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

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission file number 000-25711

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

DELAWARE	**77-0430270**
[State or other jurisdiction of incorporation or organization]	**[I.R.S. Employer Identification No.]**
2121 RDU Center Drive, Suite 300, Morrisville, North Carolina	**27560**
[Address of principal executive offices]	**[Zip Code]**

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

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 Select Market

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§-232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
	·	Emerging growth company	☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 26, 2024, the registrant had 129,947,600 shares of common stock, $0.001 par value per share, outstanding.

EXTREME NETWORKS, INC.

FORM 10-Q

QUARTERLY PERIOD ENDED

March 31, 2024

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PART I. CONDENSED CONSOLIDATED FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements (Unaudited)

EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)

(Unaudited)

	March 31, 2024	June 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 151,007	$ 234,826
Accounts receivable, net	94,438	182,045
Inventories	185,357	89,024
Prepaid expenses and other current assets	75,182	70,263
Total current assets	505,984	576,158
Property and equipment, net	47,254	46,448
Operating lease right-of-use assets, net	44,236	34,739
Intangible assets, net	11,789	16,063
Goodwill	394,177	394,755
Other assets	82,028	73,544
Total assets	$ 1,085,468	$ 1,141,707
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt, net of unamortized debt issuance costs of $674 and $674, respectively	$ 9,326	$ 34,326
Accounts payable	81,483	99,724
Accrued compensation and benefits	44,053	71,367
Accrued warranty	11,067	12,322
Current portion of operating lease liabilities	9,989	10,847
Current portion of deferred revenue	299,580	282,475
Other accrued liabilities	72,804	64,440
Total current liabilities	528,302	575,501
Deferred revenue, less current portion	258,731	219,024
Long-term debt, less current portion, net of unamortized debt issuance costs of $1,903 and $2,409, respectively	180,597	187,591
Operating lease liabilities, less current portion	42,248	31,845
Deferred income taxes	7,476	7,747
Other long-term liabilities	3,152	3,247
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Convertible preferred stock, $0.001 par value, issuable in series, 2,000 shares authorized; none issued	—	—
Common stock, $0.001 par value, 750,000 shares authorized; 148,105 and 143,629 shares issued, respectively; 129,886 and 127,775 shares outstanding, respectively	148	144
Additional paid-in-capital	1,204,885	1,173,744
Accumulated other comprehensive loss	(14,511)	(13,192)
Accumulated deficit	(887,759)	(855,998)
Treasury stock at cost, 18,219 and 15,854 shares, respectively	(237,801)	(187,946)
Total stockholders' equity	64,962	116,752
Total liabilities and stockholders' equity	$ 1,085,468	$ 1,141,707

See accompanying notes to condensed consolidated financial statements.

EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Net revenues:				
Product	$ 106,442	$ 241,058	$ 546,536	$ 670,779
Subscription and support	104,594	91,449	314,014	277,765
Total net revenues	211,036	332,507	860,550	948,544
Cost of revenues:				
Product	60,837	108,915	250,866	312,265
Subscription and support	30,298	31,654	93,477	95,978
Total cost of revenues	91,135	140,569	344,343	408,243
Gross profit:				
Product	45,605	132,143	295,670	358,514
Subscription and support	74,296	59,795	220,537	181,787
Total gross profit	119,901	191,938	516,207	540,301
Operating expenses:				
Research and development	54,517	54,837	165,366	158,444
Sales and marketing	87,708	83,962	264,782	242,882
General and administrative	25,213	21,683	74,470	64,315
Acquisition and integration costs	—	—	—	390
Restructuring and related charges	14,421	1,363	26,312	2,320
Amortization of intangible assets	511	510	1,531	1,537
Total operating expenses	182,370	162,355	532,461	469,888
Operating income (loss)	(62,469)	29,583	(16,254)	70,413
Interest income	1,239	774	3,895	2,055
Interest expense	(4,179)	(3,946)	(12,766)	(11,656)
Other income (expense), net	361	(367)	373	142
Income (loss) before income taxes	(65,048)	26,044	(24,752)	60,954
Provision for (benefit from) income taxes	(623)	3,913	7,009	8,307
Net income (loss)	$ (64,425)	$ 22,131	$ (31,761)	$ 52,647
Basic and diluted income (loss) per share:				
Net income (loss) per share – basic	$ (0.50)	$ 0.17	$ (0.25)	$ 0.41
Net income (loss) per share – diluted	$ (0.50)	$ 0.17	$ (0.25)	$ 0.39
Shares used in per share calculation – basic	129,299	128,816	129,021	129,864
Shares used in per share calculation – diluted	129,299	133,025	129,021	133,716

See accompanying notes to condensed consolidated financial statements.

EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Net income (loss)	$ (64,425)	$ 22,131	$ (31,761)	$ 52,647
Other comprehensive income (loss):				
Derivatives designated as hedging instruments:				
Change in unrealized gains and losses on interest rate swaps	—	16	—	344
Reclassification adjustment related to interest rate swaps	—	(732)	—	(1,567)
Change in unrealized gains and losses on foreign currency forward contracts	—	(315)	—	44
Net change from derivatives designated as hedging instruments	—	(1,031)	—	(1,179)
Net change in foreign currency translation adjustments	(2,453)	1,655	(1,319)	(8,688)
Other comprehensive income (loss):	(2,453)	624	(1,319)	(9,867)
Total comprehensive income (loss)	$ (66,878)	$ 22,755	$ (33,080)	$ 42,780

See accompanying notes to condensed consolidated financial statements.

EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)

(Unaudited)

	Common Stock		Additional Paid-In-Capital	Accumulated Other Comprehensive Loss	Treasury Stock		Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			Shares	Amount		
Balance at December 31, 2022	142,137	$ 142	$ 1,139,416	$ (13,546)	(13,057)	$ (137,889)	$ (903,556)	$ 84,567
Net income	—	—	—	—	—	—	22,131	22,131
Other comprehensive income	—	—	—	624	—	—	—	624
Issuance of common stock from equity incentive plans, net of tax withholdings	1,159	1	5,497	—	—	—	—	5,498
Repurchase of stock	—	—	—	—	(1,351)	(25,004)	—	(25,004)
Share-based compensation	—	—	15,376	—	—	—	—	15,376
Balance at March 31, 2023	143,296	$ 143	$ 1,160,289	$ (12,922)	(14,408)	$ (162,893)	$ (881,425)	$ 103,192
Balance at June 30, 2022	139,742	$ 140	$ 1,115,416	$ (3,055)	(10,479)	$ (88,086)	$ (934,072)	$ 90,343
Net income	—	—	—	—	—	—	52,647	52,647
Other comprehensive loss	—	—	—	(9,867)	—	—	—	(9,867)
Issuance of common stock from equity incentive plans, net of tax withholdings	3,554	3	(1,688)	—	—	—	—	(1,685)
Repurchase of stock	—	—	—	—	(3,929)	(74,807)	—	(74,807)
Share-based compensation	—	—	46,561	—	—	—	—	46,561
Balance at March 31, 2023	143,296	$ 143	$ 1,160,289	$ (12,922)	(14,408)	$ (162,893)	$ (881,425)	$ 103,192
Balance at December 31, 2023	146,843	$ 147	$ 1,181,230	$ (12,058)	(18,219)	$ (237,801)	$ (823,334)	$ 108,184
Net loss	—	—	—	—	—	—	(64,425)	(64,425)
Other comprehensive loss	—	—	—	(2,453)	—	—	—	(2,453)
Issuance of common stock from equity incentive plans, net of tax withholdings	1,262	1	5,822	—	—	—	—	5,823
Share-based compensation	—	—	17,833	—	—	—	—	17,833
Balance at March 31, 2024	148,105	$ 148	$ 1,204,885	$ (14,511)	(18,219)	$ (237,801)	$ (887,759)	$ 64,962
Balance at June 30, 2023	143,629	$ 144	$ 1,173,744	$ (13,192)	(15,854)	$ (187,946)	$ (855,998)	$ 116,752
Net loss	—	—	—	—	—	—	(31,761)	(31,761)
Other comprehensive loss	—	—	—	(1,319)	—	—	—	(1,319)
Issuance of common stock from equity incentive plans, net of tax withholdings	4,476	4	(27,568)	—	—	—	—	(27,564)
Repurchase of stock	—	—	—	—	(2,365)	(49,855)	—	(49,855)
Share-based compensation	—	—	58,709	—	—	—	—	58,709
Balance at March 31, 2024	148,105	$ 148	$ 1,204,885	$ (14,511)	(18,219)	$ (237,801)	$ (887,759)	$ 64,962

See accompanying notes to condensed consolidated financial statements.

EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended	
	March 31, 2024	March 31, 2023
Cash flows from operating activities:		
Net income (loss)	$ (31,761)	$ 52,647
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	13,821	15,014
Amortization of intangible assets	4,192	11,415
Reduction in carrying amount of right-of-use asset	8,834	9,274
Provision for credit losses	1,770	245
Share-based compensation	58,709	46,561
Deferred income taxes	(153)	338
Non-cash interest expense	795	756
Other	(3,225)	(6,148)
Changes in operating assets and liabilities:		
Accounts receivable, net	85,837	25,216
Inventories	(97,589)	(21,989)
Prepaid expenses and other assets	(13,855)	2,226
Accounts payable	(17,340)	12,570
Accrued compensation and benefits	(27,252)	(6,158)
Operating lease liabilities	(8,780)	(11,172)
Deferred revenue	59,301	46,502
Other current and long-term liabilities	6,693	(8,778)
Net cash provided by operating activities	39,997	168,519
Cash flows from investing activities:		
Capital expenditures	(13,632)	(8,634)
Net cash used in investing activities	(13,632)	(8,634)
Cash flows from financing activities:		
Payments on revolving facility	(25,000)	—
Payments on debt obligations	(7,500)	(71,625)
Repurchase of common stock	(49,855)	(74,807)
Payments for tax withholdings, net of proceeds from issuance of common stock	(27,564)	(1,685)
Deferred payments on an acquisition	—	(3,000)
Net cash used in financing activities	(109,919)	(151,117)
Foreign currency effect on cash and cash equivalents	(265)	(294)
Net increase (decrease) in cash and cash equivalents	(83,819)	8,474
Cash and cash equivalents at beginning of period	234,826	194,522
Cash and cash equivalents at end of period	$ 151,007	$ 202,996

See accompanying notes to the condensed consolidated financial statements.

EXTREME NETWORKS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Description of Business and Basis of Presentation

Extreme Networks, Inc., together with its subsidiaries (collectively referred to as “Extreme” or the “Company”), is a leader in providing software-driven networking solutions for enterprise customers. The Company conducts its sales and marketing activities on a worldwide basis through distributors, resellers, and the Company’s field sales organization. Extreme was incorporated in California in 1996 and reincorporated in Delaware in 1999.

The unaudited condensed consolidated financial statements of Extreme included herein have been prepared under the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted under such rules and regulations. The condensed consolidated balance sheet at June 30, 2023 was derived from audited financial statements as of that date but does not include all disclosures required by generally accepted accounting principles for complete financial statements. These interim financial statements and notes should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2023.

The unaudited condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the results of operations and cash flows for the interim periods presented and the financial condition of Extreme at March 31, 2024. The results of operations for the three and nine months ended March 31, 2024 are not necessarily indicative of the results that may be expected for fiscal 2024 or any future periods.

Fiscal Year

The Company uses a fiscal calendar year ending on June 30. All references herein to “fiscal 2024” represent the fiscal year ending June 30, 2024. All references herein to “fiscal 2023” represent the fiscal year ended June 30, 2023.

Principles of Consolidation

The unaudited condensed consolidated financial statements include the accounts of Extreme and its wholly owned subsidiaries. All inter-company accounts and transactions have been eliminated.

The Company predominantly uses the United States Dollar as its functional currency. The functional currency for certain of its foreign subsidiaries is the local currency. For those subsidiaries that operate in a local functional currency environment, all assets and liabilities are translated to United States Dollars at current month end rates of exchange and revenues, and expenses are translated using the monthly average rate.

Accounting Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

2. Summary of Significant Accounting Policies

For a description of significant accounting policies, see Note 2, Summary of Significant Accounting Policies, to the consolidated financial statements included in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2023. There have been no material changes to the Company’s significant accounting policies since the filing of the Annual Report on Form 10-K.

Recently Adopted Accounting Pronouncements

There were no recently adopted accounting standards which would have a material effect on our condensed consolidated financial statements and accompanying disclosures.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance. All disclosure requirements of ASU 2023-07 are required for entities with a single reportable segment. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods for fiscal years beginning after December 15, 2024, and should be applied on a retrospective basis to all periods presented. Early adoption is permitted. The Company is currently evaluating the impact of adopting ASU 2023-07 on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740), Improvements to Income Tax Disclosures* to enhance income tax disclosures primarily through changes in the rate reconciliation and income taxes paid information. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024 on a prospective basis. Early adoption is permitted. The Company is currently evaluating the impact of adopting ASU 2023-09 on its consolidated financial statements and related disclosures.

3. Revenues

The Company accounts for revenues in accordance with Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*. The Company derives the majority of its revenues from sales of its networking equipment, with the remaining revenues generated from sales of subscription and support, which primarily includes software subscriptions delivered as software as a service ("SaaS") and additional revenues from maintenance contracts, professional services and training for its products. The Company sells its products, SaaS and maintenance contracts direct to customers and to partners in two distribution channels, or tiers. The first tier consists of a limited number of independent distributors that stock the Company's products and sell primarily to resellers. The second tier of the distribution channel consists of non-stocking distributors and value-added resellers that sell directly to end-users. Products and subscription and support may be sold separately or in bundled packages.

Revenue Recognition

Performance Obligations. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Certain of the Company's contracts have multiple performance obligations, as the promise to transfer individual goods or services is separately identifiable from other promises in the contracts and, therefore, is distinct. For contracts with multiple performance obligations, the Company allocates the contract's transaction price to each performance obligation based on its relative standalone selling price. The stand-alone selling prices are determined based on the prices at which the Company separately sells these products. For items that are not sold separately, the Company estimates the stand-alone selling prices using other observable inputs.

The Company's performance obligations are satisfied at a point in time or over time as the customer receives and consumes the benefits provided. Substantially all of the Company's product sales revenues are recognized at a point in time. Substantially all of the Company's subscription and support revenues are recognized over time. For revenues recognized over time, the Company uses an input measure, days elapsed, to measure progress.

On March 31, 2024, the Company had $558.3 million of remaining performance obligations, which primarily comprised deferred maintenance and deferred SaaS revenues. The Company expects to recognize approximately 18% of its deferred revenue as revenue in the remainder of fiscal 2024, an additional 42% in fiscal 2025, and 40% of the balance thereafter.

Contract Balances. The timing of revenue recognition, billings and cash collections results in billed accounts receivable and deferred revenue in the condensed consolidated balance sheets. Services provided under renewable support arrangements of the Company are billed in accordance with agreed-upon contractual terms, which are either billed fully at the inception of contract or at periodic intervals (e.g., quarterly or annually). The Company generally receives payments from its customers in advance of services being provided, resulting in deferred revenues. These liabilities are reported on the condensed consolidated balance sheets on a contract-by-contract basis at the end of each reporting period.

Revenue recognized for the three months ended March 31, 2024 and 2023 that was included in the deferred revenue balance at the beginning of each period was $95.9 million and $81.0 million, respectively. Revenue recognized for the nine months ended March 31, 2024 and 2023 that was included in the deferred revenue balance at the beginning of each period was $230.8 million and $193.7 million, respectively.

Contract Costs. The Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. Management expects that commission fees paid to sales representatives as a result of obtaining subscription and support contracts and contract renewals are recoverable and therefore the Company's condensed consolidated balance sheets included capitalized balances in the amount of $22.7 million and $20.0 million at March 31, 2024 and June 30, 2023, respectively. Capitalized commissions are included within other assets in the condensed consolidated balance sheets. Capitalized commission fees are amortized on a straight-line basis over the average period of service contracts of approximately three and a half years, and are included in "Sales and marketing" in the accompanying condensed consolidated statements of operations. Amortization recognized during the three months ended March 31, 2024 and 2023 was $2.8 million and $2.3 million, respectively. Amortization recognized during the nine months ended March 31, 2024 and 2023 was $8.0 million and $6.7 million, respectively.

Estimated Variable Consideration. There were no material changes in the current period to the estimated variable consideration for performance obligations, which were satisfied or partially satisfied during previous periods.

Revenues by Category

The Company operates in three geographic regions: Americas, EMEA (Europe, Middle East and Africa) and APAC (Asia Pacific). The following table sets forth the Company's net revenues disaggregated by sales channel and geographic region based on the billing addresses of its customers (in thousands):

	Three Months Ended					
	March 31, 2024			March 31, 2023		
	Distributor	Direct	Total	Distributor	Direct	Total
Americas:						
United States	$ 52,543	$ 71,539	$ 124,082	$ 74,743	$ 64,337	$ 139,080
Other	5,934	4,357	10,291	14,079	4,523	18,602
Total Americas	58,477	75,896	134,373	88,822	68,860	157,682
EMEA	18,313	40,722	59,035	111,664	40,326	151,990
APAC*	(1,464)	19,092	17,628	5,186	17,649	22,835
Total net revenues	$ 75,326	$ 135,710	$ 211,036	$ 205,672	$ 126,835	$ 332,507

	Nine Months Ended					
	March 31, 2024			March 31, 2023		
	Distributor	Direct	Total	Distributor	Direct	Total
Americas:						
United States	$ 251,694	$ 204,689	$ 456,383	$ 245,852	$ 203,991	$ 449,843
Other	16,709	19,565	36,274	14,080	4,523	18,603
Total Americas	268,403	224,254	492,657	259,932	208,514	468,446
EMEA	184,706	128,537	313,243	285,066	120,482	405,548
APAC	7,510	47,140	54,650	14,627	59,923	74,550
Total net revenues	$ 460,619	$ 399,931	$ 860,550	$ 559,625	$ 388,919	$ 948,544

*The distributor revenue in the APAC region for the three months ended March 31, 2024 reflects a higher level of customer rebates for the distributors, resulting from higher sell-through to end users than the Company's product sales into these distributors.

For the nine months ended March 31, 2024, the Company generated approximately 10% of its net revenues from the Netherlands. For the three and nine months ended March 31, 2023, the Company generated 17% and 12% of its net revenues from the Netherlands, respectively. No other foreign country accounted for 10% or more of its net revenues for the three and nine months ended March 31, 2024 and 2023.

Customer Concentrations

The Company performs ongoing credit evaluations of its customers and generally does not require collateral in exchange for credit.

The following table sets forth customers accounting for 10% or more of the Company’s net revenues for the periods indicated below:

	Three Months Ended		Nine Months Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
TD Synnex Corporation	22%	19%	21%	19%
Westcon Group, Inc.	13%	25%	17%	20%
Jenne, Inc.	12%	15%	22%	14%
ScanSource, Inc.	11%	*	*	*

* Less than 10% of revenue

The following table sets forth major customers accounting for 10% or more of the Company’s net accounts receivable balance:

	March 31, 2024	June 30, 2023
Jenne, Inc.	38%	39%
TD Synnex Corporation	*	10%
ScanSource, Inc.	*	10%

* Less than 10% of accounts receivable

4. Balance Sheet Accounts

Cash and Cash Equivalents

The Company considers highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

The following table summarizes the Company's cash and cash equivalents (in thousands):

	March 31, 2024	June 30, 2023
Cash	$ 143,421	$ 227,675
Cash equivalents	7,586	7,151
Total cash and cash equivalents	$ 151,007	$ 234,826

Inventories

Inventories are stated at the lower of cost, or net realizable value. Extreme uses a standard cost methodology to determine the cost basis for its inventories. Cost is computed using standard cost, which approximates actual cost, on a first-in, first-out basis. The Company adjusts the carrying value of its inventory when conditions exist that suggest that inventory may be in excess of anticipated demand or is obsolete based upon assumptions about future demand. At the point of loss recognition, a new, lower-cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis. Any previously written down or obsolete inventory subsequently sold has not had a material impact on gross margin for any of the periods presented.

The following table summarizes the Company's inventory by category (in thousands):

	March 31, 2024	June 30, 2023
Finished goods	$ 158,228	$ 78,180
Raw materials	27,129	10,844
Total inventories	$ 185,357	$ 89,024

Property and Equipment, Net

The following table summarizes the Company's property and equipment, net by category (in thousands):

	March 31, 2024	June 30, 2023
Computers and equipment	$ 75,413	$ 81,612
Purchased software	55,853	51,444
Office equipment, furniture and fixtures	8,796	8,899
Leasehold improvements	48,301	48,943
Total property and equipment	188,363	190,898
Less: accumulated depreciation and amortization	(141,109)	(144,450)
Property and equipment, net	$ 47,254	$ 46,448

Deferred Revenue

Deferred revenue represents invoiced amounts for deferred maintenance, SaaS, and other deferred revenue including professional services and training when the revenue recognition criteria have not been met.

Guarantees and Product Warranties

The majority of the Company's hardware products are shipped with either a one-year warranty or a limited lifetime warranty, and software products receive a 90-day warranty. Upon shipment of products to its customers, the Company estimates expenses for the cost to repair or replace products that may be returned under warranty and accrues a liability in cost of product revenues for this amount. The determination of the Company's warranty requirements is based on actual historical experience with the product or product family, estimates of repair and replacement costs, and any product warranty problems that are identified after shipment. The Company estimates and adjusts these accruals at each balance sheet date in accordance with changes in these factors.

The following table summarizes the activity related to the Company's product warranty liability during the following periods (in thousands):

	Three Months Ended		Nine Months Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Balance at beginning of period	$ 11,397	$ 11,820	$ 12,322	$ 10,852
New warranties issued	3,312	4,161	9,763	11,976
Warranty expenditures	(3,642)	(3,679)	(11,018)	(10,526)
Balance at end of period	$ 11,067	$ 12,302	$ 11,067	$ 12,302

To facilitate sales of its products in the normal course of business, the Company indemnifies its resellers and end-user customers with respect to certain matters. The Company has agreed to hold the customer harmless against losses arising from intellectual property infringement and certain other losses. These agreements may limit the time within which an indemnification claim can be made and the amount of the claim. It is not possible to estimate the maximum potential amount under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Historically, payments made by the Company under these agreements have not had a material impact on its operating results or financial position.

Concentrations

The Company may be subject to concentration of credit risk as a result of certain financial instruments consisting of accounts receivable. See Note 3, Revenues, for the Company's accounts receivable concentration. The Company does not invest an amount exceeding 10% of its combined cash in the securities of any one obligor or maker, except for obligations of the United States government, obligations of United States government agencies, and money market accounts.

5. Fair Value Measurements

A three-tier fair value hierarchy is utilized to prioritize the inputs used in measuring fair value. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels are defined as follows:

- Level 1 Inputs - unadjusted quoted prices in active markets for identical assets or liabilities;

- Level 2 Inputs - quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument; and
- Level 3 Inputs - unobservable inputs reflecting the Company’s own assumptions in measuring the asset or liability at fair value.

The following table presents the Company’s fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring basis at March 31, 2024 and June 30, 2023 (in thousands):

March 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Certificates of deposit	$ —	$ 7,586	$ —	$ 7,586
Total assets measured at fair value	$ —	$ 7,586	$ —	$ 7,586
Liabilities				
Foreign currency derivatives	$ —	$ 80	$ —	$ 80
Total liabilities measured at fair value	$ —	$ 80	$ —	$ 80

June 30, 2023	Level 1	Level 2	Level 3	Total
Assets				
Certificates of deposit	$ —	$ 7,151	$ —	$ 7,151
Foreign currency derivatives	—	31	—	31
Total assets measured at fair value	$ —	$ 7,182	$ —	$ 7,182

Level 1 Assets and Liabilities:

The Company’s financial instruments consist of cash, accounts receivable, accounts payable, and accrued liabilities. The Company states accounts receivable, accounts payable, and accrued liabilities at their carrying value, which approximates fair value due to the short time to the expected receipt or payment.

Level 2 Assets and Liabilities:

The Company's level 2 assets consist of certificates of deposit and derivative instruments. Certificates of deposit do not have regular market pricing and are considered Level 2. The fair value of derivative instruments under the Company’s foreign exchange forward contracts are estimated based on valuations provided by alternative pricing sources supported by observable inputs, which is considered Level 2.

As of March 31, 2024 and June 30, 2023, the Company had investment in certificates of deposit of $7.6 million and $7.2 million, respectively, with maturity of three months at the date of purchase, which are recorded as cash equivalents in the condensed consolidated balance sheets. The Company considers these cash equivalents to be available-for-sale and, as of March 31, 2024 and June 30, 2023, their fair value approximated their amortized cost.

As of March 31, 2024 and June 30, 2023, the Company had foreign exchange forward contracts that were not designated as hedging instruments with notional principal amounts of $15.5 million and $3.4 million, respectively. These contracts currently have maturities of 40 days or less. Changes in the fair value of these foreign exchange forward contracts not designated as hedging instruments are included in other income, net in the condensed consolidated statements of operations. For the three months ended March 31, 2024 and 2023, there were net losses of $0.3 million and net gains of $0.1 million, respectively. For the nine months ended March 31, 2024 and 2023, there were net losses of less than $0.1 million and $0.3 million, respectively. As of March 31, 2024 and June 30, 2023, there were no outstanding foreign exchange forward contracts that were designated as hedging instruments. See Note 12, Derivatives and Hedging, for additional information.

The fair value of borrowings under the 2023 Credit Agreement (as defined in Note 7) is estimated based on valuations provided by alternative pricing sources supported by observable inputs which is considered Level 2. Since the interest rate is variable in the 2023 Credit Agreement, the fair value approximates the face amount of the Company’s indebtedness of $192.5 million and $225.0 million as of March 31, 2024 and June 30, 2023, respectively.

Level 3 Assets and Liabilities:

Certain of the Company’s assets, including intangible assets and goodwill, are measured at fair value on a non-recurring basis if impairment is indicated.

As of March 31, 2024 and June 30, 2023, the Company did not have any assets or liabilities that were considered Level 3.

There were no transfers of assets or liabilities between Level 1, Level 2, and Level 3 during the three and nine months ended March 31, 2024 and 2023. There were no impairments recorded for the three and nine months ended March 31, 2024 and 2023.

6. Intangible Assets and Goodwill

Intangible Assets

The following tables summarize the components of gross and net intangible assets (in thousands, except years):

	Weighted Average Remaining Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
March 31, 2024				
Developed technology	3.4 years	$ 169,347	$ 162,163	$ 7,184
Customer relationships	2.2 years	64,683	60,274	4,409
Trade names	0.0 years	10,700	10,700	—
License agreements	2.8 years	2,445	2,249	196
Total intangible assets, net*		$ 247,175	$ 235,386	$ 11,789

* The carrying amount of foreign intangible assets are affected by foreign currency translation

	Weighted Average Remaining Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
June 30, 2023				
Developed technology	4.1 years	$ 169,460	$ 159,592	$ 9,868
Customer relationships	3.4 years	64,839	58,894	5,945
Trade names	0.0 years	10,700	10,700	—
License agreements	3.4 years	2,445	2,195	250
Total intangible assets, net*		$ 247,444	$ 231,381	$ 16,063

* The carrying amount of foreign intangible assets are affected by foreign currency translation

The following table summarizes the amortization expense of intangible assets for the periods presented (in thousands):

	Three Months Ended		Nine Months Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Amortization of intangible assets in "Total cost of revenues"	$ 616	$ 3,052	$ 2,661	$ 9,878
Amortization of intangible assets in "Total operating expenses"	511	510	1,531	1,537
Total amortization expense	$ 1,127	$ 3,562	$ 4,192	$ 11,415

The amortization expense that is recognized in "Total cost of revenues" primarily consists of amortization related to developed technology and license agreements.

The estimated future amortization expense to be recorded for each of the respective future fiscal years is as follows (in thousands):

	Amount
For the fiscal year ending June 30:	
2024 (the remainder of fiscal 2024)	$ 1,119
2025	4,477
2026	3,211
2027	1,439
2028	1,277
Thereafter	266
Total	$ 11,789

Goodwill

The Company had Goodwill in the amount of $394.2 million and $394.8 million as of March 31, 2024 and June 30, 2023, respectively. The change in goodwill during the nine months ended March 31, 2024 is due to foreign currency translation adjustments that are recorded as a component of accumulated other comprehensive loss.

7. Debt

The Company's debt is comprised of the following (in thousands):

	March 31, 2024	June 30, 2023
Current portion of long-term debt:		
Term Loan	$ 10,000	$ 10,000
Revolving Facility	—	25,000
Less: unamortized debt issuance costs	(674)	(674)
Current portion of long-term debt	$ 9,326	$ 34,326
Long-term debt, less current portion:		
Term Loan	$ 182,500	$ 190,000
Less: unamortized debt issuance costs	(1,903)	(2,409)
Total long-term debt, less current portion	180,597	187,591
Total debt	$ 189,923	$ 221,917

On August 9, 2019, the Company entered into an Amended and Restated Credit Agreement (the "2019 Credit Agreement"), by and among the Company, as borrower, several banks and other financial institutions as Lenders, BMO Harris Bank N.A., as an issuing lender and swingline lender, Silicon Valley Bank, as an Issuing Lender, and Bank of Montreal, as administrative agent and collateral agent for the Lenders which was subsequently amended during fiscal 2023.

On June 22, 2023, the Company entered into a Second Amended and Restated Credit Agreement (the "2023 Credit Agreement"), by and among the Company, as borrower, BMO Harris Bank, N.A., as an issuing lender and swingline lender, Bank of America, N.A., JPMorgan Chase Bank, N.A., PNC Bank, National Association, and Wells Fargo Bank, National Association, as issuing lenders, the financial institutions or entities party thereto as lenders, and Bank of Montreal, as administrative agent and collateral agent, which amended and restated the 2019 Credit Agreement. The 2023 Credit Agreement provides for i) a $200.0 million first lien term loan facility in an aggregate principal amount (the "2023 Term Loan"), ii) a $150.0 million five-year revolving credit facility (the "2023 Revolving Facility") and, iii) an uncommitted additional incremental loan facility in the principal amount of up to $100.0 million. On June 22, 2023, the Company borrowed $25.0 million against its $150.0 million revolving credit facility to refinance its debt. On July 7, 2023, the Company made a payment of $25.0 million to pay off the outstanding revolving credit balance.

Borrowings under the 2023 Credit Agreement bear interest, and at the Company's election, the initial term loan may be made as either a base rate loan or a Secured Overnight Funding Rate ("SOFR") loan. The applicable margin for base rate loans ranges from 1.00% to 1.75% per annum, and the applicable margin for SOFR loans ranges from 2.00% to 2.75%, in each case based on the Company's consolidated leverage ratio. All SOFR loans are subject to a floor of 0.00% per annum and spread adjustment of 0.10% per annum. The Company paid other closing fees, arrangement fees, and administration fees associated with the 2023 Credit Agreement.

The 2023 Credit Agreement requires the Company to maintain certain minimum financial ratios at the end of each fiscal quarter. The 2023 Credit Agreement also includes covenants and restrictions that limit, among other things, the Company's ability to incur additional indebtedness, create liens upon any of its property, merge, consolidate or sell all or substantially all of its assets. The 2023 Credit Agreement also includes customary events of default which may result in acceleration of the outstanding balance. During the nine months ended March 31, 2024, the Company was in compliance with all the terms and financial covenants of the 2023 Credit Agreement.

Financing costs incurred in connection with obtaining long-term financing are deferred and amortized over the term of the related indebtedness or credit agreement. Amortization of deferred financing costs included in "Interest expense" in the accompanying condensed consolidated statements of operations were $0.3 million and $0.7 million for the three months ended March 31, 2024 and 2023, respectively, and were $0.8 million and $2.2 million for the nine months ended March 31, 2024 and 2023, respectively. The interest rate as of March 31, 2024 was 7.44% and as of March 31, 2023 was 5.97%.

As of March 31, 2024, the Company did not have any outstanding balance against its 2023 Revolving Facility. The Company had $135.5 million of availability under the 2023 Revolving Facility as of March 31, 2024. During the three and nine months ended March 31, 2024 the Company did not make any additional payments against its term loan facility other than the scheduled payments per the terms of the 2023 Credit Agreement. During the nine months ended March 31, 2023, the Company made an additional payment of $45.5 million, against its term loan facility under the 2019 Credit Agreement.

The Company had $14.5 million of outstanding letters of credit as of March 31, 2024.

8. Commitments and Contingencies

Purchase Commitments

The Company currently has arrangements with contract manufacturers and suppliers for the manufacture of its products. Those arrangements allow the contract manufacturers to procure long lead-time component inventory based upon a rolling production forecast provided by the Company. The Company is obligated to purchase long lead-time component inventory that its contract manufacturer procures in accordance with the forecast, unless the Company gives notice of order cancellation outside of applicable component lead-times. As of March 31, 2024, the Company had commitments to purchase $51.5 million of inventory.

Legal Proceedings

The Company may from time to time be party to litigation arising in the course of its business, including, without limitation, allegations relating to commercial transactions, business relationships, or intellectual property rights. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources. Litigation in general, and intellectual property litigation in particular, can be expensive and disruptive to normal business operations. Moreover, the results of legal proceedings are difficult to predict.

In accordance with applicable accounting guidance, the Company records accruals for certain of its outstanding legal proceedings, investigations or claims when it is probable that a liability will be incurred, and the amount of loss can be reasonably estimated. The Company evaluates, at least on a quarterly basis, developments in legal proceedings, investigations or claims that could affect the amount of any accrual, as well as any developments that would result in a loss contingency to become both probable and reasonably estimable. When a loss contingency is not both probable and reasonably estimable, the Company does not record a loss accrual. However, if the loss (or an additional loss in excess of any prior accrual) is at least reasonably possible and material, then the Company would disclose an estimate of the possible loss or range of loss, if such estimate can be made, or disclose that an estimate cannot be made. The assessment whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, involves a series of complex judgments about future events. Even if a loss is reasonably possible, the Company may not be able to estimate a range of possible loss, particularly where (i) the damages sought are substantial or indeterminate, (ii) the proceedings are in the early stages, or (iii) the matters involve novel or unsettled legal theories or a large number of parties. In such cases, there is considerable uncertainty regarding the ultimate resolution of such matters, including the amount of any possible loss, fine or penalty. However, an adverse resolution of one or more of such matters could have a material adverse effect on the Company's results of operations in a particular quarter or fiscal year.

Orckit IP, LLC v. Extreme Networks, Inc., Extreme Networks Ireland Ltd., and Extreme Networks GmbH

On February 1, 2018, Orckit IP, LLC ("Orckit") filed a patent infringement lawsuit against the Company and its Irish and German subsidiaries in the District Court in Dusseldorf, Germany. The lawsuit alleges direct and indirect infringement of the German portion of a patent ("EP '364") based on the offer, distribution, use, possession and/or importation into Germany of certain network switches that are equipped with the ExtremeXOS operating system. Orckit is seeking injunctive relief, accounting, and an unspecified declaration of liability for damages and costs of the lawsuit. On January 28, 2020, the Court rendered a decision in the infringement case in favor of the Company. The matter is proceeding through the appellate process.

On April 23, 2019, Orckit filed an extension of the patent infringement complaint against the Company and its Irish and German subsidiaries in the District Court in Dusseldorf, Germany. With this extension, Orckit alleges infringement of the German portion of a second patent ("EP '077") based on the offer, distribution, use, possession and/or importation into Germany of certain network switches that the Company no longer sells in Germany. Orckit is seeking injunctive relief, accounting and sales information, and a declaration of liability for damages as well as costs of the lawsuit. On October 13, 2020, the Court issued an infringement decision against the Company and granted Orckit the right to enforce the judgment against the Company, which Orckit has provided notification to the Company that it will enforce the judgment. In the rendering of account, Orckit was informed that the products at issue were in end of sale status prior to the filing of the EP '077 complaint. The Company has appealed the infringement decision, and the matter is proceeding through the appellate process.

The Company filed a nullity action related to the EP '364 patent on May 3, 2018, and one related to the EP '077 patent on October 31, 2019, both in the Federal Patent Court in Munich. The Federal Patent Court in Munich found the EP '364 patent to be valid and the Company filed an appeal, which was dismissed on October 12, 2023. On October 25, 2022 the Federal Patent Court in Munich issued an opinion partially invalidating the EP '077 patent and the Company and Orckit have filed appeals.

SNMP Research, Inc. and SNMP Research International, Inc. v. Broadcom Inc., Brocade Communications Systems LLC, and Extreme Networks, Inc.

On October 26, 2020, SNMP Research, Inc. and SNMP Research International, Inc. (collectively, "SNMP") filed a lawsuit against the Company in the Eastern District of Tennessee for copyright infringement, alleging that the Company was not properly licensed to use its software. SNMP is seeking actual damages and profits attributed to the infringement, as well as equitable relief. The Company filed a motion to transfer the case to the Northern District of California. The motion to dismiss was denied in part and denied without prejudice in part. On March 2, 2023, SNMP filed an amended complaint adding claims against Extreme on additional products for copyright infringement, breach of contract, and fraud. On March 16, 2023, the Company filed a motion to dismiss, challenging multiple claims from the amended complaint, which was denied on January 30, 2024. On March 20, 2023, the Company filed a motion to refer questions to the U.S. Copyright Office on the invalidity of SNMP's copyrights, which was denied on March 18, 2024. The trial date has been set for October 2024.

Mala Technologies Ltd. v. Extreme Networks GmbH, Extreme Networks Ireland Ops Ltd., and Extreme Networks, Inc.

On April 15, 2021, Mala Technologies Ltd. ("Mala") filed a patent infringement lawsuit against the Company and its Irish and German subsidiaries in the District Court in Dusseldorf, Germany. The lawsuit alleges indirect infringement of the German portion of a patent ("EP '498") based on the offer and sale in Germany of certain network switches equipped with the ExtremeXOS operating system. Mala is seeking injunctive relief, accounting, and an unspecified declaration of liability for damages and costs of the lawsuit. On December 20, 2022, the trial court ruled that the Company did not infringe the EP '498 patent and dismissed Mala's complaint entirely. Mala has filed an appeal and the matter is proceeding through the appellate process.

The Company filed a nullity complaint against EP '498 with the German Federal Patent Court on September 24, 2021 and a hearing date has been set for November 20, 2024.

Indemnification Obligations

Subject to certain limitations, the Company may be obligated to indemnify its current and former directors, officers, and employees. These obligations arise under the terms of its certificate of incorporation, its bylaws, applicable contracts, and applicable law. The obligation to indemnify, where applicable, generally means that the Company is required to pay or reimburse, and in certain circumstances the Company has paid or reimbursed, the individuals' reasonable legal expenses and possible damages and other liabilities incurred in connection with certain legal matters. The Company also procures Directors and Officers liability insurance to help cover its defense and/or indemnification costs, although its ability to recover such costs through insurance is uncertain. While it is not possible to estimate the maximum potential amount that could be owed under these governing documents and agreements due to the Company's limited history with prior indemnification claims, indemnification (including defense) costs could, in the future, have a material adverse effect on the Company's consolidated financial position, results of operations and cash flows.

9. Stockholders' Equity

Equity Incentive Plan

The Compensation Committee of the Board unanimously approved an amendment to the Extreme Networks, Inc. Amended and Restated 2013 Equity Incentive Plan (the "2013 Plan") on September 14, 2023 to increase the maximum number of available shares by 5.0 million shares. The amendment was approved by the stockholders of the Company at the annual meeting of stockholders held on November 8, 2023.

Employee Stock Purchase Plan

The Compensation Committee of the Board unanimously approved an amendment to the 2014 Employee Stock Purchase Plan (the "ESPP") on September 9, 2021 to increase the maximum number of shares that will be available for sale thereunder by 7.5 million shares. The amendment was approved by the stockholders of the Company at the annual meeting of stockholders held on November 4, 2021.

Common Stock Repurchases

On May 18, 2022, the Company announced the Board had authorized management to repurchase up to $200.0 million shares of the Company's common stock over a three-year period commencing July 1, 2022 (as amended, the "2022 Repurchase Program"). Initially, under the 2022 Repurchase Program, a maximum of $25.0 million of shares was authorized to be repurchased in any quarter; however, on November 17, 2022, the Board increased the authorization to repurchase shares in any quarter from up to $25.0 million of shares per quarter to up to $50.0 million of shares per quarter. Purchases may be made from time to time in the open market or pursuant to a 10b5-1 plan.

During the three months ended March 31, 2024, the Company did not repurchase any shares of its common stock. During the nine months ended March 31, 2024, the Company repurchased a total of 2,365,220 shares of its common stock on the open market at a total cost of $49.9 million with an average price of $21.08 per share. During the three months ended March 31, 2023, the Company repurchased a total of 1,350,568 shares of its common stock on the open market at a total cost of $25.0 million with an average price of $18.51 per share. During the nine months ended March 31, 2023, the Company repurchased a total of 3,928,743 shares of its common stock on the open market at a total cost of $74.8 million with an average price of $19.04 per share. As of March 31, 2024, approximately $50.3 million remains available for share repurchases under the 2022 Repurchase Program.

As a provision of the Inflation Reduction Act enacted in the U.S., the Company is subject to an excise tax on corporate stock repurchases, which is assessed as one percent of the fair market value of net corporate stock repurchases after December 31, 2022. The Company expects that the impact of the excise tax on net corporate stock repurchases will not be material for fiscal 2024.

10. Employee Benefit Plans

Shares Reserved for Issuance

The Company had the following reserved shares of common stock for future issuance as of the dates noted (in thousands):

	March 31, 2024	June 30, 2023
2013 Equity Incentive Plan shares available for grant	12,973	9,995
Employee stock options and awards outstanding	8,291	10,038
2014 Employee Stock Purchase Plan	7,130	8,467
Total shares reserved for issuance	28,394	28,500

Share-based Compensation Expense

Share-based compensation expense recognized in the condensed consolidated financial statements by line-item caption is as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Cost of product revenues	$ 405	$ 492	$ 1,352	$ 1,365
Cost of subscription and support revenues	679	930	2,294	2,568
Research and development	4,226	3,883	13,038	10,935
Sales and marketing	5,683	5,777	20,206	16,326
General and administrative	6,840	4,294	21,819	15,367
Total share-based compensation expense	$ 17,833	$ 15,376	$ 58,709	$ 46,561

Stock Options

The following table summarizes stock option activity for the nine months ended March 31, 2024 (in thousands, except per share amount and contractual term):

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Options outstanding at June 30, 2023	1,187	$ 6.56	2.70	$ 23,136
Granted	—	—		
Exercised	(114)	6.40		
Canceled	—	—		
Options outstanding at March 31, 2024	1,073	$ 6.58	2.00	$ 5,326
Vested and expected to vest at March 31, 2024	1,073	$ 6.58	2.00	$ 5,326
Exercisable at March 31, 2024	1,073	$ 6.58	2.00	$ 5,326

The fair value of each stock option grant under the 2013 Plan is estimated on the date of grant using the Black-Scholes-Merton option valuation model. The expected term of options granted is derived from historical data on employee exercise and post-vesting employment termination behavior. The risk-free interest rate is based upon the estimated life of the option and the U.S. Treasury yield curve in effect at the time of grant. Expected volatility is based on the historical volatility on the Company’s stock. There were no stock options granted during the three and nine months ended March 31, 2024 and 2023.

Stock Awards

Stock awards may be granted under the 2013 Plan on terms approved by the Compensation Committee of the Board. Stock awards generally provide for the issuance of restricted stock units (“RSUs”) including performance-condition or market-condition RSUs which vest over a fixed period of time or based upon the satisfaction of certain performance criteria or market conditions. The Company recognizes compensation expense on the stock awards over the vesting period based on the awards’ fair value as of the date of grant. The Company does not estimate forfeitures, but accounts for them as incurred.

The following table summarizes stock award activity for the nine months ended March 31, 2024 (in thousands, except grant date fair value):

	Number of Shares	Weighted-Average Grant Date Fair Value	Aggregate Fair Value
Non-vested stock awards outstanding at June 30, 2023	8,851	$ 14.25	
Granted	3,939	27.78	
Released	(4,735)	12.65	
Canceled	(837)	19.54	
Non-vested stock awards outstanding at March 31, 2024	7,218	$ 22.07	$ 159,301
Stock awards expected to vest at March 31, 2024	7,218	$ 22.07	$ 159,301

The RSUs granted under the 2013 Plan vest over a period of time, generally one to three years, and are subject to participant's continued service to the Company. The stock awards granted during the nine months ended March 31, 2024 included 0.6 million RSUs including the market condition awards discussed below to the named executive officers and directors.

Market Condition Awards

During the nine months ended March 31, 2024 and 2023, the Compensation Committee of the Board granted 0.8 million and 1.0 million RSUs, respectively, with vesting based on market conditions ("MSU") to certain of the Company's executive officers. The MSUs granted during the nine months ended March 31, 2024 included 0.5 million MSUs subject to total shareholder return ("TSR") and 0.3 million MSUs subject to certain stock price targets. The MSUs granted during the nine months ended March 31, 2023 were subject to TSR.

The TSR MSUs vest based on the Company's TSR relative to the TSR of the Russell 2000 Index ("Index"). The MSU award represents the right to receive a target number of shares of common stock of up to 150% of the original grant, as indicated in the table below. The MSUs vest based on the Company's TSR relative to the TSR of the Index over performance periods of three years from the grant date, subject to the grantees' continued service through the certification of performance.

Level	Relative TSR	Shares Vested
Below Threshold	TSR is less than the Index by more than 37.5 percentage points	0%
Threshold	TSR is less than the Index by 37.5 percentage points	25%
Target	TSR equals the Index	100%
Maximum	TSR is greater than the Index by 25 percentage points or more	150%

Total shareholder return is calculated based on the average closing price for the 30-trading days prior to the beginning and end of the performance periods. Performance is measured based on three periods, with the ability for up to one-third of target shares to vest after years one and two and the ability for up to the maximum of the full award to vest based on the full three-year TSR less any shares vested based on one- and two-year periods. Linear interpolation is used to determine the number of shares vested for achievement between target levels.

The grant date fair value of each MSU was determined using the Monte Carlo simulation model. The weighted-average grant-date fair value of the TSR MSUs granted during the nine months ended March 31, 2024 was $32.66 per share. The assumptions used in the Monte Carlo simulation included the expected volatility of 50%, risk-free interest rate of 4.43%, no expected dividend yield, expected term of three years and possible future stock prices over the performance period based on the historical stock and market prices. The weighted-average grant-date fair value of the TSR MSUs granted during the nine months ended March 31, 2023 was $16.57 per share. The assumptions used in the Monte Carlo simulation included the expected volatility of 67%, risk-free interest rate of 3.12%, no expected dividend yield, expected term of three years, and possible future stock prices over the performance period based on the historical stock and market prices. The Company recognizes the expense related to these MSUs on a graded-vesting method over the estimated term.

The stock price target MSUs vest upon the achievement of a certain stock price target over the defined performance period. The stock price target shall be deemed as achieved if the average closing stock price over any thirty consecutive trading days during the period from grant date through the third anniversary of the grant date equals or exceeds the price target of $41.38 for the initial performance period. Upon satisfaction of the initial stock price target, 50% of the target shares will vest on the 3rd anniversary of the grant date and the remaining 50% will vest on the 4th anniversary of the grant date, subject to employees continued service through the applicable vesting dates. If the units are not earned on the last day of initial performance period, the units will remain outstanding and be eligible to be earned if the average closing stock price over any thirty consecutive trading days equals or exceeds the price target of $46.96.

The grant date fair value of these stock price target MSUs was determined using the Monte Carlo simulation model. The weighted-average grant-date fair value of these stock price target MSUs granted during the nine months ended March 31, 2024 was $28.80 per share. The assumptions used in the Monte Carlo simulation included the expected volatility of 63%, risk-free interest rate of 4.45%, no expected dividend yield, expected term of three years based on possible future stock prices over the performance period based on the historical stock prices. The Company recognizes the expense related to these MSUs on a graded-vesting method over the estimated term.

Employee Stock Purchase Plan

The fair value of each share purchase option under the ESPP is estimated on the date of grant using the Black-Scholes-Merton option valuation model with the weighted average assumptions noted in the following table. The expected term of the ESPP represents the term of the offering period of each option. The risk-free interest rate is based on the estimated life and on the U.S. Treasury yield curve in effect at the time of grant. Expected volatility is based on the historical volatility on the Company's common stock.

There were 0.8 million shares issued under the ESPP during each of the three months ended March 31, 2024 and 2023. There were 1.3 million and 1.5 million shares issued under the ESPP during the nine months ended March 31, 2024 and 2023, respectively. The following assumptions were used to determine the grant-date fair values of the ESPP shares during the following periods:

	Employee Stock Purchase Plan Three Months Ended		Employee Stock Purchase Plan Nine Months Ended	
	March 31, 2024	**March 31, 2023**	**March 31, 2024**	**March 31, 2023**
Expected term	0.5 years	0.5 years	0.5 years	0.5 years
Risk-free interest rate	5.31 %	4.98 %	5.42 %	3.84 %
Volatility	52 %	49 %	47 %	55 %
Dividend yield	— %	— %	— %	— %

The weighted-average grant-date fair value of shares under the ESPP during the three months ended March 31, 2024 and 2023 was $3.68 and $5.63 per share, respectively. The weighted-average grant-date fair value of shares under the ESPP during the nine months ended March 31, 2024 and 2023 was $5.73 and $4.87 per share, respectively.

11. Information about Segments and Geographic Areas

The Company operates in one segment, the development and marketing of network infrastructure equipment and related software. The Company conducts business globally and is managed geographically. Revenues are attributed to a geographical area based on the billing address of customers. The Company operates in three geographical areas: Americas, EMEA, and APAC. The Company's chief operating decision maker, who is its Chief Executive Officer, reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance.

See Note 3, Revenues, for the Company's revenues by geographic regions and channel based on the customer's billing address.

The Company's long-lived assets are attributed to the geographic regions as follows (in thousands):

	March 31, 2024	**June 30, 2023**
Americas	$ 139,483	$ 124,375
EMEA	35,286	35,175
APAC	10,538	11,244
Total long-lived assets	$ 185,307	$ 170,794

12. Derivatives and Hedging

Interest Rate Swaps

The Company is exposed to interest rate risk on its debt. The Company may enter into interest rate swap contracts to effectively manage the impact of fluctuations of interest rate changes on its outstanding debt which may have a floating interest rate. The Company does not enter into derivative contracts for trading or speculative purposes.

At the inception date of the derivative contract, the Company performs an assessment of these contracts and has designated these contracts as cash flow hedges. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreement without exchange of the underlying notional amount. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, by performing qualitative and quantitative assessments of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items. Changes in the fair value of a derivative that is qualified, designated and highly effective as a cash flow hedge are recorded in other comprehensive income (loss). When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively. In accordance with ASC 815 *Derivatives and Hedging*, the Company may prospectively discontinue the hedge accounting for an existing hedge if the applicable criteria are no longer met, the derivative instrument expires, is sold, terminated or exercised or if the Company removes the designation of the respective cash flow hedge. In those circumstances, the net gain or loss remains in "Accumulated other comprehensive loss" and is reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings, unless the forecasted transaction is no longer probable in which case the net gain or loss is reclassified into earnings immediately.

During the fiscal year ended June 30, 2020, the Company entered into multiple interest rate swap contracts, designated as cash flow hedges, to hedge the variability of cash flows in interest payments associated with the Company's various tranches of floating-rate debt. As of March 31, 2024, the Company did not have any outstanding interest rate swaps contracts. As of March 31, 2023, the notional amount of these interest rate swaps was $75.0 million and had maturity dates through April 2023. As of March 31, 2023, these contracts had unrealized gains of $0.1 million, and were recorded in "Accumulated other comprehensive loss" with the associated asset in "Prepaid expenses and other current assets", in the condensed consolidated balance sheets. Cash flows associated with periodic settlements of interest rate swaps are classified as operating activities in the condensed consolidated statement of cash flows. Realized gains and losses are recognized as they accrue in interest expense. Amounts reported in "Accumulated other comprehensive loss" related to these cash flow hedges are reclassified to interest expense over the life of the swap contracts.

Foreign Exchange Forward Contracts

The Company uses derivative financial instruments to manage exposures to foreign currency that may or may not be designated as hedging instruments. The Company's objective for holding derivatives is to use the most effective methods to minimize the impact of these exposures. The Company does not enter into derivatives for speculative or trading purposes. The Company enters into foreign exchange forward contracts primarily to mitigate the effect of gains and losses generated by foreign currency transactions related to certain operating expenses and re-measurement of certain assets and liabilities denominated in foreign currencies.

For foreign exchange forward contracts not designated as hedging instruments, the fair value of the Company's derivatives in a gain position are recorded in "Prepaid expenses and other current assets" and derivatives in a loss position are recorded in "Other accrued liabilities" in the accompanying condensed consolidated balance sheets. Changes in the fair value of derivatives are recorded in "Other income (expense), net" in the accompanying condensed consolidated statements of operations. As of March 31, 2024 and 2023, foreign exchange forward contracts not designated as hedging instruments had a total notional principal amount of $15.5 million and $11.2 million, respectively. These contracts have maturities of 40 days or less. During the three months ended March 31, 2024 and 2023, the net gains and losses recorded in the condensed consolidated statement of operations from these contracts were net losses of $0.3 million and net gains of $0.1 million, respectively. During the nine months ended March 31, 2024 and 2023 the net gains and losses recorded in the condensed consolidated statement of operations were net losses of less than $0.1 million and net losses of $0.3 million, respectively. Changes in the fair value of these foreign exchange forward contracts are offset largely by remeasurement of the underlying assets and liabilities.

For the three months ended March 31, 2024 and 2023, the Company recognized total foreign currency gains of $0.7 million and total foreign currency losses of $0.3 million, respectively, and for the nine months ended March 31, 2024 and 2023, the Company recognized total foreign currency gains of $0.4 million and $0.5 million, respectively, related to the change in fair value of foreign currency denominated assets and liabilities.

13. Restructuring and Related Charges

The Company recorded $14.4 million and $26.3 million of restructuring and related charges during the three and nine months ended March 31, 2024, respectively, which primarily related to the restructuring plans as noted below.

During the third quarter of fiscal 2024, the Company executed a global reduction-in-force plan targeted towards the reorganization of the Company's research and development and sales and marketing functions to align the Company's workforce with its strategic priorities and to focus on specific geographies and industry segments with higher growth opportunities (the "Q3 2024 Plan"). During the three and nine months ended March 31, 2024, the Company recorded restructuring charges of approximately $9.7 million related to the Q3 2024 Plan, which primarily consisted of severance and benefits expenses.

During the second quarter of fiscal 2024, the Company executed a global reduction-in-force plan to rebalance its workforce to create greater efficiency and improve execution, in alignment with the Company's business and strategic priorities, while reducing its ongoing operating expenses to address reduced revenue and macro-economic conditions (the "Q2 2024 Plan"). During the three months ended March 31, 2024, the Company recorded restructuring charges of approximately $4.6 million related to the Q2 2024 Plan, which primarily consisted of additional severance, other employee benefits and legal and consulting fees. During the nine months ended March 31, 2024, the Company recorded restructuring charges of approximately $13.3 million related to the Q2 2024 Plan, which primarily consisted of employee severance and benefits expenses and legal and consulting fees.

The Company expects to complete these ongoing restructuring plans by the end of fiscal 2024 and expects to incur between $2.0 million to $3.0 million in additional charges for the Q3 2024 Plan and the Q2 2024 Plan by the end of fiscal 2024.

During the first quarter of fiscal 2024, the Company initiated a reduction-in-force plan to rebalance the workforce to create greater efficiency and improve execution in alignment with the Company's business and strategic priorities (the "Q1 2024 Plan"). It consisted primarily of workforce reduction to drive productivity in research and development, sales and marketing and provide efficiency across operations and general & administrative functions. During the three months ended March 31, 2024, the Company did not incur any charges related to the Q1 2024 Plan. During the nine months ended March 31, 2024, the Company incurred charges of approximately $2.9 million related to the Q1 2024 Plan. As of March 31, 2024, the plan was completed.

During the third quarter of fiscal 2023, the Company initiated a restructuring plan to transform its business infrastructure and reduce its facilities footprint and the facilities related charges (the "2023 Plan"). As part of this project, the Company is moving engineering labs from its San Jose, California location to its Salem, New Hampshire location. This move is expected to help reduce the cost of operating the Company's labs. During the three months and nine months ended March 31, 2024, the Company incurred restructuring charges of approximately $0.1 million and $0.4 million, respectively, primarily for moving costs. The Company expects that the project will take about 6 to 9 months from March 31, 2024 to complete, and expects to incur charges of approximately $9.0 million throughout this period, primarily for asset disposals, contractor costs, severance, relocation, and other non-recurring fees.

The Company recorded $1.4 million and $2.3 million of restructuring and related charges during the three and nine months ended March 31, 2023, which primarily included additional facilities expenses related to previously impaired facilities and $0.8 million in charges associated with the 2023 plan to transform the Company's business and facilities infrastructure.

Restructuring liabilities are recorded in "Other accrued liabilities" in the accompanying condensed consolidated balance sheets. As of March 31, 2024, the restructuring liability was $17.0 million, which primarily related to the Q2 2024 and Q3 2024 Plans.

The following table summarizes the activity related to the Company's restructuring and related liabilities during the following periods (in thousands):

	Three Months Ended March 31, 2024	Nine Months Ended March 31, 2024
Balance at beginning of period	$ 6,192	$ —
Period charges	14,937	27,113
Period reversals	(516)	(802)
Period payments	(3,641)	(9,339)
Balance at end of period	$ 16,972	$ 16,972

14. Income Taxes

For the three months ended March 31, 2024 and 2023, the Company recorded an income tax benefit of $0.6 million and an income tax provision of $3.9 million, respectively. For the nine months ended March 31, 2024 and 2023, the Company recorded an income tax provision of $7.0 million and $8.3 million, respectively.

The income tax provisions (benefit) for the three and nine months ended March 31, 2024 and 2023, consisted of (1) taxes on the income of the Company's foreign subsidiaries, (2) state taxes in jurisdictions where the Company has no remaining state net operating losses ("NOLs"), (3) foreign withholding taxes, and (4) tax expense associated with the establishment of a U.S. deferred tax liability for amortizable goodwill resulting from the acquisition of Enterasys Networks, Inc., the wireless local area network business from Zebra Technologies Corporation, the Campus Fabric Business from Avaya and the Data Center Business from Brocade. In addition, the income tax provision (benefit) for the three months ended March 31, 2024, includes US Federal income tax benefit of $1.6 million, fully reversing the previously recorded U.S. federal income tax expense during the first two quarters of the year, as well as a $0.3 million income tax benefit resulting from establishment of an indefinite lived deferred tax asset for nondeductible interest expense, offsetting the deferred tax liability related to amortizable goodwill. The interim income tax provisions (benefit) for the three and nine months ended March 31, 2024 and 2023 were calculated using the discrete effective tax rate method as allowed by ASC 740-270-30-18, *Income Taxes – Interim Reporting*. The discrete method is applied when the application of the estimated annual effective tax rate is impractical because it is not possible to reliably estimate the annual effective tax rate. The discrete method treats the year-to-date period as if it was the annual period and determines the income tax expense or benefit on that basis. The Company believes that, at this time, the use of this discrete method is more appropriate than the annual effective tax rate method as (i) the estimated annual effective tax rate method is not reliable due to the high degree of uncertainty in estimating annual pretax earnings on a jurisdictional basis and (ii) the Company's ongoing assessment that the recoverability of certain U.S. and Irish deferred tax assets is not more likely than not.

The Company has provided a full valuation allowance against all of its U.S. federal and state deferred tax assets as well as a portion of the deferred tax assets in Ireland. Significant judgment is required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, the Company considers all available positive and negative evidence to determine whether it is "more likely than not" that deferred tax assets are recoverable including past operating results, estimates of future taxable income, changes to enacted tax laws, and the feasibility of tax planning strategies; such assessment is required on a jurisdiction-by-jurisdiction basis. The Company's inconsistent earnings in recent periods, including historical losses, tax attributes expiring unutilized in recent years and the cyclical nature of the Company's business provides sufficient negative evidence that require a full valuation allowance against its U.S. federal and state net deferred tax assets as well as a portion of the deferred tax assets in Ireland. These valuation allowances will be evaluated periodically and can be reversed partially or in whole if business results and the economic environment have sufficiently improved to support realization of some or all of the Company's deferred tax assets. In the event the Company changes its determination as to the amount of deferred tax assets that can be realized, it will adjust its valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

The Company had $18.3 million of unrecognized tax benefits as of March 31, 2024. If fully recognized in the future, $0.2 million would impact the effective tax rate and $18.1 million would result in adjustments to deferred tax assets and corresponding adjustments to the valuation allowance with no impact to the effective tax rate. The Company does not anticipate any events to occur during the next twelve months that would materially reduce the unrealized tax benefit as currently stated in the Company's condensed consolidated balance sheets.

The Company's policy is to accrue interest and penalties related to the underpayment of income taxes as a component of tax expense in the accompanying condensed consolidated statements of operations.

In general, the Company's U.S. federal income tax returns are subject to examination by tax authorities for fiscal years 2001 forward due to NOLs and the Company's state income tax returns are subject to examination for fiscal years 2000 and forward due to NOLs. The Company is not currently under audit for income tax purposes in any material jurisdictions.

15. Net Income (Loss) Per Share

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during the period. Diluted net income (loss) per share is calculated by dividing net income by the weighted-average number of shares of common stock used in the basic net income per share calculation plus the dilutive effect of shares subject to repurchase, options and unvested RSUs.

The following table presents the calculation of net income (loss) per share of basic and diluted (in thousands, except per share data):

	Three Months Ended		Nine Months Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Net income (loss)	$ (64,425)	$ 22,131	$ (31,761)	$ 52,647
Weighted-average shares used in per share calculation – basic	129,299	128,816	129,021	129,864
Options to purchase common stock	—	748	—	678
Restricted stock units	—	3,461	—	3,174
Weighted-average shares used in per share calculation – diluted	129,299	133,025	129,021	133,716
Net income (loss) per share – basic and diluted				
Net income (loss) per share – basic	$ (0.50)	$ 0.17	$ (0.25)	$ 0.41
Net income (loss) per share – diluted	$ (0.50)	$ 0.17	$ (0.25)	$ 0.39

The following securities were excluded from the computation of net income (loss) per diluted share of common stock for the periods presented as their effect would have been anti-dilutive (in thousands):

	Three Months Ended		Nine Months Ended	
	March 31, 2024	**March 31, 2023**	**March 31, 2024**	**March 31, 2023**
Options to purchase common stock	1,083	—	1,144	—
Restricted stock units	5,577	143	6,269	116
Employee Stock Purchase Plan shares	266	238	88	78
Total shares excluded	6,926	381	7,501	194

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q for the third quarter ended March 31, 2024 (this "Report") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including in particular, our expectations regarding market demands, customer requirements and the general economic environment, future results of operations, and other statements that include words such as "may," "will," "should," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," "continue" and similar expressions. These forward-looking statements involve risks and uncertainties. We caution investors that actual results may differ materially from those projected in the forward-looking statements as a result of certain risk factors identified in the section entitled "Risk Factors" in this Report, our Annual Report on Form 10-K for the fiscal year ended June 30, 2023, our Quarterly Reports on Form 10-Q for the first and second quarter ended September 30, 2023 and December 31, 2023, respectively, and other filings we have made with the Securities and Exchange Commission. These risk factors include, but are not limited to: adverse general economic conditions; risks related to supply chain disruptions; fluctuations in demand for our products and services; a highly competitive business environment for network switching equipment; our effectiveness in controlling expenses; the possibility that we might experience delays in the development or introduction of new technology and products; customer response to our new technology and products; fluctuations in the global economy, including as a result of political, social, economic, currency and regulatory factors; risks related to pending or future litigation; a dependency on third parties for certain components and for the manufacturing of our products and our ability to receive the anticipated benefits of acquired businesses.

Business Overview

The following discussion is based upon our unaudited condensed consolidated financial statements included elsewhere in this Report. In the course of operating our business, we routinely make decisions as to the timing of the payment of invoices, the collection of receivables, the manufacturing and shipment of products, the fulfillment of orders, the purchase of supplies, and the building of inventory and service parts, among other matters. Each of these decisions has some impact on the financial results for any given period. In making these decisions, we consider various factors, including contractual obligations, customer satisfaction, competition, internal and external financial targets and expectations, and financial planning objectives. For further information about our critical accounting policies and estimates, see the "Critical Accounting Policies and Estimates" section included in this "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Extreme Networks, Inc. ("Extreme" or "Company") is a leading provider of cloud networking solutions and industry leading services and support. Extreme designs, develops, and manufactures wired, wireless, and software-defined wide area-network ("SD-WAN") infrastructure equipment, software and cloud-based network management solutions. The Company's cloud solution is a single platform that offers unified network management of wireless access points, switches, and SD-WAN. It leverages machine learning, Artificial Intelligence for Information Technology Operations ("AIOps") and analytics to help customers deliver secure connectivity at the edge of the network, speed cloud deployments, and uncover actionable insights to save time, lower costs and streamline operations.

Extreme has been pushing the boundaries of networking technology since 1996, driven by a higher purpose of helping our customers connect beyond the network. Extreme's cloud networking technologies provide flexibility and scalability in deployment, management, and licensing of networks globally. Our global footprint provides service to over 50,000 customers including some of the world's leading names in business, hospitality, retail, transportation and logistics, education, government, healthcare, manufacturing and service providers. We derive all our revenues from the sale of our networking equipment, software subscriptions, and related maintenance contracts.

Industry Background

Enterprises across every industry are going through unprecedented changes, such as leading digital initiatives, migrating their workloads to cloud-based environments, modernizing applications, and adopting to a distributed workforce. To accomplish this, they are adopting new Information Technology ("IT") delivery models and applications that require fundamental network alterations and enhancements spanning from the access edge to the data center. As networks become more complex and more distributed in nature, we believe IT teams in every industry will need more control and better insights than ever before to ensure secure, distributed connectivity and comprehensive centralized visibility. Managing networks from cloud-based applications where customers can run their entire end-to-end networks, from wired or wireless infrastructure to SD-WAN, while ensuring full IT management of the business becomes critical. In addition, Machine Learning ("ML") and Artificial Intelligence ("AI") technologies have the potential to vastly improve the network experience in today's world by collating large data sets to increase accuracy and derive resolutions to improve the operation of the network. When ML and AI are applied with cloud-driven networking and automation, administrators can quickly scale to provide productivity, availability, accessibility, manageability, security, and speed, regardless of the distribution of the network.

As the edge of the network continues to expand, our customers are managing more endpoints which comes with a host of challenges. This continued expansion creates issues such as a higher risk of cyberattacks and a need for more bandwidth as a result of an increase in applications running across the network.

Network complexity manifests itself in the form of more endpoints to manage, more applications to monitor, and more services that rely on the network for service delivery and enablement. When performance suffers, and the tug on internal systems and IT staff becomes more intense, technology is often being overworked. Resolving network problems expeditiously and identifying their root cause can improve organizational productivity and result in higher performance of operations.

We believe that the network has never been more vital than it is today. As administrators grapple with more data, coming from more places, more connected devices, and more Software-as-a-Service (“SaaS”) based applications, the cloud is fundamental to managing and maintaining a modern network. Traditional network offerings are not well-suited to fulfill enterprise expectations for rapid delivery of new services, more flexible business models, real-time response, and massive scalability.

As enterprises continue to migrate increasing numbers of applications and services to either private clouds or public clouds offered by third parties and to adopt new IT delivery models and applications, they are required to make fundamental network alterations and enhancements spanning from device access points (“AP”) to the network core. In either case, the network infrastructure must adapt to this new dynamic environment. Intelligence and automation are key if enterprises are to derive maximum benefit from their cloud deployments. With automation applications becoming increasingly critical in manufacturing, warehousing, logistics, healthcare and other key industries, we believe these changes will continue to create demand for networking technology to serve as a foundation to run these services.

Service providers are investing in network enhancements with platforms and applications that deliver data insights, provide flexibility, and can quickly respond to new user demands and 5G use cases.

We believe Extreme will continue to benefit from the use of its technology to manage distributed campus network architecture centrally from the cloud. Extreme has blended a dynamic fabric attach architecture that delivers simplicity for moves and changes at the edge of the network together with corporate-wide role-based policy. This enables customers to migrate to new cloud managed switching, Wi-Fi, and SD-WAN, agnostic of the existing switching or wireless equipment they already have installed. In the end, we expect these customers to see lower operating and capital expenditures, lower subscription costs, lower overall cost of ownership, and more flexibility along with a more resilient network.

We estimate the total addressable market for our Enterprise Networking solutions consisting of cloud networking, wireless local area networks (“WLAN”), data center networking, ethernet switching, campus local area networks (“LAN”), SD-WAN solutions and management, automation, and elements of the Secure Access Services Edge (“SASE”) market to be over $47 billion, and growing at approximately 12% annually over the next five years. This comprises over $35 billion for networking, infrastructure spanning enterprise and service provider (largely 5G) applications, a $4 billion SD-WAN market, and we also participate in $8 billion of the served addressable market for networking software.

The Extreme Strategy

We are driven to help our customers find new ways to deliver better outcomes. Connectivity is just the foundation. We make the network a strategic asset. The combination of our solutions provides the connectivity, bandwidth, performance and insights that organizations of all sizes need to move their organizations forward. IT leaders are now tasked with ensuring the global, hybrid workforce is functional and successful no matter where they are, and ensuring people can work wherever they want.

We help identify and solve business challenges. We simplify and improve the way our customers work and are relentlessly focused on finding new ways to drive better outcomes.

Cloud networking management allows customers to gain real-time visibility and insights into areas such as application usage, location and workflow patterns across their environment, helping to inform strategic business decisions and create personalized experiences. Customers benefit from visibility, control, and reduced time to resolution. This is the cornerstone of our One Network, One Cloud, One Extreme vision.

Extreme has recognized that the way we and our customers communicate has changed and given rise to these distributed enterprise environments, or in other words, the Infinite Enterprise, which has three tenets:

- **Infinitely distributed connectivity** is the enterprise-grade reliable connectivity that allows users to connect anywhere, from anywhere. It is always present, available and assured, while being secure and manageable.
- **Scalable cloud** allows administrators to harness the power of the cloud to efficiently onboard, manage, orchestrate, troubleshoot the network, and find data and insights of the distributed connectivity at their pace in their way.
- **Consumer-centric experience** designed to deliver a best-in-class experience to users who consume network services.

Extreme’s broad product, solutions and technology portfolio supports these three tenets and continues to innovate and evolve them to help businesses succeed.

Key elements of Extreme's strategy and differentiation include:

- **Creating effortless networking solutions that allow all of us to advance.** We believe that progress is achieved when we connect—allowing us to learn, understand, create, and grow. We make connecting simple and easy with effortless networking experiences that enable all of us to advance how we live, work, and share.
- **Provide a differentiated end-to-end cloud architecture.** Cloud networking is estimated to be a $8 billion segment of the networking market comprised of cloud managed services and cloud-managed products, which are largely WLAN access points and ethernet switches, growing at 14% annually over the next five years, according to data from the 650 Group. Cloud management technology has evolved significantly over the past decade. We believe we deliver a combination of innovation, reliability, and security with the leading end-to-end cloud management platform powered by ML and AI that spans from the Internet of Things ("IoT") edge to the enterprise data center. Key characteristics of our cloud architecture include:
  - A robust cloud management platform that delivers visibility, intelligence, and assurance from the IoT edge to the network core.
  - Cloud Choice for customers: Our cloud networking solution is available on all major cloud providers (Amazon Web Services ("AWS"), Google Cloud Platform ("GCP") and Microsoft Azure).
  - Consumption Flexibility: Offer a range of financing and network purchase options. Our value-based subscription tiers (including Connect, Navigator, Pilot and CoPilot) provide customers with flexibility to grow, as well as offer pool-able and portable licenses that can be transferred between products (*e.g.,* access points and switches) at one fixed price.
  - "No 9s" Reliability and Resiliency to ensure business continuity for our customers.
  - Extreme Cloud IQ cloud platform conforms to ISO/ IEC 27017, is certified by DQS to ISO/IEC 27001 and ISO/IEC 27701 set forth by the International Standards Organization ("ISO"), and is CSA STAR certified.
- **Offer customers choice: public or private cloud, or on-premises.** We leverage the cloud where it makes sense for our customers and provide on-premises solutions where customers need it and also have a solution for those who want to harness the power of both. Our hybrid approach gives our customers options to adapt the technology to their business. At the same time, all of our solutions have visibility, control and strategic information built in, all tightly integrated with a single view across all of the installed products. Our customers can understand what is going on across their network and applications in real time – who, when, and what is connected to the network, which is critical for bring your own device ("BYOD") and IoT usage.
- **Highest value of cloud management subscriptions.** ExtremeCloud IQ Pilot provides our customers with three key applications enabling organizations to eliminate overlays.
  - Extreme AirDefense™ is a comprehensive wireless intrusion prevention system ("WIPS") that simplifies the protection, monitoring and security of wireless networks. With the added Bluetooth and Bluetooth low energy intrusion prevention, network administrators can address growing threats against Bluetooth and Bluetooth low energy devices.
  - ExtremeLocation™ delivers proximity, presence and location-based services for advanced contact tracing in support of the location-intelligent enterprise.
  - ExtremeGuest™ is a comprehensive guest engagement solution that enables IT administrators to use analytical insights to engage visitors with personalized engagements.
- **Offers universal platforms for enterprise class switching and wireless infrastructure.** Extreme offers universal platforms which support multiple deployment use cases, providing flexibility and investment protection.
  - **Universal switches (7720/5720/5520/5420/5320)** support fabric or traditional networking with a choice of cloud or on-premises (air-gapped or cloud connected) management.
  - **Universal Wi-Fi 6/6E APs (300/400, 4000 and 5000 series)** support campus or distributed deployments with a choice of cloud or on-premises (air-gapped or cloud connected) management.
  - **Universal licensing** with one portable management license for any device and for any type of management. For switches, OS feature licenses are portable, and bulk activated through ExtremeCloud IQ.
- **Enable a common fabric to simplify and automate the network.** Fabric technologies virtualize the network infrastructure (decoupling network services from physical connectivity) which enables network services to be turned up faster, with lower likelihood of error. They make the underlying network much easier to design, implement, manage, and troubleshoot.

- **End-to-End Portfolio.** Our cloud-driven solutions provide visibility, control, and strategic intelligence from the edge to the data center, across networks and applications. Our solutions include wired switching, wireless switching, wireless access points, WLAN controllers, routers, and an extensive portfolio of software applications that deliver AI-enhanced access control, network and application analytics, as well as network management. All can be managed, assessed and controlled from a single pane of glass on premises or from the cloud.
- **Provide high-quality "in-house" customer service and support.** We seek to enhance customer satisfaction and build customer loyalty through high-quality service and support. This includes a wide range of standard support programs to the level of service our customers require, from standard business hours to global 24-hour-a-day, 365-days-a-year real-time responsive support.
- **Extend switching and routing technology leadership.** Our technological leadership is based on innovative switching, routing and wireless products, the depth and focus of our market experience, and our operating systems- the software that runs on all of our networking products. Our products reduce operating expenses for our customers and enable a more flexible and dynamic network environment that will help them meet the upcoming demands of IoT, mobile, and cloud.
- **Expand Wi-Fi technology leadership.** Wireless is today's network access method of choice, and every business must deal with scale, density, and BYOD challenges. Wired and wireless networks are changing as the explosion of mobile and IoT devices increase the demand for high-performance, transparent, and always-on wired to wireless services. The unified access layer requires distributed intelligent components to ensure that access control and resiliency of business services are available across the entire infrastructure and manageable from a single console. We are at a technology inflection point with the pending migration from Wi-Fi 6 solutions to 6 GHz Wi-Fi (Wi-Fi 6E and Wi-Fi 7), focused on providing more efficient access to the broad array of connected devices. We believe we have the industry's broadest 6 GHz indoor and outdoor wireless portfolio, providing intelligence and security for wired/wireless networks by leveraging our cloud architecture, end-to-end fabric services, Universal Zero Trust Network Access, and AIOps management platform with Explainable ML insights.
- **Offer a superior quality of experience.** Our network-powered application analytics provide actionable business insights by capturing and analyzing context-based data about the network and applications to deliver meaningful intelligence about applications, users, locations, and devices. With an easy-to-comprehend dashboard, our applications help businesses turn their network into a strategic business asset that helps executives make faster and more effective decisions.
- **Expand market penetration by targeting high-growth market segments.** Within the campus, we focus on the mobile user, leveraging our automation capabilities and tracking WLAN growth. Our data center approach leverages our product portfolio to address the needs of public and private cloud data center providers. We believe that the cloud networking compound annual growth rate will continue to outpace the compound annual growth rate for on-premises managed networking. Our focus is on expanding our technology foothold in the critical cloud networking segment to accelerate not only cloud management adoption, but also subscription-based licensing consumption.
- **Leverage and expand multiple distribution channels.** We distribute our products through select distributors, a large number of resellers and system-integrators worldwide, as well as several large strategic partners. We maintain a field sales force to support our channel partners and to sell directly to certain strategic accounts. As an independent networking vendor, we seek to provide products that, when combined with the offerings of our channel partners, create compelling solutions for end-user customers.
- **Maintain and extend our strategic relationships.** We have established strategic relationships with a number of industry-leading vendors to both provide increased and enhanced routes to market, and collaboratively develop unique solutions.
- **Expand our reach with ExtremeCloud SD-WAN.** ExtremeCloud SD-WAN is a software-defined wide area networks solution offered as an all-inclusive subscription, which includes hardware, the cloud-based SD-WAN service, support and maintenance, and customer success support. This helps customers reduce total cost of ownership as they deliver quality user experience for applications used in site-to-site and site-to-cloud environments. This solution detects and optimizes applications automatically and can apply performance-based dynamic WAN selection for quality and reliability. Included also are security options such as a built-in zone-based firewall, EdgeSentry (in partnership with Check Point) for cloud-based firewall as a service and other advanced security capabilities, and integration with Secure Web Gateway partners such as Palo Alto Networks, Zscaler, and Symantec.

Results of Operations

During the third quarter of fiscal 2024, we achieved the following results:

- Net revenues of $211.0 million compared to $332.5 million in the third quarter of fiscal 2023.
- Product revenues of $106.4 million compared to $241.1 million in the third quarter of fiscal 2023.
- Subscription and support revenues of $104.6 million compared to $91.4 million in the third quarter of fiscal 2023.
- Total gross margin of 56.8% of net revenues compared to 57.7% of net revenues in the third quarter of fiscal 2023.
- Operating loss of $62.5 million compared to operating income of $29.6 million in the third quarter of fiscal 2023.
- Net loss of $64.4 million compared to net income of $22.1 million in the third quarter of fiscal 2023.

During the first nine months of fiscal 2024, we reflected the following results:

- Cash flows provided by operating activities of $40.0 million compared to $168.5 million in the nine months ended March 31, 2023.
- Cash and cash equivalents of $151.0 million as of March 31, 2024 compared to $234.8 million as of June 30, 2023.

Net Revenues

The following table presents net product and subscription and support revenues for the periods presented (in thousands, except percentages):

	Three Months Ended				Nine Months Ended			
	March 31, 2024	March 31, 2023	$ Change	% Change	March 31, 2024	March 31, 2023	$ Change	% Change
Net revenues:								
Product	$106,442	$241,058	$(134,616)	(55.8)%	$546,536	$670,779	$(124,243)	(18.5)%
Percentage of net revenues	*50.4%*	*72.5%*			*63.5%*	*70.7%*		
Subscription and support	104,594	91,449	13,145	14.4 %	314,014	277,765	36,249	13.1 %
Percentage of net revenues	*49.6%*	*27.5%*			*36.5%*	*29.3%*		
Total net revenues	$211,036	$332,507	$(121,471)	(36.5)%	$860,550	$948,544	$(87,994)	(9.3)%

We generate product revenues primarily from sales of our networking equipment. We derive subscription and support revenues primarily from sales of our subscription and support offerings which includes SaaS offerings, maintenance contracts, professional services and training for its products. Prior to fiscal 2024, we referred to subscription and support revenue as “service and subscription revenue”; however, the composition of subscription and support revenue has not been modified.

Product revenues decreased $134.6 million or 55.8% for the three months ended March 31, 2024 as compared to the corresponding period in fiscal 2023. Product revenues decreased $124.2 million or 18.5% for the nine months ended March 31, 2024 as compared to the corresponding period in fiscal 2023. The decreases in product revenues were primarily driven by lower bookings and shipments as well as elongated sales cycles in the channel caused by current macroeconomic conditions.

Subscription and support revenues increased $13.1 million or 14.4% for the three months ended March 31, 2024 as compared to the corresponding period in fiscal 2023. Subscription and support revenues increased $36.2 million or 13.1% for the nine months ended March 31, 2024 as compared to the corresponding period in fiscal 2023. The increases in subscription and support revenues were primarily due to the continued growth in our subscription business.

The following table presents the product and subscription and support gross profit and the respective gross profit percentages for the periods presented (in thousands, except percentages):

	Three Months Ended				Nine Months Ended			
	March 31, 2024	March 31, 2023	$ Change	% Change	March 31, 2024	March 31, 2023	$ Change	% Change
Gross profit:								
Product	$45,605	$132,143	$(86,538)	(65.5)%	$295,670	$358,514	$(62,844)	(17.5)%
Percentage of product revenues	42.8%	54.8%			54.1%	53.4%		
Subscription and support	74,296	59,795	14,501	24.3 %	220,537	181,787	38,750	21.3 %
Percentage of subscription and support revenues	71.0%	65.4%			70.2%	65.4%		
Total gross profit	$119,901	$191,938	$(72,037)	(37.5)%	$516,207	$540,301	$(24,094)	(4.5)%
Percentage of net revenues	56.8%	57.7%			60.0%	57.0%		

Product gross profit decreased $86.5 million or 65.5% for the three months ended March 31, 2024 as compared to the corresponding period in fiscal 2023. Product gross profit decreased $62.8 million or 17.5% for the nine months ended March 31, 2024 as compared to the corresponding period in fiscal 2023. The decreases in product gross profit were primarily due to lower product revenues and higher reserves for excess and obsolete inventory, partially offset by lower intangible asset amortization due to certain intangible assets being fully amortized, favorable purchase price variance, lower distribution costs due to easing of supply chain constraints and lower warranty reserves.

Subscription and support gross profit increased $14.5 million or 24.3% for the three months ended March 31, 2024 as compared to the corresponding period in fiscal 2023. Subscription and support gross profit increased $38.8 million or 21.3% for the nine months ended March 31, 2024 as compared to the corresponding period in fiscal 2023. The increases in subscription and support gross profits were primarily due to increased subscription and support revenues as well as lower personnel costs.

Operating Expenses

The following table presents operating expenses for the periods presented (in thousands, except percentages):

	Three Months Ended				Nine Months Ended			
	March 31, 2024	March 31, 2023	$ Change	% Change	March 31, 2024	March 31, 2023	$ Change	% Change
Research and development	$54,517	$54,837	$(320)	(0.6)%	$165,366	$158,444	$6,922	4.4 %
Sales and marketing	87,708	83,962	3,746	4.5 %	264,782	242,882	21,900	9.0 %
General and administrative	25,213	21,683	3,530	16.3 %	74,470	64,315	10,155	15.8 %
Acquisition and integration costs	—	—	—	—	—	390	(390)	(100.0)%
Restructuring and related charges	14,421	1,363	13,058	958.0 %	26,312	2,320	23,992	1,034.1 %
Amortization of intangible assets	511	510	1	0.2 %	1,531	1,537	(6)	(0.4)%
Total operating expenses	$182,370	$162,355	$20,015	12.3 %	$532,461	$469,888	$62,573	13.3 %

Research and Development Expenses

Research and development expenses consist primarily of personnel costs (which consist of compensation, benefits and share-based compensation), consultant fees and prototype expenses related to the design, development, and testing of our products.

Research and development expenses decreased by $0.3 million or 0.6% for the three months ended March 31, 2024 as compared to the corresponding period in fiscal 2023. The decrease in research and development expenses was primarily due to a $1.1 million decrease in engineering project costs, partially offset by a $0.8 million increase in personnel costs primarily related to benefits and share-based compensation costs.

Research and development expenses increased by $6.9 million or 4.4% for the nine months ended March 31, 2024 as compared to the corresponding period in fiscal 2023. The increase in research and development expenses was primarily due to a $5.2 million increase in personnel related costs due to higher salaries and benefits costs and higher share-based compensation expense and a $4.4 million increase in contractor costs and professional service fees, partially offset by a $1.9 million decrease in engineering project costs, a $0.5 million decrease in information technology and facility related expenses and a $0.3 million decrease in other expenses primarily due to lower recruiting fees.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of personnel costs (which consist of compensation, benefits and share-based compensation), as well as trade shows and promotional expenses.

Sales and marketing expenses increased by $3.7 million or 4.5% for the three months ended March 31, 2024 as compared to the corresponding period in fiscal 2023. The increase in sales and marketing expenses was primarily due to a $1.4 million increase in personnel cost primarily due to higher commissions and higher benefit costs, a $1.6 million increase in sales promotions and marketing related expenses and a $1.1 million increase in professional fees, partially offset by a $0.4 million decrease in other expenses primarily due to lower travel expenses.

Sales and marketing expenses increased by $21.9 million or 9.0% for the nine months ended March 31, 2024 as compared to the corresponding period in fiscal 2023. The increase in sales and marketing expenses was primarily due to a $14.2 million increase in personnel costs due to higher salaries and benefits costs and higher share-based compensation expense, a $6.3 million increase in sales promotions and marketing related expenses, and a $1.4 million increase in professional fees.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel costs (which consist of compensation, benefits and share-based compensation), legal and professional service costs, and facilities and information technology costs.

General and administrative expenses increased by $3.5 million or 16.3% for the three months ended March 31, 2024 as compared to the corresponding period in fiscal 2023. The increase in general and administrative expenses was primarily due to a $1.7 million increase in personnel costs primarily for share-based compensation, a $1.5 million increase in bad debt provision, a $0.7 million increase in professional fees, and a $0.5 million increase in software licensing costs, partially offset by a $0.9 million decrease in equipment related costs primarily due to lower depreciation expense.

General and administrative expenses increased by $10.2 million or 15.8% for the nine months ended March 31, 2024 as compared to the corresponding period in fiscal 2023. The increase in general and administrative expenses was primarily due to a $4.4 million increase in personnel costs due to higher compensation and benefits costs primarily related to share-based compensation, a $4.4 million increase in professional fees including increases in legal costs related to litigation and preliminary costs associated with the transition of our customer relationship management solution and our configure, price, quote solution, a $1.5 million increase in bad debt provision and a $1.4 million increase in software licensing costs, partially offset by a $1.7 million decrease in equipment related costs primarily due to lower depreciation expense.

Acquisition and Integration Costs

During the three months ended March 31, 2024 and 2023, we did not incur any acquisition and integration costs.

During the nine months ended March 31, 2024, we did not incur any acquisition and integration costs. During the nine months ended March 31, 2023, we incurred acquisition and integration costs of $0.4 million, which primarily consisted of professional fees and certain compensation charges related to the acquisition of Ipanema Tech SAS.

Restructuring and Related Charges

For the three and nine months ended March 31, 2024, we recorded restructuring and related charges of $14.4 million and $26.3 million, which primarily consisted of severance and benefits costs and professional services fees associated with the reduction-in-force actions related to the “Q1 2024 Plan”, “Q2 2024 Plan”, and "Q3 2024 Plan", each as described in Note 13, *Restructuring and Related Charges*, in Notes to the Condensed Consolidated Financial Statements included elsewhere in this Report.

For the three and nine months ended March 31, 2023, we recorded restructuring charges of $1.4 million and $2.3 million, respectively, which primarily consisted of facility-related charges related to our previously impaired facilities and $0.8 million in charges associated with the "2023 Plan" to transform our business and facilities infrastructure, as described in Note 13, *Restructuring and Related Charges*, in Notes to the Condensed Consolidated Financial Statements included elsewhere in this Report.

Amortization of Intangible Assets

During the three months ended March 31, 2024 and 2023, we recorded $0.5 million of operating expenses for each period related to the amortization of intangible assets.

During the nine months ended March 31, 2024 and 2023, we recorded $1.5 million of operating expenses for each period related to the amortization of intangible assets.

Interest Income

During the three months ended March 31, 2024 and 2023, we recorded $1.2 million and $0.8 million, respectively, in interest income. The increase in interest income was primarily due to higher interest earned on our cash balance due to rising interest rates.

During the nine months ended March 31, 2024 and 2023, we recorded $3.9 million and $2.1 million, respectively, in interest income. The increase in interest income was primarily due to higher interest earned on our cash balance due to rising interest rates.

Interest Expense

During the three months ended March 31, 2024 and 2023, we recorded $4.2 million and $3.9 million, respectively, in interest expense. The increase in interest expense was primarily due to higher average rates under the new 2023 Credit Agreement.

During the nine months ended March 31, 2024 and 2023, we recorded $12.8 million and $11.7 million, respectively, in interest expense. The increase in interest expense was primarily due to higher average rates under the new 2023 Credit Agreement.

Other Income (Expense), Net

During the three months ended March 31, 2024 and 2023, we recorded other income, net of $0.4 million and other expense, net of $0.4 million, respectively. The other income (expense), net for each period primarily related to the foreign exchange impact from the revaluation of certain assets and liabilities denominated in foreign currencies into U.S. Dollars.

During the nine months ended March 31, 2024 and 2023, we recorded other income, net of $0.4 million and $0.1 million, respectively. The other income, net for each period primarily related to the foreign exchange impact from the revaluation of certain assets and liabilities denominated in foreign currencies into U.S. Dollars.

Provision for Income Taxes

For the three months ended March 31, 2024 and 2023, we recorded income tax benefit of $0.6 million and income tax provision of $3.9 million, respectively.

For the nine months ended March 31, 2024 and 2023, we recorded income tax provision of $7.0 million and $8.3 million, respectively.

The income tax provision (benefit) for the three and nine months ended March 31, 2024 and 2023 consisted of (1) taxes on the income of our foreign subsidiaries, (2) state taxes in jurisdictions where we have no remaining state net operating losses, (3) foreign withholding taxes, and (4) tax expense associated with the establishment of a U.S. deferred tax liability for amortizable goodwill resulting from the acquisition of Enterasys Networks, Inc., the WLAN business from Zebra Technologies Corporation, the Campus Fabric Business from Avaya LLC and the Data Center Business from Brocade Communications System. In addition, the income tax provision (benefit) for the three and nine months ended March 31, 2024 includes U.S. federal income benefit of $1.6 million, fully reversing the previously recorded U.S. federal income tax expense during the first two quarters of the year, as well as a $0.3 million income tax benefit resulting from establishment of an indefinite lived deferred tax asset for nondeductible interest expense, offsetting the deferred tax liability related to amortizable goodwill.

Critical Accounting Policies and Estimates

Our unaudited condensed consolidated financial statements and the related notes included elsewhere in this Report are prepared in accordance with accounting principles generally accepted in the United States. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted under SEC rules and regulations. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. In many instances, we could have reasonably used different accounting estimates, and in other instances changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from the estimates made by our management. On an ongoing basis, we evaluate our estimates and assumptions. To the extent that there are material differences between these estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected.

As discussed in Part II, Item 7, *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* of our Annual Report on Form 10-K for the year ended June 30, 2023, we consider the following accounting policies to be the most critical in understanding the judgments that are involved in preparing our consolidated financial statements:

- *Revenue Recognition*
- *Inventory Valuation and Purchase Commitments*

There have been no changes to our critical accounting policies since the filing of our last Annual Report on Form 10-K.

Liquidity and Capital Resources

The following table summarizes information regarding our cash and cash equivalents (in thousands):

	March 31, 2024	June 30, 2023
Cash and cash equivalents	$ 151,007	$ 234,826

As of March 31, 2024, our principal sources of liquidity consisted of cash and cash equivalents of $151.0 million, accounts receivable, net of $94.4 million, and available borrowings under our five-year 2023 Revolving Facility of $135.5 million. Our principal uses of cash include the purchase of finished goods inventory from our contract manufacturers, payroll and other operating expenses related to the development and marketing of our products, purchases of property and equipment, and repayments of debt and related interest and share repurchases. We believe that our $151.0 million of cash and cash equivalents at March 31, 2024, our cash flow from operations and the availability of borrowings from the 2023 Revolving Facility will be sufficient to fund our planned operations for at least the next 12 months and into the foreseeable future.

On May 18, 2022, our Board of Directors (the “Board”) authorized management to repurchase up to $200.0 million shares of our common stock over a three-year period commencing July 1, 2022 (as amended, the "2022 Repurchase Program"). A maximum of $25.0 million may be repurchased in any quarter. On November 17, 2022, the Board increased the authorization to repurchase in any quarter from $25.0 million per quarter to $50.0 million per quarter. Purchases may be made from time to time in the open market or pursuant to 10b5-1 plan. The manner, timing and amount of any future purchases will be determined by our management based on their evaluation of market conditions, stock price, Extreme’s ongoing determination that it is the best use of available cash and other factors. The 2022 Repurchase Program does not obligate us to acquire any shares of its common stock, may be suspended or terminated at any time without prior notice and will be subject to regulatory considerations. During the three months ended March 31, 2024, the Company did not repurchase any shares of its common stock. During the nine months ended March 31, 2024, the Company repurchased a total of 2,365,220 shares of its common stock on the open market at a total cost of $49.9 million with an average price of $21.08 per share. As of March 31, 2024, the Company had $50.3 million available under the 2022 Repurchase Program.

On August 9, 2019, we entered into an Amended and Restated Credit Agreement (the “2019 Credit Agreement”), by and among Extreme, as borrower, several banks and other financial institutions as Lenders, BMO Harris Bank N.A., as an issuing lender and swingline lender, Silicon Valley Bank, as an Issuing Lender, and Bank of Montreal, as administrative agent and collateral agent for the Lenders. On June 22, 2023, we entered into the Second Amended and Restated Credit Agreement (the “2023 Credit Agreement”) by and among Extreme, as borrower, BMO Harris Bank, N.A., as an issuing lender and swingline lender, Bank of America, N.A., JPMorgan Chase Bank, N.A., PNC Bank, National Association and Wells Fargo Bank, National Association, as issuing lenders, the financial institutions or entities party thereto as lenders, and Bank of Montreal, as an administrative agent and collateral agent, which amended and restated the 2019 Credit Agreement. The 2023 Credit Agreement provides for i) a $200.0 million first lien term loan facility in an aggregate principal amount (the “Term Facility”), ii) a $150.0 million five-year revolving credit facility (the “2023 Revolving Facility”) and iii) an uncommitted additional incremental loan facility in the principal amount of up to $100.0 million plus an unlimited amount that is subject to pro forma compliance with a specified Consolidated Leverage Ratio tests. We may use the proceeds of the loans for working capital and general corporate purposes. On June 22, 2023, we borrowed $25.0 million against the 2023 Revolving Facility, which was subsequently paid off on July 7, 2023.

At our election, the initial term loan (the “Initial Term Loan”) under the 2023 Credit Agreement may be made as either a base rate loan or a Secured Overnight Financing Data Rate loan (“SOFR loan”). The applicable margin for base rate loans ranges from 1.00% to 1.75% per annum, and the applicable margin for SOFR loans ranges from 2.00% to 2.75%, in each case based on the Company’s Consolidated Leverage Ratio. All SOFR loans are subject to a floor of 0.00% per annum and spread adjustment of 0.10% per annum. We also agreed to pay other closing fees, arrangement fees, and administration fees.

The 2023 Credit Agreement requires us to maintain certain minimum financial ratios at the end of each fiscal quarter. The 2023 Credit Agreement also includes covenants and restrictions that limit, among other things, our ability to incur additional indebtedness, create liens upon any of its property, merge, consolidate or sell all or substantially all of its assets. The 2023 Credit Agreement also includes customary events of default which may result in acceleration of the outstanding balance.

During the three and nine months ended March 31, 2024, we were in compliance with all the original terms and financial covenants under the 2023 Credit Agreement.

Key Components of Cash Flows and Liquidity

A summary of the sources and uses of cash and cash equivalents is as follows (in thousands):

	Nine Months Ended	
	March 31, 2024	March 31, 2023
Net cash provided by operating activities	$ 39,997	$ 168,519
Net cash used in investing activities	(13,632)	(8,634)
Net cash used in financing activities	(109,919)	(151,117)
Foreign currency effect on cash and cash equivalents	(265)	(294)
Net increase (decrease) in cash and cash equivalents	$ (83,819)	$ 8,474

Net Cash Provided by Operating Activities

Cash flows provided by operations in the nine months ended March 31, 2024 were $40.0 million, including our net loss of $31.8 million and non-cash expenses of $84.7 million for items such as amortization of intangible assets, share-based compensation, depreciation, reduction in carrying amount of right-of-use assets, deferred income taxes, and interest. Other sources of cash for the period included a decrease in accounts receivable, and increases in deferred revenue and other current and long-term liabilities. This was partially offset by increases in inventories and prepaid expenses and other assets as well as decreases in accounts payable, operating lease liabilities and accrued compensation and benefits.

Cash flows provided by operations in the nine months ended March 31, 2023 were $168.5 million, including our net income of $52.6 million and non-cash expenses of $77.5 million for items such as amortization of intangible assets, share-based compensation, depreciation, reduction in carrying amount of right-of-use assets, deferred income taxes and interest. Other sources of cash for the period included a decrease in accounts receivable and increases in accounts payable and deferred revenue. This was partially offset by increases in inventories and decreases in accrued compensation, operating lease liabilities and other current and long-term liabilities.

Net Cash Used in Investing Activities

Cash flows used in investing activities in the nine months ended March 31, 2024 were $13.6 million for the purchases of property and equipment.

Cash flows used in investing activities in the nine months ended March 31, 2023 were $8.6 million for the purchases of property and equipment.

Net Cash Used in Financing Activities

Cash flows used in financing activities in the nine months ended March 31, 2024 were $109.9 million primarily due to payment of $27.6 million for taxes paid on vested and released stock awards net of proceeds from the issuance of shares of our common stock under our Employee Stock Purchase Plan ("ESPP") and exercise of stock options, share repurchase of $49.9 million under the 2022 Repurchase Program, a $25.0 million payment against our revolving facility, and debt repayments of $7.5 million.

Cash flows used in financing activities in the nine months ended March 31, 2023 were $151.1 million primarily due to debt repayments of $71.6 million, share repurchase of $74.8 million under the 2022 Repurchase Program, $3.0 million for deferred payments on acquisitions and $1.7 million for taxes paid on vested and released stock awards net of proceeds from the issuance of shares of our common stock under our ESPP.

Foreign Currency Effect on Cash and cash equivalents

Foreign currency effect on cash and cash equivalents decreased in the nine months ended March 31, 2024, primarily due to changes in foreign currency exchange rates between the U.S. Dollar and particularly the Indian Rupee, the UK Pound and the Euro.

Contractual Obligations

As of March 31, 2024, we had contractual obligations resulting from our debt arrangement, agreements to purchase goods and services in the ordinary course of business and obligations under our operating lease arrangements.

Our debt obligations relate to amounts owed under our 2023 Credit Agreement. As of March 31, 2024, we had $192.5 million of debt outstanding which is payable on quarterly installments through our fiscal year 2028. We are subject to interest on our debt obligations and unused commitment fee. See Note 7, *Debt*, in the Notes to Condensed Consolidated Financial Statements in this Report for additional information regarding our debt obligations.

Our unconditional purchase obligations represent the purchase of long lead-time component inventory that our contract manufacturers procure in accordance with our forecast. We expect to honor the inventory purchase commitments within the next 12 months. As of March 31, 2024, we had non-cancelable commitments to purchase $51.5 million of inventory. See Note 8, *Commitments and Contingencies*, in the Notes to Condensed Consolidated Financial Statements for additional information regarding our purchase obligations.

We have contractual commitments to our suppliers which represent commitments for future services. As of March 31, 2024, we had contractual commitments of $28.0 million that are due through our fiscal year 2027.

We lease facilities under operating lease arrangements at various locations that expire at various dates through our fiscal year 2033. As of March 31, 2024, the value of our obligations under operating leases was $62.6 million.

We have immaterial income tax liabilities related to uncertain tax positions and we are unable to reasonably estimate the timing of the settlement of those liabilities.

We did not have any material commitments for capital expenditures as of March 31, 2024.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of March 31, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Sensitivity

Our exposure to market risk for changes in interest rates relates primarily to debt and foreign currencies.

Debt

At certain points in time, we are exposed to the impact of interest rate fluctuations, primarily in the form of variable rate borrowings from the 2023 Credit Agreement, which is described in Note 7, *Debt*, in the Notes to Condensed Consolidated Financial Statements in this Report. At March 31, 2024, we had $192.5 million of debt outstanding, all of which was from the 2023 Credit Agreement. During the quarter ended March 31, 2024, the average daily outstanding amount was $194.9 million, with a high of $195.0 million and a low of $192.5 million.

The following table presents hypothetical changes in interest expense for the quarter ended March 31, 2024, on the outstanding borrowings under the 2023 Credit Agreement as of March 31, 2024, that are sensitive to changes in interest rates (in thousands):

	Change in interest expense given a decrease in interest rate of X bps*			Change in interest expense given an increase in interest rate of X bps*	
Description	(100 bps)	(50 bps)	Average outstanding as of March 31, 2024	100 bps	50 bps
Debt	$ (1,949)	$ (975)	$ 194,945	$ 1,949	$ 975

* The underlying interest rate was 7.44% as of March 31, 2024.

Exchange Rate Sensitivity

A majority of our sales and expenses are denominated in United States Dollars. While we conduct some sales transactions and incur certain operating expenses in foreign currencies and expect to continue to do so, we do not anticipate that foreign exchange gains or losses will be significant, in part because of our foreign exchange risk management process discussed below.

Foreign Exchange Forward Contracts

We record all derivatives on the balance sheet at fair value. From time to time, we enter into foreign exchange forward contracts to mitigate the effect of gains and losses generated by the foreign currency forecast transactions related to certain operating expenses and re-measurement of certain assets and liabilities denominated in foreign currencies. Changes in the fair value of these foreign exchange forward contracts are offset largely by re-measurement of the underlying foreign currency denominated assets and liabilities. As of March 31, 2024 and 2023 foreign exchange forward contracts not designated as hedging instruments, had a notional amount of $15.5 million and $11.2 million, respectively. These contracts have maturities of less than 40 days. Changes in the fair value of derivatives are recognized in “other income (expense), net”.

Foreign currency transaction gains and losses from operations were gains of $0.7 million and losses of $0.3 million for the three months ended March 31, 2024 and 2023, respectively. Foreign currency transaction gains and losses from operations were gains of $0.4 million and $0.5 million for the nine months ended March 31, 2024 and 2023, respectively.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended, such as this Report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and to ensure that such information is accumulated and communicated to our management, including the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”), as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our CEO and CFO, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Report. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a – 15(f) and 15d – 15(f) under the Securities Exchange Act of 1934, as amended) during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including the CEO and CFO, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Our controls and procedures are designed to provide reasonable assurance that our control system’s objective will be met, and our CEO and CFO have concluded that our disclosure controls and procedures are effective at the reasonable assurance level. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within Extreme Networks have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events. Projections of any evaluation of the effectiveness of controls in future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Notwithstanding these limitations, our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. Our CEO and CFO have concluded that our disclosure controls and procedures are, in fact, effective at the “reasonable assurance” level.

PART II. Other Information

Item 1. Legal Proceedings

For information regarding litigation matters required by this item, refer to Part I, Item 3, *"Legal Proceedings"* of our Annual Report on Form 10-K for the fiscal year ended June 30, 2023, and Note 8, *Commitments and Contingencies*, to the Notes to Condensed Consolidated Financial Statements, in this Report, which are incorporated herein by reference.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A, "*Risk Factors*" in our Annual Report on Form 10-K for the year ended June 30, 2023, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock. There have been no material changes to our risk factors since our Annual Report on Form 10-K for the year ended June 30, 2023 and our Quarterly Reports on Form 10-Q for the three months period ended September 30, 2023 and December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds - Not Applicable

Item 3. Defaults Upon Senior Securities - Not Applicable

Item 4. Mine Safety Disclosures - Not Applicable

Item 5. Other Information

On February 16, 2024, Rajendra K. Khanna, a member of the Company's board of directors, terminated a Rule 10b5-1 trading arrangement that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) and that was originally adopted on August 14, 2023 for the sale of up to 25,000 shares of the Company's common stock until October 30, 2024.

On February 22, 2024, Edward B. Meyercord, the Company's President and CEO, modified a Rule 10b5-1 trading arrangement, originally adopted on August 4, 2023 to change the amount of shares to be sold under the plan and the timing of sales under the plan. The modified trading arrangement is intended to satisfy the affirmative defense of Rule 10b5-1(c) and provides for the sale of up to 728,700 shares of the Company's common stock until August 31, 2025.

On February 23, 2024, Rajendra K. Khanna, a member of the Company's board of directors, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) for the sale of up to 25,000 shares of the Company's common stock until February 28, 2025.

Item 6. Exhibits

(a) Exhibits:

Exhibit Number	Description of Document	Incorporated by Reference			Filed Herewith
		Form	Filing Date	Number	
3.1	Amended and Restated Certificate of Incorporation of Extreme Networks, Inc.	8-K	11/18/2022	3.1	
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation.	8-K	11/9/2023	3.1	
3.3	Amended and Restated Bylaws of Extreme Networks, Inc.	8-K	6/9/2023	3.1	
10.1	Offer Letter, executed November 13, 2015, between Extreme Networks, Inc. and Katayoun "Katy" Motiey.				X
10.2	Separation Agreement with Joe Vitalone.				X
31.1	Section 302 Certification of Chief Executive Officer.				X
31.2	Section 302 Certification of Chief Financial Officer.				X
32.1*	Section 906 Certification of Chief Executive Officer.				X
32.2*	Section 906 Certification of Chief Financial Officer.				X
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.				X
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents.				X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).				

* Furnished herewith. Exhibits 32.1 and 32.2 are being furnished and shall not be deemed to be “filed” for purposes of section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, nor shall such exhibits be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise specifically stated in such filing.

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 thereunto duly authorized.

EXTREME NETWORKS, INC.
(Registrant)

/s/ Kevin Rhodes

Kevin Rhodes
Executive Vice President, Chief Financial Officer
(Principal Accounting Officer)

May 2, 2024

November 12, 2015

KatyMotiey
[*****]

Dear Katy,

We are pleased to offer you a position with Extreme Networks (the "Company" or "Extreme") as Executive Vice President, General Counsel and Corporate Secretary, reporting to Ed Meyercord. Should you decide to join Extreme, you will receive a semi-monthly salary of $14,166.67 (which equals $340,000 on an annualized basis), less applicable taxes and withholdings, in accordance with the Company's normal payroll procedures.

Commencing on your Hire Date (on a pro rata basis for the quarter in progress), you will be eligible to participate in the Extreme Incentive Plan with an annual target of 55% of your annual base salary.

As a Company employee, you are also eligible to receive certain employee benefits. Subject to approval by the Board of Directors or the Compensation Committee, you will receive a grant of 280,000 restricted stock units ("RSUs"). The RSUs will vest in three installments of one-third of the shares on the first anniversary of your vesting commencement date, one-third on the second anniversary of your vesting commencement date, and one-third on the third anniversary of your vesting commencement date. All vesting and rights to exercise any equity offered hereunder will be subject to your continued employment with the Company at the time of vesting. Your equity awards are also subject to the terms of our Executive Change in Control Severance Plan.

Your RSU grant is further conditioned on your execution of the Company's standard form of employee Restricted Stock Units Agreement, and will be governed by and subject to the terms of that agreement.

Executive Change in Control Severance
The Company also has a policy of providing a Change in Control Severance Plan for its executive officers in the event of an acquisition of the Company. Those provisions will be set forth in your Executive Change in Control Severance Agreement and will be the same as those standard terms currently in effect for the other executive officers of the Company with your benefit including a payment equal to 12 months of salary. A copy of the Change in Control Severance Plan has been enclosed for your information.

Termination Other than for Cause

If your employment is terminated by the Company other than for Cause not related to a Change in Control, you will be entitled to receive a severance payment equal to 6 months of your base salary as of your date of termination and up to 6 months of COBRA subsidy. In addition, for the time period November 18, 2015 through June 30, 2016 the Company's existing policy regarding severance terms upon a termination other than for Cause for executive officers have been modified to provide for an additional six (6) months' of your base salary as of your date of termination (for a total of 12 months of you base salary as of your date of termination) and up to 6 months of COBRA subsidy to be paid to you in the event of your termination from the Company other than for Cause. Any such severance consideration shall be conditioned in its entirety upon your release of claims against the Company Group. Your release of claims document must be executed and become irrevocable within sixty (60) days of your termination and the payment due to you shall be paid within 30 days following the elate the release has become irrevocable. "Cause" means the occurrence of any of the following:

(1) your theft, dishonesty, misconduct, breach of fiduciary duty for personal profit, or falsification of any documents or records of the Company and each present or future parent and subsidiary corporation or other business entity thereof (a "Company Group");

(2) your material failure to abide by the Code of Conduct or other policies (including, without limitation, policies relating to confidentiality and reasonable workplace conduct) of any member of the Company Group;

(3) your misconduct within the scope of Section 304 of the Sarbanes-Oxley Act of 2002 as a result of which of the Company is required to prepare an accounting restatement;

(4) your unauthorized use, misappropriation, destruction or diversion of any tangible or intangible asset or corporate opportunity of a member of the Company Group (including, without limitation, your improper use or disclosure of the confidential or proprietary information of a member of the Company Group);

(5) any intentional act by you which has a material detrimental effect on reputation or business of a member of the Company Group;

(6) your repeated failure or inability to perform any reasonable assigned duties after written notice from a member of the Company Group of such failure or inability;

(7) any material breach by you of any employment, non-disclosure, non-competition, non-solicitation or other similar agreement between you and a member of the Company Group, which breach is not cured pursuant to the terms of such agreement or as provided herein; or

(8) your conviction (including any plea of guilty or nolo contendere) of any criminal act involving fraud, dishonesty, misappropriation or moral turpitude, or which impairs your ability to perform your duties with a member of the Company Group,

provided, however, that prior to any determination that "Cause" has occurred, the Company shall (i) provide to you written notice specifying the particular event or actions giving rise to such determination and (ii) provide you an opportunity to be heard within 15 days of such notice and (iii) provide you with a 15 days to cure such event or actions giving rise to a determination of "Cause", if curable.

Notwithstanding anything in this agreement to the contrary, the severance payments discussed in this agreement (to the extent that they constitute "deferred compensation" under Section 409A of the Internal Revenue Code (the "Code") and applicable regulations), and any other amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code and that would otherwise be payable hereunder by reason of your termination of employment, will not be payable to you by reason of such circumstance unless the circumstances giving rise to such termination of employment meet any description or definition of "separation from service" in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition). This provision does not prohibit the vesting or the determination of the amounts owed to you due to such termination, and if this provision prevents the payment of any amount or benefit to you, such payment shall be made on the date on which an event occurs that constitutes a Section 409A "separation from service".

Additional Benefits

You will be eligible to participate in various other Company benefit plans, including its group health, short-term disability, long-term disability, and life insurance plans, as well as its 401(k) and employee stock purchase plans, Your participation in the Company's benefit plans will be subject to the terms and conditions of the specific benefit plans. As an Executive of the Company, you are not eligible to participate in the Company's Paid Time Off ("PTO") program, and you will not accrue any PTO hours. You will, however, be eligible to take paid time off from time-to-time as reasonably necessary for vacation, sick time, or other personal purposes, subject to the needs of your position and the approval of your manager.

Employment At-Will

If you choose to accept this offer, your employment with the Company will be employment at-will meaning that your employment is voluntarily entered into and will be for no specified period. As a result, you will be free to resign at any time, for any reason or for no reason, as you deem appropriate. The Company will have a similar right and may conclude its employment relationship with you at any time, with or without cause.

Section 16 Officer
With this position, you will be designated as a Section 16 Officer of Extreme Networks Inc. As you are undoubtedly aware, this designation brings certain SEC reporting requirements. Should you have any questions regarding your designation as a Section 16 Officer, please do not hesitate to contact me.

Hire Date and Outside Activities
You agree to terminate any other employment, consulting or similar engagement you may now have by your hire date of November 18, 2015 ("Hire Date"). You further agree to limit your outside board positions to no more than two companies, which positions will be cleared with the CEO of the Company in advance of accepting any such position.

Arbitration
In the event of any dispute or claim relating to or arising out of this agreement, our employment relationship, or the termination of our employment relationship (including, but not limited to, any claims of wrongful termination or age, gender, disability, race or other discrimination or harassment), you and the Company agree that all such disputes shall be fully, finally and exclusively resolved by binding arbitration conducted by the American Arbitration Association ("AAA") in Santa Clara County, California, and we waive our rights to have such disputes tried by a court or jury. The arbitration will be conducted by a single arbitrator appointed by the AAA pursuant to the AAA's then-current rules for the resolution of employment disputes, which can be reviewed at www.adr.org.

Background Check and Employee Innovation and proprietary Rights Assignment Agreement
This offer is contingent upon the completion of a customary background check with the results being satisfactory to the Company, your signing the enclosed Employee Innovations and Proprietary Rights Assignment Agreement, and upon your ability to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Please bring this documentation, such as a passport or driver's license and an original social security card, to your first day of employment. Such documentation must be provided to us within three (3) business days of your date of hire, or our employment relationship with you may be terminated.

To indicate your acceptance of the Company's offer, please sign and date this letter in the space provided below and return to Kelley Steven-Waiss, Human Resources at Extreme Networks at 145 Rio Robles, San Jose, CA 95134,

This offer of employment, if not accepted, will expire in 5 business days.

All new employees receive a benefits package from the Human Resources Department. If you have any benefit related questions, please contact Kelley Steven-Waiss 408-579- 2603 or kswaiss@extremenetworks.com.

This agreement, along with any agreements referenced above, constitute the entire agreement between you and the Company concerning the terms and conditions of your employment with the Company. This agreement cannot be modified or amended except by a subsequent written agreement signed by you and the Company; provided, however, that the Company may, in its sole discretion, elect to modify your title, compensation, duties, or benefits without any further agreement from you.

Katy, we look forward to welcoming you to Extreme and we believe you will make an important contribution to the Company, in what should be a rich and rewarding experience, If you have any questions, please feel free to contact me.

Sincerely,

/s/ Edward Meyercord
EXTREME NETWORKS, INC.
Ed Meyercord
CEO

I agree to and accept employment with Extreme Networks, Inc. on the terms set forth in this agreement.

/s/ K. Motiey	11/13/15
Katy Matiey	Date

Summary of Offer - Extreme Networks EVP & General Counsel

Base Salary	$349,000 (annualized)
Incentive Target:	*55%* of base salary ($187,000)
Equity/ RSUs:	280,000 RSUs - 3 year vesting: 1/3 vest annually on vesting commencement date
Severance Other than for Cause:	• Standard: 6 months of base salary + up to 6 months COBRA subsidy • Temporary Enhancement: 12 months of base salary+ up to 6 months COBRA subsidy for the time period November 18, 2015 through June 30, 2016
Change in Control Severance:	Double-trigger. 12 months of base salary+ 100% of targeted bonus+ 12- months COBRA subsidy+ acceleration of 100% of all then-outstanding equity awards
Paid Time Off:	Not eligible for PTO - "unlimited" vacation- you may take paid time off from time-to-time as reasonably necessary for vacation, sick time, or other personal purposes, subject to the needs of your position and the approval of your manager
Other corporate benefits:	Corporate holidays, group health, short-term disability, long-term disability, and life insurance plans, as well as its 40l(k) and employee stock purchase plans
Other items:	Agreement to not take on other consulting engagements, to hold no more than 2 outside board positions
Employment at will:	Employment with the Company is at-will and is voluntarily entered into and will be for no specified period, As a result, you will be free to resign at any time, for any reason or for no reason, as you deem appropriate. The Company will have a similar right and may conclude its employment relationship with you at any time, ,with or without cause.

January 6, 2024

Joe Vitalone
[*****]

Re: Separation Agreement

Dear Joe:

I am writing to confirm the terms of your separation from employment with Extreme Networks, Inc. (the "Company"). This letter, upon your signatures on the First Release and Second Release (defined below), will constitute the entire and final agreement between you and the Company concerning the terms of your transition and separation from employment and offers you a severance package in exchange for two releases of claims (the "Agreement"). This Agreement has two effective dates. The "First Effective Date" will be the 8th day after you sign the Agreement evidencing your release of claims up to and including the date of your first signature provided you have not revoked the agreement by written notice to Kimberley Basnight, SVP, HR and Chief Diversity and Inclusion Office, (the "First Release"), and the "Second Effective Date" will be the 8th day after you sign the release of claims up to and including the date of your second signature (the "Second Release"), attached as Exhibit A, provided that you have not revoked the Agreement by written notice to Kimberley Basnight and you have returned all company equipment.

. Transition and Separation:

1.1 Separation Date: Your employment with the Company is being terminated effective August 20, 2024 (the "Separation Date"). Your status as an officer of the Company will terminate on January 8, 2024. You hereby agree to execute such further document(s) as shall be determined by the Company as necessary or desirable to give effect to the termination of your status as an officer of the Company as of January 8, 2024; provided that such documents shall not be inconsistent with any of the terms of this Agreement.

1.2 Transition Period: The period between the date of this letter and the Separation Date is the Transition Period. During the Transition Period, you will receive the same base salary and benefits that you were receiving as of today; however, you will not be eligible for the Extreme Incentive Plan ("Bonus Plan") for the second half of fiscal year 2024 or the first half of fiscal year 2025. Your title during this time will be Special Advisor. During the Transition Period, you will be expected to perform the following, as requested (collectively, the "Transition Requirements"):

1.2.1 Be available via phone and ZOOM and other remote meeting mechanisms through and including the Separation Date to transition your duties, respond promptly and thoroughly to inquiries, and perform any work requested;

1.2.2 Comply with all applicable company policies; and
1.2.3 Discharge all job duties in a professional, collegial, and diligent manner; and
1.2.4 Work diligently to plan and execute the transition of your tasks and responsibilities to designated employees.

If the Company does not believe that Mr. Vitalone is satisfactorily performing his Transition Requirements, then the Company shall provide Mr. Vitalone notice of the deficient performance and he shall have 30 days to cure the deficiency.

2. Payment of Final Wages and Expenses; COBRA Rights: You will be provided with the payments and benefits described in this Section 2 whether or not you sign this Agreement.

2.1 Final Wages: In a timeframe in accordance with state law, the Company will provide you with a final paycheck that will include all wages earned through the Separation Date (or through the effective date of your resignation should you choose to resign sooner), if any, all subject to appropriate tax and other applicable withholding. Any bonus for the first half of fiscal year 2024 Bonus Plan, at the level approved by the Compensation Committee for the executive team members, and you will be evaluated for the bonus consistent with the other executive team members and the bonus will be paid to you as if you were still an executive of the Company, subject to appropriate taxes and withholding, in accordance with the payment schedule of the bonus payout schedule.

2.2 Expenses: You will be reimbursed for all outstanding properly documented and properly approved business expenses incurred through the Separation Date, if any, according to the usual Company procedures. You must submit your final documented expense reimbursement statement within ten (10) days following the Separation Date.

2.3 COBRA Rights: As provided by law ("COBRA") and by the Company's current group health insurance policies, if you are currently covered under such policies, you will be eligible to continue your health insurance benefits following your Separation Date. You will be provided with a separate notice of your right to elect health insurance continuation. To the extent you have such rights, nothing in this Agreement will impair those rights.

3. Wage Acknowledgment: You acknowledge that, as of the date of your signing the Second Release (which you will not do prior to the Separation Date), other than your final wages referenced in Section 2.1 above, you have been paid and have received all wages, commissions, bonuses, sick pay, personal leave pay, vacation pay, and other compensation, benefits, or payments or form of remuneration of any kind or nature to which you may be entitled, and that no other wages, benefits other remuneration of any kind, including but not limited to, bonuses, commissions, or other incentive payments or any accrued vacation or paid time off, are or will be due to you, other than that specifically provided for in Section 4 of this Agreement.

4 Consideration from the Company: As new consideration to which you are not otherwise entitled, and in exchange for your signing and returning to the Company, and not revoking, the First Release and the Second Release, the Company will provide you with the following consideration (with the items listed in this Section 4 collectively constituting your "Separation Package"):

4.1 First Release Consideration: Contingent upon your execution of the First Release and it becoming effective and irrevocable within seven (7) days after you sign this Agreement, the Company will pay out the gross amount of Twenty-five Thousand Dollars ($25,000.00) (the "First Severance Pay"), subject to appropriate tax and other applicable withholding.

4.2 Second Release Consideration: Contingent upon your satisfactory discharge of the Transition Requirements and execution of the Second Release on or after the Separation Date and it becoming effective and irrevocable within seven (7) days after you sign the Second Release, the Company will pay you the additional gross amount of One Hundred Sixty-two Thousand One Hundred Sixty and 16/100 Dollars ($162,160.16), subject to appropriate tax and other applicable withholding (the "Second Severance Pay").

4.3 Timing of Severance Pay: The First Severance Pay and Second Severance Pay will be paid by direct deposit to the account you have previously designated for paychecks or another account you designate in writing. The First Severance Pay will be paid by direct deposit to the account you have designated for paychecks, on the first regular payroll cycle that is at least seven (7) days following the First Effective Date. The Second Severance Pay will be paid by direct deposit to the account you have designated for paychecks on the first payroll date that is at least seven (7) days following the Second Effective Date.

4.4 COBRA: The Company shall pay the COBRA administrator directly for COBRA coverage for six months following August 2024 for medical, dental, vision and/or Employee Assistance Program coverage (at the levels and elections you have currently selected), provided that you timely elect to extend COBRA coverage.

4.5 Outplacement Services: Provided that you elect to engage Right Management to assist you with outplacement services within 90 days after your Separation Date, the Company shall provide Right Management's E-Series - Echelon outplacement services.

5. Return of Company Property and Completion of Off-Boarding: The Company will contact you to coordinate the return of any company property you may possess; however, the Second Severance Pay will not be due until you have returned all Company property. Further, you agree and acknowledge that any social media or other accounts ("Accounts") that you created, utilized, maintained, posted to, or moderated for the Company are the sole property of the Company, and are not your personal accounts. The Company agrees that Mr. Vitalone's Linked In account

is his sole property and is not an "Account." You will ensure that your manager has a current list of all Accounts that you have created, maintained, posted to, or moderated. This list must include log-in credentials and passwords. You also agree that after the Separation Date, you will not attempt to access any of the Accounts or divert users who are engaged with the Accounts.

6. Company Confidential Information; Trade Secrets: You acknowledge that you are bound by your Employee Confidential Information and Assignment of Inventions Agreement ("Proprietary Rights Agreement") with the Company and that you will continue, even after your employment has terminated, to hold all confidential and proprietary information of the Company in strictest confidence. A copy of your Proprietary Rights Agreement is attached as Exhibit B.

Further, you recognize the highly competitive nature of the Company's business and that Company employees are exposed to Company trade secrets. Therefore, you agree that you will not misappropriate the Company's trade secrets, that doing so is unlawful, and that any such unlawful misappropriation will also constitute a breach of this Agreement.

7. Release of Claims:

7.1 General Release: You and your successors hereby release and waive any and all claims, demands, debts, liabilities, actions, and causes of action you have or may have, or at any other time had, against the Company and its current and former predecessors, parent corporations, subsidiaries, and related entities, and each of their shareholders, investors, officers, directors, agents, attorneys, insurers, employees, successors, subscribers, affiliates, or assigns (collectively "Releasees"), whether known or unknown, suspected or unsuspected, based upon or arising out of any matter, cause, fact, thing, act, or omission whatsoever, including matters, causes, facts, things, acts or omissions relating in any way to your employment, changes in responsibilities and duties, and separation from the Company occurring at any time up to and including the date(s) on which you sign this Agreement, including, without limitation: (i) claims of unlawful or wrongful discharge, breach of contract, breach of the covenant of good faith and fair dealing, fraud, misrepresentation, negligence, breach of fiduciary duty, violation of public policy, defamation, physical injury, emotional distress, claims for additional compensation or benefits; (ii) claims of discrimination, retaliation or harassment; (iii) claims under federal, state, and local statutory law, including, without limitation, Title VII of the 1964 Civil Rights Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act of 1967, ("ADEA"), the Family and Medical Leave Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, the National Labor Relations Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Texas Constitution, the Texas Labor Code, including the Texas Commission on Human Rights Act and Section 451.001 of the Texas Workers' Compensation Act, all as amended; the North Carolina Equal Employment Practices Act, the North Carolina Persons With Disabilities Protection Act, the North Carolina Equal Employment Practices Act, the North Carolina Retaliatory Employment Discrimination Act, the North Carolina

Wage and Hour Act, all as amended; and (iv) claims under any other applicable laws and/or regulations of any applicable jurisdiction relating to employment or employment discrimination, and the law of contract and tort (collectively, the “Released Claims”). However, this release is not intended to bar any claims that, by statute, may not be waived, such as any challenge to the validity of your release of claims under the ADEA, as set forth in this Agreement, claims for workers’ compensation benefits or unemployment insurance benefits. Similarly, this release is not intended to bar any right you may have to economic recovery arising out of an investigation by a government agency such as the Securities and Exchange Commission (“SEC”).

7.2 <u>CiC Release</u>: You agree that your designation as a Participant (as defined in the CiC Plan) pursuant to the Agreement to Participate in the Extreme Networks, Inc. Executive Change in Control Severance Plan (the “CiC Plan”) is terminated as of January 8, 2024 and you and your successors hereby release and waive any and all claims, demands, debts, liabilities, actions, and causes of action you have or may have, or at any other time had, against the Releasees, whether known or unknown, suspected or unsuspected, based upon or arising in any way out of the CiC Plan.

7.3 <u>Equity Incentive Plan Release:</u> You acknowledge and agree that, as of January 8, 2024, you hold (i) 18,760 restricted stock units, each of which represents the right to receive one share of common stock of the Company subject to satisfaction of certain service based vesting conditions (“RSUs”), which were granted to you effective August 15, 2021 pursuant to a restricted stock unit award agreement by and between you and the Company pursuant to the Extreme Networks, Inc. 2013 Amended and Restated Equity Incentive Plan (the “EIP”) (the “FY2022 RSUs”), (ii) 55,961 RSUs, which were granted to you effective August 15, 2022 pursuant to a restricted stock unit award agreement by and between you and the Company pursuant to the EIP (the “FY2023 RSUs”), (iii) 46,860 RSUs, which were granted to you effective August 15, 2023 pursuant to a restricted stock unit award agreement by and between you and the Company pursuant to the EIP (the “FY2024 RSUs”), (iv) 25,013 performance stock units, each of which represents the right to receive one share of common stock of the Company subject to satisfaction of certain performance-based vesting conditions (“PSUs”), which were granted to you effective August 15, 2021 pursuant to a performance stock unit award agreement by and between you and the Company pursuant to the EIP (the “FY2022 PSUs”), (v) 63,924 PSUs, which were granted to you effective August 15, 2022 pursuant to a performance stock unit award agreement by and between you and the Company pursuant to the EIP (the “FY2023 PSUs”) and (vi) 46,860 PSUs, which were granted to you effective August 15, 2023 pursuant a performance stock unit award agreement by and between you and the Company pursuant to the EIP (the “FY2024 PSUs”). Effective as of the date you sign this First Release, the FY2022 RSUs, FY2023 RSUs, FY2024 RSUs, and FY2024 PSUs shall be immediately cancelled and forfeited in all respects, and the FY2022 PSUs and FY2023 PSUs shall remain outstanding and eligible to vest in accordance with their terms. You and your successors hereby release and waive any and all claims, demands, debts, liabilities, actions, and causes of action you have or may have, or at any other time had, against the Releasees, whether known or unknown, suspected or unsuspected, based upon or arising in any way out of the FY2022 RSUs, FY2023 RSUs, FY2024 RSUs, and FY2024 PSUs including under the EIP, the award agreements pursuant to which the FY2022 RSUs, FY2023 RSUs, FY2024 RSUs and FY2024 PSUs were granted, and any and all claims arising out of or related to any other equity award you have received under the EIP in the past, other than the FY2022 PSUs and the FY2023 PSUs. You further acknowledge and agree that you shall not be entitled to any future grants under the EIP, and you and your successors hereby release and waive any and all claims, demands, debts, liabilities, actions, and causes of action you have or may have, or at any other time had, against the Releasees, whether known or unknown, suspected or unsuspected, based upon or arising in any way out of any claim that you may be entitled to any additional grant under the EIP.

7.4 ADEA Release: This Agreement is intended to satisfy the requirements of the Older Workers' Benefit Protection Act of 1990 ("OWBPA"). You hereby acknowledge that you are waiving and releasing any rights you have or may have under the ADEA and that this waiver and release is knowing and voluntary. You acknowledge that the Separation Package is in addition to anything to which you were already entitled. You agree further that you are advised by this Agreement, as required by the OWBPA, that (a) this waiver and release does not apply to any rights or claims that may arise under the ADEA after you execute this Agreement, (b) you have the right to consult with an attorney prior to signing this Agreement, (c) you may have at least twenty-one (21) days from the date you received this Agreement to consider it (although you may by your own choice sign the Agreement earlier, and revisions to this Agreement, whether material or immaterial, do not restart the running of this period), (d) you have seven (7) days following your signing of the Agreement to revoke the Agreement, and (e) this Agreement shall not be effective until the revocation period has expired, therefore making the effective date the eighth (8^{th}) day after this Agreement is signed by you. In addition, this Agreement does not prohibit you from challenging the validity of this Agreement's waiver and release of claims under the ADEA.

7.5 Employee Rights: **Nothing in this Agreement, including, but not limited to, any sections pertaining to confidentiality and non-disclosure, a release of claims, non-disparagement or other contractual provisions shall prohibit or restrict you (or your attorney) from (i) filing a charge, testifying, assisting, complying with a subpoena from, or participating in any manner in an investigation, hearing or proceeding; responding to any inquiry; or otherwise communicating with a criminal or civil law enforcement agency or any administrative or regulatory (including any self-regulatory) agency or authority, including, but not limited to, the SEC, the Financial Industry Regulatory Authority ("FINRA"), the Commodity Futures Trading Commission ("CFTC"), the Consumer Financial Protection Bureau ("CFPB"), the Occupational Safety and Health Administration ("OSHA"), the Department of Justice ("DOJ"), the U.S. Congress, any agency Inspector General, the Equal Employment Opportunity Commission ("EEOC"),**

the National Labor Relations Board ("NLRB"), or any other state or local commission on human rights or agency enforcing anti-discrimination laws or (ii) speaking with an attorney retained by employee. Further, nothing in this Agreement is intended to prevent you from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that you have reason to believe is unlawful. Additionally, notwithstanding the foregoing, nothing in this section, or this Agreement, shall prohibit, prevent, or restrict you, or is intended to prohibit, prevent, or restrict you, from discussing terms and conditions of employment concerning the Company with current or former coworkers, assisting current or former coworkers with workplace issues concerning the Company, or from communicating with others for the purposes of mutual aid or protection, including the NLRB, about your employment with the Company or in any other way intended to interfere with your right to engage in concerted activity protected by the National Labor Relations Act.

7.6 <u>Covenant Not to Sue</u>:

a. You affirm that you have not filed or caused to be filed, and are not a party to any actions, complaints or charges with any state, federal or foreign administrative agency, court or other forum against the Company. You agree, not inconsistent with EEOC Enforcement Guidance On Non-Waivable Employee Rights Under EEOC-Enforced Statutes dated April 1997, and to the fullest extent permitted by law, that at no time subsequent to the execution of this Agreement will you initiate, pursue, or cause or knowingly permit the prosecution, in any state, federal or foreign court, or before any local, state, federal or foreign administrative agency, or any other tribunal, any charge, claim or action of any kind, nature and character whatsoever, known or unknown, which you may now have, have ever had, or may in the future have against the Company, which is based in whole or in part on the circumstances of your employment with the Company. You further agree to waive the right to recovery in any proceeding, including before the United States Equal Employment Opportunity Commission, arising from or in any way connected with your employment with the Company. You represent that you do not intend to file any claims with the Workers' Compensation Board in the future with regard to your employment with the Company.

b. You further covenant and agree not to file any claim, litigation, action or other proceeding against the Company based upon the Released Claims and that the foregoing covenant and agreement shall be a complete defense to any such claims, litigation, action or proceedings against the Company. The Parties expressly agree that this Agreement will be and may be raised as a complete defense to and will preclude any action or proceeding encompassed by this Agreement, or arising out of or relating to the Released Claims.

c. You acknowledge and agree that your covenant not to sue prevents you from initiating or pursuing any class action, representative action or collective action against the Company for matters arising prior to the execution of this Agreement.

7.7 Class Waiver: You agree not only to release the Company from any and all claims as stated above that you could make on your own behalf, but also those that may be made by any other person or organization on your behalf. You specifically waive any right to become, and promise not to become, a member in any class in a case in which a claim or claims against the Company, or any of them, are made involving any events up to and including the date of this Agreement, except where such waiver is prohibited by law. You further waive any right to in any way voluntarily assist any individual or entity in commencing or prosecuting any action or proceeding including, but not limited to, any administrative agency claims, charges or complaints and/or any lawsuit against the Company, or to in any way voluntarily participate or cooperate in any such action or proceeding, except as such waiver is prohibited by law, regulation, or court order. Notwithstanding the foregoing, you shall comply with the provisions of any subpoena served on you. In that regard, you will notify the Company pursuant to Section 16 of this Agreement of any such subpoena within 48 hours of your receipt of it.

8. Non-disparagement: You agree that you will neither make nor publish, either orally or in writing, any disparaging statements regarding the Company, or its officers, directors, or employees (unless such statements are made truthfully in response to a subpoena or other legal process), or in any way impede or interfere with the professional relationships of the Company. Nothing in this Agreement prevents you from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that you have reason to believe is unlawful.

9. Response to Prospective Employers: In response to inquiries from prospective employers regarding you, the Company will provide no information other than your dates of employment and positions held with the Company.

10. Confidentiality: The contents, terms, and conditions of this Agreement must be kept confidential by you to the extent legally permissible and must not be disclosed except (i) to your accountant, attorneys, and family members (all of whom you will instruct to maintain confidentiality), or pursuant to a subpoena, court order, or (ii) as part of an agency investigation as described in Section 7.5. You agree that if you are asked for information concerning this Agreement, you will state only that you and the Company reached an amicable resolution of any disputes concerning your separation from the Company. In the event you receive a subpoena or other legal request to provide such confidential information, you agree to provide the Company with reasonable and prompt notice in advance of your disclosure of any such information. Nothing in this Agreement restricts you from engaging in the conduct described in Section 7.5 above.

11. Defend Trade Secrets Act: Notwithstanding any provisions in this agreement or company policy applicable to the unauthorized use or disclosure of trade secrets, you are hereby notified that, pursuant to Section 7 of the DTSA, you cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law. You also may not be held so liable for such disclosures made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, individuals who file a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

12. No Admission of Liability and Binding Effect: This Agreement and any action taken by the Company or you, either previously or in connection with this Agreement, is not and shall not be construed to be an admission or evidence of any wrongdoing or liability on the part of either party. This Agreement shall be binding upon, and shall inure to the benefit of, the parties and their respective successors, assigns, heirs, and personal representatives.

13. Modification and Severability: It is expressly agreed that this Agreement may not be altered, amended, modified, or otherwise changed in any respect except by another written agreement that specifically refers to this Agreement, executed by an authorized representative of the Company and you. You and the Company agree that if, for any reason, any term or provision of this Agreement is determined by a court to be invalid or unenforceable, in whole or in part, the remaining terms and provisions shall remain fully enforceable. Such court will have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision that most accurately represents the parties' intention with respect to the invalid or unenforceable term or provision.

14. Governing Law, Dispute Resolution, and Attorneys' Fees: This Agreement shall be construed and governed by the laws of the State of North Carolina, and you and the Company agree that in the event of any litigation involving this Agreement, such litigation shall take place in either the state or federal courts located in Raleigh, North Carolina, and you submit to the jurisdiction of those courts. The prevailing party in any such dispute shall be awarded reasonable attorneys' fees and costs, unless otherwise prohibited by law.

15. Entire Agreement; Full Payment: This Agreement, together with your Proprietary Rights Agreement, constitutes the entire agreement between you and the Company with respect to the subject matter hereof and supersedes all prior negotiations and agreements, whether written or oral, relating to such subject matter. You acknowledge that neither the Company nor its agents or attorneys have made any promise, representation, or warranty whatsoever, either express or implied, written or oral, which is not contained in this Agreement for the purpose of inducing you to execute the Agreement, and you acknowledge that you have executed this Agreement in

reliance only upon such promises, representations, and warranties as are contained herein. You further acknowledge that the payments and arrangements in this Agreement shall constitute full and complete satisfaction of any and all amounts properly due and owing to you as a result of your employment with the Company and separation therefrom.

16. Review of Separation Agreement: You understand that you may take up to twenty-one (21) days to consider this Agreement and, by signing below, affirm that you were advised to consult with an attorney prior to signing this Agreement. You also understand that: (a) you may revoke either the First Release or Second Release in writing, directed to Kimberley Basnight, SVP of HR and Chief Diversity & Inclusion Officer, within seven (7) days of signing such Release; and (b) that the First Effective Date of this Agreement is the eighth (8th) day after you sign the First Release without revoking it, and the Second Effective Date is the eighth (8th) day after you sign the Second Release without revoking it.

17. Accepting the Agreement: To accept the Agreement, please date and sign this First Release by January 28, 2024 and the Second Release no earlier than your Separation Date and no later than August 30, 2024. If you do not sign and return the Agreement by then, the Agreement will expire.

We wish you the best in your future endeavors and thank you for your contributions to the Company.

Sincerely,

Extreme Networks, Inc.

/s/ Kimberley R. Basnight
By: Kimberley Basnight
Title: SVP of HR, Chief Diversity & Inclusion Officer
/s/ Kimberley R. Basnight

By signing this letter, I acknowledge that I have had the opportunity to review this Separation Agreement carefully, that I understand the terms of the Agreement, and that I voluntarily agree to those terms.

Dated: January 19, 2024

/s/ Joe Vitalone

Joe Vitalone

EXHIBIT A

Second Release
(to be signed on or after Separation Date)

By signing this Second Release, I affirm that:

1. I have read the terms of the Agreement again, that I understand the terms, and I affirm the validity of the general release of claims in Section 7 of the Agreement and freely agree that the terms and conditions of the Agreement are extended up to and including the Separation Date.

2. I affirm the validity of Section 3 above regarding receipt of compensation due.

3. I understand that if I do not execute this Second Release by August 30, 2024, I will not be entitled to the Second Severance Pay.

DO NOT SIGN UNTIL THE SEPARATION DATE

____
Joe Vitalone

____
Date

Exhibit B

Proprietary Rights Agreement

Exhibit 31.1

SECTION 302 CERTIFICATION OF EDWARD B. MEYERCORD III
AS CHIEF EXECUTIVE OFFICER

I, Edward B. Meyercord III, certify that:

1. I have reviewed this Form 10-Q of Extreme Networks, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent function):
   - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024

/s/ EDWARD B. MEYERCORD III
Edward B. Meyercord III
President and Chief Executive Officer

Exhibit 31.2

SECTION 302 CERTIFICATION OF KEVIN RHODES
AS CHIEF FINANCIAL OFFICER

I, Kevin Rhodes, certify that:

1. I have reviewed this Form 10-Q of Extreme Networks, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024

/s/ KEVIN RHODES
Kevin Rhodes
Executive Vice President, Chief Financial Officer
(Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION OF EDWARD B. MEYERCORD III AS CHIEF EXECUTIVE OFFICER, PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Extreme Networks, Inc. on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, in the capacities and on the date specified below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 2, 2024

/s/ EDWARD B. MEYERCORD III
Edward B. Meyercord III
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF KEVIN RHODES AS CHIEF FINANCIAL OFFICER, PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Extreme Networks, Inc. on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the date specified below, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 2, 2024

/s/ KEVIN RHODES
Kevin Rhodes
Executive Vice President, Chief Financial Officer
(Principal Accounting Officer)