



**Aviat**  
NETWORKS

# Aviat Networks Investor Presentation

Fiscal Q1 2024

December 7, 2023

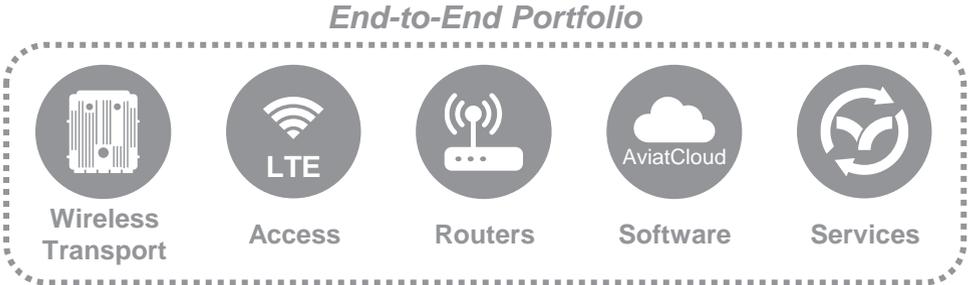
# Forward-Looking Statements

The information contained in this presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act and Section 27A of the Securities Act, including expectations regarding our results for the fiscal year 2024. All statements, trend analyses and other information contained herein about the markets for the services and products of Aviat Networks, Inc. and trends in revenue, as well as other statements identified by the use of forward-looking terminology, including "anticipate," "believe," "plan," "estimate," "expect," "goal," "will," "see," "continue," "delivering," "view," and "intend," or the negative of these terms or other similar expressions, constitute forward-looking statements. These forward-looking statements are based on estimates reflecting the current beliefs of the senior management of Aviat Networks, Inc. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

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

# Company Overview

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



**NASDAQ Listed: AVNW**

**Headquartered in Austin, TX**

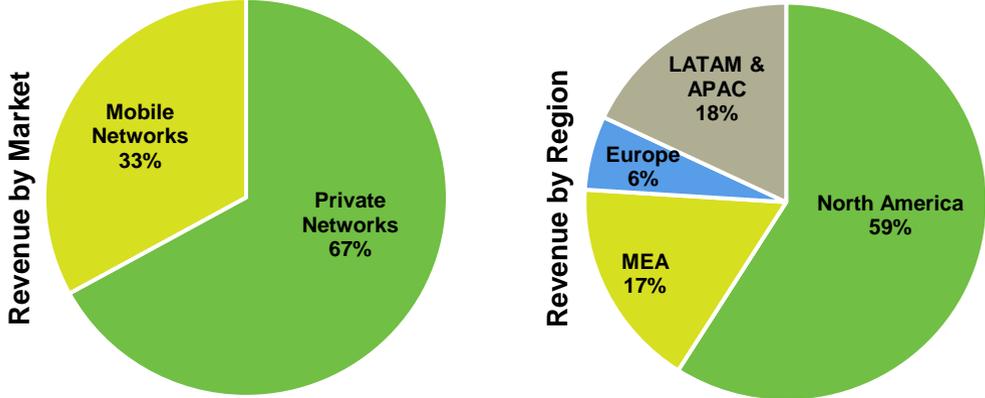
**3,000+ Customers Worldwide**

**Global Manufacturing Capabilities**

**Leading Technologies – 200+ Patents**

## Revenue Summary

**LTM Revenue: \$353 Million**



## Points of Excellence

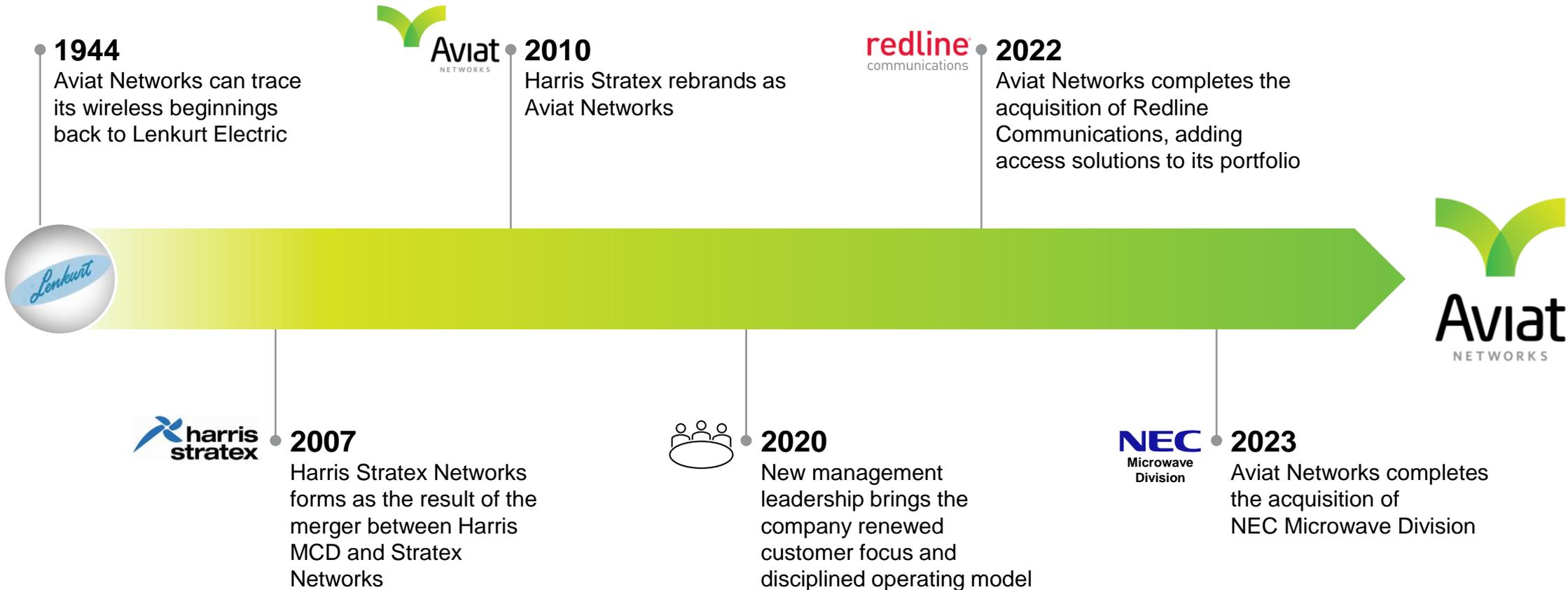
Lowest Total Cost of Ownership

Mission Critical Solutions Leader

Unrivalled Microwave Expertise

Innovative Products and Services

# Over 75 Years of Expertise



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

# NEC Microwave Transaction Summary

## Transaction Overview

- Aviat Networks acquired the microwave backhaul business NEC Corporation for \$65.5 million, structured as an asset purchase
  - Anticipate addition of \$140 million in annual revenue
- Transaction closed on November 30, 2023

## Financing

- \$23.4 million of Aviat shares priced at \$31.74
  - Subject to 12-month lock-up
- \$42.1 million cash to be funded by delayed draw term loan facility
  - 0.1x net debt Aviat's standalone adjusted EBITDA

## Outlook

- Expect first four quarters to contribute \$140 million of annual revenue
  - Revenue to ramp with stronger contribution in first half of Aviat's fiscal 2025
- Expect transaction to be accretive by fourth quarter of integration (Aviat's fiscal 2025 second quarter)
- Aviat to update fiscal 2024 annual guidance in upcoming fiscal 2024 second quarter earnings release

***Transaction Significantly Increases Aviat's Scale and Strengthens Position as the Leading Microwave Specialist Company***

# Combined Financial Profile



*A global provider of wireless transport products and services for 5G, rural broadband, and private networks*

**Last Twelve Months**



*A leader in wireless backhaul networks with extensive installed base and recognized Pasolink brand*

**Pro-Forma**



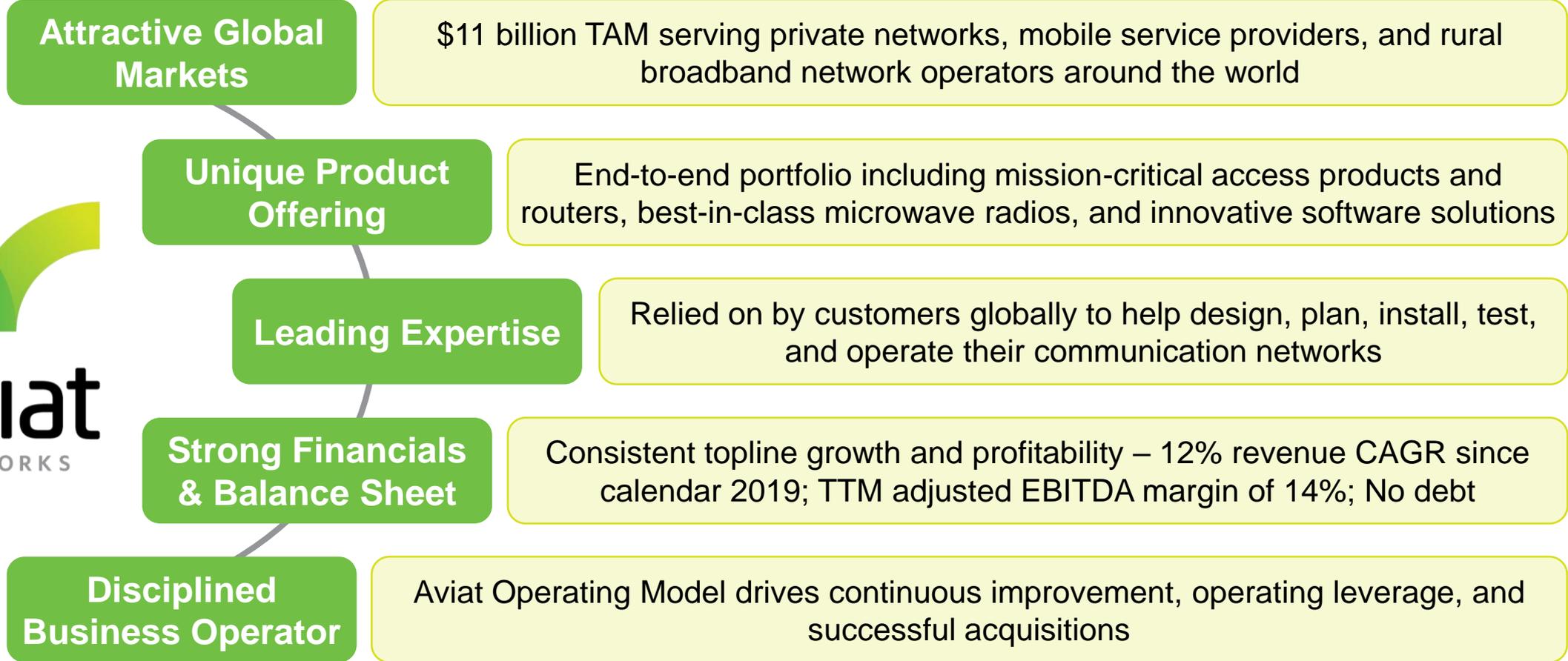
*The leading global wireless transport specialist*

**Pro-Forma**

|                                      |        |         |  |
|--------------------------------------|--------|---------|--|
| <b>Scale</b><br>Revenue              | \$353M | ~\$140M | ~\$493M  |
| <b>Margins</b><br>Gross Margin       | 36%    | ~30%    | ~33%<br><i>Goal to improve margins through the Aviat Operating Model</i> |
| <b>Profitability</b><br>Adj. EBITDA  | 14%    | ~0%     | Combined business to reach 11-13% by end of Year 2                       |
| <b>Leverage</b><br>Net Debt / EBITDA | -0.7x  | NA      | 0.1x net leverage on Aviat's standalone adj. EBITDA                      |

***Transaction Creates a Larger Company with Global Scale, Increased Operating Leverage, and Stronger Innovation and Ability to Serve***

# Investment Opportunity



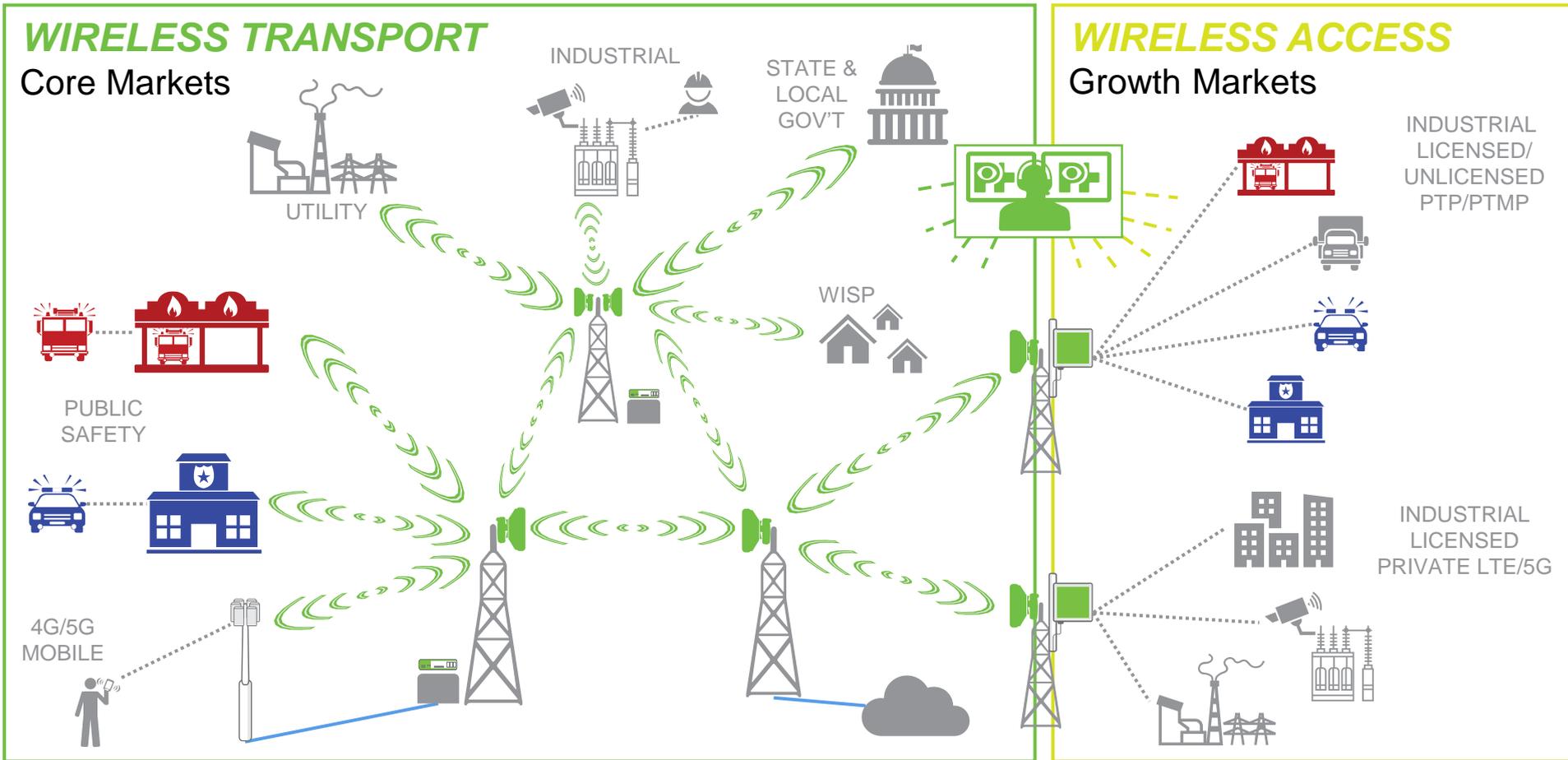
***Global Investment in Mission Critical, 5G, and Rural Broadband Networks Underpin Strong and Growing Demand Environment***

# Why Aviat Wins

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

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

# Wireless Transport and Access Markets Overview



**Aviat**  
**Differentiation**

Best in Class  
 Wireless Transport Products

Unique  
 Software and Services

Disruptive  
 Supply Chain and Ecommerce

- Other applications »
- OIL/GAS/OFFSHORE
  - MINING
  - TRANSPORTATION
  - SCHOOL/ENTERPRISE
  - ISP/WISP
  - HIGH FREQUENCY TRADING

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

# Aviat Product Portfolio



## Health Assurance (HAS)

Continuously analyzes the network  
Detailed reports on network issues  
Reduces downtime



## ProVision Plus

Simplifies network management  
Easy trouble shooting with multi-layer visualization  
Quick provisioning allows for rapid deployment



## Frequency Assurance (FAS)

Monitors and reports interference  
Protects against WiFi-6E  
Improves link performance/uptime

## Wireless Transport

### Split-Mount Systems

iPasolink, IAG/P3

- 6 to 38GHz freq. band with carrier aggregation
- Sub-band free ODU option
- Modular and scalable indoor units
- Standard and High Power Outdoor Units
- No single point of failure configuration.
- Multiband configuration
- 10 Gbs interfaces

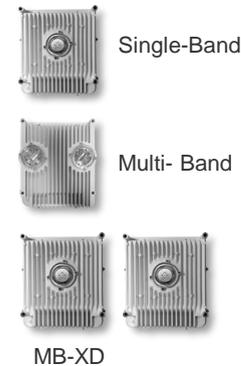


**Markets:** Mobile Service Providers, Utilities, Public Safety, Oil & Gas, Mining, Transportation

### All-Outdoor Systems

WTM4000, EX-A/D, iX/A

- Dual Transceiver design in a Single Compact Box
- Available in Single- or Multi-Band
- Full IP/ MPLS Capabilities
- Software Upgradeable to 20 Gbps
- 25GbE connectivity



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

## Wireless Access

### RDL 6000

Private LTE

- Power of a Macro in Small Cell footprint
- Scalable EPC
- Ruggedized
- Low Power Consumption
- Lower TCO



### RDL 3000

Virtual Fiber

- Hardened
- High-Capacity up to 440 Mbps
- Nomadic Self-Aligning Antennas ATEX/Hazloc options
- Backhaul



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

### Microwave Routers

CTR8000 Series

- Microwave and IP in One Box
- Fewer Devices for Microwave Transport and Routing
- Compatible with All-indoor, Split-Mount, and Trunking Architectures
- IP/ MPLS / Segment Routing
- Up to 10 Gbps



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

### Indoor Radio

IRU600, TRP, Eclipse

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



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

### Trunking Systems

STR 4500, OBC2, 7000iP TRP

- Split Mount, All-Indoor, and All-Outdoor Trunking Systems
- Up to 16+0, 8+0 with SD
- 10Gbps connectivity
- Flexible aggregation options



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

**Portfolio Focused on Lowering Total Cost of Ownership**

# How Aviat Lowers Total Cost of Ownership

## 1. Reduced Tower Footprint

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

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

## 2. Capacity Scalability

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

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

## 3. Integrated Routing

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

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

## 4. Spectrum Fee Savings

**What:** Reduced recurring spectrum fees

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

## 5. Higher Network Reliability

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

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

## 6. Simplified Logistics

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

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



# Microwave is a Crucial Backhaul Technology



**Microwave**

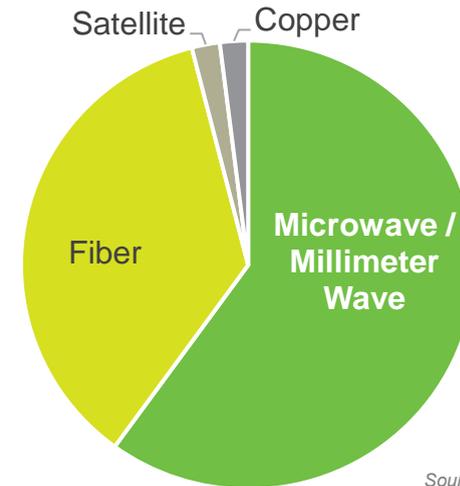


**Fiber**

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

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

Wireless transport accounts for 60% of cellular transport links



Source: Dell 'Oro; Excludes North East Asia

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

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

# Aviat's Market Opportunities

## Private Networks

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

## Mobile Networks & 5G

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

## Rural Broadband

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

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

# Private Network Summary

## Growth Drivers

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

## Segments Addressed

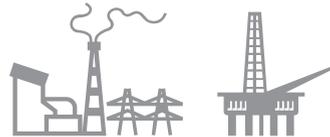
Public Safety and Security



Oil & Gas

Water

Electric Utilities



National / Regional Government

Enterprise



## Aviat's Leadership

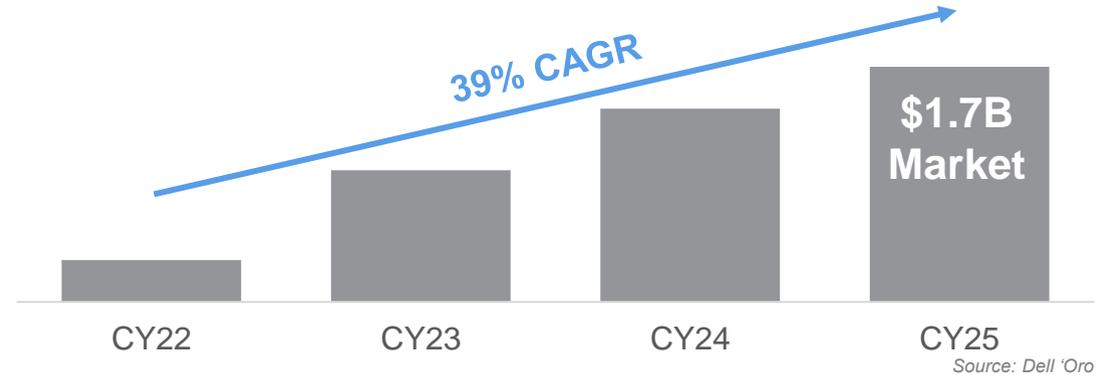
- Mission critical product differentiation
  - Highest powered radios
  - Ruggedized access products
  - IP/MPLS integration
  - Software innovations to simplify network management (PV+, HAS, FAS)
- Strong state relationships and global partners
- Differentiated services offerings
  - Network design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

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

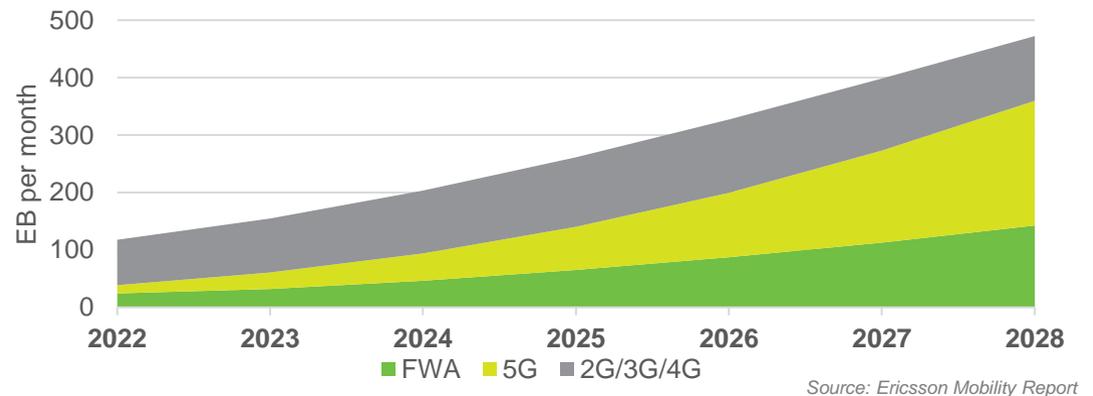
# Mobile Networks & 5G Market Summary

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

## Global 5G Wireless Transport Market



## Global Mobile Network Data Traffic

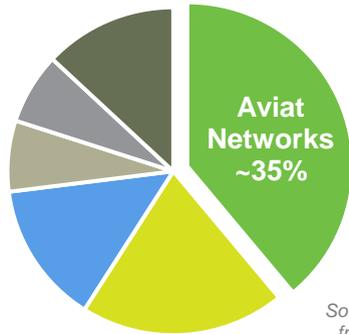


***Demand for Wireless Transport Driven by Increasing Data Consumption***

# Rural Broadband Summary

## Aviat E-Commerce Platform Leads Rural Broadband

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



Source: PCN data from Comsearch

Leading wireless transport share of demand for North American ISPs

## Wireless Transport is the Solution

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

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

Estimate the USA rural broadband segment to be a ~\$420M TAM in 2024

## Over \$70B in Available Funding

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

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

# Aviat Operating Model Framework

## Excellence in

### Customer Focus



### Innovation



### Talent



### Supply Chain



#### Our Actions

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

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

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

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

#### Our Processes

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

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

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

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

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

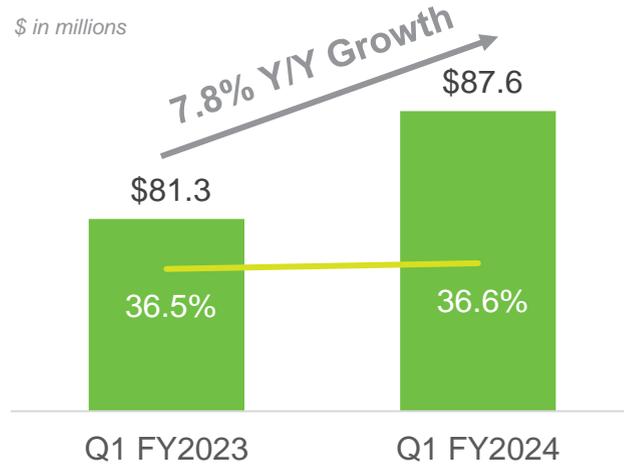
To improve, innovate and drive cost efficiency to achieve higher performance and to promote our continuous improvement culture

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

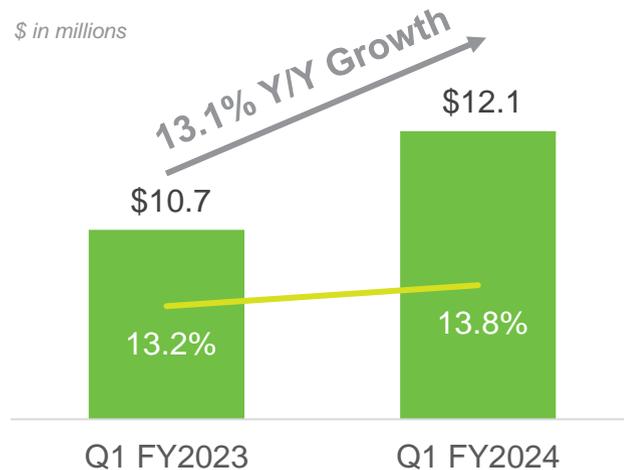
# First Quarter Fiscal 2024 Financial Highlights and Historical Performance

# First Quarter Fiscal 2024 Highlights

## Revenue & Non-GAAP Gross Margin



## Adjusted EBITDA & Adj. EBITDA Margin



- Revenue of \$87.6 million, up 7.8% compared to the same period last year
- Record Q1 North America bookings
- GAAP operating income of \$5.5 million, up 41.8% year-over-year
- Adjusted EBITDA up \$12.1 million, up 13.1% compared to the same period last year
- Non-GAAP earnings per share up 16.0% year-over-year
- Strong profit growth from disciplined cost management and topline execution
- Continued to demonstrate consistency and improvements in performance

***Laser Focused on Increasing Revenue, Capturing Aviat's Differentiation, Driving Costs Out, and Increasing Overall Shareholder Value***

# First Quarter Fiscal 2024 Balance Sheet Highlights

| <i>(\$'s in millions, except for DSO, DPO and Turns)</i> | Q2 FY22<br>Actual | Q3 FY22<br>Actual | Q4 FY22<br>Actual | Q1 FY23<br>Actual | Q2 FY23<br>Actual | Q3 FY23<br>Actual | Q4 FY23<br>Actual | Q1 FY24<br>Actual |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cash Equivalents and Marketable Securities               | \$42.3            | \$33.8            | \$47.8            | \$22.9            | \$21.4            | \$22.5            | \$22.2            | \$35.5            |
| Third-Party Debt   | \$0.0             | \$0.0             | \$0.0             | \$0.0             | \$0.0             | (\$6.2)           | \$0.0             | \$0.0             |
| Net Cash and Marketable Securities                       | \$42.3            | \$33.8            | \$47.8            | \$22.9            | \$21.4            | \$16.3            | \$22.2            | \$35.5            |
| Accounts Receivable                                      | \$69.1            | \$76.2            | \$73.2            | \$72.5            | \$91.4            | \$88.5            | \$101.7           | \$94.5            |
| Unbilled Receivables                                     | \$42.9            | \$45.7            | \$45.9            | \$50.4            | \$53.6            | \$63.3            | \$58.6            | \$61.0            |
| Advance Payments and Unearned Revenue                    | (\$43.7)          | (\$45.7)          | (\$42.7)          | (\$43.3)          | (\$46.7)          | (\$48.0)          | (\$51.7)          | (\$53.7)          |
| DSO's  | 75                | 89                | 88                | 82                | 82                | 98                | 95                | 102               |
| DSO's net of Unbilled/Unearned                           | 72                | 88                | 90                | 87                | 89                | 110               | 106               | 109               |
| Accounts Payable   | (\$43.5)          | (\$40.6)          | (\$42.4)          | (\$48.2)          | (\$59.8)          | (\$61.7)          | (\$60.1)          | (\$61.8)          |
| DPO's  | 76                | 81                | 76                | 80                | 84                | 103               | 95                | 100               |
| Inventory  | \$27.4            | \$30.5            | \$27.2            | \$35.0            | \$37.1            | \$40.9            | \$33.1            | \$30.7            |
| Turns  | 7.5               | 6.5               | 6.9               | 6.7               | 6.5               | 5.5               | 6.3               | 7.0               |

*Asset / (Liability)*

- Robust cash generation, driven by profitability and lower working capital
- No debt
- Inventory levels reduced as Aviat consumed buffer stock that helped to navigate supply chain issues over the past two years

***Strong Balance Sheet; Consistent Performance Drives Cash Generation***

# Rolling Trailing Twelve Months Historical Performance

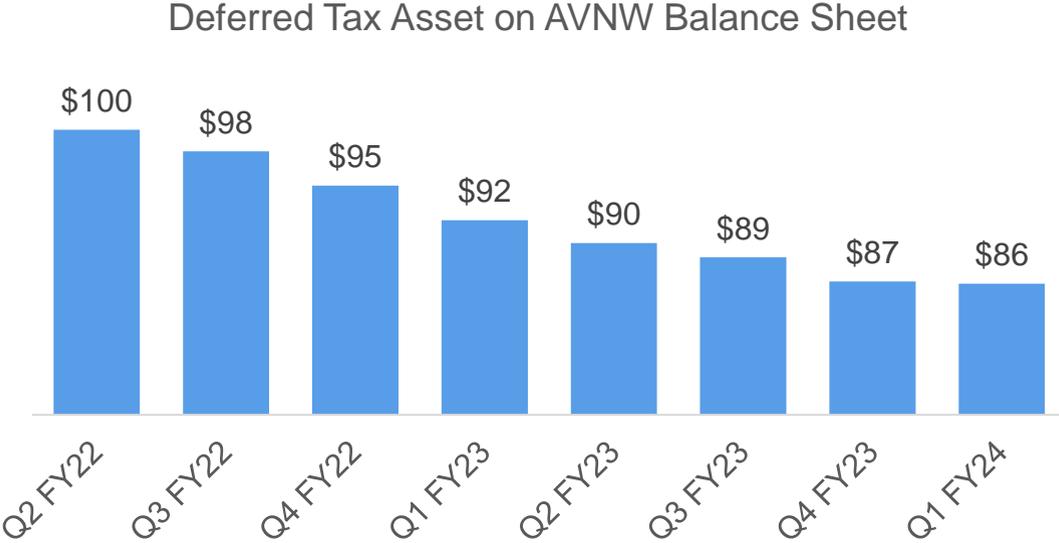
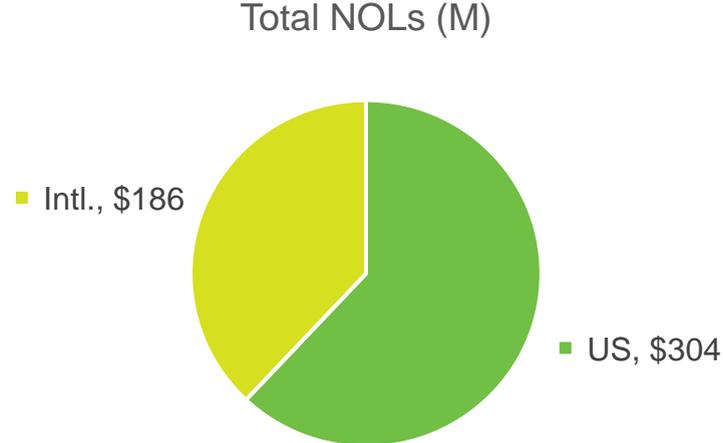
(\$'s million)



(\$'s million)



# Cash Benefit of Historical Net Operating Losses (NOLs)



- \$490 million of gross NOLs
- NOL's reduce Aviat's statutory federal and state blended tax rate of ~25% to an effective cash tax rate of ~5%
  - This saved Aviat \$5.9 million in cash taxes in FY22 and \$14.1 million in cash taxes in FY23

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

**Cash Tax Savings Will Continue for the Foreseeable Future (>5 years) at Levels Commensurate with our Earnings Before Tax Performance**

# GAAP to Non-GAAP Reconciliation

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

|   | Three Months Ended                                       |              |             |              |
|---|--|--------------|-------------|--------------|
|   | 29-Sep-2023  | % of Revenue | 30-Sep-2022 | % of Revenue |
|   | (In thousands, except percentages and per share amounts) |              |             |              |
| <b>GAAP gross margin</b>                            | <b>\$31,852</b>  | <b>36.4%</b> | \$29,454    | 36.3%        |
| Share-based compensation                            | 183  |              | 172         |              |
| Merger and acquisition related expense              | 43   |              | —           |              |
| <b>Non-GAAP gross margin</b>                        | <b>32,078</b>  | <b>36.6%</b> | 29,626      | 36.5%        |
| <b>GAAP research and development expenses</b>       | <b>\$6,424</b>   | <b>7.3%</b>  | \$6,087     | 7.5%         |
| Share-based compensation                            | (146)  |              | (135)       |              |
| <b>Non-GAAP research and development expenses</b>   | <b>6,278</b>   | <b>7.2%</b>  | 5,952       | 7.3%         |
| <b>GAAP selling and administrative expenses</b>     | <b>\$19,237</b>  | <b>22.0%</b> | \$17,504    | 21.5%        |
| Share-based compensation                            | (1,505)  |              | (1,531)     |              |
| Merger and acquisition related expense              | (2,672)  |              | (1,516)     |              |
| <b>Non-GAAP selling and administrative expenses</b> | <b>15,060</b>  | <b>17.2%</b> | 14,457      | 17.8%        |
| <b>GAAP operating income</b>                        | <b>\$5,547</b>   | <b>6.3%</b>  | \$3,913     | 4.8%         |
| Share-based compensation                            | 1,834  |              | 1,838       |              |
| Merger and acquisition related expense              | 2,715  |              | 1,516       |              |
| Restructuring charges                               | 644  |              | 1,950       |              |
| <b>Non-GAAP operating income</b>                    | <b>10,740</b>  | <b>12.3%</b> | 9,217       | 11.3%        |
| <b>GAAP income tax provision</b>                    | <b>\$641</b>   | <b>0.7%</b>  | \$3,877     | 4.8%         |
| Adjustment to reflect pro forma tax rate            | (341)  |              | (3,577)     |              |
| <b>Non-GAAP income tax provision</b>                | <b>300</b>   | <b>0.3%</b>  | 300         | 0.4%         |

|  | Three Months Ended                                       |              |             |              |
|--|--|--------------|-------------|--------------|
|  | 29-Sep-2023  | % of Revenue | 30-Sep-2022 | % of Revenue |
|  | (In thousands, except percentages and per share amounts) |              |             |              |
| <b>GAAP net income (loss)</b>  | <b>\$4,005</b>   | <b>4.6%</b>  | (\$2,746)   | (3.4%)       |
| Share-based compensation   | 1,834  |              | 1,838       |              |
| Merger and acquisition related expense   | 2,715  |              | 1,516       |              |
| Restructuring charges  | 644  |              | 1,950       |              |
| Other expense, net   | 802  |              | 2,659       |              |
| Adjustment to reflect pro forma tax rate   | 341  |              | 3,577       |              |
| <b>Non-GAAP net income</b>   | <b>\$10,341</b>  | <b>11.8%</b> | \$8,794     | 10.8%        |
| <b>Diluted net income (loss) per share:</b>  |  |              |             |              |
| GAAP   | \$0.34   |              | (\$0.25)    |              |
| Non-GAAP   | \$0.87   |              | \$0.75      |              |
| <b>Shares used in computing diluted net income (loss) per share</b>                  |  |              |             |              |
| GAAP   | 11,943   |              | 11,200      |              |
| Non-GAAP   | 11,943   |              | 11,777      |              |
| <b>Adjusted EBITDA:</b>  |  |              |             |              |
| <b>GAAP net income (loss)</b>  | <b>\$4,005</b>   | <b>4.6%</b>  | (\$2,746)   | (3.4%)       |
| Depreciation and amortization of property, plant and equipment and intangible assets | 1,344  |              | 1,468       |              |
| Other expense, net   | 901  |              | 2,782       |              |
| Share-based compensation   | 1,834  |              | 1,838       |              |
| Merger and acquisition related expense   | 2,715  |              | 1,516       |              |
| Restructuring charges  | 644  |              | 1,950       |              |
| Provision for income taxes   | 641  |              | 3,877       |              |
| <b>Adjusted EBITDA</b>   | <b>\$12,084</b>  | <b>13.8%</b> | \$10,685    | 13.2%        |

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



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