
**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 8, 2020

EXTREME NETWORKS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-25711
(Commission
File No.)

77-0430270
(I.R.S. Employer
Identification No.)

6480 Via Del Oro
San Jose, California 95119
(Address of principal executive offices)

Registrant's telephone number, including area code:
(408) 579-2800

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	EXTR	Nasdaq Global Market

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 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition

On April 8, 2020, Extreme Networks, Inc. (the “Company” or “Extreme”) issued a press release providing updated guidance for the quarter ended March 31, 2020. A copy of the press release is furnished as Exhibit 99.1 to this report.

The information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 to this Current Report on Form 8-K, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information contained in this Item 2.02 and in the accompanying Exhibit 99.1 shall not be incorporated by reference into any registration statement or other document filed by the Company with the Securities and Exchange Commission, whether made before or after the date of this Current Report, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference to this Item 2.02 and Exhibit 99.1 in such filing.

Item 8.01 Other Events

Extreme is supplementing the risk factors set forth under Part I, Item 1A. “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended June 30, 2019 and Part II, Item 1A. “Risk Factors” in the Company’s subsequent Quarterly Reports on Form 10-Q with the additional risk factor set forth below. This supplemental risk factor should be read in conjunction with the additional risk factors set forth in the Annual Report and Quarterly Reports.

The coronavirus outbreak has had, and could continue to have, a materially disruptive effect on our business.

A novel strain of coronavirus emerged in December 2019. This coronavirus, now known as COVID-19, has spread around the world and has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. The spread of COVID-19 has had, and may continue to have, a material negative impact on our business. Current and potential impacts include, but are not limited to, the following:

- the extended closures in early February 2020 and slow ramp up of capacity of many factories in China where our products and the components and subcomponents used in the manufacture of our equipment created, and could continue to create, supply chain disruptions for Extreme;
 - supply and transportation costs have increased, and may continue to increase, as alternate suppliers are sought;
 - reductions in passenger flights have led to a backlog of freight at airport terminals, causing further disruptions to the supply chain;
 - labor shortages within delivery and other industries due to extended worker absences could create further supply chain disruptions;
 - receivables and cash flow may be negatively impacted due to, among other things, supply chain disruptions or delays in customer payments;
 - demand for Extreme’s products and services, including Extreme’s enterprise-scale products, have been and may continue to be reduced due to, among other things, uncertainties in the global economy and financial markets, cancellation or postponement of large gatherings and reduction in office sizes as well as reduced customer spending;
 - orders or guidance for people to work from home could inhibit sales opportunities;
 - labor shortages within Extreme due to extended employee absences could negatively impact Extreme’s business, including potential reductions in the availability of the sales team to complete sales and delays in deliverables and timelines within Extreme’s engineering and support functions;
 - fluctuations in foreign exchange rates could make our products less competitive in a price-sensitive environment for our non-US customers; and
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- reductions in earnings could increase our costs of borrowing, reduce our ability to comply with our credit agreement covenants or make extensions of credit unavailable to us.

The global outbreak of COVID-19 continues to rapidly evolve. The extent to which COVID-19 impacts our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the speed and extent of geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing in the affected areas, business closures or business disruptions and the effectiveness of actions taken in the affected areas to contain and treat the disease.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

99.1 [Press Release dated April 8, 2020.](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

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.

Date: April 8, 2020

EXTREME NETWORKS, INC.

By: /s/ REMI THOMAS

Remi Thomas

Executive Vice President, Chief Financial Officer

(Principal Accounting Officer)

Extreme Networks Provides Business Update Regarding COVID-19

SAN JOSE, Calif. — April 8, 2020 – Extreme Networks, Inc. (Nasdaq: EXTR), a cloud-driven networking company, today announced a business update on the financial impact of COVID-19 to its financial results for its third quarter ended March 31, 2020, as well as a set of actions designed to reduce operating costs and further enhance its financial flexibility. The company will review the updates in full detail on its third fiscal quarter earnings results call, set for May 6, 2020.

Q3 2020 Earnings Outlook Update

Because of the impact of COVID-19 on its business, Extreme now expects to report revenue for Q3 2020 of approximately \$210 million, resulting in a GAAP EPS loss of (\$0.36) to (\$0.39), and a non-GAAP EPS loss of (\$0.12) to (\$0.15). The company expects GAAP gross margin to be in the range of 53% to 54% and non-GAAP gross margin to be in the range of 56% to 57%. Both GAAP and non-GAAP operating expenses will be lower than previously anticipated. The company estimates that it generated positive cash flow from operations during the quarter, driven by solid collections. Cash on hand at the end of the quarter was \$196 million and net debt was \$230 million.

COVID-19 Related Impact to Demand and Supply Chain

Revenue was impacted by a material slow-down in global demand in the last three weeks of March when most of Extreme's largest end markets enacted quarantine and social distancing protocols. Supply constraints, along with additional logistics related challenges in certain countries due to border closures, also contributed to the shortfall.

Network technology remains critical and essential infrastructure for our customers and partners, however opportunities are being pushed out from a timing perspective.

At this time, Extreme's manufacturing supply chain is operating at approximately 90% capacity in its Asian facilities and 70% in its non-Asian facilities, up from 40% in late February. The Company expects to be near 100% capacity by mid-May.

Actions Being Taken to Reduce Operating Costs and Enhance Financial Flexibility

Extreme has already implemented actions to manage and reduce operating costs and further enhance its financial flexibility in Q3, including:

- Tightening control on discretionary spending, hiring and working capital;
- Drawing down \$55 million of its \$75 million revolving credit facility on March 24, 2020;
- Implementing interest rate swap contracts on slightly more than half of the outstanding Term Loan A debt principal (\$370 million) to take advantage of lower LIBOR rates;
- Seeking a waiver of the covenants pertaining to its Term Loan A due 2024 from its lenders group through July 31, 2020, which was unanimously approved on April 7.

Heading into Fiscal Q4 2020 and given the uncertainty around the timing of the recovery of the Enterprise Networking market, Extreme plans to take additional actions in April and May, including:

- A set of temporary cost reduction measures and continued restriction on all discretionary expenses, including postponing marketing programs and non-strategic capital expenditure plans;
 - The acceleration of actions the company was planning to take to improve R&D and Sales productivity, along with cost reductions in Supply Chain and Operations;
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- Working with its lenders, led by Bank of Montreal, on adjustments to the covenants pertaining to its Term Loan A beyond July 31, 2020.

Extreme will provide more information on its third fiscal quarter earnings results and the actions announced today and will discuss its Q4 and longer-term financial outlook when it reports its third quarter results on May 6, 2020.

May 6 Earnings Call

The details for the webcast are:

When: Wednesday, May 6 at 8:00 a.m. EDT (5:00 a.m. PST).
Where: <http://investor.extremenetworks.com/>
How: Live over the internet—Simply log on to the web at the address above.
Dial in: Toll Free: 1 (877) 303-9826 or international: 1 (224) 357-2194
Encore Recording: 1 (855) 859-2056 or international 1 (404) 537-3406
Conference ID: 5793875
A replay will also be available for 7 days following the call.

About Extreme Networks:

Extreme Networks, Inc. (EXTR) creates effortless networking experiences that enable all of us to advance. We push the boundaries of technology leveraging the powers of machine learning, artificial intelligence, analytics, and automation. Over 50,000 customers globally trust our end-to-end, cloud-driven networking solutions and rely on our top-rated services and support to accelerate their digital transformation efforts and deliver progress like never before. For more information, visit Extreme's website or follow us on Twitter, LinkedIn, and Facebook.

Forward-Looking Statements

Statements in this press release, including statements regarding the company's supply chain and the potential impact of COVID-19 disruptions to the supply chain, are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements speak only as of the date of this release. There are several important factors that could cause actual events to differ materially from those suggested or indicated by such forward-looking statements. These include, among others, further supply chain-related or other impacts of COVID-19, the market price of the company's stock prevailing from time to time, the company's cash flows from operations, general economic conditions, and other factors discussed under Item 1A. "Risk Factors," in the company's Annual Report on Form 10-K, Quarterly Report on Form 10-Q and other reports filed with the SEC. The company undertakes no obligation to update any forward-looking statements, whether as a result of new information, the occurrence of certain events or otherwise. As a result of these risks and others, actual results could vary significantly from those anticipated in this press release, and the company's financial condition and results of operations could be materially adversely affected.

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