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

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): April 30, 2024

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

Delaware	001-33278	20-5961564
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

200 Parker Dr., Suite C100A, Austin, Texas 78728

(Address of principal executive offices, including zip code)

(408)-941-7100

Registrant's telephone number, including area code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	AVNW	NASDAQ Stock Market LLC
Preferred Share Purchase Rights		NASDAQ Stock Market LLC

☐ Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2).

☐ 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.

Explanatory Note:

On December 1, 2023, Aviat Networks, Inc. ("Aviat" or the "Company") filed a Current Report on Form 8-K (the "Original Form 8-K") to report that, among other things, it had completed the acquisition of NEC Corporation's ("NEC") wireless backhaul business (the "NEC Transaction"). On February 9, 2024, the Company filed an amendment to the Original Form 8-K to provide the financial statements and pro forma financial information required by Items 9.01(a) and (b) of Form 8-K. The Company is filing this Current Report on Form 8-K to provide (i) historical interim financial statements for the six months ended September 30, 2023, and (ii) a pro forma financial information update for the six months ended December 29, 2023. The pro forma condensed combined financial information included as Exhibit 99.2 to this Current Report on Form 8-K has been presented for illustrative purposes only, and is not intended to, and does not purport to, represent what the Company's actual results or financial condition would have been if the NEC Transaction had occurred on the relevant date, and is not intended to project the future results or the financial condition that the Company may achieve following the NEC Transaction.

Item 8.01 Other Information.

This Current Report on Form 8-K includes (i) the historical unaudited combined carve-out abbreviated financial statements of the wireless transport business of NEC as of and for the six months ended September 30, 2023, and (ii) the unaudited pro forma condensed combined financial information of the Company and the wireless transport business of NEC for the six months ended December 29, 2023, which are filed as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report on Form 8-K and are incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	**Description**
99.1*	Unaudited Combined Carve-out Abbreviated Financial Statements of the Wireless Transport Business of NEC as of and for the six months ended September 30, 2023.
99.2*	Unaudited Pro Forma Condensed Combined Financial Information of Aviat and the Wireless Transport Business of NEC for the six months ended December 29, 2023.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Filed herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AVIAT NETWORKS, INC.

Date: April 30, 2024	By:	/s/ David M. Gray	
		Name:	David M. Gray
		Title:	Senior Vice President and Chief Financial Officer

Wireless Transport Business of NEC Corporation

Combined Carve-out Statement of Assets Acquired and Liabilities Assumed
(Unaudited)

(Millions of yen)

	Notes	As of September 30, 2023
Assets acquired		
Trade and other receivables	10	6,807
Contract assets		629
Inventories	5	5,817
Other current assets		36
Total current assets		13,289
Property, plant and equipment, net		167
Total non-current assets		167
Total assets acquired		**13,456**
Liabilities assumed		
Trade and other payables	6	2,491
Contract liabilities		1,918
Lease liabilities – current		56
Other current liabilities	7	495
Total current liabilities		4,960
Lease liabilities – non-current		64
Total non-current liabilities		64
Total liabilities assumed		**5,024**
Net assets acquired and liabilities assumed		**8,432**

See accompanying Notes to Unaudited Combined Carve-Out Statements.

Wireless Transport Business of NEC Corporation

Combined Carve-out Statement of Net Revenues and Direct Expenses
(Unaudited)

(Millions of yen)

	Notes	For the Six Months Ended September 30, 2023
Net Revenues	8	11,660
Cost of sales	9	7,919
Gross profit		3,741
Selling, general and administrative expenses	9	2,473
Research and development expenses	9	832
Other expenses (income), net		(232)
Total direct expenses		3,073
Net revenues less direct expenses		**668**

See accompanying Notes to Unaudited Combined Carve-out Statements.

Notes to the Abbreviated Financial Statements

1. Overview

Description of the Transaction

On May 9, 2023, NEC Corporation ("NEC") entered into a Master Sale of Business Agreement (the "Agreement") with Aviat Networks, Inc. ("Aviat") which was amended on November 30, 2023.

Pursuant to the Agreement, as amended, NEC sold certain of its assets and liabilities relating to the Wireless Transport Business of NEC (the "Business") to Aviat on November 30, 2023. The transaction consideration comprised cash subject to certain post-closing adjustments, and Aviat common stock.

Description of the Business

The Business comprises wireless backhaul solutions that are distributed around the world to variety of service providers such as telecommunications carriers, under the "PASOLINK" brand which facilitates communication between mobile phone base stations with high capacity and reliable wireless transmission.

Basis of Presentation

The accompanying unaudited Combined Carve-out Statement of Assets Acquired and Liabilities Assumed and unaudited Combined Carve-out Statement of Net Revenues and Direct Expenses (hereinafter, referred to as the "abbreviated financial statements") were prepared to present the assets acquired and liabilities assumed and net revenues and direct expenses for the Business that was sold on November 30, 2023 in conformity with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The abbreviated financial statements were prepared for the purpose of complying with the rules and regulations, including Rule 3-05 of Regulation S-X, of the U.S. Securities and Exchange Commission ("SEC") and application of SEC Final Rule Release No. 33-10786, *Amendments to Financial Disclosures About Acquired and Disposed Businesses*, and are not intended to be a complete presentation of the financial position of the Business as of September 30, 2023, and the results of its operations for the six months then ended.

Historically, separate stand-alone financial statements for the Business have not been prepared, as NEC has not maintained distinct and separate accounts for the Business, and as the Business was not a separate entity, subsidiary or operating segment during the period for which the acquired business financial statements would be required. Therefore, it is not practicable to provide a complete set of financial statements. The abbreviated financial statements represent the Business sold on November 30, 2023 under the Agreement, as amended, and were derived from the accounting records of NEC. The unaudited Combined Carve-out Statement of Assets Acquired and Liabilities Assumed includes only the assets acquired and liabilities assumed in accordance with the Agreement, as amended. Whereas the unaudited Combined Carve-out Statement of Net Revenues and Direct Expenses represents revenue-generating activities of the Business as if it were a standalone business.

Cash activities of the Business have historically been comingled with that of NEC's and therefore are not separately identifiable. All cash flow requirements of the Business were historically funded by NEC, and cash management functions were not performed at the Business level. Therefore, it is impracticable to prepare historical cash flow information relating to operating, investing, and financing cash flows of the Business.

As noted above, the Business has not previously prepared separate set of financial statements. Accordingly, the abbreviated financial statements were prepared with an IFRS transition date of April 1, 2021. As permitted under Rule 3-05 of Regulation S-X, the abbreviated financial statements omit comparative information in respect of the preceding period for all amounts reported in the current period financial statements required by IAS 1, *Presentation of Financial Statements*, and an opening statement of assets acquired and liabilities assumed at the date of transition to IFRS and related disclosures required by IFRS 1, *First-time Adoption of International Financial Reporting Standards*.

Functional and Presentation Currency

The abbreviated financial statements are presented in Japanese yen ("JPY"), which is the functional currency of the largest component within the Business located in Japan and the presentation currency of the Business. All financial information presented in JPY has been rounded to the nearest million JPY, except when otherwise indicated.

Allocation of Certain Costs and Expenses

The unaudited Combined Carve-out Statement of Net Revenues and Direct Expenses includes certain allocations of direct expenses from NEC and its subsidiaries, such as outsourcing expenses, personnel expenses and other selling, logistic, marketing, general and administrative, and research and development expenses, including depreciation expense, which are directly associated with the revenue-generating activities of the Business. Those direct expenses are allocated by NEC and its subsidiaries to the Business based on certain criteria such as relative proportions of the Business's revenue to NEC's revenue and floor space occupied by the Business, in addition to specific identification. Management believes that the allocated direct expenses as well as the criteria used to allocate such direct expenses are reasonable and appropriate. The abbreviated financial statements do not include interest expenses, income tax expenses and corporate-level overhead costs, such as executive management, accounting, tax, legal, compliance, and other general support functions at corporate-level, as these costs are not directly associated with the revenue-generating activities of the Business. The financial information presented herein is not fully indicative of the results that would have been achieved had the Business operated as a separate, stand-alone entity during the periods presented. In addition, the abbreviated financial statements are not indicative of the financial condition or results of operations to be expected in the future due to changes in the Business and the omission of certain operating expenses.

2. Significant Accounting Policies

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories that are interchangeable is determined by using the first-in first-out method or the periodic average method, whereas the cost of inventories that are not interchangeable is determined by using the specific identification method of their individual cost. Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenses directly attributable to acquisition of the asset, costs of dismantling and removing the assets, and costs of restoring the site. When significant components of property, plant and equipment have different useful lives, they are accounted for as separate items (by major components) of property, plant and equipment. Gains or losses on disposals of property, plant and equipment are recognized in profit or loss. Except for assets that are not subject to depreciation, such as land and construction in progress, assets are depreciated mainly using the straight-line method over the estimated useful lives of the assets. The residual value is generally estimated at zero, except for cases where the selling price, after deducting the costs of disposal, at the end of the useful lives can be estimated.

The estimated useful lives of major property, plant and equipment are as follows:
Buildings and structures 10 years
Machinery 3–7 years
Tools and equipment 3–5 years
Other items of property and equipment 3–5 years

Impairment of Non-Financial Assets

Non-financial assets other than inventories and contract assets are assessed for indications of impairment at the end of the reporting period. This assessment is performed for an asset or a cash generating unit ("CGU"), which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The carrying amount is reduced to the recoverable amount, when necessary, and the resulting decrease in the carrying amount is recognized as an impairment loss. The recoverable amount is determined for an individual asset, or a CGU when the individual asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The recoverable amount is the higher of the fair value of an asset or a CGU, less costs of disposal and its value in use. Value in use is calculated as the present value of the estimated future cash flows to be generated from the asset or CGU. In measuring the value in use, the future cash flows are estimated in part by using the growth rate which is determined based on the conditions of the respective countries and industries to which the asset or the CGU belongs and are discounted to the present value using a pre-tax discount rate, which reflects current market assessments of the time value of money and any risks specific to the asset or the CGU. An impairment loss recognized in prior periods for an asset is reversed if there are any indications that the loss recognized for the asset may no longer exist or may have decreased, and if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the recognition of last impairment loss. Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized.

Leases

At inception of a contract, the Business assesses whether the contract is, or contains, a lease. The Business determines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In addition, the Business elected not to recognize right-of-use assets and lease liabilities for either short-term leases with a lease term of 12 months or less or leases for which the underlying assets are of low value. The Business recognizes the lease payments associated with those leases as an expense on a straight-line basis over their lease term.

Provisions

Provisions are recognized when the Business has present legal or constructive obligations as a result of past events and it is probable that outflows of resources embodying economic benefits will be required to settle the obligations and reliable estimates can be made of the amount of obligations.

Revenue Recognition

Revenue from sales of standard hardware, such as electronic devices is generally recognized upon delivery whereby control of the hardware is transferred to the customer. Revenue from network product installation is generally recognized upon customer acceptance. For construction of network infrastructure that consists of network planning, hardware sales and installation, revenue is generally recognized based on the method of measuring progress using the ratio of costs incurred up to the end of the accounting period to the estimated total costs of the project. Revenue for rendering services such as maintenance services are generally recognized on a straight-line basis over the period in which the service is performed.

Contract Assets and Contract Liabilities

Contract assets are the Business's right to consideration in exchange for goods or services that the Business has transferred to a customer when that right is conditioned on something other than the passage of time (e.g., the Business's future performance). Contract liabilities are the Business's obligation to transfer goods or services to a customer for which the Business has received consideration or the amount is due from the customer. Advances received from construction contracts are recorded as "contract liabilities" in the unaudited Combined Carve-out Statement of Assets Acquired and Liabilities Assumed.

Research and Development

Research and development ("R&D") costs that do not meet the criteria for capitalization are expensed as incurred. R&D costs include R&D materials, salaries, technical outsourcing costs, and certain other allocated costs, such as depreciation and other facilities related expenditures.

Foreign Currency Translation

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the components of the Business using the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated into the functional currency using the exchange rate at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency using the historical exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement or translation of monetary items are recognized in profit or loss and are included in Other expenses (income), net.

Foreign operations

The assets and liabilities of foreign operations are translated into JPY using the exchange rate prevailing at the reporting date and their revenue and expenses are translated into JPY using the average exchange rate for the period unless the exchange rate fluctuates significantly.

Hyperinflation

Hyperinflation accounting is applied to the financial statements of foreign operations whose functional currency is the currency of the hyperinflationary economies, such as Argentine Republic and the Republic of Turkey. Under hyperinflation accounting, certain items that are measured at the historical cost (non-monetary items), must be restated in terms of the measuring unit current at the end of the period for price changes from the measurement date for each item.

Financial Instruments

Non-derivative Financial Assets

The Business classifies non-derivative financial assets into financial assets measured at amortized cost and initially recognizes financial assets measured at amortized cost on the date of origination. The Business derecognizes financial assets when the contractual rights to the cash flows from the asset expire, or when the Business transfers the contractual rights to the cash flows from the asset or substantially all the risks and rewards of ownership of the financial asset. Separate assets or liabilities may be recognized when the Business derecognizes financial assets.

Financial assets held by the Business are measured at amortized cost when both of the following conditions are met:
- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially measured at fair value, plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at their transaction price.

After initial recognition, the carrying amounts of financial assets measured at amortized cost are recognized using the effective interest method, less impairment loss. Amortization using the effective interest method and gains and losses on derecognition are recognized in profit or loss for the period.

Impairment of Financial Assets

For financial assets measured at amortized costs, the Business recognizes allowances for expected credit losses by assessing whether the credit risk on the financial assets has increased significantly at reporting date since initial recognition. Allowances are measured based on the estimated credit loss arising from the possible defaults during the 12 months after the reporting date (12-month expected credit loss) when the credit risk associated with the financial assets has not significantly increased since initial recognition. When the credit risk associated with the financial assets has significantly increased since initial recognition or the financial assets are credit-impaired, an allowance for expected credit loss is calculated based on the estimated credit loss arising from all possible defaults over the estimated remaining period of the financial instruments (life-time expected credit loss). Notwithstanding the above, an allowance for expected credit loss on trade receivables is always calculated based on the estimated credit loss over the entire period. Significant increase in credit risk is determined based on changes in risks of a default occurring and the changes in such risks are determined considering significant financial difficulty, breach of contract, or increase in probability where the borrower will enter bankruptcy or other financial reorganization. Changes in allowances are recognized in profit and loss.

Non-derivative Financial Liabilities

The Business classifies non-derivative financial liabilities including trade and other payables into financial liabilities measured at amortized cost. Financial liabilities are initially recognized on the date when the Business becomes a party to contractual provisions. The Business derecognizes a financial liability when its contractual obligations are discharged, canceled, or expired. These financial liabilities are measured initially at fair value less any directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method. Amortization amounts are recognized as finance costs in profit or loss.

3. Use of Accounting Estimates and Judgments

The preparation of the abbreviated financial statements in conformity with the recognition and measurement principles of IFRS requires management to make certain judgments, estimates, and assumptions that affect the reported amounts in the accompanying abbreviated financial statements and in the related disclosures. These estimates are based on information available as of September 30, 2023, the date of the abbreviated financial statements, and may differ from the actual results.

4. New Accounting Standards and Interpretations Issued and Not Yet Adopted

Of the new or amendments to IFRS standards that have been issued but are not effective as of the date of the approval of the abbreviated financial statements, none is expected to have material effects on the abbreviated financial statements.

5. Inventories

Components of inventories as of September 30, 2023 are as follows:

(In millions)	**As of September 30 2023**
Merchandise and finished goods	3,846
Work in process	1,072
Raw materials and supplies	899
Total	**5,817**

The amount of inventory recognized as an expense during the period is included in cost of sales. There were no significant write-downs and reversals of write-down during the period.

6. Trade and Other Payables

Components of trade and other payables as of September 30, 2023 are as follows:

(In millions)	As of September 30 2023
Accounts payable trade	2,491
Accounts payable-other	—
Total	**2,491**

7. Other Current Liabilities

Components of other current liabilities as of September 30, 2023 are as follows:

(In millions)	As of September 30 2023
Accrued expenses	213
Project costs	189
Provisions	
Provision for product warranty	86
Other	7
Total	**495**

Products sold by the Business are covered by standard warranty for a limited period of time and may be repaired or exchanged within the warranty period.

8. Net Revenues

The Business has only one product line with a variety of networking products, and its net revenues by geographic area for the six months ended September 30, 2023 is as follows:

(In millions)	For the Six Months Ended September 30 2023
Indonesia	4,404
Europe, Middle East, and Africa	3,600
Asia-Pacific (excluding Indonesia)	2,190
North America and Latin America	1,466
Total	**11,660**

Net revenues by geographic area are based on the location of the customer.

9. Expenses by Nature

Significant components of selling, general and administrative expenses and research and development expenses by nature for the six months ended September 30, 2023, are as follows:

(In millions)	For the Six Months Ended September 30 2023
Outsourcing expenses	1,945
Personnel expenses	866
Logistic expenses	244
Depreciation	17

Cost of sales in the unaudited Combined Carve-out Statement of Net Revenues and Direct Expenses primarily consists of the cost of merchandise and finished goods, labor costs and outsourcing costs.

10. Financial Instruments

Financial risk management

The Business operates its business in various countries and jurisdictions, and as such, it has exposure to credit risk, liquidity risk, and market risk (mainly foreign currency risk). The Business conducts appropriate risk management activities to minimize the effect of these financial risks on its financial position and performance.

Credit risk

Credit risk is a risk of financial loss to the Business if a customer to a financial instrument fails to meet its obligations and arises principally from the Business's receivables from customers. The Business is monitoring the financial position and past due balances of customers in order to minimize the risk of default resulting from deterioration of customers' financial position. The maximum exposure to credit risk, without taking into account any collateral held at the end of the reporting period, is represented by the carrying amount of the financial instruments which is exposed to credit risk in the unaudited Combined Carve-out Statement of Assets Acquired and Liabilities Assumed.

Credit risk exposure relating to trade and other receivables and contract assets.

The allowance for expected credit losses for trade and other receivables and contract assets is measured at an amount equal to the lifetime expected credit losses. The assets are grouped based on similar characteristics of credit risks and expected credit losses are calculated based on historical default rates, considering both the current conditions and the future economic environment.

Credit risk exposure relating to trade and other receivables

Components of trade and other receivables are as follows:

(In millions)	As of September 30 2023
Accounts receivable	7,049
Allowance for expected credit losses	(242)
Total	6,807

In determining whether the financial assets are credit-impaired, the Business uses reasonable and substantiated information about the debtors' ability to meet their obligations, including their past-due status, which is available without undue cost or effort. Expected credit losses on contract assets are not significant.

Liquidity risk

Liquidity risk is the risk that the Business encounters difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Business's approach of managing liquidity is to ensure that it has sufficient liquidity to meet its liabilities when they are due. The contractual maturities of the financial liabilities are mostly within one year from September 30, 2023.

Market risk

The Business operates its business globally and is exposed to the risk of fluctuation in foreign exchange rates. The risk of exchange rate fluctuations was managed by NEC, and not managed by the Business level.

11. Related Parties

In the ordinary course of business, the Business purchases and sells products and services primarily related to the PASOLINK brand line of products with its related parties, including NEC and its subsidiaries.

Transactions with related parties

Other than those purchase and sales transactions entered into in the ordinary course of business that are summarized in the table below, and certain costs and expenses allocated to the Business from NEC and its subsidiaries (see Note 1), there were no significant transactions between the Business and its related parties for the six months ended September 30, 2023.

(In millions)	For the Six Months Ended September 30 2023
Sales	835
Purchases	2,586

Balances of trade and other receivables due from related parties and trade and other payables due to related parties as of September 30, 2023 are as follows:

(In millions)	As of September 30 2023
Trade and other receivables	821
Trade and other payables	959

12. Subsequent Events

Subsequent events were evaluated through April 30, 2024, the date the abbreviated financial statements were available to be issued, and no events were identified for disclosure.

Exhibit 99.2

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On May 9, 2023, Aviat Networks, Inc. (“Aviat” or the “Company”) entered into a Master Sale of Business Agreement (as amended on November 30, 2023, the “Purchase Agreement”) with NEC Corporation (“NEC”), to acquire NEC’s wireless transport business (the “NEC Transaction”). The Company completed the NEC Transaction on November 30, 2023 (the “Closing Date”). Under the terms of the Purchase Agreement, consideration due at the closing of the NEC Transaction was comprised of (i) an amount in cash equal to $42.1 million, subject to certain post-closing adjustments, and (ii) the issuance of $23.4 million in Company common stock. The Company obtained permanent financing to fund the cash portion of the NEC Transaction.

The following tables set forth unaudited pro forma condensed combined financial information of Aviat and NEC’s wireless transport business for (i) the six months ended December 29, 2023 and (ii) the twelve months ended June 30, 2023. The unaudited pro forma condensed combined statements of operations give effect to the NEC Transaction as if it had occurred on July 2, 2022.

The unaudited pro forma condensed combined statement of operations for the six months ended December 29, 2023 is derived by combining the Company’s unaudited historical financial data from July 1, 2023 through December 29, 2023 (which includes one month of the historical results of operations of NEC’s wireless transport business from the Closing Date through December 29, 2023) and five months of the unaudited historical financial data of NEC’s wireless transport business from July 1, 2023 through the Closing Date. The unaudited pro forma condensed combined statement of operations for the twelve months ended June 30, 2023 is derived by combining the Company’s audited consolidated financial statements for the twelve months ended June 30, 2023 and the audited combined carve-out financial statements of NEC’s wireless transport business for the twelve months ended March 31, 2023. The condensed pro forma balance sheet is excluded from this Current Report on Form 8-K as the historical balance sheet included in the Company’s Quarterly Report on Form 10-Q for the six months ended December 29, 2023 already reflects the consummated transaction.

The unaudited pro forma condensed combined financial information includes estimated transaction accounting and financing adjustments (collectively, the “pro forma adjustments”) directly attributable to the NEC Transaction that are expected to have an ongoing impact on the Company. The pro forma adjustments are described in the notes accompanying the unaudited pro forma condensed combined financial information. The pro forma adjustments are based upon available information and certain assumptions the Company believe are reasonable. The unaudited pro forma condensed combined financial information does not purport to represent what the results of operations and financial condition would have been had the NEC Transaction occurred as of the dates indicated, nor does it project the results of operations for any future period or the financial condition at any future date.

The unaudited pro forma condensed combined financial information should be read in connection with (i) Aviat’s audited consolidated financial statements, and the related notes thereto, and the risk factors set forth in Aviat’s Annual Report on Form 10-K for the twelve months ended June 30, 2023, (ii) Aviat’s unaudited condensed consolidated financial statements, and the related notes thereto, in Aviat’s Quarterly Report on Form 10-Q for the six months ended December 29, 2023, (iii) the audited combined carve-out abbreviated financial statements and related notes for NEC’s wireless transport business for the twelve months ended March 31, 2023, which are included as an exhibit to the Company’s Current Report on Form 8-K filed on December 1, 2023 (as amended on February 9, 2024), and (iv) the unaudited combined carve-out financial statements and related notes for NEC’s wireless transport business for the six months ended September 30, 2023, which are included in this Current Report on Form 8-K.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the six months ended December 29, 2023
(U.S. Dollars in thousands, except per share amount)

	Aviat Networks, Inc. (Historical)[1]	NEC's Wireless Transport Business (Adjusted)[2]	Transaction Accounting Adjustments	Notes	Financing Adjustments	Notes	Pro Forma Combined
Revenues	$ 182,602	$ 84,977	$ —		$ —		$ 267,579
Cost of revenues	113,920	53,030	1,013	2A	—		167,963
Gross margin	68,682	31,947	(1,013)		—		99,616
Research and development	14,818	6,780	—		—		21,598
Selling and administrative	40,679	14,999	251	2B	—		55,929
Restructuring charges	2,644	—	—		—		2,644
Operating income	10,541	10,168	(1,264)		—		19,445
Other expense, net	658	1,336	—		1,578	2C	3,572
Income before income taxes	9,883	8,832	(1,264)		(1,578)		15,873
Provision for income taxes	2,988	3,895	(329)	2E	(410)	2E	6,144
Net income	$ 6,895	$ 4,937	$ (935)		$ (1,168)		$ 9,729
Net income per share of common stock outstanding:							
Basic	$ 0.58					3A	$ 0.78
Diluted	$ 0.57					3A	$ 0.76
Weighted-average shares outstanding:							
Basic	11,788				737	3A	12,525
Diluted	12,093				737	3A	12,830

[1]The historical results of Aviat include the results of operations of NEC's wireless transport business for the post-acquisition period from December 1, 2023 through December 29, 2023.

[2]The historical adjusted results of NEC's wireless transport business include the period from July 1, 2023 through November 30, 2023. See Note 1. in the accompanying notes.

See accompanying notes to unaudited pro forma condensed combined financial information.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the twelve months ended June 30, 2023
(U.S. Dollars in thousands, except per share amount)

	Aviat Networks, Inc. (Historical)	NEC's Wireless Transport Business (Adjusted)	Transaction Accounting Adjustments	Notes	Financing Adjustments	Notes	Pro Forma Combined
Revenues	$ 346,593	$ 188,645	$ —		$ —		$ 535,238
Cost of revenues	222,422	138,117	2,431	2A	—		362,970
Gross margin	124,171	50,528	(2,431)		—		172,268
Research and development	24,908	14,551	—		—		39,459
Selling and administrative	69,842	38,649	1,781	2B 2D	—		110,272
Restructuring charges	3,012	—	—		—		3,012
Operating income	26,409	(2,672)	(4,212)		—		19,525
Other expense (income), net	3,306	(2,207)	—		2,731	2C	3,830
Income before income taxes	23,103	(465)	(4,212)		(2,731)		15,695
Provision for income taxes	11,575	—	(1,095)	2E	(710)	2E	9,770
Net income	$ 11,528	$ (465)	$ (3,117)		$ (2,021)		$ 5,925
Net income per share of common stock outstanding:							
Basic	$ 1.01					3A	$ 0.49
Diluted	$ 0.97					3A	$ 0.47
Weighted-average shares outstanding:							
Basic	11,358				737	3A	12,095
Diluted	11,855				737	3A	12,592

See accompanying notes to unaudited pro forma condensed combined financial information.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Description of Transaction

On May 9, 2023, the Company entered into a Master Sale of Business Agreement (as amended on November 30, 2023, the “Purchase Agreement”) with NEC Corporation (“NEC”), to acquire NEC’s wireless transport business (the “NEC Transaction”). The Company completed the NEC Transaction on November 30, 2023 (the “Closing Date”). Under the terms of the Purchase Agreement, consideration due at the closing of the NEC Transaction was comprised of (i) an amount in cash equal to $42.1 million, subject to certain post-closing adjustments, and (ii) the issuance of $23.4 million in Company common stock. The Company obtained permanent financing to fund the cash portion of the NEC Transaction.

Basis of Presentation

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting and was based on the historical financial statements of the Company and NEC’s wireless transport business and has been prepared to illustrate the effects of the NEC Transaction as if it occurred on the first date of the period presented.

The Company’s historical financial statements were prepared in accordance with the accounting principles generally accepted in the United States (“U.S. GAAP”) and presented in U.S. Dollars (“USD”). The historical financial statements of NEC’s wireless transport business were prepared in accordance with International Financial Standards as adopted by the International Accounting Standards Board (“IFRS”) and presented in Japanese Yen (“JPY”). During the preparation of the unaudited pro forma condensed combined financial information, the Company reviewed the historical financial statements of NEC’s wireless transport business prepared under IFRS, to identify differences compared to the Company’s accounting policies in accordance U.S. GAAP. The Company did not identify any IFRS to U.S. GAAP differences that resulted in a pro forma adjustment within the unaudited pro forma condensed combined financial information presented.

The Company has made adjustments to translate the historical financial statements of NEC’s wireless transport business from JPY to USD based on applicable historical exchange rates, which may differ materially from future exchange rates. The historical financial statements of NEC’s wireless transport business have been adjusted for certain reclassifications to conform with the Company’s financial statement presentation.

The NEC Transaction was accounted for using the acquisition method of accounting. Under this method, the assets acquired and liabilities assumed have been recorded based on preliminary estimates of fair value. The purchase accounting allocations in the NEC Transaction will be finalized at a later date and depend on a number of factors, including the final valuation of long-lived tangible and identified intangible assets acquired and liabilities assumed. The actual fair values of the assets acquired, liabilities assumed and resulting goodwill as a result of the NEC Transaction may differ materially from the adjustments set forth in the unaudited pro forma condensed combined financials. In accordance with ASC 805, acquisition-related transaction costs are not included as components of consideration transferred but are accounted for as expenses in the period in which the costs are incurred.

The unaudited pro forma condensed combined statement of operations for the six months ended December 29, 2023 and for the twelve months ended June 30, 2023 are presented as if the NEC Transaction had occurred on July 2, 2022.

The unaudited pro forma condensed combined financial information does not reflect any anticipated synergies, operating efficiencies or cost savings that may result from the NEC Transaction and integration costs that may be incurred. The pro forma adjustments represent the Company’s best estimates and are based upon currently available information and certain adjustments, assumptions and estimates that the Company believes are reasonable under the circumstances.

There were no material transactions between the Company and NEC’s wireless transport business during the period presented. Accordingly, adjustments to eliminate transactions between the Company and NEC’s wireless transport business have not been reflected in the unaudited pro forma condensed combined financial information presented herein.

Note 1. Translation and Reclassification Adjustments

The unaudited pro forma condensed combined financial information contains adjustments to translate the historical financial statements of NEC's wireless transport business from JPY to USD and to reflect certain reclassifications to align to the Company's financial statement presentation.

Translation: This column represents the translation from JPY to USD using the applicable historical exchange rates for the period presented.

The historical financial statements of NEC's wireless transport business and related pro forma adjustments were translated from JPY to USD using the following historical exchange rates:

	JPY to USD
Statement of operations:	
Average exchange rate from July 1, 2023 through November 30, 2023	146.62
Average exchange rate for the twelve months ended March 31, 2023	135.45

Reclassification: This column represents the adjustments that have been applied to conform the historical financial statements of NEC's wireless transport business to the Company's financial statement presentation. The italicized rows include the financial statement line presented in the historical financial statements of NEC's wireless transport business.

Unaudited Condensed Combined Statement of Operations Adjustments
From July 1, 2023 through November 30, 2023

	NEC's Wireless Transport Business (Historical)	Translation	Reclassification	NEC's Wireless Transport Business (Adjusted)
	JPY in millions	USD in thousands	USD in thousands	USD in thousands
Revenues	¥ —	$ —	$ 84,977	$ 84,977
Net Revenues	12,459	84,977	(84,977)	—
Cost of revenues	—	—	53,030	53,030
Cost of Sales	7,775	53,030	(53,030)	—
Gross margin	4,684	31,947	—	31,947
Research and development	994	6,780	—	6,780
Selling and administrative	—	—	14,999	14,999
Selling, general and administrative	2,199	14,999	(14,999)	—
Restructuring charges	—	—	—	—
Operating income	1,491	10,168	—	10,168
Other expense, net	196	1,336	—	1,336
Income before income taxes	1,295	8,832	—	8,832
Provision for income taxes	571	3,895	—	3,895
Net income	¥ 724	$ 4,937	$ —	$ 4,937

Unaudited Condensed Combined Statement of Operations Adjustments
For the Twelve Months Ended March 31, 2023

	NEC's Wireless Transport Business (Historical)	Translation	Reclassification	NEC's Wireless Transport Business (Adjusted)
	JPY in millions	USD in thousands	USD in thousands	USD in thousands
Revenues	¥ —	$ —	$ 188,645	$ 188,645
Net Revenues	25,552	188,645	(188,645)	—
Cost of revenues	—	—	138,117	138,117
Cost of Sales	18,708	138,117	(138,117)	—
Gross margin	6,844	50,528	—	50,528
Research and development	1,971	14,551	—	14,551
Selling and administrative	—	—	38,649	38,649
Selling, general and administrative	5,235	38,649	(38,649)	—
Restructuring charges	—	—	—	—
Operating loss	(362)	(2,672)	—	(2,672)
Other income, net	(299)	(2,207)	—	(2,207)
Loss before income taxes	(63)	(465)	—	(465)
Provision for income taxes	—	—	—	—
Net loss	¥ (63)	$ (465)	$ —	$ (465)

Note 2. Transaction Accounting and Financing Adjustments

The NEC Transaction will be accounted for as a business combination using the acquisition method of accounting. The assets acquired and liabilities assumed will be recognized at their acquisition date fair values, with any excess of the consideration transferred over the estimated fair values of the identifiable net assets acquired recorded as goodwill.

Adjustments to Unaudited Pro Forma Condensed Combined Statement of Operations

(A) To reflect the increase to cost of revenues as a result of the preliminary estimated $4.86 million step-up in fair value of the acquired inventory related the NEC Transaction. The adjustment represents a ratable increase to cost of revenues for the periods disclosed, based on expectations that the inventory will be sold within two years of the acquisition date.

(In thousands)	From July 1, 2023 through November 30, 2023	For the twelve months ended June 30, 2023
Inventory fair value adjustment	$ 1,013	$ 2,431

(B) To reflect estimated amortization expense based on the preliminary estimated fair values of the acquired identifiable finite-lived intangible assets related to the NEC Transaction:

(In thousands except useful life)	Estimated useful life in years	Preliminary estimated fair value	Amortization expense from July 1, 2023 through November 30, 2023	Amortization expense for the twelve months ended June 30, 2023
Customer relationships	15	$ 3,800	$ 106	$ 253
Technology	7	1,800	107	257
Total		$ 5,600	$ 213	$ 510

(C) The following adjustments reflect the estimated interest expense and amortization of debt issuance costs to be incurred by the Company as a result of the term loan borrowings used to fund the cash portion of the consideration due for the NEC Transaction. Outstanding borrowings under the term loan bear interest at the adjusted Secured Overnight Financing Rate (“SOFR”) plus the applicable margin. The term loan matures five years from the date of issuance and has scheduled quarterly principal payments. For the purposes of estimating the pro forma interest expense, the Company used the historical 90 day average SOFR for the periods presented, plus an applicable margin of 2.50%. The amortization of debt issuance costs is recognized on a straight-line basis through the maturity of the term loan.

(In thousands except percentages)	Beginning principal balance as of July 1, 2023	Interest rate	Interest expense from July 1, 2023 through November 30, 2023
Interest expense on term loan	$ 48,125	7.59% — 7.86%	$ 1,537
Amortization of debt issuance costs	398		41
			$ 1,578

(In thousands except percentages)	Beginning principal balance as of July 2, 2022	Interest rate	Interest expense for the twelve months ended June 30, 2023
Interest expense on term loan	$ 50,000	3.29% — 7.10%	$ 2,632
Amortization of debt issuance costs	497		99
			$ 2,731

(D) To reflect estimated transaction costs of $1.27 million incurred or expected to be incurred by the Company in relation to the NEC Transaction. Total estimated transaction costs are $10.57 million, of which $9.30 million are included in the Company's historical financial statements. Transaction costs primarily include legal, accounting and auditing, and other professional fees.

(E) This reflects the income tax effect of the pro forma transaction accounting and financing adjustments at an estimated combined tax rate of 26%, which is based on applicable statutory tax rates for the jurisdictions in which the Company operates.

Note 3. Net Income Per Share

(A) The following table sets forth the pro forma basic and diluted net income per share. The weighted average number of basic and diluted common shares outstanding includes the impact of the 736,750 common shares issued as a portion of the consideration transferred to NEC at the closing of the NEC Transaction. The pro forma impact to the weighted average number of basic and diluted common shares outstanding assumes the issuance occurred on July 2, 2022.

(In thousands except per share amounts)	Six months ended December 29, 2023	Twelve months ended June 30, 2023
Numerator:		
Pro forma combined net income	$ 9,729	$ 5,925
Denominator:		
Historical weighted-average shares outstanding, basic	11,788	11,358
Pro forma adjustment for shares issued	737	737
Weighted-average shares outstanding, basic	**12,525**	**12,095**
Historical weighted-average shares outstanding, diluted	12,093	11,855
Pro forma adjustment for shares issued	737	737
Weighted-average shares outstanding, diluted	**12,830**	**12,592**
Pro forma combined net income per share:		
Basic	$ 0.78	$ 0.49
Diluted	$ 0.76	$ 0.47