2022. 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, the ongoing build-out of 3G deployments, 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 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. 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.

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 and 2020 and the related changes are shown in the table below:

	Fiscal Year			$ Change		% Change	
(In thousands, except percentages)	2022	2021	2020	2022/2021	2021/2020	2022/2021	2021/2020
North America	$ 199,801	$ 183,071	$ 151,709	$ 16,730	$ 31,362	9.1 %	20.7 %
Africa and the Middle East	47,527	44,023	37,595	3,504	6,428	8.0 %	17.1 %
Europe	12,973	8,826	11,157	4,147	(2,331)	47.0 %	(20.9)%
Latin America and Asia Pacific	42,658	38,991	38,181	3,667	810	9.4 %	2.1 %
Total Revenue	$ 302,959	$ 274,911	$ 238,642	$ 28,048	$ 36,269	10.2 %	15.2 %

We achieved revenue growth of 10.2% in fiscal 2022. We have progressed 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, or 9.1%, in fiscal 2022 compared with fiscal 2021. The increase in North America revenue during fiscal 2022 was due to revenue growth with private network customers and rural broadband customers. 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, or 8.0%, in fiscal 2022 compared with fiscal 2021. The increase in revenue was primarily due to increased sales to mobile operators in the region. Revenue from Africa and the Middle East increased $6.4 million, or 17.1%, in fiscal 2021 compared with fiscal 2020. The increase in revenue was 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.

Revenue in Latin America and Asia Pacific increased by $3.7 million, or 9.4%, in fiscal 2022 compared with fiscal 2021. The increase in revenue was primarily due to higher 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 in Latin America.

	Fiscal Year			$ Change		% Change	
(In thousands, except percentages)	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 %

Our revenue from product sales increased by $22.3 million, or 12.0%, in fiscal 2022 compared with fiscal 2021. Product volume increased with customers in all regions. Our services 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.

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

(In thousands, except percentages)	Fiscal Year 2022	2021	2020	$ Change 2022/2021	2021/2020	% Change 2022/2021	2021/2020
Revenue	$ 302,959	$ 274,911	$238,642	$ 28,048	$ 36,269	10.2 %	15.2 %
Cost of revenue	193,724	172,296	153,946	21,428	18,350	12.4 %	11.9 %
Gross margin	$ 109,235	$ 102,615	$ 84,696	$ 6,620	$ 17,919	6.5 %	21.2 %
% of revenue	36.1 %	37.3 %	35.5 %				
Product margin %	36.4 %	39.1 %	38.0 %				
Service margin %	35.4 %	33.5 %	30.9 %				

Gross margin for fiscal 2022 increased by $6.6 million, or 6.5%, compared with fiscal 2021. Gross margin as a percentage of revenue for fiscal 2022 decreased to 36.1%, compared with 37.3% in fiscal 2021, primarily due to inflationary pressures during the year.

Gross margin for fiscal 2021 increased $17.9 million, or 21.2%, compared with fiscal 2020. Gross margin as a percentage 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.

Research and Development Expenses

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

Our research and development ("R&D") expenses increased by $0.8 million, or 3.6%, in fiscal 2022 compared with fiscal 2021. The increase was due to additional investments to support new product offerings and redesigns to mitigate supply chain constraints.

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)	Fiscal Year 2022	2021	2020	$ Change 2022/2021	2021/2020	% Change 2022/2021	2021/2020
Selling and administrative expenses	$ 57,656	$ 56,324	$ 57,985	$ 1,332	$ (1,661)	2.4 %	(2.9)%
% of revenue	19.0 %	20.5 %	24.3 %				

Our selling and administrative expenses increased by $1.3 million, or 2.4%, in fiscal 2022 compared with fiscal 2021. The increase was primarily due to higher corporate 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.

During the third quarter of fiscal 2021, our Board of Directors approved restructuring plans (the "Fiscal 2021 Plan") to continue to reduce our operating costs and improve profitability. We recorded restructuring charges of $2.4 million related to the Fiscal 2021 Plan in fiscal 2021. Payments related to the accrued restructuring balances for this plan are expected to be fully paid in fiscal 2023.

During the fourth quarter 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:

	Fiscal Year			$ Change		% Change	
(In thousands, except percentages)	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.

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 Income (Expense), Net

	Fiscal Year			$ Change		% Change	
(In thousands, except percentages)	2022	2021	2020	2022/2021	2021/2020	2022/2021	2021/2020
Other income, net	1,690	230	331	1,460	(101)	635 %	(31)%

Our other income, net increased by $1.5 million, in fiscal 2022 compared with fiscal 2021, primarily due to gains in marketable securities partially offset by movement in foreign exchange.

Income Taxes

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

Our provision for (benefit from) income taxes was $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. Our tax expense for fiscal 2022 was primarily due to tax expense related to U.S. and profitable foreign subsidiaries.

Our tax benefit for fiscal 2021 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 profitable foreign subsidiaries and an increase in our reserve for uncertain tax positions.

Liquidity, Capital Resources and Financial Strategies

As of July 1, 2022, our cash and cash equivalents and marketable securities totaled $47.8 million. Approximately $5.9 million, or 12.3%, was held in the United States. The remaining balance of $41.9 million, or 87.7%, 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, $29.2 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 assets and liabilities. Net cash provided by operating activities was $2.8 million for fiscal 2022, $17.3 million and $17.5 million, respectively, were 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 operating activities increased by $97.4 million and the net contribution of changes in operating assets and liabilities to cash provided by operating activities decreased by $22.9 million in fiscal 2022 as compared to fiscal 2021.

The $97.4 million increase in the net contribution of non-cash items to cash provided by operating activities was primarily attributable to a $98.6 million net change in deferred tax assets.

Net changes in operating assets and liabilities resulted in a decrease of $22.9 million additional cash used by operating activities for fiscal 2022 compared to fiscal 2021. Accounts receivable and unbilled costs fluctuate from period to period, depending on 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 $7.8 million for fiscal year 2022, $2.8 million for fiscal 2021 and $4.6 million for fiscal 2020, which consisted of purchases of marketable securities and capital expenditures net of cash received from sale of a real estate asset.

For 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.

Financing Activities

Financing cash flows consist primarily of proceeds and repayments of short-term debt, repurchase of stock and proceeds from the sale of shares of common stock through employee equity plans. Net cash used in financing activities was $4.9 million for fiscal 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, offset by $1.0 million proceeds from 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.

As of July 1, 2022, our principal sources of liquidity consisted of the $47.8 million in cash and cash equivalents and marketable securities, $21.7 million of available credit under our $25.0 million credit facility with Silicon Valley Bank ("SVB Credit Facility") which matures on June 28, 2024, 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 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 a 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 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. Each time we offer securities under this shelf registration, we will provide a prospectus supplement that will contain more specific information about the terms of that offering.

We believe that our existing cash and cash equivalents, the available line of credit under the SVB Credit Facility and future cash collections from customers will be sufficient to provide for our anticipated requirements for working capital and capital expenditures for at least the next 12 months.

Available Credit Facility, Borrowings and Repayment of Debt

On May 17, 2021, we entered into Amendment No. 4 to Third Amended and Restated Loan and Security Agreement to extend the maturity date to June 28, 2024. The SVB Credit Facility provides for a $25.0 million accounts receivable formula-based revolving credit facility that can be borrowed by the U.S. company, 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 of the value of eligible accounts of all 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 letters of credit 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. As of July 1, 2022, available credit under the SVB Credit Facility was $21.7 million reflecting the calculated borrowing base of $25.0 million less outstanding letters of credit of $3.3 million. We did not borrow against the SVB Credit Facility during fiscal 2022 and there was no borrowing outstanding as of July 1, 2022.

The SVB Credit Facility carries an 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 determined based on our 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.

The SVB Credit Facility contains monthly and quarterly financial covenants for minimum adjusted quick ratio 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 to dispose of assets, enter into a transaction resulting in 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 to 5.00% above the applicable interest rate.

As of July 1, 2022, we were in compliance with the quarterly financial covenants, as amended, contained in the SVB Credit Facility.

During fiscal 2022, we terminated our uncommitted short-term line of credit from a bank in New Zealand.

Restructuring Payments

We had liabilities for restructuring activities totaling $1.4 million as of July 1, 2022, 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.

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 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 forward contracts in one foreign currency outstanding as follows:

Currency	Notional Contract Amount (Local Currency)	Notional Contract Amount (USD)
	(In thousands)	
Euro	1,500	$ 1,681

Net foreign exchange (loss) gain recorded in our consolidated statements of operations during fiscal 2022, 2021 and 2020 were $(1.1) million, $(1.0) million, and $0.4 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 and July 2, 2021, the cumulative translation adjustment decreased our stockholders' equity by $16.0 million and $14.3 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 in total cash and cash equivalents and marketable securities as of July 1, 2022. Cash equivalents and short-term investments totaled $9.0 million as of July 1, 2022 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, had weighted-average days to maturity of 36 days, and an average yield of 6.43% 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 borrowings outstanding under our credit facility. The interest would have been 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 interest rate would have been 5.25%.

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.

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 services;
- inventory valuation and provision for excess and obsolete inventory losses; and
- income taxes valuation.

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 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 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 740, Income Taxes. 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 or carryforward 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 same as these estimates. These estimates are updated quarterly based on factors such as change in facts or circumstances, changes in tax law, new audit activity, and effectively settled issues.

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***

Index to Financial Statements

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 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 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. 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

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

(In thousands, except per share amounts)	Fiscal Year Ended July 1, 2022	July 2, 2021	July 3, 2020
Revenues:			
Revenue from product sales	$ 208,100	$ 185,787	$ 153,793
Revenue from services	94,859	89,124	84,849
Total revenues	302,959	274,911	238,642
Cost of revenues:			
Cost of product sales	132,404	113,055	95,321
Cost of services	61,320	59,241	58,625
Total cost of revenues	193,724	172,296	153,946
Gross margin	109,235	102,615	84,696
Operating expenses:			
Research and development expenses	22,596	21,810	19,284
Selling and administrative expenses	57,656	56,324	57,985
Restructuring charges	238	2,271	4,049
Total operating expenses	80,490	80,405	81,318
Operating income	28,745	22,210	3,378
Other income, net	1,690	230	331
Income before income taxes	30,435	22,440	3,709
Provision for (benefit from) income taxes	9,275	(87,699)	3,452
Net income	$ 21,160	$ 110,139	$ 257
Net income per share:			
Basic	$ 1.89	$ 9.98	$ 0.02
Diluted	$ 1.79	$ 9.42	$ 0.02
Weighted average shares outstanding:			
Basic	11,167	11,036	10,782
Diluted	11,820	11,688	10,936

See accompanying Notes to Consolidated Financial Statements

AVIAT NETWORKS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Fiscal Year Ended		
(In thousands)	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)

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

See accompanying Notes to Consolidated Financial Statements

AVIAT NETWORKS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Fiscal Year Ended July 1, 2022	Fiscal Year Ended July 2, 2021	Fiscal Year Ended July 3, 2020
Operating Activities			
Net income	$ 21,160	$ 110,139	$ 257
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
Provision for (recovery from) uncollectible receivables	(23)	171	23
Share-based compensation	3,834	2,921	1,686
Deferred tax assets, net	8,004	(90,599)	(172)
Charges for inventory and customer service inventory write-downs	1,735	1,452	945
Loss on disposition of property, plant and equipment, net	11	6	56
Noncash lease expense	1,057	(342)	4,416
Net gain on marketable securities	(2,614)	—	—
Gains on sale of assets held for sale	(66)	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(25,719)	(4,232)	7,043
Unbilled receivables	(8,725)	(8,579)	(304)
Inventories	(2,508)	(9,987)	(5,651)
Customer service inventories	(1,393)	(1,104)	(1,023)
Accounts payable	10,503	580	(3,122)
Accrued expenses	876	1,767	4,285
Advance payments and unearned revenue	1,713	10,560	6,304
Income taxes payable or receivable	(1,620)	159	1,978
Other assets and liabilities	(6,832)	(997)	(3,615)
Change in lease liabilities	(1,067)	—	—
Net cash provided by operating activities	2,789	17,298	17,493
Investing Activities			
Payments for acquisition of property, plant and equipment	(1,792)	(2,847)	(4,608)
Purchase of marketable securities	(8,279)	—	—
Proceeds from sale of asset held for sale	2,284	—	—
Net cash used in investing activities	(7,787)	(2,847)	(4,608)
Financing Activities			
Proceeds from borrowings	—	—	41,911
Repayments of borrowings	—	(9,000)	(41,911)
Payments for repurchase of common stock	—	—	(1,772)
Payments for repurchase of common stock - treasury shares	(5,362)	(787)	—
Payments for taxes related to net settlement of equity awards	(541)	(167)	(802)
Proceeds from issuance of common stock under employee stock plans and exercises of stock options	1,029	1,906	29
Net cash used in financing activities	(4,874)	(8,048)	(2,545)
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
Cash, cash equivalents, and restricted cash, end of year	$ 37,104	$ 48,198	$ 41,872

	Fiscal Year Ended		
(In thousands)	July 1, 2022	July 2, 2021	July 3, 2020
Non-cash investing activities:			
Unpaid property, plant and equipment	$ 95	$ 228	$ 277
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ —	$ 4	$ 60
Cash (received) paid for income taxes, net	$ 1,241	$ (2,119)	$ 1,057

See accompanying Notes to Consolidated Financial Statements

AVIAT NETWORKS, INC.

CONSOLIDATED STATEMENTS OF EQUITY

(In thousands, except share amounts)	Common Stock Shares	Common Stock $ Amount	Treasury Stock Shares	Treasury Stock $ Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance as of June 28, 2019	**10,719,390**	**$ 108**	**—**	**$ —**	**$ 815,142**	**$ (730,998)**	**$ (12,736)**	**$ 71,516**
Net income	—	—	—	—	—	257	—	257
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	**10,800,974**	**108**	**—**	**—**	**814,283**	**(730,741)**	**(14,969)**	**68,681**
Net income	—	—	—	—	—	110,139	—	110,139
Other comprehensive income, net of tax	—	—	—	—	—	—	642	642
Issuance of common stock under employee stock plans	393,724	4	—	—	1,902	—	—	1,906
Shares withheld for taxes related to vesting of equity awards	(13,366)	—	—	—	(167)	—	—	(167)
Stock repurchase	(27,887)	—	19,587	(787)	—	—	—	(787)
Share-based compensation	—	—	—	—	2,921	—	—	2,921
Balance as of July 2, 2021	**11,153,445**	**112**	**19,587**	**(787)**	**818,939**	**(620,602)**	**(14,327)**	**183,335**
Net income	—	—	—	—	—	21,160	—	21,160
Other comprehensive (loss), net of tax	—	—	—	—	—	—	(1,702)	(1,702)
Issuance of common stock under employee stock plans	198,143	2	—	—	1,029	—	—	1,031
Shares withheld for taxes related to vesting of equity awards	(16,072)	—	—	—	(543)	—	—	(543)
Stock repurchase	(175,356)	(2)	175,356	(5,360)	—	—	—	(5,362)
Share-based compensation	—	—	—	—	3,834	—	—	3,834
Balance as of July 1, 2022	**11,160,160**	**$ 112**	**194,943**	**$ (6,147)**	**$ 823,259**	**$ (599,442)**	**$ (16,029)**	**$ 201,753**

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 and sell a range of wireless 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 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 and its wholly-owned and majority owned subsidiaries. Significant intercompany transactions and accounts have been eliminated.

Our fiscal year ends on the Friday nearest June 30. This was July 1, for fiscal 2022, July 2, for fiscal 2021 and July 3, for fiscal 2020. Fiscal 2022 and 2021 presented 52 weeks while fiscal 2020 included 53 weeks . In these notes to consolidated financial statements, we refer to our fiscal years as "fiscal 2022", "fiscal 2021" and "fiscal 2020."

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, valuation allowances for deferred tax assets and uncertainties in income taxes.

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 and July 2, 2021, 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 included the cash balance in 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.

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 2021 and 2020 there were no customers that accounted for more than 10% of our total revenue. As of July 1, 2022 and July 2, 2021, MTN Group accounted for approximately 17% and 14%, 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 basis. We regularly review inventory quantities on 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 customer service inventories are stated at the lower of cost and 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.

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 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. 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 of Long-Lived Assets

We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. 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 of our customers, reductions in average selling prices and other factors. Assumptions underlying future cash flow estimates are therefore subject to significant risks and uncertainties.

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.

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 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 lease liabilities" and "Long-term lease liabilities" on our July 1, 2022 consolidated balance sheets. 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.

Foreign Currency Translation

The functional currency of our subsidiaries located in the United Kingdom, Singapore, Mexico, Algeria 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 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 assets and liabilities are re-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 of monetary assets and liabilities in non-functional currencies are included in other income, net in the accompanying consolidated statements of operations, based on the nature of the transactions. Net foreign exchange (loss) gains recorded in our consolidated statements of operations during fiscal 2022, 2021 and 2020 were $(1.1) million, $(1.0) million, and $0.4 million, respectively.

Retirement Benefits

As of July 1, 2022, 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, $1.8 million and $1.7 million in fiscal 2022, 2021 and 2020, respectively.

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 for additional discussion on revenue recognition.

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 2022, 2021 and 2020.

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

We estimate the grant date fair value of our share-based awards and amortize this 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, risk-free interest rate and expected dividends. 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 with market conditions was estimated using the Monte-Carlo simulation model. 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 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, and ASU 2019-05 (collectively, Topic 326). Topic 326 requires measurement and recognition of expected credit losses for financial assets held. Topic 326 will be effective for us in our first quarter of fiscal 2023, and earlier adoption is permitted. We are evaluating the impact adopting Topic 326 will have on our consolidated financial statements.

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.

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

	Fiscal Year		
(In thousands, except per share amounts)	2022	2021	2020
Numerator:			
Net income	$ 21,160	$ 110,139	$ 257
Denominator:			
Weighted average shares outstanding, basic	11,167	11,036	10,782
Effect of potentially dilutive equivalent shares	653	652	154
Weighted average shares outstanding, diluted	11,820	11,688	10,936
Net income per share:			
Basic	$ 1.89	$ 9.98	$ 0.02
Diluted	$ 1.79	$ 9.42	$ 0.02

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

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

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, 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 to the customers). Therefore, the customers can direct 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 and 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 and marketing 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, July 2, 2021 and July 3, 2020.

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

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 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, we had $42.7 million in advance payments and unearned revenue and long-term unearned revenue, of which approximately 60% is expected to be recognized as revenue in fiscal 2023 and the remainder thereafter.

During fiscal years 2022 and 2021, we recognized approximately $23.3 million and $21.9 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 at July 1, 2022 relating to our long-term field service projects. Of this amount, we expect to recognize approximately 50% as revenue during fiscal 2023, 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, 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 and 2021 (in thousands):

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

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

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

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

As of July 1, 2022, 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	Amount
2023	$ 667
2024	553
2025	570
2026	476
2027	169
Thereafter	1,386
Total lease payments	3,821
Less: interest	(896)
Present value of lease liabilities	$ 2,925

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 that reconciles to the corresponding amount in the Consolidated Statements of 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

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

Inventories

Our inventories are summarized below:

(In thousands)	July 1, 2022	July 2, 2021
Finished products	$ 14,916	$ 15,409
Raw materials and supplies	10,478	8,027
Total inventories	$ 25,394	$ 23,436
Consigned inventories included within raw materials	$ 9,796	$ 6,570

During fiscal 2022, 2021 and 2020, we recorded charges to adjust our inventory and customer service inventory due to excess and obsolete inventory resulting from lower sales forecasts, product transitioning or discontinuance. Such charges incurred during fiscal 2022, 2021 and 2020 were classified in cost of product sales as follows:

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

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.

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.

Property, Plant and Equipment, net

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

(In thousands)	July 1, 2022	July 2, 2021
Land	$ 210	$ 210
Buildings and leasehold improvements	5,796	6,914
Software	21,368	21,370
Machinery and equipment	49,584	51,244
	76,958	79,738
Less accumulated depreciation and amortization	(68,071)	(68,037)
Total Property, Plant and Equipment, net	$ 8,887	$ 11,701

Included in the total plant, property and equipment above were $1.2 million and $0.3 million of assets in progress which have not been placed in service as of July 1, 2022 and July 2, 2021, respectively. Depreciation and amortization expense related to property, plant and equipment, including amortization of internal use software was $4.5 million, $5.4 million and $4.4 million in fiscal 2022, 2021 and 2020, respectively.

Accrued Expenses

Our accrued expenses are summarized below:

(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 warranty liability, which is included as a component of accrued expenses in the consolidated balance sheets, were as follows:

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

Advance payments and Unearned Revenue

Our advance payments and unearned revenue are summarized below:

(In thousands)	July 1, 2022	July 2, 2021
Advance payments	$ 1,870	$ 2,445
Unearned revenue	31,870	29,859
	$ 33,740	$ 32,304

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 and July 2, 2021 were as follows:

(In thousands)	July 1, 2022 Carrying Amount		July 1, 2022 Fair Value		July 2, 2021 Carrying Amount		July 2, 2021 Fair Value		Valuation Inputs
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

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, 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. Foreign currency forward contracts are measured at fair value using observable foreign currency exchange rates. The assets and liabilities related to our foreign currency forward contracts were not material as of July 1, 2022 and July 2, 2021. 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, 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, we entered into Amendment No. 4 to Third Amended and Restated Loan and Security Agreement with Silicon Valley Bank (the “SVB Credit Facility”) which extended the expiration date to June 28, 2024. The SVB Credit Facility provides for a $25.0 million accounts receivable formula based revolving credit facility that can be borrowed by our U.S. company, with a $25.0 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 letters of credit 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. As of July 1, 2022, available credit under the SVB Credit Facility was $21.7 million reflecting the calculated borrowing base of $25.0 million less outstanding letters of credit of $3.3 million. We did not borrow against the SVB Credit Facility during fiscal 2022 or 2021 and there was no borrowing outstanding as of July 1, 2022.

The SVB Credit Facility carries an 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 determined based on our 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.

The SVB Credit Facility contains monthly and quarterly financial covenants including minimum adjusted quick ratio 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 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 to 5.00% above the applicable interest rate. As of July 1, 2022, we were in compliance with the quarterly financial covenants, as amended, contained in the SVB Credit Facility.

During fiscal 2022, we terminated an uncommitted short-term line of credit from a bank in New Zealand to support the operations of our subsidiary located there.

Note 8. Restructuring Activities

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

	Severance and Benefits			Facilities and Other	
(In thousands)	Q4 2022 Plan	Fiscal 2021 Plan	Prior Years Plans	Prior Years 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	—	—	2,502	236	2,738
Charges, net	—	2,414	(143)	—	2,271
Cash payments	—	(205)	(2,086)	—	(2,291)
Foreign currency translation (gain) loss	—	—	7	12	19
Balance as of July 2, 2021	—	2,209	280	248	2,737
Charges, net	434	271	(231)	(236)	238
Cash payments	(139)	(1,371)	(49)	—	(1,559)
Foreign currency translation (gain) loss	—	(23)	—	(12)	(35)
Balance as of July 1, 2022	$ 295	$ 1,086	$ —	$ —	$ 1,381

As of July 1, 2022, the sum of the accrual balance of $1.4 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

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 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 the Fiscal 2021 Plan in fiscal 2021. The Fiscal 2021 Plan was anticipated to entail a reduction in force of approximately 30 employees to be implemented 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 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.

Prior Years' Plan

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

The following table summarizes the repurchase of our common stock:

(In thousands, except share and per-share amounts)	Shares	Weighted-Average Price Paid per Share	Aggregate purchase price
Fiscal 2022 Treasury Shares	175,356	$ 30.57	$ 5,361
Fiscal 2021 Treasury Shares	19,587	$ 40.16	$ 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, 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 stockholders at the fiscal year 2017 Annual Stockholders' Meeting and it added 500,000 shares to the equity pool of shares available to grant to employees and non-employee directors. 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 as of July 1, 2022.

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 Plan, dated as of March 3, 2020, and amended as of August 27, 2020, 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 submitted the Plan to a stockholder vote and our stockholders voted to approve the Plan at the 2020 Annual Meeting of Stockholders.

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 shares under the ESPP during fiscal 2022.

Share-Based Compensation

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

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

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

Stock Options

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

	Shares	Weighted-Average Exercise Price-	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value
			(Years)	(In thousands)
Options outstanding as of July 2, 2021	540,790	$ 9.55	5.38	$ 12,090
Granted	114,012	$ 33.84		
Exercised	(103,088)	$ 9.33		
Forfeited	(81,998)	$ 11.35		
Expired	—	$ —		
Options outstanding as of July 1, 2022	469,716	$ 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

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 of $25.09, 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.

Additional information related to our stock options is summarized below:

	Fiscal Year		
(In thousands)	2022	2021	2020
Intrinsic value of options exercised	$ 1,624	$ 2,208	$ 3
Fair value of options vested	$ 608	$ 484	$ 499

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

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

Actual Range of Exercise Prices			Options Outstanding: Number Outstanding	Options Outstanding: Weighted-Average Remaining Contractual Life (Years)	Options Outstanding: Weighted-Average Exercise Price	Options Exercisable: Number Exercisable	Options Exercisable: Weighted-Average Exercise Price
$6.42	—	$6.42	9,826	4.88	$ 6.42	6,552	$ 6.42
$7.23	—	$7.23	145,554	3.76	$ 7.23	18,668	$ 7.23
$8.90	—	$8.90	40,204	2.52	$ 8.90	40,204	$ 8.90
$11.00	—	$11.00	150,956	5.06	$ 11.00	40,708	$ 11.00
$17.25	—	$35.97	123,176	6.01	$ 32.32	5,373	$ 24.00
			469,716	4.68	$ 15.15	111,505	$ 9.97

Restricted Stock Awards and Units

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

	Shares	Weighted-Average Grant Date Fair Value
Restricted stock outstanding as of July 2, 2021	189,244	$ 10.46
Granted	279,588	$ 32.26
Vested and released	(46,788)	$ 11.57
Forfeited	(38,787)	$ 16.73
Restricted stock outstanding as of July 1, 2022	383,257	$ 25.59

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 2022, 2021 and 2020 was $0.5 million, $0.5 million and $1.7 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	208,059	$ 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 and changes during fiscal 2022 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	17,044	$ 42.85

The total grant date fair value of performance share units that vested during fiscal 2022, 2021 and 2020 was $0.4 million, $0.4 million and $0.5 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 2022, 2021 and 2020 were as follows:

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

Revenue by country comprising more than 5% of our total revenue for fiscal 2022, 2021 and 2020 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 %

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 and July 2, 2021 were as follows:

(In thousands)	July 1, 2022	July 2, 2021
New Zealand	$ 5,149	$ 6,840
United States	2,972	3,434
Slovenia	433	1,122
Other countries	333	305
Total	$ 8,887	$ 11,701

Note 11. Income Taxes

Income before provision for income taxes during fiscal year 2022, 2021 and 2020 consisted of the following:

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

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

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

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

	Fiscal Year		
(In thousands)	2022	2021	2020
Tax provision at statutory rate	$ 6,344	$ 4,713	$ 779
Valuation allowances	220	(95,796)	(6,577)
Permanent differences	242	(346)	(347)
State and local taxes, net of U.S. federal tax benefit	1,534	1,436	542
Foreign income taxed at rates different than the U.S. statutory rate	439	209	764
Executive compensation limitation	439	—	—
Stock-based compensation excess tax benefits	(580)	(482)	—
Tax credit/deductions - generated and expired	113	108	99
Foreign withholding taxes	267	1,184	303
Brazil withholding tax receivable	—	72	—
Change in uncertain tax positions	644	102	2,674
Return-to-provision/Deferred true-up adjustments	(269)	—	5,634
Other	(118)	1,101	(419)
Total provision for (benefit from) income taxes	$ 9,275	$ (87,699)	$ 3,452

Our provision for (benefit from) income taxes was $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. Our tax expense for fiscal 2022 was primarily due to tax expense related to U.S. and profitable foreign subsidiaries.

Our tax benefit for fiscal 2021 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 profitable foreign subsidiaries and an increase in our reserve for uncertain tax positions.

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

(In thousands)	July 1, 2022	July 2, 2021
Deferred tax assets:		
Inventory	$ 4,065	$ 5,279
Accruals and reserves	3,248	3,437
Bad debts	157	392
Amortization	2,274	1,530
Stock compensation	807	552
Deferred revenue	1,913	1,960
Unrealized exchange gain/loss	374	197
Other	2,888	3,433
Tax credit carryforwards	4,926	5,447
Tax loss carryforwards	114,048	119,287
Total deferred tax assets before valuation allowance	134,700	141,514
Valuation allowance	(37,529)	(37,447)
Total deferred tax assets	97,171	104,067
Deferred tax liabilities:		
Branch undistributed earnings reserve	176	130
Depreciation	948	450
Right of use assets	548	634
Other	650	—
Total deferred tax liabilities	2,322	1,214
Net deferred tax assets	$ 94,849	$ 102,853
As Reported on the Consolidated Balance Sheets		
Deferred income tax assets	$ 95,412	$ 103,467
Deferred income tax liabilities	563	614
Total net deferred income tax assets	$ 94,849	$ 102,853

Our valuation allowance related to deferred income taxes, as reflected in our consolidated balance sheets, was $37.5 million as of July 1, 2022 and $37.4 million as of July 2, 2021. The change in valuation allowance for the fiscal years ended July 1, 2022 and July 2, 2021 was an increase of $0.1 million and a decrease of $98.7 million, respectively. 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, we continue to maintain a valuation allowance of $1.1 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 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 was $358.9 million and begin to expire in fiscal 2023. The amount of U.S. federal and state tax credit carryforwards as of July 1, 2022 was $7.0 million, and certain credits began to expire in fiscal 2023. The amount of foreign tax loss carryforwards as of July 1, 2022 was $188.0 million and certain losses began to expire in fiscal 2023. The amount of foreign tax credit carryforwards as of July 1, 2022 was $2.8 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 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, we had unrecognized tax benefits of $17.7 million for various federal, foreign, and state income tax matters. Unrecognized tax benefits increased by $0.4 million during fiscal 2022. Our total unrecognized tax benefits that, if recognized, would affect our effective tax rate was $9.7 million as of July 1, 2022. 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. As of July 2, 2021, an immaterial amount of penalties have been accrued.

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

(In thousands)	Amount
Unrecognized tax benefit as of June 28, 2019	$ 12,987
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

There was no change in our unrecognized tax benefit for tax positions in prior periods for fiscal year 2022 related to settlements with tax authorities in the table above. Our unrecognized tax benefit decreased for tax positions in prior periods by $0.9 million and $3.8 million for fiscal year 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, Nigeria, and Saudi Arabia. The earliest years for these jurisdictions are as follows: U.S. - 2003; Singapore - 2015; Nigeria – 2006; and Saudi Arabia - 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.

On March 11, 2021, the US enacted the American Rescue Plan Act of 2021 (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 ARPA and the impact they may have on our future business.

Note 12. 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, we had outstanding purchase obligations and other commitments as follows:

	Payments due by period					
	2023	2024	2025	2026	2027	Total
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

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, 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, we had commercial commitments of $65.4 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, 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, 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, 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 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. 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. 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 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 report is included in this Item under the heading "Report of Independent Registered Public Accounting Firm."

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.

Item 9B. *Other Information*

Not applicable.

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.

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, 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 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	102

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.

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

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.

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

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

AVIAT NETWORKS, INC.

Years Ended July 1, 2022, July 2, 2021 and July 3, 2020

(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.

EXHIBIT INDEX

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

Ex. #	Description
3.1	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)
3.2	Amended and Restated Bylaws of Aviat Networks, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on August 23, 2022, File No. 001-33278)
4.1	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)
4.2	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)
4.3	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)
4.4*	Description of Registered Securities
10.1	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)
10.2	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)
10.3+	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)
10.4+	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)
10.5	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)
10.5.1	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)
10.5.2	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)
10.5.3	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)

Ex. #	Description
10.5.4	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)
10.6	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	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+	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+	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)
10.9.2+	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+	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)
10.11+	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+*	Employment Agreement, dated July 1, 2012 between the Company and Bryan C. Tucker
10.12.1+*	Letter Agreement amending Employment Agreement dated June 27, 2019, between the Company and Bryan C. Tucker
21*	List of Subsidiaries of Aviat Networks, Inc.
23.1*	Consent of BDO USA, LLP
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

Ex. #	Description
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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+ 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.

APPENDIX

STOCKHOLDER INFORMATION

Executive Offices

Aviat Networks, Inc.
200 Parker Drive, Suite C100A
Austin, TX 78728
(512) 265-3680

Independent Public Accountants

Deloitte & Touche LLP

Investor Relations Contact

Investor Relations
InvestorInfo@aviatnet.com

Transfer Agent and Registrar

Computershare
P.O. Box 505000
Louisville, KY 40233-5002

Overnight Correspondence to:
Computershare
462 South 4th Street, Suite 1600
Louisville, KY 40202

Tel: (800) 522-6645
TDD for hearing impaired: (800) 231-5469
Foreign Shareowners: (201) 680-6578
TDD Foreign Shareowners: (201) 680-6610

Shareholder website: www.computershare.com/investor
Shareholder online inquiries: https://www-us.computershare.com/investor/contact

Stockholder Inquiries

Questions relating to stockholder records, change of ownership or change of address should be sent to our transfer agent, Computershare, whose address appears above.

Financial Information

Securities analysts, investment managers and stockholders should direct financial information inquiries to the Investor Relations contact listed above.

SEC Form 10-K

A copy of the Company's Form 10-K filed with the Securities and Exchange Commission is available by downloading from our website, Aviatnetworks.com or by writing to:

Aviat Networks, Inc.
Attn: Investor Relations
200 Parker Drive, Suite C100A
Austin, TX 78728

2022 Annual Report

We have published this 2022 Annual Report to Stockholders, including the Consolidated Financial Statements and Management's Discussion and Analysis, as an appendix to our Proxy Statement. Further information regarding various aspects of our business can be found on our website www.Aviatnetworks.com.

Electronic Delivery

In an effort to reduce paper mailed to your home, we offer stockholders the convenience of viewing the Proxy Statement, Annual Report to Stockholders and related materials online. With your consent, we can stop sending future paper copies of these documents to you by mail. To participate, follow the instructions at www.icsdelivery.com.

Online Voting at www.proxyvote.com

If you are a registered stockholder, you may now use the Internet to transmit your voting instructions any time before 11:59 p.m. ET on November 8, 2022. Have your proxy card in hand when you access the Web site. You will be prompted to enter your Control Number to obtain your records and create an electronic voting instruction form.

www.aviatnetworks.com

The Aviat Networks web site provides access to a wide variety of information, including products, new releases and financial information. A principal feature of the Web site is the Investor Relations section, which contains general financial information and access to the current Proxy Statement and Annual Report to Stockholders. The site also provides archived information (for example, historical financial releases and stock prices) and access to conference calls and analyst group presentations. Other interesting features are the press release alerts and SEC filings email alerts, which allow users to receive automatic updates informing them when new items such as news releases, financial event announcements and SEC documents are added to the site.

www.computershare.com/investor

The Computershare Web site provides access to an Internet self-service product, Investor Centre. Through Investor Centre, registered stockholders can view their account profiles, stock certificate histories, Form 1099 tax information, current stock price quote (20-minute delay) and historical stock prices. Stockholders may also request the issuance of stock certificates, duplicate Form 1099s, safekeeping of stock certificates or an address change.

CORPORATE DIRECTORY

Directors

John Mutch
Chairman of the Board
Aviat Networks

Bryan Ingram
Director
SGH

Michele Klein
CEO
Jasper Ridge Inc.

Somesh Singh
Director
TiE Houston

Dr. James C. Stoffel
Lead Independent Director
PAR Technology Corporation

Bruce Taten
Partner
Law Office of Bruce M. Taten

Peter Smith
President & CEO
Aviat Networks

Management

Peter Smith
President & Chief Executive Officer

David Gray
Sr. Vice President & Chief Financial Officer

Erin Boase
General Counsel, Vice President Legal Affairs

Bryan Tucker
Sr. Vice President Americas Sales & Services

Gary Croke
Vice President of Marketing & Product Line Management

Outside Legal Counsel

Vinson & Elkins LLP
Austin, TX

Headquarters and Operations

Corporate Headquarters:
Aviat Networks, Inc.
200 Parker Drive, Suite C100A
Austin, TX 78728
USA

North America
Quebec, Canada
Toronto, Canada
San Antonio, TX, USA

Europe
Châtillon, France
München, Germany
Schiphol, The Netherlands
Ljubljana, Slovenia
London, United Kingdom

Asia & Pacific Rim
Gurgaon Haryana, India
Lower Hutt, New Zealand
Clark Freeport Zone, Philippines
Taguig, Philippines
Singapore

Latin America
Mexico D.F., Mexico

Africa
Abidjan, Cote d'Ivoire
Accra, Ghana
Nairobi, Kenya
Lagos, Nigeria
Centurion, South Africa

Middle East
Zahle, Lebanon
Riyadh, Saudi Arabia
Dubai, United Arab Emirates

FORWARD LOOKING STATEMENTS

This Annual Report, including the letter to shareholders, contains forward-looking statements that are based on the views of management regarding future events at the time of publication of this report. These forward-looking statements, which include, but are not limited to: our plans, strategies and objectives for future operations; new products, services or developments; future economic conditions; outlook; impact on operating results due to the volume, timing, customer, product and geographic mix of our product orders; our growth potential and the potential of industries and the markets we serve, are subject to the known and unknown risks, uncertainties and other factors that may cause our actual results to be materially different from those expressed or implied by each forward-looking statement. These risks, uncertainties and other factors are discussed in the 2022 Form 10-K.

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