

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended June 30, 2021

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 001-40423

Extreme Networks, Inc.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

77-0430270

(I.R.S. Employer
Identification No.)

2121 RDU Center Drive, Suite 300

Morrisville, North Carolina

(Address of principal executive offices)

27560

(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, par value \$0.001 per share	EXTR	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§229.405 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, 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

Non-Accelerated Filer

Emerging growth company

Accelerated Filer

Smaller reporting company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of voting common equity held by non-affiliates of the Registrant was approximately \$0.6 billion as of December 31, 2020 the last business day of the Registrant's most recently completed second fiscal quarter, based upon the per share closing price of the Registrant's common stock as reported on The Nasdaq Global Market reported on such date. For purposes of this disclosure, shares of common stock held or controlled by executive officers and directors of the registrant and by persons who hold more than 5% of the outstanding shares of common stock have been treated as shares held by affiliates. This calculation does not reflect a determination that certain persons are affiliates of the Registrant for any other purpose.

Indicate the number of shares outstanding of each of the registrant's classes of stock, as of the latest practicable date.

129,512,622 shares of the Registrant's Common stock, \$.001 par value, were outstanding as of August 20, 2021.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the year ended June 30, 2021 Annual Meeting of Stockholders to be filed with the Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K are incorporated herein by reference in Part III of this Annual Report on Form 10-K.

EXTREME NETWORKS, INC.

FORM 10-K

INDEX

	<u>Page</u>
Forward Looking Statements	2
PART I	
Item 1. Business	3
Item 1A. Risk Factors	14
Item 1B. Unresolved Staff Comments	29
Item 2. Properties	29
Item 3. Legal Proceedings	29
Item 4. Mine Safety Disclosures	29
PART II	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	30
Item 6. Selected Financial Data	32
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	34
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	46
Item 8. Financial Statements and Supplementary Data	47
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	89
Item 9A. Controls and Procedures	89
Item 9B. Other Information	89
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	90
Item 11. Executive Compensation	90
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	90
Item 13. Certain Relationships and Related Transactions, and Director Independence	90
Item 14. Principal Accountant Fees and Services	90
PART IV	
Item 15. Exhibits and Financial Statement Schedules	91
SIGNATURES	97

FORWARD LOOKING STATEMENTS

Except for historical information contained herein, certain matters included in this Annual Report on Form 10-K are, or may be deemed to be, forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. The words “will,” “may,” “designed to,” “believe,” “should,” “anticipate,” “plan,” “expect,” “intend,” “estimate” and similar expressions identify forward-looking statements, which speak only as of the date of this Annual Report. These forward-looking statements are contained principally under Item 1, “Business,” and under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” but may also be in other sections of this Annual Report on Form 10-K. Because these forward-looking statements are subject to risks and uncertainties, actual results could differ materially from the expectations expressed in the forward-looking statements. Important factors that could cause actual results to differ materially from the expectations reflected in the forward-looking statements include those described in Item 1A, “Risk Factors” and Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” In addition, new risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. We undertake no obligation to update or revise these forward-looking statements to reflect subsequent events or circumstances.

SUMMARY OF MATERIAL RISKS ASSOCIATED WITH OUR BUSINESS

The principal risks and uncertainties affecting our business include the following:

- We purchase several key components for products from single or limited sources and could lose sales if these suppliers fail to meet our needs.
- Our dependence on a few manufacturers and third parties for our manufacturing, warehousing, and delivery requirements could harm our business, financial condition, and operating results.
- The coronavirus outbreak has had, and continues to have, a materially disruptive effect on our business.
- We depend upon international sales for a significant portion of our revenues which imposes a number of risks on our business.
- To successfully manage our business or achieve our goals, we must attract, retain, train, motivate, develop and promote key employees, and a failure to do so can harm us.
- If we fail to anticipate technological shifts, market needs and opportunities, and develop products, product enhancements and business strategies that meet those technological shifts, needs and opportunities in a timely manner or if they do not gain market acceptance, we may not be able to compete effectively and our ability to generate revenues will suffer.
- The cloud networking market is rapidly evolving. If this market does not evolve as we anticipate, our target end customers do not adopt our cloud networking solutions, or we are unable to effectively transition to a cloud-based model, we may not be able to compete effectively, and our ability to generate revenues will suffer.
- System security risks, data breaches, and cyber-attacks could compromise our proprietary information, disrupt our internal operations and harm public perception of our products, which could adversely affect our business, financial condition and results of operations.
- We cannot assure future profitability, and our financial results may fluctuate significantly from period to period.
- We may not realize anticipated benefits of past or future acquisitions, divestitures and strategic investments, and the integration of acquired companies or technologies may negatively impact our business, financial condition and results of operations or dilute the ownership interests of our stockholders.
- Our stock price has been volatile in the past and may significantly fluctuate in the future.

The summary risk factors described above should be read together with the text of the full risk factors below in the section entitled “Risk factors” and the other information set forth in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes, as well as in other documents that we file with the U.S. Securities and Exchange Commission (the “Commission”). The risks summarized above or described in full below are not the only risks that we face. Additional risks and uncertainties not precisely known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, results of operations, and future growth prospects.

PART I

Item 1. Business

Overview

Extreme Networks, Inc. (“Extreme” or “Company”) is a leading provider of end-to-end, cloud-driven networking solutions and top-rated services and support. Providing a set of comprehensive solutions from the Internet of Things (“IoT”) edge to the cloud, Extreme designs, develops, and manufactures wired and wireless network infrastructure equipment as well as a leading cloud networking platform and applications portfolio using cloud management, machine learning, and artificial intelligence to deliver network policy, analytics, security, and access controls. Our solutions enable companies to embrace the value of new cloud technology without having to rip and replace existing infrastructures.

Extreme has been pushing the boundaries of networking technology for a quarter of a century, driven by a higher purpose of helping our customers connect beyond the network. Extreme’s cloud-driven technologies provide flexibility and scalability in deployment, management, and licensing of networks globally. Our global footprint provides service to over 50,000 customers and over 10 million daily end users across the world 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.

Our global headquarters is located at 2121 RDU Center Drive, Suite 300, Morrisville, North Carolina 27560, and our telephone number is (408) 579-2800. We have several corporate offices in the United States and international locations. Our website is www.extremenetworks.com.

Industry Background

Enterprises 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. With the impact of the global pandemic, 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. Machine Learning (“ML”) and Artificial Intelligence (“AI”) technologies have the potential to vastly improve the network experience in the post-pandemic 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 how distributed the network is.

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 establishing a new normal. 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.

On the other hand, 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 stands 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 and Wi-Fi, agnostic of the existing networking 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”), and software-defined wide area network (“SD-WAN”) solutions to be approximately \$26 billion and growing at approximately five percent per year over the next three years. We believe Extreme’s products, solutions, and services along with our geographic focus allow us to address \$15 billion of this market. On the other hand, 5G provides an estimated \$3 billion serviceable available market for Service Provider Networking, for which Extreme is targeting growing to approximately \$50-\$100 million per year over the next three to five years.

The Extreme Strategy

The year 2020 resulted in unprecedented change – from the physical footprint of offices, to supply chain operations, to how we connect. Organizations and workforces extend anywhere and everywhere. IT leaders are now tasked with ensuring the global, hybrid workforce is functional and successful no matter where they are and ensure people can work wherever they want.

Extreme has recognized that the way we and our customers communicate has changed and the new normal has given rise to these distributed enterprise environments, or in other words, the infinite enterprise.

There are three tenets for the infinite enterprise:

- **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 \$2 billion segment of the networking market and is projected to be the fastest growing part of the networking industry at approximately 20% per year over the next three years, according to data from 650 Group Market Research. 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 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 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).
 - Unlimited Network Data plans for the length of the cloud subscription to improve an organization's ability to make smarter, more effective business decisions.
 - Consumption Flexibility: Offer a range of financing and network purchase options. Our value-based subscription tiers (including Connect, Navigator and Pilot) provide customers with flexibility to grow as they go, 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.
 - Zero-Trust Security (Information Security Management (“ISO”) 27001 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 four 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.
 - Extreme IoT™ delivers simple and secure onboarding, profiling, segmentation and filtering of IoT devices on a production network.
- **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 (5520/5420)** support fabric or traditional networking with a choice of cloud or on-premises (air-gapped or cloud connected) management.
 - **Universal WiFi 6 APs (300/400 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. The network edge landscape is changing as the explosion of mobile devices increases the demand for mobile, transparent, and always-on wired to wireless edge 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 5 solutions to Wi-Fi 6 (802.11ax), focused on providing more efficient access to the broad array of connected devices. We believe we have the industry’s broadest Wi-Fi 6 wireless portfolio providing intelligence for the wired/wireless edge and enhanced by our cloud architecture with machine learning and AI-driven 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 (SaaS) 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.

Products

Our products and services categories include:

- **Cloud Networking Platform:** Core to our product portfolio and providing the end-to-end visibility from the access edge to the data center is our industry-leading cloud platform and cloud management application, ExtremeCloud IQ. ExtremeCloud IQ is an ML/AI powered, wired and wireless cloud network management solution that offers advanced visibility and control over users, devices, and applications. ExtremeCloud IQ allows customers to keep operational costs low, adjusts to customer demand, and delivers robust functionality for provisioning, management, and troubleshooting, as well as the industry's only unlimited data access for the life of the subscription, and guaranteed data durability to assure access with 100% uptime. ExtremeCloud IQ is available in three deployment options (public, private, on-premises) that support one goal – to provide customers with maximum flexibility, continuous innovation, and consistent user experience. It can be deployed in any major data center environment such as AWS, GCP and Azure, or local private cloud options. The ExtremeCloud IQ application already manages almost 1.3 million devices in a public, private, and on-premises global cloud deployment, with over 8 million unique clients per day just in the public cloud. These devices produce and process over 6 petabytes of data per day.
- **Automation, Analytics, and Security Applications:** Our application portfolio delivers additional analytics, security, access control, and management insights both on-premises and in the cloud. ExtremeCloud IQ – Site Engine extends cloud management to non-cloud native and multi-vendor devices to provide one dashboard view of your entire network that can be managed in the cloud or on-premises. ExtremeCloud IQ – Site Engine provides task automation, access control, granular visibility with real-time analytics and multi-vendor device management. ExtremeCloud IQ Essentials provides four key applications - WIPS, location services, IoT, and guest management - for ExtremeCloud IQ Pilot license customers at no added cost, enabling organizations to take advantage of an all-in-one platform for wired and wireless management, business insights, location tracking, wireless security, seamless IoT onboarding and guest access, and guest access through a single user interface.
- **Wireless LAN Access Points (“APs”):** One of the industry's broadest and most comprehensive, Extreme's wireless AP portfolio includes both indoor and outdoor Wi-Fi 6 and prior generation APs. Proven in some of the most demanding environments, ExtremeWireless delivers an exceptional experience for BYOD and mobile users wherever they may roam. Included in that portfolio are our custom stadium and large venue Wi-Fi 6 outdoor APs, which, when combined with ExtremeAnalytics, are the basis of our selection as the Official Wi-Fi & Analytics Provider for the National Football League (“NFL”) and the Major League Baseball (“MLB”). In addition to powering large venues and stadiums, our Extreme APs also deliver flexible and scalable options for highly distributed environments for major companies globally. Our APs allow our customers to purchase unified hardware, starting with our Wi-Fi 6 (802.11ax) AP portfolio, and choose the software mode option for the optimal deployment architecture in their environments. Our premier wireless security solution, ExtremeAirDefense delivers intrusion detection and prevention capabilities across the wireless portfolio. Recently, we also introduced the first WIPS solution to incorporate support for Bluetooth and Bluetooth Low Energy (“BLE”) visibility and intrusion protection. This includes device location support and change detection, rogue BLE Beacon detection and unsanctioned BLE device detection.
- **Wired for Edge, Campus, and Data Center:** Our switching portfolio includes products designed to make every connection effortless by enabling the deployment of high-speed performance at scale for access, high-density, campus, core, and data center environments. Within the ExtremeSwitching portfolio are Access Edge products offering connection speeds ranging from 100 Megabytes per second (“Mbps”) to 25 Gigabytes per second (“Gbps”) – including edge multi-rate 2.5Gbps and 5Gbps capabilities. These switches provide various physical presentations (copper and fiber) along with options to deliver traditional Ethernet or convergence-friendly Power-over-Ethernet (“PoE”), including high-power universal POE consisting of 90W power to support new classes of Ethernet-powered devices. These switching products, combined with our unique fabric capability, deliver automation and hyper-segmentation, as well as features, performance, and reliability required by our customers to deploy, operate and manage converged infrastructure, along with the ability to harden the perimeter of the network infrastructure.

Our aggregation/core switches are designed to address the demanding needs of aggregation, top-of-rack, and campus core environments. Delivering 10G, 25G, 40G, 50G, and 100G connectivity with maximum throughput and reliability, these switches provide flexible Ethernet connectivity over a range of interface types and speeds and are available in both fixed and modular configurations. These switching platforms, in conjunction with our advanced operating systems and centralized management software, provide the density, performance, and reliability required to serve in a diverse range of environments, especially where application demands and uptime expectations are mission critical.

Our campus switch portfolio also includes next-generation, low-profile, high-density Ethernet switches that empower the creation of versatile always-on campus solutions that are fabric-enabled and 25 to 100 gigabit-ready. The technologies supported by these innovative platforms can also leverage automated network attachment to proactively reduce operational burden and time-to-service.

Extreme's data center switches and routers provide high levels of reliability and throughput - specifically designed to address the exacting demands of high-performance enterprise and cloud data centers. These products are available in both fixed and modular chassis configurations and include a set of advanced features such as redundant management and fabric modules, hot-swappable line cards on our chassis-based platforms, as well as multi-speed stacking of up to 100G and flexible 10/25/40/50/100G port options on our fixed-form platforms, which makes these switches well-suited for enterprise data center environments. Both platform types also provide redundant power supplies and fan trays to ensure high hardware availability.

These switches also provide key feature extensions for data centers through technologies that include Virtual Extensible LAN ("VXLAN"), MPLS/VPLS, and Shortest Path Bridging capabilities. Our industry-first integrated Extreme Fabric Automation ("EFA") simplifies and adds scalability to even the highest performance environments. In addition to these capabilities, our data center switches offer innovative traffic optimization enabling virtual machine ("VM") mobility via Layer 3 Data Center Interconnect. Our architecture delivers tens of millions of flows for deep visibility and control over users, services, and applications to meet the analytic and policy demands of today's business applications.

- **Cloud Native Platforms and Applications for Service Providers:** 5G is the first generation of cellular technologies built on cloud-native principles, and most traditional network visibility tools cannot be easily adapted for future use cases like autonomous vehicles or industrial IoT. Because many 5G use cases are still undefined, service providers need a composable solution that provides visibility into highly distributed environments and is flexible enough to be adjusted for specific purposes as they arise without requiring expensive, time-consuming infrastructure upgrades. Extreme has introduced the 9000 series switches and related software, featuring the Extreme 9920 intelligent network visibility platform built with cloud-native design principles and a composable data pipeline to provide highly scalable traffic aggregation, packet filtering, replication, and advanced network packet processing for analytics tools in distributed network environments. The Extreme Visibility Manager has an intuitive graphical user interface to establish new rule sets and commands for all of Extreme's visibility devices. It provides full visibility into every aspect of the network, from a highly geographically dispersed environment with regions and zones to the services running on the system.
- **Customer Service and Support:** Our customers seek high reliability and maximum uptime for their networks. To that extent, we provide the following service offerings:
 - **Support services for end-users, resellers and distributors.** We meet the service requirements of our customers and channel partners through our Technical Assistance Centers ("TACs"), located in Morrisville, North Carolina; Salem, New Hampshire; Aurora, Illinois; San Jose, California; Reading, United Kingdom; Penang, Malaysia; Brno, Czech Republic; Bangalore; Chennai, India; Seoul, Korea and Tokyo, Japan. Our TAC engineers and technicians assist in diagnosing and troubleshooting technical issues regarding customer networks. Development engineers work with the TACs to resolve product functionality issues specific to each customer.
 - **Premier services.** Premier Support is a proactive, high touch post sale support service that assists customers in managing their Extreme Networks products and network. All resources and deliverables are designed to manage day-to-day technical needs, provide analysis and recommendations while building strong customer relationships, all focused at the network level.
 - **Professional services.** We provide consultative services to improve customer productivity in all phases of the network lifecycle – planning, design, implementation, operations and optimization management. Our network architects develop and execute customized software and service-led networking solutions for deployment plans to meet individualized network strategies. These activities may include the management and coordination of the design and network configuration, resource planning, staging, logistics, migration and deployment. We also provide customized training and operational best practices manuals to assist customers in the transition and sustenance of their networks.
 - **Education.** We offer classes covering a wide range of topics such as installation, configuration, operation, management and optimization – providing customers with the necessary knowledge and experience to successfully deploy and manage our products in various networking environments. Classes may be scheduled and available at numerous locations worldwide. We deliver training using our staff, on-line training classes and authorized training partners. In addition, we make much of our training materials accessible free-of-charge on our internet site for customers and partners to use in self-education. We believe this approach enhances the market's ability to learn and understand the broad array of advantages of our products.

Sales, Marketing and Distribution

We conduct our sales and marketing activities on a worldwide basis through a channel that utilizes distributors, resellers and our field sales organization. As of June 30, 2021, our worldwide sales and marketing organization consisted of 968 employees, including vice presidents, directors, managers, sales representatives, and technical and administrative support personnel. We have domestic sales offices located in eight states within the United States and international sales offices located in 30 countries.

We sell our products primarily through an ecosystem of channel partners who combine our infinite enterprise vision and product portfolio consisting of cloud-driven applications, wired, wireless, management and analytics software products with their vertical specific offerings to create compelling information technology solutions for end-user customers. We utilize our field sales organization to support our channel partners and to sell directly to certain end-user customers, including some large enterprise and service provider global accounts.

The details of our sales and distribution channels are as follows:

- **Alliance, Original Equipment Manufacturers ("OEM") and Strategic Relationships.** We have active alliance, OEM and strategic relationships with Broadcom, Barco NV, Ericsson Enterprise AB, Lenovo, Verizon, NFL, MLB, VMware and Nutanix as well as other global industry technology leaders in which our products are qualified to be included into an overall solution or reference architecture. These tested and validated solutions are then marketed and sold by the alliance, OEM or strategic partners into their specific verticals, market segments and customers as turnkey offerings.
- **Distributors.** We have established several key relationships with leading distributors in the electronics and computer networking industries. Each of our distributors primarily resells our products to resellers. The distributors enhance our ability to sell and provide support to resellers who may benefit from the broad service and product fulfillment capabilities offered by these distributors. Extreme maintains distribution agreements with our largest distributors, Westcon Group, Tech Data Corporation and Jenne Corporation on substantially the same material terms as we generally enter into with each of our distribution partners. Distributors are generally given the right to return a portion of inventory to us for the purpose of stock rotation, to claim rebates for competitive discounts and participate in various cooperative marketing programs to promote the sale of our products and services.
- **Resellers.** We rely on many resellers worldwide that sell directly to the end-user customer. Our resellers include regional networking system resellers, resellers who focus on specific vertical markets, value added resellers, network integrators and wholesale resellers. We provide training and support to our resellers and our resellers generally provide the first level of contact to end-users of our products. Our relationships with resellers are on a non-exclusive basis. Our resellers are not given rights to return inventory and do not automatically participate in any cooperative marketing programs.
- **Field Sales.** Our field sales organization is trained to sell solutions, support and develop leads for our resellers and to establish and maintain key accounts and strategic end-user customers. To support these objectives, our field sales force:
 - Assists end-user customers in finding solutions to complex network system and architecture problems;
 - Differentiates the features and capabilities of our products from competitive offerings;
 - Continually monitors and understands the evolving networking needs of enterprise and service provider customers;
 - Promotes our products and ensures direct contact with current and potential customers; and
 - Assists our resellers to drive business opportunities to closure.

Although we compete in many vertical markets, in fiscal year 2021, we have focused on the specific verticals of healthcare, education, retail, manufacturing, government, sports, and entertainment venues. Years of experience and a track record of success in the verticals we serve enables us to address industry-specific problems.

Customer Profiles:

Furthermore, in fiscal 2021, we decided to continue focus on the following customer profiles where we believe we can add the most value:

- **Customer size:** Those customers with annual revenues of \$100 million to \$2.5 billion.
- **Target deployment:** Campus deployments with 250 to 5,000 employees or education campuses with 1,000 to 15,000 students.
- **Target data centers:** Data centers with 1,000 or fewer, with an emphasis on service provider networks.
- **Vertical markets:** Healthcare, education, government, manufacturing, retail, and hospitality, which includes sports and entertainment venues.
- **Customer characteristics:** Our customers tend to operate in transient environments, such as college campuses, hospitals and sports venues, where BYOD and secure network access and identity control are critical. Their networks must be highly available with the ability to continue operations in the event of a service interruption. Secure access is essential to ensuring the protection of mission-critical systems and confidential information. Often tasked to manage the network with a limited IT staff, our customers appreciate the excellent service and support we strive to provide.

Customers with 10% of net revenues or greater

See Note 3 of our Notes to Consolidated Financial Statements in this Annual Report on Form 10-K for more information regarding our customers with 10% of net revenues or greater.

International sales

International sales are an important portion of our business. In fiscal 2021, sales to customers outside of the United States accounted for 52% of our consolidated net revenues, compared to 52% in fiscal 2020, and 50% in fiscal 2019. These sales are conducted primarily through foreign-based distributors and resellers managed by our worldwide sales organization. In addition, we have direct sales to end-user customers, including large global accounts. The primary markets for sales outside of the United States are countries in Europe and Asia, as well as Canada, Mexico, Central America and South America.

We operate in one segment, the development and marketing of network infrastructure equipment and related software. Information concerning revenues, results of operations and revenues by geographic area is set forth under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." Information on risks attendant to our foreign operations is set forth below in Item 1A. "Risk Factors."

Marketing

We continue to develop and execute a number of marketing programs to support the sale and distribution of our products by communicating the value of our solutions to our existing and potential customers, our distribution channels, our resellers and our technology alliance partners. Our marketing efforts include participation in industry tradeshows, conferences and seminars, publication of technical and educational articles in industry journals, communication across social media channels, frequent updates to our publicly available website, promotions, web-based training courses, advertising, analyst relations and public relations. We also submit our products for independent product testing and evaluation. Extreme participates in numerous industry analyst ratings including Gartner Magic Quadrants, Gartner Critical Capabilities, Gartner Peer Insights, Forrester Waves, IDC MarketScapes and InfoTech Vendor Landscapes.

Backlog

Our products are often sold based on standard purchase orders that are cancelable prior to shipment without significant penalties. In addition, purchase orders are subject to changes in quantities of products and delivery schedules in order to reflect changes in customer requirements and manufacturing capacity. Our business is characterized by seasonal variability in demand and short lead-time orders and delivery schedules. Actual shipments depend on the then-current capacity of our contract manufacturers and the availability of materials and components from our vendors. Although we believe the orders included in the backlog are firm, all orders are subject to possible rescheduling by customers, cancellations by customers which we may elect to allow without penalty to customer, and further pricing adjustments on orders from distributors. Therefore, we do not believe our backlog, as of any particular date is necessarily indicative of actual revenues for any future period.

Our product backlog at June 30, 2021, net of anticipated back-end rebates for distributor sales, was \$105.0 million, compared to \$31.7 million at June 30, 2020.

Seasonality

Like many of our competitors, we historically have experienced seasonal fluctuations in customer spending patterns, which generally adversely affect our first and third fiscal quarters. This pattern should not be relied upon or be considered indicative of our future performance, as it has varied in the past.

Manufacturing

We utilize a global sourcing strategy that emphasizes procurement of materials and product manufacturing in competitive geographies. We rely upon third-party contract manufactures and (ODM) original design manufacturers (Alpha Networks, Lite-On Technology Corporation, Foxconn, Quanta, Senao Networks, Sercomm Corporation and Wistron NeWeb Corporation) to manufacture, support and ship our products, and therefore are exposed to risks associated with their businesses, financial condition, geographies and geopolitical conflict in which they operate. Our arrangements with these Tier 1 manufacturers generally provide for quality, cost, and delivery requirements, as well as manufacturing process terms, such as continuity of supply; inventory management; flexible capacity, quality, and cost management; oversight of manufacturing; and conditions for use of our intellectual property that allows us to adjust more quickly to changing end-customer demand. We also leverage and depend on the strong Corporate and Social Responsibility policies and standards of our Tier 1 manufacturers. The ODM manufacturing process uses automated testing equipment and burn-in procedures, as well as comprehensive inspection, testing, and statistical process controls, which are designed to help ensure the quality and reliability of our products. The manufacturing processes and procedures are generally certified to International Organization for Standardization (“ISO”) 9001 standards. The manufacturing process and material supply chains are flexible enough to be moved to steer away from geopolitical conflicts that impact cost.

We use a collaborative sales and operations planning (“S&OP”) forecast of expected demand based upon historical trends and analyses from our sales and product management functions as adjusted for overall market conditions. We update these forecasts monthly to determine our material requirements. Our manufacturing partners procure the components needed to build our products based on our demand forecasts. This allows us to leverage the purchasing power of our manufacturing partners. Our products rely on key components, including merchant silicon, integrated circuit components and power supplies purchased from a limited number of suppliers, including certain sole source providers. Lead times for materials and components vary significantly, and depend on factors such as the specific supplier, complexity, contract terms, demand and availability for a component at a given time. From time to time, we may experience price volatility or supply constraints for certain components that are not available from multiple qualified sources or where our suppliers are geographically concentrated. We, like the rest of our industry, are currently experiencing such a shortage in semiconductors used for our hardware. This shortage is leading to increased costs for components and shipping. In addition, labor shortages and facility closures related to the COVID pandemic are also causing delays and increased logistics costs. When necessary, we are often able to obtain scarce components for somewhat higher prices on the open market, which may have an impact on our gross margin, but does not generally disrupt production. We may also acquire component inventory in anticipation of supply constraints or enter into longer-term pricing commitments with vendors to improve the priority, price and availability of supply. Our product development efforts also depend upon continued collaboration with our key suppliers, including our merchant silicon vendors such as Broadcom. As we develop our product roadmap and continue to expand our relationships with these and other merchant silicon vendors, it is critical that we work in tandem with our key vendors to ensure that their silicon includes improved features and that our products take advantage of such improved features.

We believe our sourcing and manufacturing strategy allows us to conserve capital, lower costs of product revenues, adjust quickly to changes in market demand, and operate without dedicating significant resources to manufacturing-related plant and equipment. As part of our effort to optimize our operations, we continue to focus on driving cost reductions through sourcing, rationalizing our supply chain, outsourcing or virtualizing certain activities, and consolidating distribution sites and service logistics partners. These efforts also include process optimization initiatives, such as vendor managed inventory, and other operational models and strategies designed to drive improved efficiencies in our sourcing, production, logistics and fulfillment.

Research and Development

The success of our products to date is due in large part to our focus on research and development. We believe that continued success in the marketplace will depend on our ability to develop new and enhanced products employing leading-edge technology. Accordingly, we plan to undertake development efforts with an emphasis on increasing the reliability, performance and features of our family of products, and designing innovative products to reduce the overall network operating costs of customers.

Our product development activities focus on solving the needs of customers in the enterprise campus by providing an end-to-end, wired and wireless network solution from the access edge to the private clouds in targeted verticals. Current activities include the continuing development of our innovative switching technology aimed at extending the capabilities of our products. Our ongoing research activities cover a broad range of areas, including, 1G, 2.5G, 5G, 10G, 25G, 40G, 50G and 100G Ethernet, routing, and resiliency protocols, open standards interfaces, software defined networks, network security, identity management, data center fabrics, and wireless networking. In addition, we continue to ramp up our investments in ML/AI technology targeting Cloud Wi-Fi, IoT anomaly detection, and autonomous networking.

We plan to continue to enhance the functionality of our network operating systems which have been designed to provide high reliability and availability. This allows us to leverage a common operating system across different hardware and network chipsets.

As of June 30, 2021, our research and development organization consisted of 653 employees. Research and development efforts are conducted in several of our locations, including Morrisville, North Carolina; San Jose, California; Salem, New Hampshire; Toronto, Canada; Shannon, Ireland; and Bangalore and Chennai, India.

Intellectual Property

We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. As of June 30, 2021, we had 737 issued patents in the United States and 452 patents outside of the United States. The expiration dates of our issued patents in the United States range from 2021 to 2039. Although we have patent applications pending, there can be no assurance that patents will be issued from pending applications or that claims allowed on any future patents will be sufficiently broad to protect our technology. As of June 30, 2021, we had 25 registered trademarks in the United States and 247 registered trademarks outside of the United States.

We enter into confidentiality, inventions assignment or license agreements with our employees, consultants and other third parties with whom we do business, and control access to, and distribution of, our software, documentation and other proprietary information. In addition, we provide our software products to end-user customers primarily under "clickwrap" license agreements. These agreements are not negotiated with or signed by the licensee, and thus these agreements may not be enforceable in some jurisdictions. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our products or technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States.

Competition

The market for network switches, routers and software (including analytics) which is part of the broader market for networking equipment is extremely competitive and characterized by rapid technological progress, frequent new product introductions, changes in customer requirements and evolving industry standards. We believe the principal competitive factors in this market are:

- expertise and familiarity with network protocols, network switching/routing/wireless and network management;
- robust, cloud-driven options that reduce the cost of acquisition, provisioning, and ongoing management of network management;
- expertise and familiarity with application analytics software;
- expertise with network operations and management software;
- expertise in machine learning and artificial intelligence;
- product performance, features, functionality and reliability;
- price/performance characteristics;
- timeliness of new product introductions;
- adoption of emerging industry standards;
- customer service and support;
- size and scope of distribution network;

- brand name;
- breadth of product offering;
- access to customers; and
- size of installed customer base.

We believe we compete with our competitors with respect to many of the foregoing factors. However, the market for network switching solutions is dominated by a few large companies, particularly Cisco Systems, Inc., Hewlett-Packard Enterprise Co., Huawei Technologies Co. Ltd., Arista Networks Inc., Juniper Networks Inc., and Ubiquiti Inc. Most of these competitors have longer operating histories, greater name recognition, larger customer bases, broader product lines and substantially greater financial, technical, sales, marketing and other resources.

We expect to face increased competition from both traditional networking solutions companies and cloud platform companies offering Infrastructure-as-a-Service (“IaaS”) and Platform-as-a-Service (“PaaS”) products to enterprise customers. In that regard, we expect to face increased competition from certain cloud computing companies such as Amazon, Microsoft, and Google providing a cloud-based platform of data center compute and networking services for enterprise customers.

We believe Extreme is uniquely positioned to address its overarching vision of the future, the Infinite Enterprise, with its bet on industry-leading cloud solutions, automation and AI. Although we believe that our solutions and strategy will improve our ability to meet the needs of our current and potential customers, we cannot guarantee future success.

Restructuring and Impairment

Fiscal year 2019

On June 25, 2019, we began executing a reduction-in-force plan (the “2019 Plan”) to better align our work force and operating expenses. We incurred charges beginning in the third quarter of fiscal 2019 through the fourth quarter of fiscal 2020, inclusive. Costs associated with the 2019 Plan were primarily comprised of employee severance and benefits expenses and affected 140 employees, relocation of personnel and equipment and exit of excess facilities.

Fiscal year 2020

During fiscal 2020, we reduced our operating expenses by exiting a floor of our San Jose, California facility and additional space in our Salem, New Hampshire facility. We continued our initiative to realign our operations resulting from the acquisition of Aerohive and consolidating our workforce and exited the facility we acquired from Aerohive in Milpitas, California.

During the third quarter of fiscal 2020, with the global disruptions and slow-down in the demand of its products caused by the global pandemic outbreak, COVID-19, and the uncertainty around the timing of the recovery of the market, we initiated a reduction-in-force plan (the “2020 Plan”) to reduce our operating costs and enhance financial flexibility. The plan affected approximately 320 employees primarily from the research and development and sales organizations who were located mainly in the United States and India. Costs associated with the 2020 Plan are primarily comprised of employee severance and benefits expenses.

Fiscal year 2021

Along with the reduction and realignment of the headcount under the 2020 Plan, we are in the process of relocating certain lab test equipment to third-party consulting companies during fiscal 2021 and fiscal 2022.

Environmental Matters

We are subject to various environmental and other regulations governing product safety, materials usage, packaging and other environmental impacts in the United States and in various countries where our products are manufactured and sold. We are also subject to regulatory developments, including recent SEC disclosure regulations relating to so-called “conflict minerals,” relating to ethically responsible sourcing of the components and materials used in our products. To date, compliance with federal, state, local, and foreign laws enacted for the protection of the environment has had no material effect on our capital expenditures, earnings, or competitive position.

We are committed to energy efficiency in our product lines. Accordingly, we believe this is an area that affords us a competitive advantage for our products in the marketplace. We maintain compliance with various regulations related to the environment, including the Waste Electrical and Electronic Equipment and the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment regulations adopted by the European Union. To date, our compliance efforts with various United States and foreign regulations related to the environment has not had a material effect on our operating results.

Human Capital

At Extreme, we manage our human capital guided by our core values of Candor, Transparency, Curiosity, Teamwork, Ownership, and Inclusion. We apply these principles to talent acquisition and management, compensation and benefits, and diversity and inclusion.

As of June 30, 2021, we employed 2,441 people, including 968 in sales and marketing, 653 in research and development, 117 in operations, 433 in customer support and services and 270 in finance and administration. These employees were located worldwide, with 1,249 located in the United States, 168 in other locations in the Americas, 594 in the APAC region, which includes Asia Pacific, China, South Asia and Japan, and 430 in the EMEA region, which includes Europe, Russia, Middle East and Africa.

None of our U.S. employees are subject to a collective bargaining agreement. In certain foreign jurisdictions, where required by local law or custom, some of our employees are represented by local workers' councils and/or industry collective bargaining agreements. We consider our relationship with our employees to be good, and we have not experienced any work stoppages due to labor disagreements.

Talent Acquisition and Management. We strive to attract and retain the most qualified employees for each role within the Company. To do this, we utilize various recruiting channels, including employee referrals and those targeting diverse candidates. We on-board new employees through the New Hire Academy and encourage skill development through various role-specific training programs, career development tools, manager training, coaching, and mentorship.

Compensation and Benefits. Our compensation philosophy is to offer a competitive compensation package designed to reward achievement of the Company's goals. Our short-term bonus plan is designed to motivate employees to meet half-year goals, and our employee stock purchase plan and grants of restricted stock units to eligible employees reward longer-term stock price appreciation. Our U.S. benefits plan includes health benefits, life and disability insurance, various voluntary insurances, flexible time off and leave programs, an employee assistance plan, an educational assistance policy, and a 401(k) plan with a competitive employer match.

Diversity and Inclusion. We believe that we gain valuable perspective that drives better decision making when we listen to diverse voices. To foster an inclusive environment, we have expanded our employee resource groups ("ERGs") this year to include The Women's Council, Black at Extreme (Black/African American), LaRaza (Latino/Hispanic), Maitri (India ERG), Pride Alliance (LGBTQ+), Global Veterans Council, API (Asian Pacific Islanders), and APPs (Early in Career ERG). We are stepping up to this challenge of fostering an inclusive environment through efforts to improve recruiting of diverse candidates, identify and support high potential employees, and retain diverse employees. Since we started our first ERG, our Women's Leadership Council, we have increased the number of women employees and our female leadership. We are striving to increase the number of African-American/Black employees and Hispanic employees by the end of calendar year 2025, and to increase the number of women and underrepresented groups within our management teams.

Organization

We were incorporated in California in May 1996 and reincorporated in Delaware in March 1999. Our corporate headquarters are located at 2121 RDU Center Drive, Suite 300, Morrisville, NC 27560 and our telephone number is (408) 579-2800. We electronically file our Securities Exchange Commission ("SEC") disclosure reports with the SEC and they are available free of charge at both www.sec.gov and www.extremenetworks.com.

Our corporate governance guidelines, the charters of our audit committee, our compensation committee, our nominating and corporate governance committee and our code of business conduct and ethics policy (including code of ethics provisions that apply to our principal executive officer, principal financial officer, controller and senior financial officers) are available on the Investors section of our website at investor.extremenetworks.com under "Corporate Governance." These items are also available to any stockholder who requests them by calling (408) 579-2800.

Item 1A. Risk Factors

We face a number of risks and uncertainties which may have a material and adverse effect on our business, operations, industry, financial condition, results of operations or future financial performance. While we believe we have identified and discussed below the key risk factors affecting our business, there may be additional risks and uncertainties that are not presently known or that are not currently believed to be significant that may adversely affect our business, results of operations, industry, financial position and financial performance in the future.

Risks Related to Our Business, Operations, and Industry

We purchase several key components for products from single or limited sources and could lose sales if these suppliers fail to meet our needs.

We currently purchase several key components used in the manufacturing of our products from single or limited sources and are dependent upon supply from these sources to meet our needs. At present, semiconductor chips are currently in high demand with limited supply, which is resulting in higher component costs, higher delivery costs for expedited shipments, and significantly longer than usual lead times for these components. If we are unable to mitigate these effects, this could have a material adverse effect on our ability to meet customer orders. Our principal sole-source components include:

- ASICs - merchant silicon, Ethernet switching, custom and physical interface;
- microprocessors;
- programmable integrated circuits;
- selected other integrated circuits;
- custom power supplies; and
- custom-tooled sheet metal.

Our principal limited-source components include:

- flash memory;
- DRAMs and SRAMs;
- printed circuit boards;
- CAMs;
- connectors; and
- timing circuits (crystals & clocks).

We use our forecast of expected demand to determine our material requirements. Lead times for materials and components we order vary significantly, and depend on factors such as the specific supplier, contract terms and demand for a component at a given time. If forecasts exceed orders, we may have excess and/or obsolete inventory, which could have a material adverse effect on our business, operating results and financial condition. If orders exceed forecasts, we may have inadequate supplies of certain materials and components, which could have a material adverse effect on our ability to meet customer delivery requirements and to recognize revenue.

Our top ten suppliers accounted for a significant portion of our purchases during the year. Given the significant concentration of our supply chain, particularly with certain sole or limited source providers, any significant interruption by any of the key suppliers or a termination of a relationship could temporarily disrupt our operations. Additionally, our operations are materially dependent upon the continued market acceptance and quality of these manufacturers' products and their ability to continue to manufacture products that are competitive and that comply with laws relating to environmental and efficiency standards. Our inability to obtain products from one or more of these suppliers or a decline in market acceptance of these suppliers' products could have a material adverse effect on our business, results of operations and financial condition. We do not have any material agreements fixing long-term prices or minimum volume requirements from suppliers. From time to time we have experienced shortages and allocations of certain components, resulting in delays in filling orders. Qualifying new suppliers to compensate for such shortages may be time-consuming and costly and may increase the likelihood of errors in design or production. In addition, during the development of our products, we have experienced delays in the prototyping of our chipsets, which in turn has led to delays in product introductions. Similar delays may occur in the future. Furthermore, the performance of the components from our suppliers as incorporated in our products may not meet the quality requirements of our customers.

The extended factory closures in China and Mexico and the disruption of distribution facilities in El Paso, Texas in the wake of the COVID-19 outbreak reduced the capacity of our supply chain and may continue to do so. See also the risk factor below, *"The coronavirus outbreak has had, and continues to have, a materially disruptive effect on our business."*

Our dependence on a few manufacturers and third parties for our manufacturing, warehousing, and delivery requirements could harm our business, financial condition, and operating results.

We primarily rely on our manufacturing partners: Alpha Networks; Senao Networks; Foxconn; Delta Networks, Wistron NeWeb Corporation, Sercomm Corporation, Quanta, and select other partners to manufacture our products. We have experienced delays in product shipments from some of our partners in the past, which in turn delayed product shipments to our customers. These or similar problems may arise in the future, such as delivery of products of inferior quality, delivery of insufficient quantity of products, or the interruption or discontinuance of operations of a manufacturer or other partner, any of which could have a material adverse effect on our business and operating results. In addition, any natural disaster, pandemic, or business interruption to our manufacturing partners could significantly disrupt our business. While we maintain strong relationships with our manufacturing and other partners, our agreements with these manufacturers are generally of limited duration and pricing, quality and volume commitments are negotiated on a recurring basis. The failure to maintain continuing agreements with our manufacturing partners or find replacements for them in a timely manner could adversely affect our business. We intend to introduce new products and product enhancements, which will require that we rapidly achieve volume production by coordinating our efforts with those of our suppliers and contract manufacturers.

As part of our cost-reduction efforts, we will need to realize lower per unit product costs from our manufacturing partners by means of volume efficiencies and the utilization of manufacturing sites in lower-cost geographies. However, we cannot be certain when or if such price reductions will occur. The failure to obtain such price reductions would adversely affect our business, financial condition, and operating results.

In addition, a portion of our manufacturing is performed in China and is therefore subject to risks associated with doing business outside of the United States, including geopolitical risk and the possibility of additional import tariffs. The United States government has previously announced import tariffs on goods manufactured in China. These tariffs, depending upon their ultimate scope, duration and how they are implemented, could negatively impact our business by continuing to increase our costs and by making our products less competitive. We may not be able to pass such increased costs on to our customers. In addition, any relocation of contract manufacturing facilities to locations outside of China may increase our costs and could impact the global competitiveness of our products.

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

The novel coronavirus, known as COVID-19, has spread around the world and has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. The spread of COVID-19 and new variants continues to have, a material negative impact on our business, financial condition and results of operations. Current and potential impacts include, but are not limited to, the following:

- our component suppliers and contract manufacturers have been negatively affected by the economy, which may result in product delays and changes in pricing and service levels;
- the potential for extended closures and slow ramp up of capacity of many factories in Taiwan and China, where our products and the components and subcomponents used in the manufacture of our equipment are manufactured, continue to create potential supply chain disruptions for Extreme;
- supply and transportation costs have increased, and may continue to increase, as alternate suppliers are sought;
- airport closures, labor shortages at airports and reductions in passenger flights have reduced capacity and has led to a backlog of freight at airport terminals, causing further disruptions to the supply chain;
- labor shortages within delivery and other industries due to extended worker absences continue to create further supply chain disruptions;
- demand for Extreme's products and services, including Extreme's enterprise-scale products, have been and may continue to be reduced due to, among other things, uncertainties in the global economy and financial markets, cancellation or postponement of large gatherings, reduction in office sizes, as well as reduced customer spending;
- orders or guidance to shut down non-essential businesses and for people to work from home have impacted the ability to ship products to customers and could inhibit sales opportunities; and
- reductions in earnings could increase our costs of borrowing, reduce our ability to comply with our credit agreement covenants or make extensions of credit unavailable to us.

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

We depend upon international sales for a significant portion of our revenues which imposes a number of risks on our business.

International sales constitute a significant portion of our net revenues. Our ability to grow will depend in part on the expansion of international sales. Our international sales primarily depend on the success of our resellers and distributors. The failure of these resellers and distributors to sell our products internationally would limit our ability to sustain and grow our revenues. There are a number of risks arising from our international business, including:

- longer accounts receivable collection cycles;
- difficulties in managing operations across disparate geographic areas;
- potential import tariffs imposed by the United States and the possibility of reciprocal tariffs by foreign countries;
- difficulties associated with enforcing agreements through foreign legal systems;
- reduced or limited protection of intellectual property rights, particularly in jurisdictions that have less developed intellectual property regimes, such as China and India;
- higher credit risks requiring cash in advance or letters of credit;
- potential adverse tax consequences;
- compliance with regulatory requirements of foreign countries, including compliance with rapidly evolving environmental regulations;
- compliance with U.S. laws and regulations pertaining to the sale and distribution of products to customers in foreign countries, including export controls, including rules related to export of encryption technology, and the Foreign Corrupt Practices Act;
- the payment of operating expenses in local currencies, which exposes us to risks of currency fluctuations;
- political and economic turbulence or uncertainty;
- terrorism, war or other armed conflict;
- compliance with U.S. and other applicable government regulations prohibiting certain end-uses and restrictions on trade with embargoed or sanctioned countries with denied parties;
- difficulty in conducting due diligence with respect to business partners in certain international markets;
- increased complexity of accounting rules and financial reporting requirements;
- fluctuations in local economies;
- differing privacy regulations, data localization requirements, and restrictions on cross-border data transfers; and
- natural disasters and epidemics.

Any or all of these factors could have a material adverse impact on our business, financial condition, and results of operations.

Substantially all of our international sales are United States dollar-denominated. The continued strength and future increases in the value of the United States dollar relative to foreign currencies could make our products less competitive in international markets. In the future, we may elect to invoice a larger portion of our international customers in local currency, which would expose us to greater fluctuations in exchange rates between the United States dollar and the particular local currency. If we do so, we may decide to engage in hedging transactions to minimize the risk of such fluctuations.

We have entered into foreign exchange forward contracts to offset the impact of payment of operating expenses in local currencies to some of our operating foreign subsidiaries. However, if we are not successful in managing these foreign currency transactions, we could incur losses from these activities.

There are compliance risks associated with complex tariff regulations and export control laws. If we fail to comply with these laws and regulations, we could incur penalties and sanctions from governments, and could be restricted from exporting products.

Local laws and customs in many countries differ significantly from, or conflict with, those in the United States or in other countries in which we operate. In many foreign countries, it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. regulations applicable to us. Although we have implemented policies, procedures and training designed to ensure compliance with these U.S. and foreign laws and policies, there can be no complete assurance that any individual employee, contractor, channel partner, or agents will not violate our policies and procedures. Violations of laws or key control policies by our employees, contractors, channel partners, or agents could result in termination of our relationship, financial reporting problems, fines, and/or penalties for us, or prohibition on the importation or exportation of our products and could have a material adverse effect on our business, financial condition and results of operations.

To successfully manage our business or achieve our goals, we must attract, retain, train, motivate, develop and promote key employees, and a failure to do so can harm us.

Our success depends to a significant degree upon the continued contributions of our key management, engineering, sales and marketing, service and operations personnel, many of whom would be difficult to replace. We have experienced and may in the future experience significant turnover in our executive personnel. Changes in our management and key employees could affect our financial

results, and our prior reductions in force may impede our ability to attract and retain highly skilled personnel. We believe our future success will also depend in large part upon our ability to attract and retain highly skilled managerial, engineering, sales and marketing, service, finance and operations personnel. The market for such personnel is competitive in certain regions for certain types of technical skills.

A number of our employees are foreign nationals who rely on visas and entry permits in order to legally work in the United States and other countries. In recent years, the United States has increased the level of scrutiny in granting H-1B, L-1 and other business visas. Compliance with United States immigration and labor laws could require us to incur additional unexpected labor costs and expenses or could restrain our ability to retain skilled professionals. Any of these restrictions could have a material adverse effect on our business, results of operations and financial conditions.

If we fail to anticipate technological shifts, market needs and opportunities, and develop products, product enhancements and business strategies that meet those technological shifts, needs and opportunities in a timely manner or if they do not gain market acceptance, we may not be able to compete effectively and our ability to generate revenues will suffer.

The markets for our products are constantly evolving and characterized by rapid technological change, frequent product introductions, changes in customer requirements, evolving industry standards, and continuous pricing pressures.

When we announce new products or product enhancements that have the potential to replace or shorten the life cycle of our existing products, customers may defer or cancel orders for our existing products; in addition, ending sales of existing products may cause customers to cancel or defer orders for our existing products. These actions could have a material adverse effect on our operating results by unexpectedly decreasing sales, increasing inventory levels of older products and exposing us to greater risk of product obsolescence.

We cannot guarantee that we will be able to anticipate future technological shifts, market needs and opportunities or be able to develop new products, product enhancements and business strategies to meet such technological shifts, needs or opportunities in a timely manner or at all. If we fail to anticipate market requirements or opportunities or fail to develop and introduce new products, product enhancements or business strategies to meet those requirements or opportunities in a timely manner, it could cause us to lose customers, and such failure could substantially decrease or delay market acceptance and sales of our present and future products and services, which would significantly harm our business, financial condition, and results of operations. Even if we are able to anticipate, develop and commercially introduce new products and enhancements, we cannot assure that new products or enhancements will achieve widespread market acceptance.

If our products do not effectively inter-operate with our customers' networks and result in cancellations and delays of installations, our business, financial condition and results of operations could be harmed.

Our products are designed to interface with our customers' existing networks, each of which have different specifications and utilize multiple protocol standards and products from other vendors. Many of our customers' networks contain multiple generations of products that have been added over time as these networks have grown and evolved. Our products must inter-operate with many or all of the products within these networks as well as future products in order to meet our customers' requirements. If we find errors in the existing software or defects in the hardware used in our customers' networks, we may need to modify our software networking solutions to fix or overcome these errors so that our products will inter-operate and scale with the existing software and hardware, which could be costly and could negatively affect our business, financial condition, and results of operations. In addition, if our products do not inter-operate with those of our customers' networks, demand for our products could be adversely affected or orders for our products could be canceled. This could harm our operating results, financial condition and damage our reputation, and seriously harm our business and prospects.

Industry consolidation may lead to stronger competition and may harm our business, financial condition, and operating results.

There has been a trend toward industry consolidation in our markets for several years. We expect this trend to continue as companies attempt to strengthen or hold their market positions in an evolving industry and as companies are acquired or are unable to continue operations. Companies that are strategic alliance partners in some areas of our business may acquire or form alliances with our competitors, thereby reducing their business with us. We believe industry consolidation may result in stronger competitors that are better able to compete as sole-source vendors for customers. This could lead to more variability in our operating results and could have a material adverse effect on our business, operating results, and financial condition. Furthermore, particularly in the service provider market, rapid consolidation will lead to fewer customers, with the effect that loss of a major customer could have a material impact on results not anticipated in a customer marketplace composed of more numerous participants.

The cloud networking market is rapidly evolving. If this market does not evolve as we anticipate, our target end customers do not adopt our cloud networking solutions, or we are unable to effectively transition to a cloud-based model, we may not be able to compete effectively, and our ability to generate revenues will suffer.

The cloud networking market is the fastest growing segment of the networking industry. The market demand for cloud networking solutions has increased in recent years as end customers have deployed larger networks and have increased the use of virtualization and cloud computing. Our success may be impacted by our ability to provide successful cloud networking solutions that address the needs of our channel partners and end customers more effectively and economically than those of other competitors or existing technologies. If the cloud networking solutions market does not develop in the way we anticipate, if our solutions do not offer significant benefits compared to competing legacy network switching products, if end customers do not recognize the benefits that our solutions provide, or we are unable to successfully pivot our business to a cloud-based model, then our potential for growth in this cloud networking market could be adversely affected. In addition, if the transition to a cloud-based model takes a significant amount of time, we run the risk of affecting our current core revenue streams.

When our products contain undetected errors, we may incur significant unexpected expenses and could lose sales.

Network products frequently contain undetected errors when new products or new versions or updates of existing products are released to the marketplace. In the past, we have experienced such errors in connection with new products and product updates. We have experienced component problems in prior years that caused us to incur higher than expected warranty, service costs and expenses, and other related operating expenses. In the future, we expect that, from time to time, such errors or component failures will be found in new or existing products after the commencement of commercial shipments. These problems may have a material adverse effect on our business by causing us to incur significant warranty, repair and replacement costs, diverting the attention of our engineering personnel from new product development efforts, delaying the recognition of revenue and causing significant customer relations problems. Further, if products are not accepted by customers due to such defects, and such returns exceed the amount we accrued for defective returns based on our historical experience, our business, financial condition, and results of operations would be adversely affected.

Our products must successfully inter-operate with products from other vendors. As a result, when problems occur in a network, it may be difficult to identify the sources of these problems. The occurrence of system errors, whether or not caused by our products, could result in the delay or loss of market acceptance of our products and any necessary revisions may cause us to incur significant expenses. The occurrence of any such problems would likely have a material adverse effect on our business, operating results and financial condition.

We must continue to develop and increase the productivity of our indirect distribution channels to increase net revenues and improve our operating results.

Our distribution strategy focuses primarily on developing and increasing the productivity of our indirect distribution channels. If we fail to develop and cultivate relationships with significant channel partners, or if these channel partners are not successful in their sales efforts, sales of our products may decrease and our operating results could suffer. Many of our channel partners also sell products from other vendors that compete with our products. Our channel partners may not continue to market or sell our products effectively or to devote the resources necessary to provide us with effective sales, marketing and technical support. We may not be able to successfully manage our sales channels or enter into additional reseller and/or distribution agreements. Our failure to do any of these could limit our ability to grow or sustain revenues.

Our operating results for any given period have and will continue to depend to a significant extent on large orders from a relatively small number of channel partners and other customers. However, we do not have binding purchase commitments from any of them. A substantial reduction or delay in sales of our products to a significant reseller, distributor or other customer could harm our business, operating results and financial condition because our expense levels are based on our expectations as to future revenues and, to a large extent, are fixed in the short term. Under specified conditions, some third-party distributors are allowed to return products to us and unexpected returns could adversely affect our business, financial condition, and results of operations.

In some cases, our channel partners and other indirect distribution channels were negatively impacted by COVID-19 and the resulting economic decline could continue. If the COVID-19 pandemic accelerates or continues at a level that causes concern within other markets, our sales could be impacted.

The sales cycle for our products is long and we may incur substantial non-recoverable expenses or devote significant resources to sales that do not occur when anticipated.

The purchase of our products represents a significant strategic decision by a customer regarding its communications infrastructure. The decision by customers to purchase our products is often based on the results of a variety of internal procedures associated with the evaluation, testing, implementation and acceptance of new technologies. Accordingly, the product evaluation process frequently results in a lengthy sales cycle, typically ranging from three months to longer than a year, and as a result, our ability to sell products is subject to a number of significant risks, including risks that:

- budgetary constraints and internal acceptance reviews by customers will result in the loss of potential sales;
- there may be substantial variation in the length of the sales cycle from customer to customer, making decisions on the expenditure of resources difficult to assess;
- we may incur substantial sales and marketing expenses and expend significant management time in an attempt to initiate or increase the sale of products to customers, but not succeed;
- if a sales forecast from a specific customer for a particular quarter is not achieved in that quarter, we may be unable to compensate for the shortfall, which could harm our operating results; and
- downward pricing pressures could occur during the lengthy sales cycle for our products.

We rely on third-party providers such as Amazon Web Services, Google Cloud Platform for services needed to deliver our cloud solutions and other third-party providers for our internal operations. Any disruption in the services provided by such third-party providers could adversely affect our business and subject us to liability.

Our cloud solutions are hosted from and use computing infrastructure provided by third parties, including Amazon Web Services, Google Cloud Platform, and Microsoft Azure. We do not own or control the operation of the third-party facilities or equipment used to provide the cloud services. Our computing infrastructure service providers have no obligation to renew their agreements with us on commercially reasonable terms or at all. If we are unable to renew these agreements on commercially reasonable terms, or if one of our computing infrastructure service providers is acquired, we may be required to transition to a new provider and we may incur significant costs and possible service interruption in connection with doing so. In addition, such service providers could decide to close their facilities or change or suspend their service offerings without adequate notice to us. Moreover, any financial difficulties, such as bankruptcy, faced by such service providers may have negative effects on our business, the nature and extent of which are difficult to predict.

If these third-party service providers experience service outages, performance problems or errors, this could adversely affect the experience of our customers. Our agreements with third-party computing infrastructure service providers may not entitle us to corresponding service level credits to those we offer to our customers. Any changes in third-party service levels at our computing infrastructure service providers or any related disruptions or performance problems with our solutions could adversely affect our reputation and impact our customers' operations, result in lengthy interruptions in our services, or result in potential losses of customer data. Interruptions in our services might reduce our revenues, cause us to issue refunds to customers for prepaid and unused subscriptions, subject us to service level credit claims and potential liability, or adversely affect our renewal rates.

Additionally, if a third-party service provider fails to maintain compliance with standards such as SOC2 or ISO27001, it could affect the underlying controls that we maintain, or that our customers rely upon. This could entail additional costs to compensate for the lost controls, or have a negative impact on revenue.

We rely on third-party cloud service providers such as salesforce.com and Oracle to support internal operations. Disruptions to such service or data breaches of those services could impact our ability to maintain efficient operations and to provide services to our customers.

System security risks, data breaches, and cyber-attacks could compromise our proprietary information, disrupt our internal operations and harm public perception of our products, which could adversely affect our business, financial condition and results of operations.

In the ordinary course of business, we store data, including intellectual property, and our proprietary business information and that of our customers, suppliers and business partners on our networks. In addition, we store information through cloud-based services that may be hosted by third parties and in data center infrastructure maintained by third parties. The secure maintenance of this information is critical to our operations and business strategy. Increasingly, companies, including us, are subject to a wide variety of attacks on their networks and/or cloud-based services on an ongoing basis. Despite our security measures, our supply chain, information technology and infrastructure may be vulnerable to penetration or attacks by computer programmers and hackers, or breached due to employee error, malfeasance or other disruptions. In addition, our products and services may be the targets of cyber-attacks that attempt to sabotage or otherwise disable them, or our cybersecurity and other products and services ultimately may not be able to effectively detect, prevent, or protect against or otherwise mitigate losses from all cyber-attacks. Any such breach could compromise our products, networks or cloud-based services, creating system disruptions, slowdowns or even shutdowns, and exploiting security vulnerabilities of our products, and the information stored as part of our operations could be accessed, publicly disclosed, lost or stolen, which could subject us to liability to our customers, suppliers, business partners and others, could require significant management attention and resources, could result in the loss of business, regulatory actions and potential liability, and could cause us reputational and financial harm. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of our networks. This can be true even for "legacy" products that have been determined to have reached an end of life engineering status but will continue to operate for a limited amount of time.

If an actual or perceived breach of network security occurs in our products, network or in the network of a customer of our networking products, regardless of whether the breach is attributable to our products, the market perception of the effectiveness of our products could be harmed. In addition, the economic costs to us to eliminate or alleviate cyber or other security problems, bugs, viruses, worms, malicious software systems and security vulnerabilities could be significant and may be difficult to anticipate or measure. Because the techniques used by computer programmers and hackers, many of whom are highly sophisticated and well-funded, to access or sabotage networks change frequently and generally are not recognized until after they are used, we may be unable to anticipate or immediately detect these techniques. This could impede our sales, manufacturing, distribution or other critical functions, which could adversely affect our business.

Risks Related to Financial Matters

We cannot assure future profitability, and our financial results may fluctuate significantly from period to period.

We have reported net income for the first time in our eight most recent fiscal years. Even in years when we reported profits, we may not have been profitable in each quarter during those years. We anticipate continuing to incur significant sales and marketing, product development and general and administrative expenses. Any delay in generating or recognizing revenue could result in a loss for a quarter or full year. Even if we are profitable, our operating results may fall below our expectations and those of our investors, which could cause the price of our stock to fall.

We may experience challenges or delays in generating or recognizing revenue for a number of reasons and our revenues and operating results have varied significantly in the past and may vary significantly in the future due to a number of factors, including, but not limited to, the following:

- our dependence on obtaining orders during a quarter and shipping those orders in the same quarter to achieve our revenue objectives;
- decreases in the prices of the products we sell;
- the mix of products sold and the mix of distribution channels through which products are sold;
- acceptance provisions in customer contracts;
- our ability to deliver installation or inspection services by the end of the quarter;
- changes in general and/or specific macro-economic conditions in the networking industry;
- seasonal fluctuations in demand for our products and services;
- a disproportionate percentage of our sales occurring in the last month of a quarter;
- our ability to ship products by the end of a quarter;
- reduced visibility into the implementation cycles for our products and our customers' spending plans;
- our ability to forecast demand for our products, which in the case of lower-than-expected sales, may result in excess or obsolete inventory in addition to non-cancelable purchase commitments for component parts;
- our sales to the telecommunications service provider market, which represents a significant source of large product orders, being especially volatile and difficult to forecast;
- product returns or the cancellation or rescheduling of orders;
- announcements and new product introductions by our competitors;
- our ability to develop and support relationships with enterprise customers, service providers and other potential large customers;
- our ability to achieve and maintain targeted cost reductions;
- fluctuations in warranty or other service expenses actually incurred;
- our ability to obtain sufficient supplies of sole- or limited-source components for our products on a timely basis;
- increases in the price of the components we purchase; and
- changes in funding for customer technology purchases in our markets.

Due to the foregoing and other factors, many of which are described herein, period-to-period comparisons of our operating results should not be relied upon as an indicator of our future performance.

We may not realize anticipated benefits of past or future acquisitions, divestitures and strategic investments, and the integration of acquired companies or technologies may negatively impact our business, financial condition and results of operations or dilute the ownership interests of our stockholders.

As part of our business strategy, we review acquisition and strategic investment prospects that we believe would complement our current product offerings, augment our market coverage or enhance our technical capabilities, or otherwise offer growth opportunities. In the event of any future acquisitions, we could:

- issue equity securities which would dilute current stockholders' percentage ownership;
- incur substantial debt;

- assume contingent liabilities; or
- expend significant cash.

These actions could have a material adverse effect on our business, financial condition, and operating results or the price of our common stock. For example, on August 6, 2021, we executed a put option agreement to acquire Ipanematech SAS, the SD-WAN division of InfoVista SAS, for EUR 60 million in cash consideration.

There can be no assurance we will achieve the revenues, growth prospects and synergies expected from any acquisition or that we will achieve such revenues, growth prospects and synergies in the anticipated time period and our failure to do so could have a material adverse effect on our business, financial condition and operating results. Moreover, even if we do obtain benefits in the form of increased sales and earnings, these benefits may be recognized much later than the time when the expenses associated with an acquisition are incurred. This is particularly relevant in cases where it would be necessary to integrate new types of technology into our existing portfolio and new types of products may be targeted for potential customers with which we do not have pre-existing relationships.

Our ability to realize the anticipated benefits of any current and future acquisitions, divestitures and investment activities also entail numerous risks, including, but not limited to:

- difficulties in the assimilation and successful integration of acquired operations, sales functions, technologies and/or products;
- unanticipated costs, litigation or other contingent liabilities associated with the acquisition or investment transaction;
- incurrence of acquisition- and integration-related costs, goodwill or in-process research and development impairment charges, or amortization costs for acquired intangible assets, that could negatively impact our business, financial condition and results of operations;
- the diversion of management's attention from other business concerns;
- adverse effects on existing business relationships with suppliers and customers;
- risks associated with entering markets in which we have no or limited prior experience;
- the potential loss of key employees of acquired organizations and inability to attract or retain other key employees; and
- substantial charges for the amortization of certain purchased intangible assets, deferred stock compensation or similar items.

In addition, we may not be able to successfully integrate any businesses, products, technologies, or personnel that we might acquire in the future, and our failure to do so could have a material adverse effect on our business, financial condition, and operating results.

We may not fully realize the anticipated positive impacts to future financial results from our restructuring efforts.

We have undertaken restructuring efforts in the past to streamline operations and reduce operating expenses. Our ability to achieve the anticipated cost savings and other benefits from our restructuring efforts within expected time frames is subject to many estimates and assumptions and may vary materially based on factors such as market conditions and the effect of our restructuring efforts on our work force. These estimates and assumptions are subject to significant economic, competitive and other uncertainties, some of which are beyond our control. We cannot assure that we will fully realize the anticipated positive impacts to future financial results from our current or future restructuring efforts. If our estimates and assumptions are incorrect or if other unforeseen events occur, we may not achieve the cost savings expected from such restructurings, and our business, financial condition, and results of operations could be adversely affected.

Over time we expect the average selling price of our products to decrease, which is likely to reduce gross margin and/or revenues.

The network equipment industry has traditionally experienced an erosion of average selling prices due to a number of factors, including competitive pricing pressures, promotional pricing and technological progress. Over time, we anticipate the average selling prices of our products will decrease in the future in response to competitive pricing pressures, excess inventories, increased sales discounts and new product introductions by us or our competitors. We may experience decreases in future operating results due to the erosion of our average selling prices. To maintain our gross margin, we must develop and introduce on a timely basis new products and product enhancements and continually reduce our product costs. Our failure to do so would likely cause our revenues and gross margin to decline.

Our stock price has been volatile in the past and may significantly fluctuate in the future.

In the past, the trading price of shares of our common stock has fluctuated significantly. This could continue as we or our competitors announce new products, our results or those of our customers or competition fluctuate, conditions in the networking or

semiconductor industry change, conditions in the global economy change, particularly in light of the COVID-19 impact, or when investors change their sentiment toward stocks in the networking technology sector.

In addition, fluctuations in our stock price and our enterprise value to sales valuation may make our stock attractive to momentum, hedge or day-trading investors who often shift funds into and out of stock rapidly, exacerbating price fluctuations in either direction, particularly when viewed on a quarterly basis. These fluctuations may adversely affect the trading price or liquidity of our common stock. Some companies, including us, that have had volatile market prices for their securities have had securities class action lawsuits filed against them. If a suit were filed against us, regardless of its merits or outcome, it could result in substantial costs and divert management's attention and resources.

Intense competition in the market for networking equipment and cloud platform companies could prevent us from increasing revenues and attaining profitability.

The market for network switching solutions is intensely competitive and dominated primarily by Cisco Systems Inc., Hewlett-Packard Enterprise Company, Juniper Networks, Huawei Technologies Co. Ltd., Arista Networks, Inc., Commscope Corp., and Ubiquiti Inc. Most of our competitors have longer operating histories, greater name recognition, larger customer bases, broader product lines and substantially greater financial, technical, sales, marketing and other resources. As a result, these competitors are able to devote greater resources to the development, promotion, sale and support of their products. In addition, they have larger distribution channels, stronger brand names, access to more customers, a larger installed customer base and a greater ability to make attractive offers to channel partners and customers than we do. Further, many of our competitors have made substantial investments in hardware networking capabilities and offerings. These competitors may be able to gain market share by leveraging their investments in hardware networking capabilities to attract customers at lower prices or with greater synergies. Some of our customers may question whether we have the financial resources to complete their projects and future service commitments.

We may also face increased competition from both traditional networking solutions companies and cloud platform companies offering IaaS and PaaS products to enterprise customers. In particular, AWS, Microsoft Azure, and the Google Cloud Platform may provide enterprise customers with a cloud-based platform of data center computing and networking services.

For example, we have encountered, and expect to continue to encounter in the future, many potential customers who are confident in and committed to the product offerings of our principal competitors. Accordingly, these potential customers may not consider or evaluate our products. When such potential customers have considered or evaluated our products, we have in the past lost, and expect in the future to lose, sales to some of these customers as large competitors have offered significant price discounts to secure these sales.

The pricing policies of our competitors impact the overall demand for our products and services. Some of our competitors are capable of operating at significant losses for extended periods of time, increasing pricing pressure on our products and services. If we do not maintain competitive pricing, the demand for our products and services, as well as our market share, may decline. From time to time, we may lower the prices of our products and services in response to competitive pressure. When this happens, if we are unable to reduce our component costs or improve operating efficiencies, our revenues and gross margins will be adversely affected.

One of our key differentiators is the quality of our support and services. Our failure to continue to provide high-quality support and services could have a material adverse effect on our business, financial condition, results of operations and prospects.

We intend to invest in engineering, sales, services, marketing and manufacturing on a long-term basis, and delays or inability to attain the expected benefits may result in unfavorable operating results.

While we intend to focus on managing our costs and expenses, over the long term, we also intend to invest in personnel and other resources related to our engineering, sales, services, marketing and manufacturing functions as we focus on our foundational priorities, such as leadership in our core products and solutions and architectures for business transformation. We are likely to recognize the costs associated with these investments earlier than some of the anticipated benefits and the return on these investments may be lower, or may develop more slowly, than we expect. If we do not achieve the benefits anticipated from these investments, or if the achievement of these benefits is delayed, our business, financial condition, and operating results may be adversely affected.

Our credit facilities impose financial and operating restrictions on us and if we fail to meet our payment or other obligations under our 2019 Credit Agreement (as defined below), the lenders under such 2019 Credit Agreement, as amended, could foreclose on, and acquire control of, substantially all of our assets.

Our 2019 Credit Agreement imposes, and the terms of any future debt may impose, operating and other restrictions on us. These restrictions could affect, and in many respects limit or prohibit, among other items, our ability to:

- incur additional indebtedness;
- create liens;
- make investments;
- enter into transactions with affiliates;

- sell assets;
- guarantee indebtedness;
- declare or pay dividends or other distributions to stockholders;
- repurchase equity interests;
- change the nature of our business;
- enter into swap agreements;
- issue or sell capital stock of certain of our subsidiaries; and
- consolidate, merge, or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis.

Our 2019 Credit Agreement also requires us to achieve and maintain compliance with specified financial ratios and certain liquidity and revenue metrics. A breach of any of these restrictive covenants or the inability to comply with the required financial ratios or metrics could result in a default under our 2019 Credit Agreement. The lenders under our 2019 Credit Agreement also have the right in the event of a breach of the restrictive covenants to terminate any commitments they have to provide further borrowings.

Further, our 2019 Credit Agreement is jointly and severally guaranteed by us and certain of our subsidiaries. Borrowings under our 2019 Credit Agreement are secured by liens on substantially all of our assets, including the capital stock of certain of our subsidiaries, and the assets of our subsidiaries that are loan party guarantors. If we are unable to repay outstanding borrowings when due or comply with other obligations and covenants under our 2019 Credit Agreement, the lenders under our 2019 Credit Agreement will have the right to proceed against these pledged capital stock and take control of substantially all of our assets.

Our cash requirements may require us to seek additional debt or equity financing and we may not be able to obtain such financing on favorable terms, or at all.

Our 2019 Credit Agreement may not be sufficient for our future working capital, investments and cash requirements, in which case we would need to seek additional debt or equity financing or scale back our operations. In addition, we may need to seek additional financing to achieve and maintain compliance with specified financial ratios under our 2019 Credit Agreement, as amended. We may not be able to access additional capital resources due to a variety of reasons, including the restrictive covenants in our 2019 Credit Agreement and the lack of available capital due to global economic conditions. If our financing requirements are not met and we are unable to access additional financing on favorable terms, or at all, our business, financial condition and results of operations could be materially adversely affected.

Uncertainty about the future of the London Interbank Offered Rate (“LIBOR”) could impact the cost of our borrowing and ability to mitigate interest rate risk.

Certain of our financing instruments involve variable rate debt, thus exposing us to the risk of fluctuations in interest rates. Our 2019 Credit Agreement provides for interest to be calculated based on the London Interbank Offered Rate (“LIBOR”), however, the U.K. Financial Conduct Authority, which regulates LIBOR, announced in 2017 that it intends to phase out LIBOR by the end of 2021. With the expected discontinuation of LIBOR, the U.S. Federal Reserve has begun publishing a Secured Overnight Funding Rate, an index based on transactions in the Treasury repurchase market. At this time, we cannot predict how markets will respond to this or other proposed alternative rates or the effect of any changes to LIBOR or the discontinuation of LIBOR. The overall financial market may be disrupted as a result of the phase-out or replacement of LIBOR, which could increase our cost of borrowing and could impact our ability to enter into hedging arrangements to mitigate interest rate risk. If LIBOR is no longer available or if our lenders have increased costs due to changes in LIBOR, we may experience potential increases in interest rates on our variable rate debt, which could adversely impact our interest expense, results of operations and cash flows.

We are exposed to the credit risk of our channel partners and some of our end customers, which could result in material losses.

Most of our sales are on an open credit basis, with standard payment terms of 30 days in the United States and, because of local customs or conditions, longer in some markets outside the U.S. We monitor individual end-customer payment capability in granting such open credit arrangements, seek to limit such open credit to amounts we believe the end customers can pay and maintain reserves we believe are adequate to cover exposure for doubtful accounts. Any significant delay or default in the collection of significant accounts receivable could potentially result in an increased need for us to obtain working capital from other sources, possibly on worse terms than we could have negotiated if we had established such working capital resources prior to such delays or defaults. Any significant default could adversely affect our results of operations and delay our ability to recognize revenue.

A material portion of our sales is derived through our distributors, systems integrators and value-added resellers. Some of our distributors, systems integrators and value-added resellers may experience financial difficulties, which could adversely affect our collection of accounts receivable. Our exposure to credit risks of our channel partners may increase if our channel partners and their end customers are adversely affected by global or regional economic conditions. One or more of these channel partners could delay payments or default on credit extended to them, either of which could materially adversely affect our business, financial condition, results of operations and prospects.

If we do not adequately manage and evolve our financial reporting and managerial systems and processes, our ability to manage and grow our business may be harmed.

Our ability to successfully implement our business plan and comply with regulations requires an effective planning and management process. We need to ensure that any businesses acquired are appropriately integrated in our financial systems. We need to continue improving our existing, and implement new, operational and financial systems, procedures and controls. Any delay in the implementation of, or disruption in the integration of acquired businesses, or delay and disruption in the transition to, new or enhanced systems, procedures or controls, could harm our ability to record and report financial and management information on a timely and accurate basis, or to forecast future results.

We are required to evaluate the effectiveness of our internal control over financial reporting on an annual basis and publicly disclose any material weaknesses in our controls. Any adverse results from such evaluation could result in a loss of investor confidence in our financial reports and significant expense to remediate, and ultimately could have an adverse effect on our stock price.

Section 404 of the Sarbanes-Oxley Act of 2002 requires our management to assess the effectiveness of our internal control over financial reporting and to disclose if such controls were unable to provide assurance that a material error would be prevented or detected in a timely manner. We have an ongoing program to review the design of our internal controls framework in keeping with changes in business needs, implement necessary changes to our controls design and test the system and process controls necessary to comply with these requirements. 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 our Company will have been detected.

If we or our independent registered public accounting firm identifies material weaknesses in our internal controls, the disclosure of that fact, even if quickly remedied, may cause investors to lose confidence in our financial statements and its stock price may decline. Remediation of a material weakness could require us to incur significant expenses and, if we fail to remedy any material weakness, our ability to report our financial results on a timely and accurate basis may be adversely affected, our access to the capital markets may be restricted, our stock price may decline, and we may be subject to sanctions or investigation by regulatory authorities, including the U.S. Securities and Exchange Commission or NASDAQ. We may also be required to restate our financial statements from prior periods. Execution of restatements create a significant strain on our internal resources and could cause delays in our filing of quarterly or annual financial results, increase our costs and cause management distraction. Restatements may also significantly affect our stock price in an adverse manner.

Our revenues may decline as a result of changes in public funding of educational institutions.

A portion of our revenues comes from sales to both public and private K-12 educational institutions. Public schools receive funding from local tax revenues, and from state and federal governments through a variety of programs, many of which seek to assist schools located in underprivileged or rural areas. The funding for a portion of our sales to educational institutions comes from a federal funding program known as the E-Rate program. E-Rate is a program of the Federal Communications Commission that subsidizes the purchase of approved telecommunications, Internet access, and internal connection costs for eligible public educational institutions. The E-Rate program, its eligibility criteria, the timing and specific amount of federal funding actually available and which wi-fi infrastructure and product sectors will benefit, are uncertain and subject to final federal program approval and funding appropriation continues to be under review by the Federal Communications Commission, and we cannot assure that this program or its equivalent will continue, and as a result, our business may be harmed. Furthermore, if state or local funding of public education is significantly reduced because of legislative or policy changes or by reductions in tax revenues due to changing economic conditions, our sales to educational institutions may be negatively impacted by these changed conditions. Any reduction in spending on information technology systems by educational institutions would likely materially and adversely affect our business and results of operations. This is a specific example of the many factors which add additional uncertainty to our future revenues from our end-customers in the education sector.

Regulatory, Tax and Legal Risks

Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could have a material adverse effect on our business.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to:

- comply with securities laws and regulations or similar regulations of comparable foreign regulatory authorities;
- comply with export controls and sanctions laws and regulations or similar regulations of comparable foreign regulatory authorities;
- comply with anti-corruption laws and regulations or similar regulations of comparable foreign regulatory authorities;

- comply with internal controls that we have established;
- report financial information or data accurately; or
- disclose unauthorized activities to us.

The precautions we take to detect and prevent misconduct may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, financial condition, and results of operations, including the imposition of significant fines or other sanctions.

Our operating results may be negatively affected by legal proceedings.

We have in the past, currently are and will likely in the future pursue or be subject to claims or lawsuits in the normal course of our business. In addition to the risks related to the intellectual property lawsuits described above, we are currently parties to other litigation as described in Note 10 to our Notes to Consolidated Financial Statements included elsewhere in this Report. Regardless of the result, litigation can be expensive, lengthy and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict. An unfavorable resolution of a lawsuit in which we are a defendant could result in a court order against us or payments to other parties that would have an adverse effect on our business, results of operations or financial condition. Even if we are successful in prosecuting claims and lawsuits, we may not recover damages sufficient to cover our expenses incurred to manage, investigate and pursue the litigation. In addition, subject to certain limitations, we may be obligated to indemnify our current and former customers, suppliers, directors, officers and employees in certain lawsuits. We may not have adequate insurance coverage to cover all of our litigation costs and liabilities.

Claims of infringement by others may increase and the resolution of such claims may adversely affect our business, financial condition, and operating results.

Our industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patents, copyrights (including rights to “open source” software) and other intellectual property rights. As we have grown, we have, and may continue to, experience greater revenues and increased public visibility, which may cause competitors, customers, and governmental authorities to be more likely to initiate litigation against us. Because of the existence of a large number of patents in the networking field, the secrecy of some pending patents and the issuance of new patents at a rapid pace, it is not possible to determine in advance if a product or component might infringe the patent rights of others. Because of the potential for courts awarding substantial damages, or internationally prohibiting us from exporting, in the case of China, or importing our products, in the case of Germany, the lack of predictability of such awards and the high legal costs associated with the defense of such patent infringement matters that would be expended to prove lack of infringement, it is not uncommon for companies in our industry to settle even potentially unmeritorious claims for very substantial amounts. Furthermore, the entities with whom we have or could have disputes or discussions include entities with extensive patent portfolios and substantial financial assets. These entities are actively engaged in programs to generate substantial revenues from their patent portfolios and are seeking or may seek significant payments or royalties from us and others in our industry.

Litigation resulting from claims that we are infringing the proprietary rights of others has resulted and could in the future result in substantial costs and a diversion of resources and could have a material adverse effect on our business, financial condition and results of operations. We previously received notices from entities alleging that we were infringing their patents and have been party to patent litigation in the past.

Without regard to the merits of these or any other claims, an adverse court order or a settlement could require us, among other actions, to:

- stop selling our products that incorporate the challenged intellectual property;
- obtain a royalty bearing license to sell or use the relevant technology, and that license may not be available on reasonable terms or available at all;
- pay damages;
- redesign those products that use the disputed technology; or
- face a ban on importation or exportation of our products into the United States or into another country.

In addition, our products include so-called “open source” software. Open source software is typically licensed for use at no initial charge but imposes on the user of the open source software certain requirements to license to others both the open source software as well as modifications to the open source software under certain circumstances. Our use of open source software subjects us to certain additional risks for the following reasons:

- open source license terms may be ambiguous and may result in unanticipated obligations regarding the licensing of our products and intellectual property;

- open source software cannot be protected under trade secret law;
- suppliers of open-source software do not provide the warranty, support and liability protections typically provided by vendors who offer proprietary software; and
- it may be difficult for us to accurately determine the developers of the open source code and whether the acquired software infringes third-party intellectual property rights.

We believe even if we do not infringe the rights of others, we will incur significant expenses in the future due to defense of legal claims, disputes or licensing negotiations, though the amounts cannot be determined. These expenses may be material or otherwise adversely affect our business, financial condition, and operating results.

We rely on the availability of third-party licenses.

Some of our products are designed to include software or other intellectual property, including open source software, licensed from third parties. It may be necessary in the future to seek or renew licenses relating to various aspects of these products. There can be no assurance that the necessary licenses would be available on acceptable terms, if at all. The inability to obtain certain licenses or other rights or to obtain such licenses or rights on favorable terms, could have a material adverse effect on our business, operating results, and financial condition. Moreover, the inclusion in our products of software or other intellectual property licensed from third parties on a nonexclusive basis could limit our ability to protect our proprietary rights in our products. Further, the failure to comply with the terms of any license, including free open source software, may result in our inability to continue to use such license.

Failure to protect our intellectual property could affect our business.

We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. However, we cannot ensure that the actions we have taken will adequately protect our intellectual property rights or that other parties will not independently develop similar or competing products that do not infringe on our patents. We generally enter into confidentiality, invention assignment or license agreements with our employees, consultants and other third parties with whom we do business, and control access to and distribution of our intellectual property and other proprietary information. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise misappropriate or use our products or technology, which would adversely affect our business.

Failure of our products to comply with evolving industry standards and complex government regulations may adversely impact our business.

If we do not comply with existing or evolving industry standards and government regulations, we may not be able to sell our products where these standards or regulations apply. The network equipment industry in which we compete is characterized by rapid changes in technology and customers' requirements and evolving industry standards. As a result, our success depends on:

- the timely adoption and market acceptance of industry standards, and timely resolution of conflicting U.S. and international industry standards; and
- our ability to influence the development of emerging industry standards and to introduce new and enhanced products that are compatible with such standards.

In the past, we have introduced new products that were not compatible with certain technological standards, and in the future, we may not be able to effectively address the compatibility and interoperability issues that arise as a result of technological changes and evolving industry standards.

Our products must also comply with various U.S. federal government regulations and standards defined by agencies such as the Federal Communications Commission, standards established by governmental authorities in various foreign countries and recommendations of the International Telecommunication Union. In some circumstances, we must obtain regulatory approvals or certificates of compliance before we can offer or distribute our products in certain jurisdictions or to certain customers. Complying with new regulations or obtaining certifications can be costly and disruptive to our business.

If we do not comply with existing or evolving industry standards or government regulations, we will not be able to sell our products where these standards or regulations apply, which may prevent us from sustaining our net revenues or achieving profitability.

Our provision for income taxes and overall cash tax costs are affected by a number of factors, including reorganizations or restructurings of our business, jurisdictional revenue mix and changes in tax regulations or policy including recent U.S. tax legislation, all of which could materially adversely affect our business, financial condition and results of operations.

We are a multinational company subject to income tax as well as non-income-based taxes in various jurisdictions including Ireland, where we have an operating company supporting our business in most non-United States jurisdictions. Our income taxes are subject to volatility and could be adversely affected by several factors including earnings that are lower than anticipated in countries that have lower tax rates and higher than anticipated in countries that have higher tax rates, expiration of or lapses in the research and development tax credit laws, transfer pricing adjustments in the various jurisdictions we do business, tax effects of nondeductible

compensation, including stock-based compensation, changes in accounting principles and imposition of withholding or other taxes on payments by subsidiaries or customers.

Significant judgment is required to determine our worldwide provision for income taxes. In the ordinary course of business, there are many transactions where the ultimate tax determination is uncertain. Additionally, our calculations of income taxes payable, currently and on a deferred basis, are based on our interpretation of applicable tax laws in the jurisdictions in which we are required to file tax returns. Although we believe our tax estimates are reasonable, there is no assurance that the final determination of our income tax liability will not be materially different than what is reflected in our income tax provisions and accruals. Changes in tax laws and regulations and the interpretation of such laws and regulations, including taxation of earnings internationally, the introduction of base erosion and anti-abuse tax and the disallowance of tax deductions for certain expenses, as well as changes that may be enacted in the future could materially impact our tax provision, cash tax liability and effective tax rate. This includes the potential impact of recently proposed US corporate tax legislation if enacted. The Organization for Economic Co-operation and Development, an international association of 37 countries including the United States, has proposed changes to numerous long-standing tax principles. These Base Erosion and Profit Shifting proposals, or BEPS Action Plan, include fifteen Actions to address BEPS in a comprehensive manner and represents a significant change to the international corporate tax landscape. These proposals, as adopted by the associated countries, will likely increase tax uncertainty and may adversely affect our provision for income taxes.

A change in our future effective tax rate, including from the release of the valuation allowances recorded against our net US and Irish deferred tax assets may create volatility in our calculated tax expense. Our future effective tax rate in particular could be adversely affected by a change in ownership pursuant to Section 382 of the U.S. Internal Revenue Code. If a change in ownership occurs, it may limit our ability to utilize our net operating losses to offset our U.S. taxable income and therefore create a material adverse impact on our results of operations. On April 26, 2012, we adopted the Amended and Restated Rights Agreement between the Company and Computershare Shareholder Services LLC as the rights agent (the "Restated Rights Plan"), which was extended annually through 2021, to help protect our assets. On May 17, 2021, we adopted an Amended and Restated Tax Benefit Preservation Plan (the "2021 Tax Benefit Preservation Plan"), which is subject to shareholder approval. In general, this does not allow a stockholder to acquire more than 4.95% of our outstanding common stock without a waiver from our Board, who must take into account the relevant tax analysis relating to potential limitation of our net operating losses. Our 2021 Tax Benefit Preservation Plan is effective through May 17, 2024, unless it is rejected by shareholders, in which case, it will terminate on May 17, 2022.

Finally, we are subject to the examination of our income tax returns by the Internal Revenue Service, Irish Revenue, and other tax authorities globally. Although we regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes, there is no assurance that such determinations by us are in fact adequate. Changes in our effective tax rates or amounts assessed upon examination of our tax returns may have a material, adverse impact on our business, financial condition, and results of operations.

Provisions in our charter documents and Delaware law and our adoption of a stockholder rights plan may delay or prevent an acquisition of Extreme, which could decrease the value of our common stock.

Our certificate of incorporation and bylaws and Delaware law contain provisions that could make it more difficult for a third party to acquire us without the consent of our Board. Delaware law also imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock. In addition, our Board has the right to issue preferred stock without stockholder approval, which could be used to dilute the stock ownership of a potential hostile acquirer. Although we believe these provisions of our certificate of incorporation and bylaws and Delaware law will provide for an opportunity to receive a higher bid by requiring potential acquirers to negotiate with our Board, these provisions apply even if the offer may be considered beneficial by some of our stockholders.

Our bylaws, as amended, provide that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of a fiduciary duty owed by any of our directors, officers, other employees or stockholders to us, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our certificate of incorporation or our bylaws, any action to interpret, apply, enforce, or determine the validity of our certificate of incorporation or bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. Our bylaws further provide that the federal district courts of the United States shall be the exclusive forum for any cause of action arising under the Securities Act of 1933, as amended (the "Securities Act"). The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, other employees or stockholders, which may discourage such lawsuits against us and our directors, officers other employees and stockholders. Furthermore, the enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive-forum provisions, and there can be no assurance that such provisions will be enforced by a court in those other jurisdictions. If a court were to find the choice of forum provision contained in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur

additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business and financial condition.

Our 2021 Tax Benefit Preservation Plan provides that if a single stockholder (or group) acquires more than 4.95% of our outstanding common stock without a waiver from our Board, each holder of one share of our common stock (other than the stockholder or group who acquired in excess of 4.95% of our common stock) may purchase a fractional share of our preferred stock that would result in substantial dilution to the triggering stockholder or group. Accordingly, although this plan is designed to prevent any limitation on the utilization of our net operating losses by avoiding issues raised under Section 382 of the U.S. Internal Revenue Code, the 2021 Tax Benefit Preservation Plan could also serve as a deterrent to stockholders wishing to effect a change of control.

Compliance with laws, rules and regulations relating to corporate governance and public disclosure may result in additional expenses.

Federal securities laws, rules and regulations, as well as NASDAQ rules and regulations, require companies to maintain extensive corporate governance measures, impose comprehensive reporting and disclosure requirements, set strict independence and financial expertise standards for audit and other committee members and impose civil and criminal penalties for companies and their Chief Executive Officers, Chief Financial Officers and directors for securities law violations. These laws, rules and regulations and the interpretation of these requirements are evolving, and we are making investments to evaluate current practices and to continue to achieve compliance, which investments may have a material impact on our financial condition.

General

Natural or man-made disasters, acts of war or terrorism, pandemics, technological disruptions or other events beyond our control could disrupt our operations and harm our business, financial condition and results of operations.

We have major offices in North Carolina, California, New Hampshire in the United States, and in Bangalore, India, Thornhill, Canada, Shannon, Ireland and Reading, United Kingdom. Historically, each location has been vulnerable to natural disasters and other risks, such as earthquakes, fires, floods and tropical storms, which at times have disrupted the local economy and posed physical risks to our property. We have contract manufacturers located in Taiwan and Mexico where similar natural disasters and other risks may disrupt the local economy and pose physical risks to our property and the property of our contract manufacturer. Global shipping could be disrupted by natural disasters, which would impede our ability to get product to our customers. Climate change may exacerbate the frequency or severity of such natural disasters.

In addition, the continued threat of terrorism and heightened security and military action in response to this threat, or any future acts of terrorism, may cause further disruptions to the economies of the United States and other countries. If such disruptions result in delays or cancellations of customer orders for our products, our business, financial condition and operating results will suffer.

Civil unrest, riots, pandemics and other systemic disruptions could disrupt demand for products, supply chain, or distribution and could negatively impact our costs or revenue. Such disruptions to the availability or integrity of utilities, transportation infrastructure, or the internet could have significant macroeconomic impacts, decreasing demand for our products and impacting our ability to get them to market. As a result, our financial situation and operating results would be negatively affected.

See also, *“The coronavirus outbreak has had, and continues to have, a materially disruptive effect on our business.”*

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our corporate headquarters is located in Morrisville, North Carolina where we currently lease approximately 54,530 square feet of space under a lease agreement that expires in fiscal year 2023.

In addition to our headquarters in Morrisville, we lease additional sites in the United States, including facilities in Salem, New Hampshire and San Jose, California for research and development, sales and marketing and administrative offices. Outside the United States, we also lease office space in various other international geographic locations for research and development, sales and service personnel and administration in other Americas, EMEA and APAC, including Bangalore, India, Chennai, India, Markham, Canada, Reading, United Kingdom, and Shannon, Ireland.

As of June 30, 2021, we have leased approximately 1.0 million square feet of space with various expiration dates between fiscal year 2020 and fiscal 2028. We believe that our current facilities are sustainable and adequate to meet our current needs and the productive capacity of such facilities is substantially being utilized or we have plans to utilize such capacity.

Item 3. Legal Proceedings

The information set forth under the heading “Legal Proceedings” in Note 10, *Commitments and Contingencies*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K, is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not Applicable

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Common Stock Market and Dividends

Our common stock trades on the Nasdaq Global Market and commenced trading on Nasdaq on April 9, 1999 under the symbol "EXTR".

As of August 20, 2021, there were 172 stockholders of record of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders. We have never declared or paid cash dividends on our capital stock and do not anticipate paying any cash dividends in the foreseeable future.

Certain information regarding our equity compensation plan(s) as required by Part II is incorporated by reference from our definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with the solicitation of proxies for our year ended June 30, 2021 Annual Meeting of Stockholders no later than 120 days after the end of the fiscal year covered by this report.

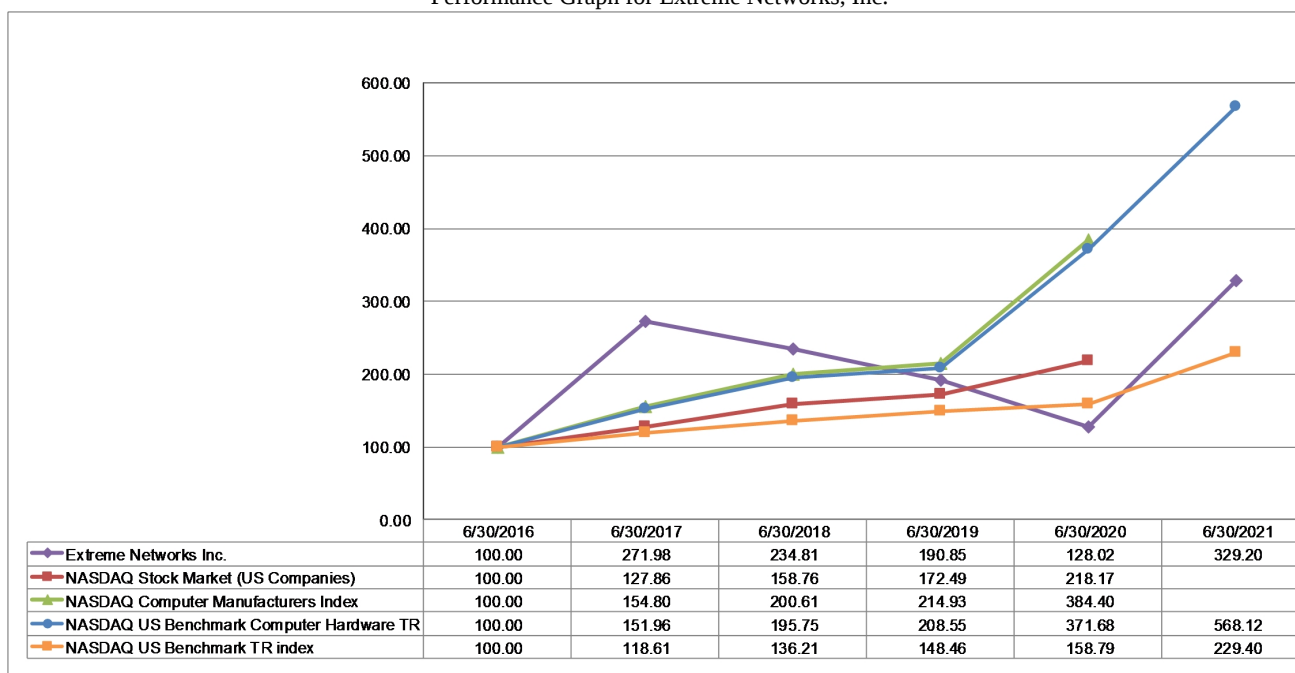
STOCK PRICE PERFORMANCE GRAPH

The following performance graph and related information shall not be deemed “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, each as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing, or otherwise subject to the liabilities under the Securities Act or Exchange Act, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

Set forth below is a stock price performance graph comparing the annual percentage change in the cumulative total return on our common stock with the cumulative total returns of companies comprising the NASDAQ US Benchmark TR index and the NASDAQ US Benchmark Computer Hardware TR Index commencing July 1, 2016 and ending on June 30, 2021. The NASDAQ US Benchmark TR index replaces the NASDAQ Stock Market (US Companies) Index and the NASDAQ US Benchmark Computer Hardware TR index replaces the NASDAQ Computer Manufacturers Index in this analysis and going forward, as the CRSP Index data is no longer accessible. The CRSP indexes has been included with data through 2020. The comparisons in the graph below are based on historical data and are not intended to forecast the possible future performance of our common stock.

Comparison of Five-Year Cumulative Total Returns

Performance Graph for Extreme Networks, Inc.



Data and graph are calculated from CRSP Total Return Index for the Nasdaq Stock Market (U.S. Companies) and Nasdaq Computer Manufacturers Securities, Center for Research in Security Prices (CRSP), Booth School of Business, and The University of Chicago. Index data Copyright NASDAQ OMX, Inc. Used with permission. All rights reserved.

Item 6. Selected Financial Data

The selected consolidated statement of operations data for the years ended June 30, 2021, 2020 and 2019 and the consolidated balance sheet data as of June 30, 2021 and 2020 are derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The selected consolidated statement of operations data for the years ended June 30, 2018 and 2017 and the consolidated balance sheet data as of June 30, 2019, 2018 and 2017 are derived from our audited financial statements not included in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of the results that may be expected in the future. The selected financial data below should be reviewed in conjunction with the Consolidated Financial Statements in Item 8 and related Notes, as well as Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations".

The following table sets forth selected consolidated statement of operations (in thousands, except per share amounts):

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Consolidated Statements of Operations Data:					
Net revenues	\$ 1,009,418	\$ 948,019	\$ 995,789	\$ 983,142 ⁽²⁾	\$ 607,084
Operating income (loss) ⁽¹⁾	\$ 34,376	\$ (98,899)	\$ (14,726)	\$ (38,210)	\$ 6,040
Net income (loss)	\$ 1,936	\$ (126,845)	\$ (25,853)	\$ (46,792)	\$ (1,744)
Net income (loss) per share – basic	\$ 0.02	\$ (1.06)	\$ (0.22)	\$ (0.41)	\$ (0.02)
Net income (loss) per share – basic and diluted	\$ 0.02	\$ (1.06)	\$ (0.22)	\$ (0.41)	\$ (0.02)
Shares used in per share calculation – basic	124,019	119,814	117,954	114,221	108,273
Shares used in per share calculation – diluted	127,669	119,814	117,954	114,221	108,273

(1) Operating income (loss) include the following operating expenses (in thousands):

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Acquisition and integration costs	\$ 1,975	\$ 32,073	\$ 3,444	\$ 53,900	\$ 13,105
Restructuring, impairment, and related charges	\$ 2,625	\$ 22,011	\$ 5,090	\$ 8,140	\$ 8,896
Amortization of intangibles	\$ 6,110	\$ 8,425	\$ 6,346	\$ 8,715	\$ 8,702

(2) The significant increase in net revenues during the year ended June 30, 2018 was primarily due to the acquisitions of the Campus Fabric and Data Center Businesses.

The following table sets forth selected consolidated balance sheets data (in thousands):

	As of June 30,				
	2021	2020	2019	2018	2017
Consolidated Balance Sheets Data:					
Cash, cash equivalents and short-term investments	\$ 246,894	\$ 193,872	\$ 169,607	\$ 122,598	\$ 130,450
Inventories	\$ 32,885	\$ 62,589	\$ 63,589	\$ 63,867 ⁽¹⁾	\$ 47,410
Total assets	\$ 1,010,093	\$ 979,088 ⁽²⁾	\$ 756,874	\$ 770,248 ⁽¹⁾	\$ 459,700
Deferred revenue	\$ 345,584	\$ 291,187	\$ 203,242	\$ 174,525 ⁽¹⁾	\$ 104,341
Debt, net of issuance costs	\$ 339,586	\$ 411,101 ⁽²⁾	\$ 178,750	\$ 197,756 ⁽¹⁾	\$ 92,702
Other long-term liabilities	\$ 18,373	\$ 30,085	\$ 56,107	\$ 65,235 ⁽¹⁾	\$ 15,102
Common stock and additional paid-in capital	\$ 1,078,735	\$ 1,035,168	\$ 986,894	\$ 942,397	\$ 909,155
Accumulated deficit	\$ (978,343)	\$ (980,279)	\$ (853,434)	\$ (828,078)	\$ (781,286)

(1) The significant increases in inventories, total assets, deferred revenue, debt and other long-term liabilities during the year ended June 30, 2018 was primarily due to the acquisitions of the Campus Fabric and Data Center Businesses.

(2) The significant increase in total assets and debt during the year ended June 30, 2020 was primarily due to the acquisition of Aerohive.

Quarterly Financial Data (Unaudited)

Quarterly results for the years ended June 30, 2021 and 2020 are as follow (in thousands, except per share amounts).

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Net revenues	\$ 278,088	\$ 253,400	\$ 242,128	\$ 235,802
Gross profit	\$ 161,100	\$ 148,813	\$ 140,192	\$ 135,018
Net income (loss) ⁽¹⁾	\$ 10,326	\$ 3,472	\$ (3,050)	\$ (8,812)
Net income (loss) per share – basic and diluted	\$ 0.08	\$ 0.03	\$ (0.02)	\$ (0.07)

	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Net revenues	\$ 215,522	\$ 209,519	\$ 267,472	\$ 255,506
Gross profit	\$ 120,590	\$ 111,335	\$ 148,671	\$ 137,243
Net loss ⁽¹⁾	\$ (21,217)	\$ (44,352)	\$ (23,538)	\$ (37,738)
Net loss per share – basic and diluted	\$ (0.18)	\$ (0.37)	\$ (0.20)	\$ (0.31)

Quarterly and year-to-date computations of per share amounts are made independently. Therefore, the sum of per share amounts for the quarters may not agree with the per share amounts for the year.

(1) Net income (loss) includes the following operating expenses (in thousands):

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Acquisition and integration costs	\$ —	\$ —	\$ —	\$ 1,975
Restructuring, impairment, and related charges	\$ 504	\$ 425	\$ 695	\$ 1,001
Amortization of intangibles	\$ 1,406	\$ 1,406	\$ 1,506	\$ 1,792

	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Acquisition and integration costs	\$ 1,998	\$ 5,156	\$ 8,994	\$ 15,925
Restructuring, impairment, and related charges	\$ 2,604	\$ 6,648	\$ 6,622	\$ 6,137
Amortization of intangibles	\$ 2,059	\$ 2,059	\$ 2,377	\$ 1,930

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Business Overview

The following discussion should be read with the Consolidated Financial Statements and the related notes in Part II, Item 8 of this Report.

The following discussion is based upon our Consolidated Financial Statements included elsewhere in this Report, which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. 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 “Critical Accounting Policies and Estimates” section included in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Extreme Networks, Inc., together with its subsidiaries (collectively referred to as “Extreme” and as “we”, “us” and “our”) is a leading provider of networking software, hardware and services and offers related maintenance contracts for extended warranty and maintenance to our enterprise, data center and service provider customers. We were incorporated in California in May 1996 and reincorporated in Delaware in March 1999. We recently changed our corporate headquarters from San Jose, California to Morrisville, North Carolina. We derive substantially all of our revenues from the sale of our networking software, hardware and services, and related maintenance contracts.

Extreme is a leader in providing software-driven networking solutions for enterprise customers. Providing a combined end-to-end solution from enterprise edge to the cloud, Extreme designs, develops and manufactures wired and wireless network infrastructure equipment and develops the software for network management, policy, analytics, security and access controls. Extreme gives customers and partners the power to mix and match this broad array of software, hardware, and services (including third-party applications) to tailor a solution that can be managed and automated from end-to-end and calls this customizable portfolio Extreme Elements™.

Enterprise network administrators need to respond to the rapid digital transformational trends of cloud, mobility, big data, social business and the ever-present need for network security. Accelerators such as Internet of Things (“IoT”), artificial intelligence (“AI”), bring your own device (“BYOD”), machine learning, cognitive computing, and robotics add complexity to challenge the capabilities of traditional networks. Technology advances have a profound effect across the entire enterprise network placing unprecedented demands on network administrators to enhance management capabilities, scalability, programmability, agility, and analytics of the enterprise networks they manage.

A trend affecting the Enterprise Network Equipment market is the continued adoption of the cloud-managed enterprise WLAN in the enterprise market. Hybrid cloud is a cloud computing environment which uses a mix of on-premises, private cloud, and third-party, public cloud services with orchestration between the two platforms. We introduced our Cloud offering in 2016 and in August 2019 acquired Aerohive Networks, Inc to enhance our Cloud strategy with a 3rd generation Cloud platform and to accelerate adoption of hybrid cloud networking solutions in the Enterprise. Extreme’s enhanced Cloud solution will be the only offering in the market that seamlessly integrates the cloud with on-premises infrastructures and enables visibility from the edge to everywhere. See Part 1, Item 1. Business, for additional discussion of our business.

Acquisition

Ipanematech SAS

On August 6, 2021, we along with our subsidiary, Extreme Networks Ireland Holding Ltd, (“Ireland Holding”) entered into a put option agreement with InfoVista SAS, relating to the transfer of ownership of Ipanematech SAS (“Ipanematech”) to Ireland Holding. Appended to the put option agreement is a form of sale and purchase agreement which provides for the acquisition at a fixed purchase price of €60 million (approximately \$73 million based on the currency exchange rate as of the time of the announcement), payable at closing of the acquisition.

The acquisition will be accounted for using the acquisition method of accounting whereby the acquired assets and liabilities of Ipanematech will be recorded at their respective fair values including an amount for goodwill representing the difference between the acquisition consideration and the fair value of the identifiable net assets. Results of operations of Ipanematech will be included in our operations beginning with the closing date. As of the date of the filing of this Form 10-K, the initial purchase price allocation has not been prepared as the acquisition has not been completed.

For the fiscal year ended June 30, 2021, the transaction costs related to this acquisition were immaterial and were included in “General and administrative” expenses in the consolidated statements of operations.

On August 9, 2019 (the “Closing Date”), we completed our acquisition of Aerohive, a publicly held network company, for \$263.6 million in cash consideration and assumption of certain employee equity awards.

The business combination was accounted for using the acquisition method of accounting whereby the acquired assets and liabilities of Aerohive are recorded at their respective fair values and added to those of ours including an amount for goodwill representing the difference between the acquisition consideration and the fair value of the identifiable net assets. Results of operations of Aerohive are included in our operations beginning with the Closing Date.

During the fiscal year ended June 30, 2021, 2020 and 2019, we recognized related transaction costs of \$2.0 million, \$32.1 million and \$0.8 million, respectively, which is included in “Acquisition and integration costs” in the accompanying consolidated statements of operations.

Results of Operations

Following is a summary of our results of operations during fiscal year ended June 30, 2021:

- Net revenues of \$1,009.4 million, increased 6.5% from fiscal 2020 net revenues of \$948.0 million.
- Product revenues of \$699.4 million, increased 7.0% from fiscal 2020 product revenues of \$653.7 million.
- Service revenues of \$310.0 million, increased 5.3% from fiscal 2020 service revenues of \$294.4 million.
- Total gross margin of 58.0% of net revenues in fiscal 2021, compared to 54.6% in fiscal 2020.
- Operating income of \$34.4 million, compared to operating loss of \$98.9 million in fiscal 2020.
- Net income was \$1.9 million in fiscal 2021, compared to a net loss of \$126.8 million in fiscal 2020.
- Cash flow provided by operating activities of \$144.5 million, compared to cash flow provided by operating activities of \$35.9 million in fiscal 2020, an increase of \$108.7 million. Cash was \$246.9 million as of June 30, 2021, an increase of \$53.0 million compared to the end of fiscal 2020.

Net Revenues

The following table presents net product and service revenues for the fiscal year ended June 30, 2021, 2020 and 2019 (dollars in thousands):

	Year Ended				Year Ended			
	June 30, 2021	June 30, 2020	\$ Change	% Change	June 30, 2020	June 30, 2019	\$ Change	% Change
Net revenues:								
Product	\$ 699,396	\$ 653,651	\$ 45,745	7.0%	\$ 653,651	\$ 747,571	\$ (93,920)	(12.6)%
<i>Percentage of net revenues</i>	<i>69.3%</i>	<i>68.9%</i>			<i>68.9%</i>	<i>75.1%</i>		
Service and subscription	310,022	\$ 294,368	15,654	5.3%	\$ 294,368	\$ 248,218	46,150	18.6%
<i>Percentage of net revenues</i>	<i>30.7%</i>	<i>31.1%</i>			<i>31.1%</i>	<i>24.9%</i>		
Total net revenues	<u>\$ 1,009,418</u>	<u>\$ 948,019</u>	<u>\$ 61,399</u>	6.5%	<u>\$ 948,019</u>	<u>\$ 995,789</u>	<u>\$ (47,770)</u>	(4.8)%

Product revenues increased \$45.7 million or 7.0% for the year ended June 30, 2021, compared to fiscal 2020. The product revenues increase for the year ended June 30, 2021 as compared to fiscal 2020 was primarily due to the lower revenue in fiscal 2020 which was due to the impact of COVID-19 on global demand across all geographies, which began in the second half of fiscal 2020 and continued to impact through the first two quarters in fiscal 2021. We saw growth in our product revenues starting in the third quarter of fiscal 2021 as the economy started to recover from the impact of COVID-19 with the availability of vaccinations and loosening of restrictions.

Product revenues decreased \$93.9 million or 12.6% for the year ended June 30, 2020, compared to fiscal 2019. Product revenues were impacted in the second half of fiscal 2020 by a material slow-down in global demand as most of Extreme's largest end markets enacted quarantine and social distancing protocols. Supply constraints, along with additional logistics related challenges in certain countries due to border closures, also contributed to the shortfall. The decline in such revenues was partially offset by growth relating to the acquisition of Aerohive.

Service and subscription revenues increased \$15.7 million or 5.3% for the year ended June 30, 2021, compared to fiscal 2020. The increase in service and subscription revenues was primarily due to the growth in subscription revenues.

Service and subscription revenues increased \$46.2 million or 18.6% for the year ended June 30, 2020, compared to fiscal 2019. The increase in service and subscription revenues was primarily attributable to growth related to the acquisition of Aerohive.

We operate in three regions: Americas, which includes the United States, Canada, Mexico, Central America and South America; EMEA, which includes Europe, Russia, Middle East, and Africa; and APAC which includes Asia Pacific, South Asia, Japan and Australia. The following table presents the total net revenues geographically for the fiscal years ended 2021, 2020 and 2019 (dollars in thousands):

Net Revenues	Year Ended				Year Ended			
	June 30, 2021	June 30, 2020	\$ Change	% Change	June 30, 2020	June 30, 2019	\$ Change	% Change
Americas:								
United States	\$ 485,471	\$ 459,769	\$ 25,702	5.6%	\$ 459,769	\$ 498,705	\$ (38,936)	(7.8)%
Other	48,049	39,633	8,416	21.2%	39,633	42,896	(3,263)	(7.6)%
Total Americas	533,520	499,402	34,118	6.8%	499,402	541,601	(42,199)	(7.8)%
Percentage of net revenues								
EMEA	387,545	357,201	30,344	8.5%	357,201	358,327	(1,126)	(0.3)%
Percentage of net revenues								
APAC	88,353	91,416	(3,063)	(3.4)%	91,416	95,861	(4,445)	(4.6)%
Percentage of net revenues								
Total net revenues	\$ 1,009,418	\$ 948,019	\$ 61,399	6.5%	\$ 948,019	\$ 995,789	\$ (47,770)	(4.8)%

We rely upon multiple channels of distribution, including distributors, direct resellers, OEMs and direct sales. Revenues through our distributor channel were 77% of total product revenues in fiscal 2021, 73% of total product revenues in fiscal 2020 and 70% in fiscal 2019.

The level of sales to any one customer, including a distributor, may vary from period to period.

Cost of Revenues and Gross Profit

The following table presents the gross profit on product and service revenues and the gross profit percentage of net revenues for the fiscal years ended 2021, 2020 and 2019 (dollars in thousands):

	Year Ended				Year Ended			
	June 30, 2021	June 30, 2020	\$ Change	% Change	June 30, 2020	June 30, 2019	\$ Change	% Change
Gross profit:								
Product	\$ 389,438	\$ 327,318	\$ 62,120	19.0%	\$ 327,318	\$ 401,353	\$ (74,035)	(18.4)%
Percentage of product revenues								
Service and subscription	195,685	190,521	5,164	2.7%	\$ 190,521	\$ 149,882	40,639	27.1%
Percentage of service and subscription revenues								
Total gross profit	\$ 585,123	\$ 517,839	\$ 67,284	13.0%	\$ 517,839	\$ 551,235	\$ (33,396)	(6.1)%
Percentage of net revenues								
	58.0%	54.6%			54.6%	55.4%		

Cost of product revenues includes costs of materials, amounts paid to third-party contract manufacturers, costs related to warranty obligations, charges for excess and obsolete inventory, scrap, distribution, product certification, amortization of developed technology intangibles, royalties under technology license agreements, and internal costs associated with manufacturing overhead, including management, manufacturing engineering, quality assurance, development of test plans, and document control. We outsource substantially all of our manufacturing. We conduct supply chain management, quality assurance, manufacturing, engineering and document control at our facilities in San Jose, California, Salem, New Hampshire, China, and Taiwan.

Product gross profit increased to \$389.4 million for the year ended June 30, 2021, from \$327.3 million in fiscal 2020, primarily due to increased revenues along with lower distribution charges of \$11.4 million, which were mainly due to decreased tariffs on manufactured products imported from China and sold to U.S. customers, lower excess and obsolete inventory charges of \$9.9 million, lower warranty costs of \$7.9 million and lower expensing of the fair value step-up of inventories acquired from Aerohive of \$7.3 million.

Product gross profit decreased to \$327.3 million for the year ended June 30, 2020, from \$401.4 million in fiscal 2019, primarily due to lower product revenues, the expensing of the fair value step-up of inventories acquired from Aerohive of \$7.2 million, higher distribution charges of \$5.6 million, higher amortization of intangible assets of \$4.2 million and higher excess and obsolete inventory charges of \$3.3 million. This was partially offset by more favorable manufacturing costs due to cost reduction efforts, lower warranty costs of \$3.2 million and lower royalty payments of \$1.2 million.

Our cost of service revenues consist primarily of labor, overhead, repair and freight costs and the cost of service parts used in providing support under customer maintenance contracts.

Service and subscription gross profit increased to \$195.7 million for the year ended June 30, 2021, from \$190.5 million in fiscal 2020, primarily due to higher service and subscription revenues partially offset by higher personnel costs and increased cloud service costs.

Service and subscription gross profit increased to \$190.5 million for the year ended June 30, 2020, from \$149.9 million in fiscal 2019, primarily due to a higher level of service revenues related to the acquisition of Aerohive, partially offset by higher service material costs and personnel costs due to increased headcount to support acquired contracts as well as higher amortization of intangible assets of \$3.0 million for the fiscal year ended June 30, 2020.

Operating Expenses

The following table presents operating expenses and operating income (dollars in thousands):

	Year Ended				Year Ended			
	June 30, 2021	June 30, 2020	\$ Change	% Change	June 30, 2020	June 30, 2019	\$ Change	% Change
Research and development	\$ 196,995	\$ 209,606	\$ (12,611)	(6.0)%	\$ 209,606	\$ 210,132	\$ (526)	(0.3)%
Sales and marketing	276,841	283,632	(6,791)	(2.4)%	283,632	285,326	(1,694)	(0.6)%
General and administrative	66,201	60,991	5,210	8.5%	60,991	55,623	5,368	9.7%
Acquisition and integration costs	1,975	32,073	(30,098)	(93.8)%	32,073	3,444	28,629	831.3%
Restructuring and related charges	2,625	22,011	(19,386)	(88.1)%	22,011	5,090	16,921	332.4%
Amortization of intangibles	6,110	8,425	(2,315)	(27.5)%	8,425	6,346	2,079	32.8%
Total operating expenses	<u>\$ 550,747</u>	<u>\$ 616,738</u>	<u>\$ (65,991)</u>	<u>(10.7)%</u>	<u>\$ 616,738</u>	<u>\$ 565,961</u>	<u>\$ 50,777</u>	<u>9.0%</u>

The following table highlights our operating expenses and operating loss as a percentage of net revenues:

	Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Research and development	19.5%	22.1%	21.1%
Sales and marketing	27.4%	29.9%	28.7%
General and administrative	6.6%	6.4%	5.6%
Acquisition and integration costs	0.2%	3.4%	0.3%
Restructuring and related charges	0.3%	2.3%	0.5%
Amortization of intangibles	0.6%	0.9%	0.6%
Total operating expenses	<u>54.6%</u>	<u>65.1%</u>	<u>56.8%</u>
Operating income (loss)	3.4%	(10.4)%	(1.5)%

Research and Development Expenses

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

Research and development expenses decreased by \$12.6 million or 6.0% for year ended June 30, 2021 as compared to fiscal 2020. The decrease in research and development expenses was due to a \$16.5 million decrease in personnel costs primarily due to lower headcount as a result of the cost reduction actions taken in fiscal 2020, a \$5.2 million decrease in facility and information technology costs, a \$2.6 million decrease in third-party software licenses and engineering project costs and a \$2.0 million decrease in travel due to COVID-19, equipment and other expenses, partially offset by a \$13.7 million increase in professional and contractor fees.

Research and development expenses remained relatively flat for the year ended June 30, 2020 as compared to fiscal 2019. There was a \$2.2 million decrease in personnel and related compensation costs, \$1.0 million decrease in equipment related costs, and \$1.0 million decrease in travel, supplies and facility and information technology costs, offset by a \$4.0 million increase in engineering projects costs.

Sales and Marketing Expenses

Sales and marketing expenses consist of personnel costs (which consists of compensation, benefits and stock-based compensation) and related expenses for personnel engaged in marketing and sales functions, as well as trade shows and promotional expenses.

Sales and marketing expenses decreased by \$6.8 million or 2.4% for the year ended June 30, 2021, as compared to fiscal 2020. The decrease was primarily due to a \$8.7 million decrease in travel costs due to COVID-19, a \$4.9 million decrease in professional and recruiting fees, a \$3.2 million decrease in third-party software and equipment related costs, partially offset by a \$8.4 million increase in personnel costs primarily commissions and benefits and a \$1.6 million increase in facility and information technology costs.

Sales and marketing expenses decreased by \$1.7 million or 0.6% for the year ended June 30, 2020, as compared to fiscal 2019. The decrease was primarily due to a \$8.6 million decrease in travel, marketing, meeting and conference costs partially offset by a \$3.0 million increase in personnel and related costs, a \$2.1 increase in software, supplies and equipment costs, and a \$1.8 million increase in facility and information technology costs.

General and Administrative Expenses

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

General and administrative expenses increased by \$5.2 million or 8.5% for the year ended June 30, 2021, as compared to fiscal 2020. The increase in general and administrative expenses during fiscal 2021 was primarily due to a \$7.4 million increase in personnel costs primarily compensation benefits and stock-based compensation expenses, partially offset by a \$2.2 million decrease in third-party software and equipment related costs.

General and administrative expenses increased by \$5.4 million or 9.7% for the year ended June 30, 2020, as compared to fiscal 2019. The increase in general and administrative expenses during fiscal 2020 was primarily due to a \$5.4 million increase in personnel and related costs.

Acquisition and Integration Costs

As a result of our acquisitions of Aerohive in fiscal 2020 and the Campus Fabric, Data Center, and Capital Financing Businesses in fiscal 2018, we incurred \$2.0 million, \$32.1 million and \$3.4 million of acquisition and integration costs in fiscal years ended 2021, 2020 and 2019, respectively.

For fiscal 2021, we incurred \$2.0 million of integration costs which consisted primarily of additional professional fees for system integration and financial services related to the Aerohive acquisition which are now complete.

For fiscal 2020, we incurred \$32.1 million of operating integration costs related to the Aerohive acquisition which consisted primarily of professional fees for financial and legal advisory services and severance charges for Aerohive employees. The acquisition and integration costs also included a \$6.8 million compensation charge for certain Aerohive executives' stock awards that were accelerated due to change-in-control and termination provisions included in the executives' employment contracts.

For fiscal 2019, we incurred \$3.4 million of operating integration costs related to the acquisitions of the Campus Fabric and Data Center Businesses along with initial acquisition costs related to the Aerohive acquisition.

Restructuring and Related Charges

During fiscal years ended 2021, 2020 and 2019, we recorded restructuring, impairment, and related charges, net of reversals, of \$2.6 million, \$22.0 million and \$5.1 million, respectively.

Fiscal year ended 2021

During fiscal 2021, We continued our cost reduction initiative began in the third quarter of fiscal 2020 and recorded related severance, benefits, and equipment relocation charges of \$1.5 million, related to the 2020 Plan. In addition, we had facility-related charges of \$1.1 million, related to our previously impaired facilities.

Fiscal year ended 2020

During fiscal 2020, we reduced our current and future operating expenses by exiting a floor of a building in our San Jose, California facility and consolidating our workforce. Also, we exited additional space in our Salem, New Hampshire facility, which

includes general office and lab space. We continued our initiative to realign our operations resulting from the acquisition of Aerohive by consolidating our workforce and exiting the facility acquired from Aerohive in Milpitas, California which included general office and lab space.

With the global disruptions and slow-down in the demand of our products caused by the global pandemic outbreak, COVID-19, and the uncertainty around the timing of the recovery of the market, we initiated a reduction-in-force plan (the 2020 Plan) to reduce our operating costs and enhance financial flexibility. The plan affected approximately 320 employees primarily from the research and development and sales organizations who were located mainly in the United States and India. We recorded restructuring charges of \$8.1 million during the fiscal year ended June 30, 2020 related to the 2020 Plan. The costs associated with this restructuring plan primarily included employee severance and benefit expenses. We recorded additional severance and benefits charges of \$5.4 million for the fiscal year ended June 30, 2020 related to the prior period restructuring plans. In total we incurred \$13.5 million in restructuring charges for the year ended June 30, 2020 which were all severance and benefit related. In addition, we recorded facility impairment related charges of \$8.5 million for the fiscal year ended June 30, 2020 which included \$6.7 million for the impairment of ROU assets as discussed in the preceding paragraph, \$0.9 million for impairment of long-lived assets, and \$0.9 million of other charges related to previously impaired facilities.

Fiscal year ended 2019

On June 25, 2019, we began executing a reduction-in-force plan (the 2019 Plan) to better align our work force and operating expenses. We recorded \$3.7 million related to employee severance and benefits expenses during the year ended June 30, 2019 under the 2019 plan. We also incurred \$1.1 million in additional charges related to continuation of earlier actions associated with a reduction-in-force in the fourth quarter of fiscal 2018. We also incurred charges of \$0.3 million for changes to estimates for accrued lease costs pertaining to the estimated future obligations for non-cancelable lease payments of excess facilities.

Costs associated with the 2019 Plan were primarily comprised of employee severance and benefits expenses, relocation of personnel and equipment and exit of excess facilities.

Amortization of Intangibles

During fiscal years ended 2021, 2020 and 2019, we recorded \$6.1 million, \$8.4 million and \$6.3 million, respectively, of amortization expenses in operating expenses primarily for certain intangibles related to the acquisitions of the Aerohive, Campus Fabric, Data Center and WLAN Businesses and Enterasys. The decrease in amortization expense in fiscal 2021 from fiscal 2020 was primarily due to certain acquired intangibles from previous acquisitions becoming fully amortized, partially offset by an increase from full period amortization of acquired intangibles from the Aerohive acquisition. The increase in amortization expense in fiscal 2020 from fiscal 2019 was primarily due to amortization of acquired intangibles from the Aerohive acquisition, partially offset by lower amortization related to certain acquired intangibles from previous acquisitions becoming fully amortized.

Interest Income

Interest income was \$0.4 million, \$1.4 million and \$2.2 million in fiscal years ended 2021, 2020 and 2019, respectively, representing a decrease of \$1.0 million in fiscal 2021 from fiscal 2020 and a decrease of \$0.8 million in fiscal 2020 from fiscal 2019. The decreases in fiscal 2021 from fiscal 2020 and 2020 from 2019 were due to lower interest rates and lower invested fund balances.

Interest Expense

We incurred \$22.9 million, \$23.8 million, and \$12.6 million of interest expense for fiscal 2021, 2020 and 2019, respectively. The decrease in interest expense in fiscal year ended June 30, 2021 was primarily driven by lower average loan balances and lower average rates under our 2019 Credit Agreement. The increase in interest expense in fiscal year ended June 30, 2020 was primarily driven by higher outstanding loan balances and other charges due to refinancing our 2018 Credit Agreement in August 2019 in connection with our acquisition of Aerohive.

Other Income (Expense), net

We incurred other expense of \$1.7 million and \$0.8 million in fiscal years ended 2021 and 2019, respectively, and other income of \$0.7 million in fiscal 2020. The other expense for fiscal 2021 was primarily due to foreign exchange losses from the revaluation of certain assets and liabilities denominated in foreign currencies into U.S. Dollars. The other income for fiscal 2020 was primarily due to foreign exchange gains from the revaluation of certain assets and liabilities denominated in foreign currencies into U.S. Dollars. The other expense for fiscal 2019 was primarily losses on the sale of equity investments.

Provision (Benefit) for Income Taxes

We are subject to income taxes in the United States and numerous foreign jurisdictions. Our effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to the impact of i) foreign income taxes of our international subsidiaries, ii) foreign withholding taxes, iii) state taxes, and iii) the full valuation of our deferred tax assets in the U.S. and certain foreign jurisdictions. For the fiscal years ended 2021 and fiscal 2020, we recorded income tax provisions of \$8.2 million, and \$6.4 million, respectively, and in fiscal 2019 we reflected a tax benefit of less than \$0.1 million.

For fiscal 2021 and 2020, our tax provision primarily related to taxes on our foreign operations, including foreign withholding taxes remitted to foreign tax authorities by customers on our behalf, tax expense related to the establishment of a U.S. deferred tax liability for amortizable goodwill resulting from the acquisition of Enterasys Networks, Inc., the WLAN Business, the Campus Fabric Business and the Data Center Business and state taxes in states where we have exhausted available Net Operating Losses (“NOLs”) or are subject to certain franchise taxes qualifying as income tax under the relevant tax accounting guidance.

In fiscal 2020 we recognized a \$75 million U.S. tax gain on the transfer of non-American Aerohive intellectual property (“IP”) rights which was fully offset by existing U.S. NOLs. Given the full U.S. valuation allowance against our U.S. deferred tax assets, this transaction did not impact net tax expense or the overall tax rate.

For fiscal 2019, we recorded a tax benefit, offsetting the tax components detailed above, consisting of a \$2.6 million release of a valuation allowance for our Australian NOL carryforwards given sufficient projected profitability for the subsidiary following the acquisitions of the Campus Fabric and Data Center businesses. Additionally, a tax benefit of \$4.7 million was recorded for the release of U.S. valuation allowances given changes introduced by the U.S. Tax Reform Act enacted in December 2017 which allows for an indefinite carryforward period for U.S. NOLs generated in tax years beginning after December 31, 2017.

For a full reconciliation of our effective tax rate to the U.S. federal statutory rate and for further explanation of our provisions for income taxes, see Note 16. Income Taxes, for additional information.

Critical Accounting Policies and Estimates

Our significant accounting policies are more fully described in Note 2 of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K. The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period reported. By their nature, these estimates, assumptions and judgments are subject to an inherent degree of uncertainty. We base our estimates, assumptions and judgments on historical experience, market trends and other factors that are believed to be reasonable under the circumstances. Estimates, assumptions and judgments are reviewed on an ongoing basis and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Actual results may differ from these estimates under different assumptions or conditions. We believe the critical accounting policies stated below, among others, affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

We account for revenue in accordance with Topic 606, Revenue from Contracts with Customers, which we adopted on July 1, 2017, using the retrospective method. We derive the majority of our revenue from sales of our networking equipment, with the remaining revenue generated from SaaS and service fees relating to maintenance contracts, professional services, and training for our products. We sell our products 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 our products and sell primarily to resellers. The second tier of the distribution channel consists of a non-stocking distributors and value-added resellers that sell directly to end-users. Products and services may be sold separately or in bundled packages.

We consider customer purchase orders, which in some cases are governed by master sales agreements, to be the contracts with a customer. For each contract, we consider the promise to transfer products and services, each of which are distinct, to be the identified performance obligations. In determining the transaction price, we evaluate whether the price is subject to refund or adjustment to determine the net consideration to which we expect to be entitled.

For all of our sales including distribution channels, revenue is recognized when control of the product is transferred to the customer (i.e., when our performance obligation is satisfied), which typically occurs at shipment for product sales. Revenue from maintenance contracts and SaaS is generally recognized over time as our performance obligations are satisfied. This is typically the contractual service period, which ranges from one to three years. For product sales to our value-added resellers, non-stocking distributors and end-user customers, we generally do not grant return privileges, except for defective products during the warranty period, nor do we grant pricing credits. Sales incentives and other programs that we may make available to these customers are considered to be a form of variable consideration and we maintain estimated accruals and allowances using the expected value method.

Sales to stocking distributors are made under terms allowing certain price adjustments and limited rights of return (known as “stock rotation”) of our products held in their inventory. Frequently, distributors need to sell at a price lower than the contractual distribution price in order to win business and they submit rebate requests for our pre-approval prior to selling the product through at the discounted price. At the time the distributor invoices our customer or soon thereafter, the distributor submits a rebate claim to us to adjust the distributor’s cost from the contractual price to the pre-approved lower price. After we verify that the claim was pre-approved, a credit memo is issued to the distributor for the rebate claim. In determining the transaction price, we consider these rebate adjustments to be variable consideration. Such price adjustments are estimated using the expected value method based on an analysis of actual claims, at the distributor level over a period of time considered adequate to account for current pricing and business trends. Stock rotation rights grant the distributor the ability to return certain specified amounts of inventory. Stock rotation adjustments are an additional form of variable consideration and are estimated using the expected value method based on historical return rates.

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 Topic 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 our 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, we allocate the contract’s transaction price to each performance obligation based on our relative standalone selling price. The stand-alone selling prices are determined based on the prices at which we separately sell these products. For items that are not sold separately, we estimate the stand-alone selling prices using other observable inputs.

Our performance obligations are satisfied at a point in time or over time as the customer receives and consumes the benefits provided. Substantially all of our product sales revenues as reflected on the consolidated statements of operations for the years ended 2021, 2020 and 2019 are recognized at a point in time. Substantially all of our service and subscription revenues are recognized over time. For revenues recognized over time, we use an input measure, days elapsed, to measure progress.

Contract Balances. The timing of revenue recognition, billings and cash collections results in billed accounts receivable and deferred revenue in the consolidated balance sheets. Services provided under our renewable support arrangements 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). We sometimes receive payments from our customers in advance of services being provided, resulting in deferred revenue. These liabilities are reported on the consolidated balance sheets on a contract-by-contract basis at the end of each reporting period.

Business Combinations

We apply the acquisition method of accounting for business combinations. Under this method of accounting, all assets acquired and liabilities assumed are recorded at their respective fair values at the date of the completion of the transaction. Determining the fair value of assets acquired and liabilities assumed requires management’s judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, intangibles and other asset lives, among other items. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Market participants are assumed to be buyers and sellers in the principal (most advantageous) market for the asset or liability. Additionally, fair value measurements for an asset assume the highest and best use of that asset by market participants. As a result, we may have been required to value the acquired assets at fair value measures that do not reflect its intended use of those assets. Use of different estimates and judgments could yield different results. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill. Although we believe the assumptions and estimates we have made are reasonable and appropriate, they are based in part on historical experience and information that may be obtained from the management of the acquired company and are inherently uncertain. Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results. As a result, during the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of operations.

Inventory Valuation and Purchase Commitments

We write down inventory and record purchase commitment liabilities for estimated excess and obsolete inventory equal to the difference between the cost of inventory and the estimated market value based upon the forecast of future product demand, product transition cycles, and market conditions. Any significant unanticipated changes in demand or technological development could have a significant impact on the value of our inventory and purchase commitments and our reported results. If actual market conditions are less favorable than those projected, additional inventory write-downs, purchase commitment liabilities, and charges against earnings may be required.

New Accounting Pronouncements

See Note 2, Summary of Significant Accounting Policies, in the accompanying consolidated financial statements for a full description of new accounting pronouncements, including the respective expected dates of adoption and effects on results of operations and financial condition.

Liquidity and Capital Resources

The following summarizes information regarding our cash and working capital (in thousands):

	June 30, 2021	June 30, 2020
Cash	\$ 246,894	\$ 193,872
Working capital	\$ 31,895	\$ 16,386

As of June 30, 2021, our principal sources of liquidity consisted of cash of \$246.9 million, accounts receivable, net of \$156.5 million and available borrowings under our five-year 2019 Revolving Facility (as defined below) of \$60.2 million. We anticipate our principal uses of cash for fiscal 2022 will be purchases of finished goods inventory from our contract manufacturers, payroll, payments under debt obligations and related interest, purchases of property and equipment, Ipanematech business acquisition and related costs and other operating expenses related to the development and marketing of our products. We believe that our existing cash, cash flows from operations, and the availability of borrowings from the 2019 Revolving Facility will be sufficient to fund our planned operations for at least the next 12 months.

On November 2, 2018, our Board of Directors announced that it had authorized management to repurchase up to \$60.0 million of our shares of common stock for two years from the date of authorization, of which \$15.0 million was used for repurchases in the second quarter of fiscal 2019 and \$30.0 million was used for repurchases in fiscal 2020. In February 2020 the Board increased the authorization to repurchase by \$40.0 million to \$100.0 million and extended the period for repurchases for three years from February 5, 2020. Purchases may be made from time to time in the open market or in privately negotiated transactions. The manner, timing and amount of any future purchases will be determined by our management based on their evaluation of market conditions, stock price, and Extreme's ongoing determination that it is the best use of available cash and other factors. The repurchase program does not obligate us to acquire any shares of our common stock, may be suspended or terminated at any time without prior notice and will be subject to regulatory considerations. There were no repurchases during the year ended June 30, 2021.

In connection with the acquisition of Aerohive, as discussed in Note 4 of the accompanying consolidated financial statements, as of August 9, 2019, we amended the 2018 Credit Agreement, which is no longer outstanding, and entered into the 2019 Credit Agreement, by and among us, 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. The 2019 Credit Agreement provides for a 5-year first lien term loan facility in an aggregate principal amount of \$380.0 million and a 5-year revolving loan facility in an aggregate principal amount of \$75.0 million ("2019 Revolving Facility"). In addition, we may request incremental term loans and/or incremental revolving loan commitments in an aggregate amount not to exceed the sum of \$100 million plus an unlimited amount that is subject to pro forma compliance with certain financial tests. On August 9, 2019, we used the proceeds to partially fund the acquisition of Aerohive and for working capital and general corporate purposes.

At our election, the initial term loan (the "Initial Term Loan") under the 2019 Credit Agreement may be made as either base rate loans or Eurodollar loans. The applicable margin for base rate loans ranges from 0.25% to 2.50% per annum and the applicable margin for Eurodollar loans ranges from 1.25% to 3.50%, in each case based on Extreme's Consolidated Leverage Ratio. All Eurodollar loans are subject to a Base Rate floor of 0.00%. The 2019 Credit Agreement is secured by substantially all of our assets.

The 2019 Credit Agreement requires us to maintain certain minimum financial ratios at the end of each fiscal quarter. The 2019 Credit Agreement also includes covenants and restrictions that limit, among other things, our ability to incur additional indebtedness, create liens upon any of our property, merge, consolidate or sell all or substantially all of our assets. The 2019 Credit Agreement also includes customary events of default which may result in acceleration of the outstanding balance.

On April 8, 2020, we entered into the first amendment to our 2019 Credit Agreement (the "First Amendment") to waive certain terms and financial covenants of the 2019 Credit Agreement through July 31, 2020. On May 8, 2020, we entered into the second amendment to the 2019 Credit Agreement (the "Second Amendment") which superseded the First Amendment and provided certain revised terms and financial covenants effective through March 31, 2021. Subsequent to March 31, 2021, the original terms and financial covenants under the 2019 Credit Agreement resumed effect. The Second Amendment required us to maintain certain minimum cash requirement and certain financial metrics at the end of each fiscal quarter through March 31, 2021. Under the terms of the Second Amendment, we were not permitted to exceed \$55.0 million in our outstanding balance under the 2019 Revolving Facility, the applicable margin for Eurodollar rate was 4.5% and we were restricted from pursuing certain activities such as incurring additional debt, stock repurchases, making acquisitions or declaring a dividend, until we came back into compliance with the original covenants of the 2019 Credit Agreement. On November 3, 2020, we and our lenders entered into the Third Amendment to increase the sublimit

for letters of credit to \$20.0 million. On December 8, 2020, we and our lenders entered into the Fourth Amendment to waive and amend certain terms and financial covenants within the 2019 Credit Agreement through March 31, 2021.

The Second Amendment provided for us to end the covenant Suspension Period early and revert to the covenants and interest rates per the original terms of the 2019 Credit Agreement dated August 9, 2019 by filing a Suspension Period Early Termination Notice and Covenant Certificate demonstrating compliance. For the twelve month period ended March 31, 2021 our financial performance was in compliance with the original covenants defined in the 2019 Credit Agreement and as such we filed a Suspension Early Termination Notice and Covenant Certificate with the administration agent subsequent to filing our Form 10-Q for the quarterly period ended March 31, 2021. Returning to compliance with the covenants per the original terms of the 2019 Credit Agreement dated August 9, 2019 resulted in our Eurodollar loan spread decreasing from 4.5% during the Suspension Period to 2.75%, the unused facility commitment fee decreasing from 0.4% to 0.35%, and the limitation on revolver borrowings being removed effective May 1, 2021 after filing of the certificate with the administrative agent.

Key Components of Cash Flows and Liquidity

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

	Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Net cash provided by operating activities	\$ 144,535	\$ 35,884	\$ 104,945
Net cash used in investing activities	(17,176)	(189,477)	(21,809)
Net cash (used in) provided by financing activities	(74,782)	178,492	(34,442)
Foreign currency effect on cash	445	(634)	(226)
Net increase in cash	<u>\$ 53,022</u>	<u>\$ 24,265</u>	<u>\$ 48,468</u>

Cash was \$246.9 million at June 30, 2021, representing an increase of \$53.0 million from \$193.9 million at June 30, 2020. This increase was primarily due to cash provided by operations of \$144.5 million partially offset by cash used in financing activities of \$74.8 million mainly as a result of payments on the Term Loan and the Revolving Facility and cash used in investing activities of \$17.2 million, mainly for capital expenditures.

Cash was \$193.9 million at June 30, 2020, representing an increase of \$24.3 million from \$169.6 million at June 30, 2019. This increase was primarily due to cash provided by financing activities of \$178.5 million mainly as a result of borrowing under the Term Loan and the Revolving Facility and cash provided by operations of \$35.9 million partially offset by cash used in investing activities of \$189.5 million, mainly for the acquisition of Aerohive.

Net Cash Provided by Operating Activities

Cash provided by operating activities during fiscal year ended 2021 was \$144.5 million. Factors contributing to cash provided by operating activities for the year ended June 30, 2021 were net income of \$1.9 million, non-cash expenses of \$121.7 million for items such as amortization of intangibles, stock-based compensation, depreciation, reduction in carrying amount of right-of-use assets, deferred income taxes and imputed interest. Other sources of cash for the period included a decrease in inventory and increases in accounts payable, accrued compensation and deferred revenue. These amounts were partially offset by increase in accounts receivable and prepaid expenses and other current assets and decreases in the current and long-term liabilities and operating lease liabilities.

Cash provided by operating activities during fiscal year ended 2020 was \$35.9 million. Factors contributing to cash provided by operating activities for the year ended June 30, 2020 were non-cash expenses such as amortization of intangibles, stock-based compensation, depreciation, reduction in carrying amount of right-of-use assets, restructuring charges, deferred income taxes and imputed interest. Other sources of cash for the period included a decrease in accounts receivables, inventory, and prepaid expenses and other current assets and increases in deferred revenue. These amounts were partially offset by our net loss of \$126.8 million, decreases in accounts payable, accrued compensation, other current and long-term liabilities, and operating lease liabilities.

Cash provided by operating activities during fiscal year ended 2019 was \$104.9 million. Factors contributing to cash provided by operating activities for the year ended June 30, 2019 were non-cash expenses such as amortization of intangibles, stock-based compensation and depreciation, decreases in accounts receivable and increases in deferred revenue and accrued compensation and benefits. These amounts were partially offset by our net loss of \$25.9 million, decreases in accounts payable, other current and long-term liabilities, and non-cash deferred income tax liabilities and increases in prepaid expenses and other assets.

Net Cash Used in Investing Activities

Cash used in investing activities during fiscal year ended June 30, 2021 was \$17.2 million due to purchases of property and equipment.

Cash used in investing activities during fiscal year ended June 30, 2020 was \$189.5 million, including \$219.5 million for the acquisition of Aerohive (net of cash acquired), purchases of property and equipment of \$15.3 million, which was partially offset by proceeds of \$45.2 million related to the maturity and sales of short-term investments.

Cash used in investing activities during fiscal year ended June 30, 2019 was \$21.8 million mainly due to capital expenditures of \$22.7 million.

Net cash Provided by (Used in) Financing Activities

Cash used in financing activities during fiscal year ended June 30, 2021 was \$74.8 million due primarily to debt repayments of \$74.0 million, payments of contingent consideration of \$1.3 million and \$4.0 million of deferred payments on acquisitions. This was partially offset by \$4.5 million of proceeds from issuance of shares of our common stock under our Employee Stock Purchase Plan (“ESPP”) and the exercise of stock options, net of taxes paid on vested and released stock awards.

Cash provided by financing activities during fiscal year ended June 30, 2020 was \$178.5 million due primarily to additional borrowings of \$199.5 million under our 2019 Credit Agreement to partially fund our acquisition of Aerohive, \$55.0 million of borrowings under our 2019 Revolving Facility, and by \$8.8 million of proceeds from issuance of shares of our common stock under our ESPP and the exercise of stock options, net of taxes paid on vested and released stock awards. This was partially offset by payments on debt obligations totaling \$34.5 million, payment of loan fees incurred in connection with our 2019 Credit Facility and related amendments of \$12.0 million, payments of contingent consideration of \$4.3 million and \$4.0 million of deferred payments on acquisitions. Cash provided by financing activities for the period also included repurchasing of our common shares of \$30.0 million during the fiscal year ended June 30, 2020, in accordance with our approved share repurchase plan.

Cash used in financing activities during fiscal year ended June 30, 2019 was \$34.4 million due primarily to payments on debt obligations totaling \$19.9 million, contingent consideration payments of \$6.5 million and \$4.0 million of deferred payments on acquisitions. This was partially offset by \$11.5 million of proceeds from issuance of shares of our common stock under our ESPP and the exercise of stock options, net of taxes paid on vested and released stock awards. Cash flows used in financing activities for the period also included repurchasing of our common shares valued at \$15.0 million during fiscal year ended June 30, 2019, in accordance with our approved share repurchase plan. The share repurchases were executed through open market purchases.

Foreign Currency Effect on Cash

Foreign currency effect on cash increased in 2021, primarily due to changes in exchange rates between the U.S. Dollar and particularly the Indian Rupee, UK pound, and the EURO.

Contractual Obligations

The following summarizes our contractual obligations at June 30, 2021, and the effect such obligations are expected to have on our liquidity and cash flow in future periods (in thousands):

	Payments due by Period				
	Total	Less than 1 Year	1-3 years	3-5 years	More than 5 years
Contractual obligations:					
Debt obligations	\$ 346,750	\$ 26,125	\$ 73,625	\$ 247,000	\$ —
Interest on debt obligations	225,070	11,018	17,702	196,350	—
Unconditional purchase obligations	38,147	38,147	—	—	—
Contractual commitments	75,200	20,367	28,983	17,233	8,617
Lease payments on operating leases	55,588	20,541	22,326	8,770	3,951
Deferred payments for an acquisition	7,000	4,000	3,000	—	—
Contingent consideration for an acquisition	913	913	—	—	—
Other liabilities	655	211	421	23	—
Total contractual cash obligations	\$ 749,323	\$ 121,322	\$ 146,057	\$ 469,376	\$ 12,568

The contractual obligations referenced above are more specifically defined as follows:

Debt obligations relate to amounts owed under our 2019 Credit Agreement.

Interest on debt obligations includes the effect of our interest rate swap agreements.

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.

Contractual commitments to suppliers represent commitments for future services.

Lease payments on operating leases represent base rents and operating expense obligations to landlords for facilities we occupy at various locations.

Deferred payments represent Data Center Business consideration obligation of \$1.0 million per quarter.

Contingent consideration for the Capital Financing Business acquisition, at fair value. Actual payments could be different.

Other liabilities include our commitments towards debt related fees and specific arrangements other than inventory.

The amounts in the table above exclude immaterial income tax liabilities related to uncertain tax positions as we are unable to reasonably estimate the timing of the settlement.

We did not have any material commitments for capital expenditures as of June 30, 2021.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of June 30, 2021.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Sensitivity

Our exposure to market risk for changes in interest rates relates primarily to our financial debt and foreign currencies. As of June 30, 2021, we did not have any financial investments that were exposed to interest rate risk.

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 Credit Agreement, which is fully described in Note 8, Debt of our Notes to the Consolidated Financial Statements. At June 30, 2021, we had \$346.8 million of debt outstanding, all of which was from the Credit Agreement. Through the end of our fiscal year, the average daily outstanding amount was \$377.4 million with a high of \$420.8 million and a low of \$346.8 million.

Cash Flow Hedges of Interest Rate Risk

In conjunction with our term loan under the 2019 Credit Agreement, we entered into interest rate swap contracts with large financial institutions. This involves the receipt of variable rate amounts from these institutions in exchange for us making fixed-rate payments without exchange of the underlying notional amount of \$200.0 million of our debt. The derivative instruments hedge the impact of the changes in variable interest rates. We record the changes in the fair value of these cash flow hedges of interest rate risk in accumulated other comprehensive income (loss) until termination of the derivative agreements.

The following table presents hypothetical changes in interest expense for the year ended June 30, 2021, on the outstanding borrowings under the 2019 Credit Agreement and interest rate swap contracts as of June 30, 2021, that are sensitive to changes in interest rates (in thousands):

Description	Change in interest expense given a decrease in interest rate of X bps*		Average outstanding as of June 30, 2021	Change in interest expense given an increase in interest rate of X bps*	
	(100 bps)	(50 bps)		100 bps	50 bps
Debt	\$ (3,514)	\$ (1,757)	\$ 351,448	\$ 3,514	\$ 1,757
Interest Rate Swaps	2,000	1,000	(200,000)	(2,000)	(1,000)
Net	\$ (1,514)	\$ (757)		\$ 1,514	\$ 757

* Underlying interest rate was 2.8% as of June 30, 2021.

Exchange Rate Sensitivity

A majority of our sales and our expenses are denominated in United States Dollars. While we conduct sale 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 June 30, 2021 and June 30, 2020, foreign exchange forward currency contracts not designated as hedging instruments, had the total notional amount of \$23.0 million and \$4.0 million, respectively. These contracts have maturities of less than 40 days. Changes in the fair value of derivatives are recognized in earnings as Other income (expense), net. For the years ended June 30, 2021 and 2020, the net gains recorded in the consolidated statement of operations from these contracts were \$0.5 million and \$0.1 million, respectively. As of June 30, 2021 foreign exchange forward currency contracts designated as hedging instruments had a notional amount of \$21.8 million. These contracts have maturities of less than twelve months. Gains and losses arising from these contracts designated as hedging instruments are recorded as a component of accumulated other comprehensive income (loss). As of June 30, 2021, these contracts had unrealized losses of \$0.2 million which are recorded in accumulated other comprehensive income (loss) with the associated liabilities in the accompanying consolidated balance sheets. There were no foreign exchange forward currency contracts that were designated as hedging instruments at June 30, 2020. There were no foreign exchange forward currency contracts at June 30, 2019.

Foreign currency transaction gains and losses from operations was a loss of \$2.2 million in fiscal year ended June 30, 2021 and gains of \$0.6 million and \$0.1 million in the fiscal years 2020 and 2019, respectively.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS OF EXTREME NETWORKS, INC.

	<u>Page</u>
Reports of Independent Registered Public Accounting Firms	48
Consolidated Balance Sheets	52
Consolidated Statements of Operations	53
Consolidated Statements of Comprehensive Income (Loss)	54
Consolidated Statements of Stockholders' Equity	55
Consolidated Statements of Cash Flows	56
Notes to Consolidated Financial Statements	57

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Extreme Networks, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Extreme Networks, Inc. (the Company) as of June 30, 2021, the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for the year ended June 30, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2021, and the results of its operations and its cash flows for the year ended June 30, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated August 27, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition – Variable Consideration

Description of the Matter

As described in Note 3 to the consolidated financial statements, the Company determines the transaction price for sales to its stocking distributors after estimating the variable consideration for expected rebates resulting from future discounts on the contract price. The estimated rebate reserve is presented as a reduction of accounts receivable in the consolidated balance sheet, which totaled \$149.5 million as of June 30, 2021. The Company evaluates the products remaining in the distribution channel at period end and uses the expected value method to estimate the expected variable consideration related to future price adjustments, including an evaluation of historical actual rebate claims, estimated future end customer pricing, and business trends.

Auditing management's estimate of the variable consideration for stocking distributor rebates was challenging and complex due to the effort required to assess the reasonableness of management's estimates and judgments, including the period of time historical actual rebate claims are considered and estimated future end customer pricing. Changes in these estimates can have a material effect on the amount of variable consideration recognized.

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's internal controls over the estimation of variable consideration for stocking distributor rebates. This included testing the relevant controls over management's review of the significant estimates and judgments including the period of time historical actual rebate claims are considered and estimates of future end customer pricing. Our audit procedures also included testing the controls over the completeness and accuracy of the data used in the estimation of the of variable consideration for stocking distributor rebates, including inventory held in the channel.

Our audit procedures over variable consideration for stocking distributor rebates included, among others, assessing the stocking distributor rebate reserve methodology for reasonableness, testing the completeness and accuracy of the historical actual rebate claims data, and comparing management's estimates of future end customer pricing with recent actual pricing adjustments. We also evaluated potential contrary evidence, including the historical accuracy of management's estimates by comparing the stocking distributor rebate reserve estimates to the actual rebates issued in subsequent periods. In addition, we also performed a sensitivity analysis and confirmed inventory held in the channel. Finally, we assessed the appropriateness of the related disclosures in the consolidated financial statements.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2020.

San Jose, California

August 27, 2021

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Extreme Networks, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Extreme Networks, Inc.'s internal control over financial reporting as of June 30, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Extreme Networks, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of June 30, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of June 30, 2021, the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for the year ended June 30, 2021, and the related notes and our report dated August 27, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
San Jose, California
August 27, 2021

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors

Extreme Networks, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Extreme Networks, Inc. and subsidiaries (the Company) as of June 30, 2020, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the years in the two-year period ended June 30, 2020 and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2020 and the results of its operations and its cash flows for each of the years in the two-year period ended June 30, 2020, in conformity with U.S. generally accepted accounting principles.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for leases as of July 1, 2019 due to the adoption of Accounting Standards Update 2016-02, *Leases*, and several related amendments, as issued by the Financial Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/KPMG LLP

We served as the Company's auditor from 2010 to 2020.

Raleigh, North Carolina
August 31, 2020

EXTREME NETWORKS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	June 30, 2021	June 30, 2020
ASSETS		
Current assets:		
Cash	\$ 246,894	\$ 193,872
Accounts receivable, net	156,476	122,727
Inventories	32,885	62,589
Prepaid expenses and other current assets	51,340	35,019
Total current assets	487,595	414,207
Property and equipment, net	55,004	58,813
Operating lease right-of-use assets, net	36,927	51,274
Intangible assets, net	36,038	68,394
Goodwill	331,159	331,159
Other assets	63,370	55,241
Total assets	<u>\$ 1,010,093</u>	<u>\$ 979,088</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt, net of unamortized debt issuance costs of \$2,404 and \$2,484, respectively	\$ 23,721	\$ 16,516
Accounts payable	60,142	48,439
Accrued compensation and benefits	71,610	50,884
Accrued warranty	11,623	14,035
Current portion of operating lease liabilities	18,743	19,196
Current portion of deferred revenue	212,412	190,226
Other accrued liabilities	57,449	58,525
Total current liabilities	455,700	397,821
Deferred revenue, less current portion	133,172	100,961
Long-term debt, less current portion, net of unamortized debt issuance costs of \$4,760 and \$7,165, respectively	315,865	394,585
Operating lease liabilities, less current portion	32,515	50,238
Deferred income taxes	3,828	2,334
Other long-term liabilities	14,545	27,751
Commitments and contingencies (Note 10)		
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; 133,279 and 127,114 shares issued, respectively; 126,682 and 120,517 shares outstanding, respectively	133	127
Additional paid-in-capital	1,078,602	1,035,041
Accumulated other comprehensive loss	(2,811)	(6,378)
Accumulated deficit	(978,343)	(980,279)
Treasury stock at cost, 6,597 shares	(43,113)	(43,113)
Total stockholders' equity	54,468	5,398
Total liabilities and stockholders' equity	<u>\$ 1,010,093</u>	<u>\$ 979,088</u>

See accompanying notes to consolidated financial statements.

EXTREME NETWORKS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Net revenues:			
Product	\$ 699,396	\$ 653,651	\$ 747,571
Service and subscription	310,022	294,368	248,218
Total net revenues	<u>1,009,418</u>	<u>948,019</u>	<u>995,789</u>
Cost of revenues:			
Product	309,958	326,333	346,218
Service and subscription	114,337	103,847	98,336
Total cost of revenues	<u>424,295</u>	<u>430,180</u>	<u>444,554</u>
Gross profit:			
Product	389,438	327,318	401,353
Service and subscription	195,685	190,521	149,882
Total gross profit	<u>585,123</u>	<u>517,839</u>	<u>551,235</u>
Operating expenses:			
Research and development	196,995	209,606	210,132
Sales and marketing	276,841	283,632	285,326
General and administrative	66,201	60,991	55,623
Acquisition and integration costs	1,975	32,073	3,444
Restructuring and related charges	2,625	22,011	5,090
Amortization of intangibles	6,110	8,425	6,346
Total operating expenses	<u>550,747</u>	<u>616,738</u>	<u>565,961</u>
Operating income (loss)	34,376	(98,899)	(14,726)
Interest income	352	1,420	2,232
Interest expense	(22,856)	(23,750)	(12,597)
Other (expense) income, net	(1,687)	737	(783)
Income (loss) before income taxes	10,185	(120,492)	(25,874)
Provision (benefit) for income taxes	8,249	6,353	(21)
Net income (loss)	<u>\$ 1,936</u>	<u>\$ (126,845)</u>	<u>\$ (25,853)</u>
Basic and diluted income (loss) per share:			
Net income (loss) per share - basic	\$ 0.02	\$ (1.06)	\$ (0.22)
Net income (loss) per share - diluted	\$ 0.02	\$ (1.06)	\$ (0.22)
Shares used in per share calculation - basic	124,019	119,814	117,954
Shares used in per share calculation - diluted	127,669	119,814	117,954

See accompanying notes to consolidated financial statements.

EXTREME NETWORKS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Net Income (loss)	\$ 1,936	\$ (126,845)	\$ (25,853)
Other comprehensive income (loss):			
Derivatives designated as hedging instruments:			
Change in unrealized gains and losses on interest rate swaps	(222)	(1,769)	—
Reclassification adjustment related to interest rate swaps	858	—	—
Change in unrealized gains and losses on foreign currency forward contracts	(205)	—	—
Net increase (decrease) from derivatives designated as hedging instruments	431	(1,769)	—
Net change in foreign currency translation adjustments	3,136	(2,136)	(273)
Other comprehensive income (loss)	3,567	(3,905)	(273)
Total comprehensive income (loss)	<u>\$ 5,503</u>	<u>\$ (130,750)</u>	<u>\$ (26,126)</u>

See accompanying notes to consolidated financial statements.

EXTREME NETWORKS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock		Additional Paid-In-Capital	Accumulated Other Comprehensive Loss	Treasury Stock		Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			Shares	Amount		
Balance at June 30, 2018	<u>116,123</u>	<u>\$ 116</u>	<u>\$ 942,397</u>	<u>\$ (1,703)</u>	<u>—</u>	<u>—</u>	<u>\$ (828,078)</u>	<u>\$ 112,732</u>
Cumulative effect of adopting ASU 2016-01	—	—	—	(497)	—	—	497	—
Net loss	—	—	—	—	—	—	(25,853)	(25,853)
Other comprehensive loss	—	—	—	(273)	—	—	—	(273)
Issuance of common stock from equity incentive plans, net of tax withholding	5,415	6	11,478	—	—	—	—	11,484
Stock-based compensation	—	—	32,897	—	—	—	—	32,897
Repurchase of stock	—	—	—	—	(2,366)	(15,000)	—	(15,000)
Balance at June 30, 2019	<u>121,538</u>	<u>\$ 122</u>	<u>\$ 986,772</u>	<u>\$ (2,473)</u>	<u>(2,366)</u>	<u>\$ (15,000)</u>	<u>\$ (853,434)</u>	<u>\$ 115,987</u>
Net loss	—	—	—	—	—	—	(126,845)	(126,845)
Other comprehensive loss	—	—	—	(3,905)	—	—	—	(3,905)
Issuance of common stock from equity incentive plans, net of tax withholding	5,576	5	8,784	—	—	—	—	8,789
Stock awards granted in connection with acquisition	—	—	3,530	—	—	—	—	3,530
Stock-based compensation	—	—	37,842	—	—	—	—	37,842
Repurchase of stock	—	—	(1,887)	—	(4,231)	(28,113)	—	(30,000)
Balance at June 30, 2020	<u>127,114</u>	<u>\$ 127</u>	<u>\$ 1,035,041</u>	<u>\$ (6,378)</u>	<u>(6,597)</u>	<u>\$ (43,113)</u>	<u>\$ (980,279)</u>	<u>\$ 5,398</u>
Net income	—	—	—	—	—	—	1,936	1,936
Other comprehensive income	—	—	—	3,567	—	—	—	3,567
Issuance of common stock from equity incentive plans, net of tax withholding	6,165	6	4,510	—	—	—	—	4,516
Stock-based compensation	—	—	39,051	—	—	—	—	39,051
Balance at June 30, 2021	<u>133,279</u>	<u>\$ 133</u>	<u>\$ 1,078,602</u>	<u>\$ (2,811)</u>	<u>(6,597)</u>	<u>\$ (43,113)</u>	<u>\$ (978,343)</u>	<u>\$ 54,468</u>

See accompanying notes to consolidated financial statements.

EXTREME NETWORKS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Cash flows from operating activities:			
Net income (loss)	\$ 1,936	\$ (126,845)	\$ (25,853)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	22,961	28,603	26,889
Amortization of intangible assets	32,356	35,218	25,984
Reduction in carrying amount of right-of-use asset	16,134	16,420	—
Provision for doubtful accounts	409	1,289	1,407
Share-based compensation	39,051	37,842	32,897
Deferred income taxes	1,785	1,760	(5,766)
Non-cash restructuring and impairment charges	—	7,622	—
Unrealized/realized gain on equity investment	—	—	508
Non-cash interest expense	5,055	4,196	3,022
Other	3,989	(349)	54
Changes in operating assets and liabilities, net of acquisition:			
Accounts receivable	(34,158)	62,151	36,331
Inventories	22,729	19,951	278
Prepaid expenses and other assets	(18,979)	781	(6,979)
Accounts payable	10,810	(26,080)	(9,850)
Accrued compensation and benefits	20,088	(8,080)	1,274
Operating lease liabilities	(19,986)	(17,345)	—
Deferred revenue	54,398	19,530	28,716
Other current and long-term liabilities	(14,043)	(20,780)	(3,967)
Net cash provided by operating activities	<u>144,535</u>	<u>35,884</u>	<u>104,945</u>
Cash flows from investing activities:			
Capital expenditures	(17,176)	(15,268)	(22,730)
Business acquisition, net of cash acquired	—	(219,458)	—
Maturities and sales of investments	—	45,249	921
Net cash used in investing activities	<u>(17,176)</u>	<u>(189,477)</u>	<u>(21,809)</u>
Cash flows from financing activities:			
Borrowings under Revolving Facility	—	55,000	-
Borrowings under Term Loan	—	199,500	—
Payments on debt obligations	(74,000)	(34,517)	(19,875)
Loan fees on borrowings	—	(12,029)	(545)
Repurchase of common stock	—	(30,000)	(15,000)
Proceeds from issuance of common stock, net of tax withholding	4,516	8,789	11,484
Payment of contingent consideration obligations	(1,298)	(4,251)	(6,506)
Deferred payments on an acquisition	(4,000)	(4,000)	(4,000)
Net cash (used in) provided by financing activities	<u>(74,782)</u>	<u>178,492</u>	<u>(34,442)</u>
Foreign currency effect on cash	445	(634)	(226)
Net increase in cash	<u>53,022</u>	<u>24,265</u>	<u>48,468</u>
Cash at beginning of period	193,872	169,607	121,139
Cash at end of period	<u>\$ 246,894</u>	<u>\$ 193,872</u>	<u>\$ 169,607</u>
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 18,741	\$ 20,411	\$ 8,490
Cash paid for taxes, net	\$ 4,488	\$ 5,309	\$ 5,974
Non-cash investing activities:			
Unpaid capital expenditures	\$ 3,004	\$ 1,860	\$ 4,142

See accompanying notes to the consolidated financial statements.

EXTREME NETWORKS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

Fiscal Year

The Company uses a fiscal calendar year ending on June 30. All references herein to fiscal year ended “fiscal year ended 2021” or “2021”; “fiscal 2020” or “2020”; “fiscal 2019” or “2019” represent the fiscal years ending, respectively.

Principles of Consolidation

The consolidated financial statements include the accounts of Extreme Networks, Inc. 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 currency functional environment, all assets and liabilities are translated to United States Dollars at current month end exchange rates; and revenues and expenses are translated using the monthly average rate.

Accounting Estimates

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

2. Summary of Significant Accounting Policies

Revenue Recognition

The Company derives revenues primarily from sales of its networking equipment, with the remaining revenues generated from software delivered as a service (“SaaS”) and service fees relating to maintenance contracts, professional services, and training for the products. The Company recognizes revenues when control of promised goods or services is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

See Note 3, Revenues for further discussion.

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.

Allowance for Product Returns

The Company maintains estimates for product returns based on its historical returns, analysis of credit memos and its return policies. The allowance includes the estimates for product allowances from end customers as well as stock rotations and other returns from the Company’s stocking distributors. The allowance for product returns is shown as a reduction of accounts receivable as there is a contractual right of offset and returns are applied to accounts receivable balances outstanding as of the balance sheet date. There have not been material revisions to the estimated product returns for any periods presented.

Allowance for Credit Losses

The Company maintains an allowance for credit losses which reflects its best estimate of potentially uncollectible trade receivables. The allowance consists of both specific and general reserves. The Company continually monitors and evaluates the collectability of its trade receivables based on a combination of factors. It records specific allowances for bad debts in general and administrative expense when it becomes aware of a specific customer's inability to meet its financial obligation to the Company, such as in the case of bankruptcy filings or deterioration of financial position. Estimates are used in determining the allowances for all other customers based on factors such as current trends in the length of time the receivables are past due and historical collection experience. The Company mitigates some collection risk by requiring certain of its customers in the Asia-Pacific region to pay cash in advance or secure letters of credit when placing an order with the Company.

Inventories

The Company values its inventory at lower of cost or net realizable value. Cost is computed using standard cost, which approximates actual cost, on a first-in, first-out basis. The Company has established inventory allowances when conditions exist that suggest that inventory is obsolete or may be in excess of anticipated demand based upon assumptions about future demand. At the point of the 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. Previously written down or obsolete inventory subsequently sold has not had a material impact on gross margin for any of the periods presented.

Long-Lived Assets

Long-lived assets include (a) property and equipment, (b) operating lease right-of-use ("ROU") assets, (c) goodwill and intangible assets, and (d) other assets. Property and equipment, ROU assets, and definite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets or asset groups may not be recoverable. If such facts and circumstances exist, the Company assesses the recoverability of these assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. Impairments, if any, are based on the excess of the carrying amount over the fair value of those assets.

(a) Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of one to four years are used for computer equipment and purchased software. Estimated useful lives of three to seven years are used for office equipment and furniture and fixtures. Depreciation and amortization of leasehold improvements is computed using the lesser of the useful life or lease terms.

(b) ROU Assets

ROU assets under the Company's operating leases represent the Company's right to use an underlying asset over the lease term. The ROU asset is reduced over a straight-line or other systematic basis representative of the pattern in which the Company expects to consume the ROU assets' future economic benefits. The ROU asset is also adjusted for leasehold improvements paid by the lessor, lease incentives, and asset impairments, among other things.

(c) Goodwill and Intangible Assets

Goodwill and intangible assets are generated as a result of business combinations and are comprised of, among other things, developed technology, customer relationships, trade names, and licensing agreements.

The remaining lives of intangibles are considered regularly along with assessments of impairment and lives are adjusted or impairment charges taken when required.

Goodwill is calculated as the excess of the purchase price over the fair value of net tangible and identifiable intangible assets acquired. Goodwill is not amortized, but rather is tested for impairment at least annually or more frequently if indicators of impairment are present. The Company has one reporting unit and performs its annual goodwill impairment analysis as of the first day of the fourth quarter of each year. In assessing impairment on goodwill, the Company bypasses the qualitative assessment and proceed directly to performing the quantitative evaluation of the fair value of the reporting unit, to compare against the carrying value of the reporting unit. A goodwill impairment charge is recognized for the amount by which the reporting unit's fair value is less than its carrying value. Any loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Based on the results of the goodwill impairment analyses, the Company determined that no impairment charge needed to be recorded for any periods presented.

Business Combinations

The Company applies the acquisition method of accounting for business combinations. Under this method of accounting, all assets acquired and liabilities assumed are recorded at their respective fair values at the date of the acquisition. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, useful lives, among other items. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market participants are assumed to be buyers and sellers in the principal (most advantageous) market for the asset or liability. Additionally, fair value measurements for an asset assume the highest and best use of that asset by market participants. As a result, the Company may be required to value the acquired assets at fair value measures that do not reflect its intended use of those assets. Use of different estimates and judgments could yield different results.

Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill. Although the Company believes the assumptions and estimates it has made are reasonable and appropriate, they are based in part on historical experience and information that may be obtained from the management of the acquired company and are inherently uncertain. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill for facts and considerations that were known at the acquisition date. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded within the Company's consolidated statements of operations.

Deferred Revenue

Deferred revenue represents amounts for (i) deferred maintenance, support, and SaaS revenues, and (ii) other deferred revenue including professional services when the revenue recognition criteria have not been met.

Product Warranties and Guarantees

Networking products may contain undetected hardware or software errors when new products or new versions or updates of existing products are released to the marketplace. 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.

In the normal course of business to facilitate sales of its products, 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 a breach of intellectual property infringement or other claims made against certain parties. 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.

Stock-based Compensation

The Company recognizes compensation expense related to stock-based awards, including stock options, restricted stock units ("RSUs") and employee stock purchases related to its 2014 Employee Stock Purchase Plan (the "2014 ESPP"), based on the estimated fair value of the award on the grant date, over the requisite service period. The Company accounts for forfeitures as they occur. The Company calculates the fair value of stock options and share purchase options under the 2014 ESPP using the Black-Scholes-Merton option valuation model. The fair value of RSUs is based on the closing stock price of the Company's common stock on the grant date.

The Company grants certain employees performance-based stock options and RSUs. The performance metrics include company-wide financial performance and/or market conditions. For awards that include performance conditions, no compensation cost is recognized until the performance goals are probable of being met, at which time the cumulative compensation expense from the service inception date would be recognized. For awards that contain market conditions, compensation expense is measured using a Monte Carlo simulation model and recognized over the derived service period based on the expected market performance as of the grant date.

Advertising

Advertising costs are expensed as incurred. Advertising expenses were immaterial in fiscal years 2021, 2020 and 2019.

Income Taxes

The Company accounts for income taxes utilizing the liability method. Deferred income taxes are recorded to reflect consequences on future years of differences between financial reporting and the tax basis of assets and liabilities measured using the enacted statutory tax rates and tax laws applicable to the periods in which differences are expected to affect taxable earnings. A valuation allowance is recognized to the extent that it is more likely than not that the tax benefits will not be realized.

The Company accounts for uncertainty in income taxes using a two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. The Company classifies the liability for unrecognized tax benefits as current to the extent that the Company anticipates payment (or receipt) of cash within one year. Interest and penalties related to uncertain tax positions are recognized in the provision for income taxes. For additional discussion, see Note 16, Income Taxes.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2016-02, *Leases (Topic 842)*, which requires the identification of arrangements that should be accounted for as leases by lessees and lessors, and key disclosure information about leasing arrangements. In general, for lease arrangements exceeding a twelve-month term, these arrangements are recognized as assets and liabilities on the balance sheet of the lessee. Under Topic 842, a right-of-use asset (“ROU”) and lease obligation are recorded for all leases, whether operating or financing, while the statement of operations will reflect lease expense for operating leases and amortization/interest expense for financing leases. The balance sheet amount recorded for existing leases at the date of adoption of Topic 842 is calculated using the applicable incremental borrowing rate at the date of adoption. Topic 842 also requires lessors to classify leases as a sales-type, direct financing or operating lease. A lease is a sales-type lease if any one of five criteria are met, each of which indicate that the lease, in effect, transfers control of the underlying asset to the lessee. If none of those five criteria are met, but two additional criteria are both met, indicating that the lessor has transferred substantially all of the risks and benefits to the lessee and a third party, the lease is a direct financing lease. All leases that are not sales-type or direct financing leases are operating leases. Substantially all of the Company’s leases continue to be classified as operating leases. In addition, Topic 842 was subsequently amended by ASU No 2018-10, *Codification Improvements*; ASU 2018-11, *Targeted Improvements*; ASU 2018-20 *Narrow Scope Improvements*; and ASU 2019-01 *Codification Improvements*.

The Company adopted the new standards beginning with its fiscal year 2020. Topic 842 is applied on the modified retrospective method, applying the new standard to all leases existing as of July 1, 2019. The Company adopted the new standard using the effective date of July 1, 2019 as the date of initial application. Consequently, financial information has not been updated, and disclosures required under the new standard will not be provided for dates and periods prior to July 1, 2019.

The new standard provides a number of optional practical expedients in transition. The Company elected the “package of practical expedients” which permitted the Company not to reassess under the new standard its prior conclusions about lease identification, lease classification, and initial direct costs. The new standard also provided practical expedients for ongoing accounting. The Company also elected the short-term lease recognition exemption for all leases that qualified. For those leases that qualified, existing short-term leases at the transition date and those entered into subsequent to the transition date, the Company did not recognize right-of-use assets or lease liabilities. In addition, the Company elected the practical expedient not to separate lease and non-lease components for leases except for the logistic services asset class and certain revenue subscription contracts where the Company leases its hardware products and provides maintenance and support over a service period which is recognized under ASC Topic 606. See Note 9, *Leases* for additional information regarding the Company’s leases.

On July 1, 2019, the Company recognized ROU assets of \$64.6 million and corresponding lease liabilities of \$79.5 million on the consolidated balance sheets, which was based on the present value of the remaining minimum rental payments under current leasing standards for existing operating leases

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses* (Topic 326). The standard changes the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. It replaces the existing incurred loss impairment model with an expected loss model. It also requires credit losses related to available-for-sale debt securities to be recognized as an allowance for credit losses rather than as a reduction to the carrying value of the securities. ASU 2016-13 was effective for fiscal years beginning after December 15, 2019. The Company adopted the standard on July 1, 2020 and the impact of the adoption was not material to the Company's consolidated financial statements as credit losses are not expected to be significant based on historical collection trends, the financial condition of customers, and external market factors.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820)*, which removes, modifies and adds various disclosure requirements around the topic in order to clarify and improve the cost-benefit nature of disclosures. For example, disclosures around transfers between fair value hierarchy levels will be removed and further detail around changes in unrealized gains and losses for the period and unobservable inputs determining Level 3 fair value measurements will be added. This standard was effective for fiscal years beginning after December 15, 2019, including interim periods within the fiscal year. The standard was adopted on July 1, 2020 and did not have a material impact on the Company's financial statements upon adoption.

In August 2018, the FASB issued ASU 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40)*, which aligns the requirements for capitalizing implementation costs incurred in a service contract hosting arrangement with those of developing or obtaining internal-use software. This standard was effective for fiscal years beginning after December 15, 2019, including interim periods within the fiscal year. The standard was adopted on July 1, 2020 and did not have a material impact on the Company's financial statements upon adoption.

Recently Issued Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, *Income taxes – Simplifying the Accounting for Income Taxes (Topic 740)*, which reduces the complexity of accounting for income taxes including the removal of certain exceptions to the general principles of ASC 740, *Income Taxes*, and simplification in several other areas such as accounting for franchise tax (or similar tax) that is partially based on income. This standard is effective for fiscal years beginning after December 15, 2020, including interim periods within the fiscal year, which is the Company's fiscal year 2022, beginning on July 1, 2021. The Company has evaluated the impact of the new standard and has determined there will not be a material impact to the Company's consolidated financial statements or related disclosures.

3. Revenues

Revenue Recognition

The Company derives the majority of its revenues from sales of its networking equipment, with the remaining revenues generated from sales of services and subscriptions, which primarily includes maintenance contracts and software subscriptions delivered as software as a service ("SaaS") and additional revenues from professional services, and training for its products. The Company sells its products, maintenance contracts, and SaaS 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 its products and sell primarily to resellers. The second tier of the distribution channel consists of a non-stocking distributors and value-added resellers that sell directly to end-users. Products and services may be sold separately or in bundled packages.

The Company considers customer purchase orders, which in some cases are governed by master sales agreements, to be the contracts with a customer. For each contract, the Company considers the promise to transfer products and services, each of which are distinct, to be the identified performance obligations. In determining the transaction price, the Company evaluates whether the price is subject to refund or adjustment to determine the net consideration to which the Company expects to be entitled.

For all of the Company's sales and distribution channels, revenue is recognized when control of the product is transferred to the customer (i.e., when the Company's performance obligation is satisfied), which typically occurs at shipment for product sales. Revenues from maintenance contracts and SaaS are recognized over time as the Company's performance obligations are satisfied. This is typically the contractual service period, which ranges from one to five years. For product sales to value-added resellers of the Company, non-stocking distributors and end-user customers, the Company generally does not grant return privileges, except for defective products during the warranty period, nor does the Company grant pricing credits. Sales taxes collected from customers are excluded from revenues. Shipping costs are included in cost of product revenues. Sales incentives and other programs that the Company may make available to these customers are considered to be a form of variable consideration and the Company maintains estimated accruals and allowances using the expected value method. There were no material changes in the current period to the estimated transaction price for performance obligations which were satisfied or partially satisfied during previous periods.

Sales to stocking distributors are made under terms allowing certain price adjustments and limited rights of return (known as "stock rotation") of the Company's products held in their inventory. Stock rotation rights grant the distributor the ability to return

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

certain specified amounts of inventory. Frequently, distributors need to sell at a price lower than the contractual distribution price in order to win business and submit rebate requests for the Company's pre-approval prior to selling the product to a customer at the discounted price. At the time the distributor invoices its customer or soon thereafter, the distributor submits a rebate claim to the Company to adjust the distributor's cost from the contractual price to the pre-approved lower price. After the Company verifies that the claim was pre-approved, a credit memo is issued to the distributor for the rebate claim. In determining the transaction price, the Company considers these rebate adjustments to be variable consideration. Such price adjustments are estimated using the expected value method based on an analysis of actual claims, at the distributor level over a period of time considered adequate to account for current pricing and business trends. Stock rotation adjustments are an additional form of variable consideration and are estimated using the expected value method based on historical return rates based on historical return rates and estimates provided by the distributors. 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.

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 Topic 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 the 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 service, subscription, and SaaS revenues are recognized over time. For revenue recognized over time, the Company primarily uses an input measure, days elapsed, to measure progress.

At June 30, 2021, the Company had \$345.6 million of remaining performance obligations, which are primarily comprised of deferred maintenance and SaaS revenues. The Company expects to recognize approximately 60 percent of this amount in fiscal 2022, an additional 21 percent in fiscal 2023 and 19 percent 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 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 revenue. These liabilities are reported on the consolidated balance sheets on a contract-by-contract basis at the end of each reporting period.

Revenue recognized for the years ended June 30, 2021 and 2020, that was included in the deferred revenue balance at the beginning of each period was \$188.4 million and \$137.6 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 service contracts and contract renewals, are recoverable and therefore the Company's consolidated balance sheets included capitalized balances in the amount of \$13.1 million and \$8.1 million at June 30, 2021 and 2020, respectively. Capitalized commission fees are amortized on a straight-line basis over the average period of service contracts of approximately three years, and are included in "Sales and marketing" in the accompanying consolidated statements of operations. Amortization recognized during the years ended 2021, 2020 and 2019 was \$5.6 million, \$5.2 million and \$3.0 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Disaggregation of Revenues: The Company operates in three geographic regions: Americas, which includes the United States, Canada, Mexico, Central America and South America; EMEA, which includes Europe, Russia, Middle East and Africa; and APAC which includes Asia Pacific, China, South Asia and Japan. The following tables set forth the Company's revenues disaggregated by sales channel and geographic region based on the billing addresses of its customers (in thousands):

Net Revenues	Year Ended June 30, 2021		
	Distributor	Direct	Total
Americas:			
United States	\$ 244,851	\$ 240,620	\$ 485,471
Other	31,583	16,466	48,049
Total Americas	276,434	257,086	533,520
EMEA	250,897	136,648	387,545
APAC	14,280	74,073	88,353
Total net revenues	\$ 541,611	\$ 467,807	\$ 1,009,418

Net Revenues	Year Ended June 30, 2020		
	Distributor	Direct	Total
Americas:			
United States	\$ 218,276	\$ 241,493	\$ 459,769
Other	19,530	20,103	39,633
Total Americas	237,806	261,596	499,402
EMEA	218,947	138,254	357,201
APAC	21,554	69,862	91,416
Total net revenues	\$ 478,307	\$ 469,712	\$ 948,019

Net Revenues	Year Ended June 30, 2019		
	Distributor	Direct	Total
Americas:			
United States	\$ 259,873	\$ 238,832	\$ 498,705
Other	22,264	20,632	42,896
Total Americas	282,137	259,464	541,601
EMEA	229,223	129,104	358,327
APAC	14,598	81,263	95,861
Total net revenues	\$ 525,958	\$ 469,831	\$ 995,789

For the year ended June 30, 2021 the Company generated 11% of its revenues from the Netherlands. No other foreign country accounted for 10% or more of the Company's net revenue for the years ended June 30, 2020 or 2019.

Concentrations

The Company may be subject to concentration of credit risk as a result of certain financial instruments consisting of accounts receivable. The Company performs ongoing credit evaluations of its customers and generally does not require collateral in exchange for credit.

The following table sets forth major customers accounting for 10% or more of the Company's net revenues:

	Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Tech Data Corporation	19%	18%	18%
Jenne Corporation	18%	15%	17%
Westcon Group Inc.	16%	13%	12%

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

	June 30, 2021	June 30, 2020
Tech Data Corporation	19%	23%
Jenne Corporation	24%	25%

4. Business Combinations

The Company completed one acquisition during the fiscal year ended June 30, 2020. The acquisition was accounted for using the acquisition method of accounting. The estimated fair values were determined through established and generally accepted valuation techniques, including work performed by third-party valuation specialists. The purchase price of each acquisition has been allocated to tangible and identifiable intangible assets acquired and liabilities assumed. The fair value of working capital related items, such as other current assets and accrued liabilities, approximated their book values at the date of acquisition. Inventories were valued at fair value using the net realizable value approach. The fair value of property and equipment was determined using a cost approach. The fair value of the acquired deferred revenue was estimated using the cost build-up approach. The cost build-up approach determines fair value using estimates of the costs required to provide the contracted deliverables plus an assumed profit. The total costs including the assumed profit were adjusted to present value using a discount rate considered appropriate. The resulting fair value approximates the amount the Company would be required to pay to a third party to assume the obligation. Intangible assets were valued using income approaches based on management projections, which the Company considers to be Level 3 inputs. Results of operations of the acquired entity is included in the Company's operations beginning with the closing date of each acquisition.

Fiscal 2020 Acquisition

Aerohive Acquisition

On August 9, 2019 (the "Acquisition Date") the Company consummated its acquisition (the "Acquisition") of all of the outstanding common stock of Aerohive Networks, Inc. ("Aerohive") pursuant to that certain Agreement and Plan of Merger (the "Merger Agreement") entered into as of June 26, 2019. Under the terms of the Acquisition, the net consideration paid by Extreme to Aerohive stockholders was \$267.1 million. The acquired assets and liabilities of Aerohive were recorded at their respective fair values and added to those of the Company including an amount for goodwill calculated as the difference between the acquisition consideration and the fair value of the identifiable net assets. All valuations were finalized as of June 30, 2020.

The components of aggregate purchase consideration are as follows (in thousands):

Purchase consideration	August 9, 2019
Cash paid to acquire outstanding shares	\$ 263,616
Replacement of stock-based awards	3,530
Aggregate purchase consideration	\$ 267,146

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The purchase price allocation is set forth in the table below and reflects estimated fair values (in thousands).

	Final Allocation as of June 30, 2020
Cash and cash equivalents	\$ 44,158
Short-term investments	45,148
Accounts receivable, net	11,753
Inventories	19,232
Prepaid expenses and other current assets	3,924
Property and equipment	2,364
Operating lease right-of-use assets	6,336
Other assets	2,195
Debt	(20,000)
Accounts payable	(9,737)
Accrued compensation and benefits	(7,129)
Accrued warranty	(570)
Other accrued liabilities	(1,960)
Operating lease liabilities	(4,752)
Deferred revenue	(68,415)
Other liabilities	(483)
Net tangible assets	22,064
Identifiable intangible assets	52,500
Goodwill	192,582
Total intangible assets acquired	245,082
Total net assets acquired	\$ 267,146

The following table presents details of the identifiable intangible assets acquired as part of the Acquisition (dollars in thousands):

Intangible Assets	Estimated Useful Life (in years)	Amount
Developed technology	4	\$ 39,100
Backlog	1	400
Customer relationships	7	11,400
Trade names	1	1,600
Total identifiable intangible assets		\$ 52,500

The amortization for the developed technology and backlog is recorded in “Cost of revenues” for product and service and the amortization for the remaining intangibles is recorded in “Amortization of intangibles” in the accompanying consolidated statements of operations. The goodwill recognized is attributable primarily to expected synergies and the assembled workforce of Aerohive along with the future potential of the technology. The Company will not be entitled to amortization of the goodwill and intangible assets for tax purposes as the Acquisition is a nontaxable stock acquisition.

The results of operations of Aerohive are included in the accompanying consolidated statements of operations beginning August 9, 2019. The Aerohive revenues for the year ended June 30, 2020 were \$125.1 million and were incorporated into the revenues of the Company. Certain associated expenses of Aerohive were incorporated with the results of operations of the Company and, therefore, stand-alone operating results are not available for the year ended June 30, 2020.

In the year ended June 30, 2020, the Company incurred acquisition and integration related expenses of \$32.1 million associated with the Acquisition, including a \$6.8 million compensation charge for certain Aerohive Executive stock awards which were accelerated due to change-in-control and termination provisions included in the Executives’ employment contracts. Other acquisition and integration costs consist primarily of professional fees for financial and legal advisory services and severance charges for terminated Aerohive employees. Such acquisition-related costs were expensed as incurred and are included in “Acquisition and integration costs” in the accompanying consolidated statements of operations.

Pro Forma Financial Information

The following unaudited pro forma results of operations are presented as though the Acquisition had occurred as of July 1, 2018, the beginning of fiscal 2019, after giving effect to purchase accounting adjustments relating to inventories, deferred revenue, depreciation and amortization of intangibles, acquisition and integration costs, and interest income and expense.

The pro forma results of operations are not necessarily indicative of the combined results that would have occurred had the acquisition been consummated as of the beginning of fiscal 2019, nor are they necessarily indicative of future operating results. The unaudited pro forma results do not include the impact of synergies, nor any potential impacts on current or future market conditions which could alter the unaudited pro forma results.

The unaudited pro forma financial information for the year ended June 30, 2020 combines the historical results for Extreme for such periods, which include the results of Aerohive subsequent to the Acquisition Date, and Aerohive's historical results up to the Acquisition Date.

Pro forma results of operations for the year ended June 30, 2019 combines the historical results of operations for Extreme and for Aerohive.

The following table summarizes the unaudited pro forma financial information (in thousands, except per share amounts):

	Year Ended	
	June 30, 2020	June 30, 2019
Net revenues	\$ 962,399	\$ 1,139,321
Net loss	\$ (85,392)	\$ (120,146)
Net loss per share - basic and diluted	\$ (0.71)	\$ (1.02)
Shares used in per share calculation - basic and diluted	119,814	117,954

5. Balance Sheet Components*Accounts Receivable*

The following is a summary of accounts receivable (in thousands):

	June 30, 2021	June 30, 2020
Accounts receivable	\$ 324,343	\$ 240,503
Customer rebates	(149,510)	(88,601)
Allowance for credit losses	(986)	(1,212)
Allowance for product returns	(17,371)	(27,963)
Accounts receivable, net	<u>\$ 156,476</u>	<u>\$ 122,727</u>

The following table is a summary of the allowance for credit losses (in thousands):

Description	Balance at beginning of period	Provision for expected credit losses	Deductions (1)	Balance at end of period
Year Ended June 30, 2021:				
Allowance for credit losses	\$ 1,212	\$ 409	\$ (635)	\$ 986
Year Ended June 30, 2020:				
Allowance for credit losses	\$ 1,054	\$ 1,289	\$ (1,131)	\$ 1,212
Year Ended June 30, 2019:				
Allowance for credit losses	\$ 1,478	\$ 1,407	\$ (1,831)	\$ 1,054
(1) Uncollectible accounts written off, net of recoveries				

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table is a summary of the Company's allowance for product returns (in thousands):

Description	Balance at beginning of period	Additions	Deductions	Balance at end of period
Year Ended June 30, 2021:				
Allowance for product returns	\$27,963	\$67,113	\$(77,705)	\$17,371
Year Ended June 30, 2020:				
Allowance for product returns	\$25,897	\$76,802	\$(74,736)	\$27,963
Year Ended June 30, 2019:				
Allowance for product returns	\$11,266	\$85,190	\$(70,559)	\$25,897

Inventories

The following is a summary of the Company's inventory by category (in thousands):

	June 30, 2021	June 30, 2020
Finished goods	\$ 27,901	\$ 52,879
Raw materials	4,984	9,710
Total Inventories	\$ 32,885	\$ 62,589

Property and Equipment, Net

The following is a summary of the Company's property and equipment by category (in thousands):

	June 30, 2021	June 30, 2020
Computers and equipment	\$ 75,866	\$ 73,244
Purchased software	40,037	34,015
Office equipment, furniture and fixtures	10,201	10,639
Leasehold improvements	53,329	52,317
Total property and equipment	179,433	170,215
Less: accumulated depreciation and amortization	(124,429)	(111,402)
Property and equipment, net	\$ 55,004	\$ 58,813

The Company recognized depreciation expense of \$23.0 million, \$28.6 million, and \$26.9 million related to property and equipment during the years ended 2021, 2020 and 2019, respectively.

Deferred Revenue

The following table summarizes contract liabilities which are shown as deferred revenue (in thousands):

	June 30, 2021	June 30, 2020
Deferred maintenance, support, and SaaS	\$ 328,797	\$ 279,368
Other deferred revenue	16,787	11,819
Total deferred revenue	345,584	291,187
Less: current portion	212,412	190,226
Non-current deferred revenue	\$ 133,172	\$ 100,961

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Accrued Warranty

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

	Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Balance beginning of period	\$ 14,035	\$ 14,779	\$ 12,807
Warranties assumed due to acquisitions	—	570	—
New warranties issued	11,760	19,686	22,919
Warranty expenditures	(14,172)	(21,000)	(20,947)
Balance end of period	<u>\$ 11,623</u>	<u>\$ 14,035</u>	<u>\$ 14,779</u>

Other Long-term Liabilities

The following is a summary of long-term liabilities (in thousands):

	June 30, 2021	June 30, 2020
Acquisition-related deferred payments, less current portion	\$ 1,978	\$ 5,847
Other contractual obligations, less current portion	8,553	16,722
Other	4,014	5,182
Total other long-term liabilities	<u>\$ 14,545</u>	<u>\$ 27,751</u>

6. 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 (in thousands):

June 30, 2021	Level 1	Level 2	Level 3	Total
Liabilities				
Foreign currency derivatives	\$ —	\$ 560	\$ —	\$ 560
Interest rate swaps	—	1,133	—	1,133
Acquisition-related contingent consideration obligations	—	—	913	913
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ 1,693</u>	<u>\$ 913</u>	<u>\$ 2,606</u>
June 30, 2020	Level 1	Level 2	Level 3	Total
Liabilities				
Foreign currency derivatives	\$ —	\$ 8	\$ —	\$ 8
Interest rate swaps	—	1,769	—	1,769
Acquisition-related contingent consideration obligations	—	—	2,167	2,167
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ 1,777</u>	<u>\$ 2,167</u>	<u>\$ 3,944</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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 fair value of derivative instruments under our foreign exchange forward contracts and interest rate swaps are estimated based on valuations provided by alternative pricing sources supported by observable inputs which is considered Level 2.

As of June 30, 2021 and 2020 foreign exchange forward currency contracts not designated as hedging instruments had a notional amount of \$23.0 million and \$4.0 million, respectively. These contracts have maturities of less than 40 days. Changes in the fair value of these foreign exchange forward contracts not designated as hedging instruments are included in other income or expense. For the years ended June 30, 2021 and 2020, the net gains recorded in the consolidated statements of operations related to these contracts were \$0.5 million and \$0.1 million, respectively. There were no foreign exchange forward contracts at June 30, 2019. As of June 30, 2021 foreign exchange forward currency contracts designated as hedging instruments had a notional amount of \$21.8 million. These contracts have maturities of less than twelve months. Gains and losses arising from contracts designated as hedging instruments are recorded as a component of accumulated other comprehensive income (loss). As of June 30, 2021, these contracts had unrealized losses of \$0.2 million. There were no foreign exchange forward contracts at June 30, 2020 and June 30, 2019 that were designated as hedging instruments. See Note 14, Derivatives and Hedging for additional information.

The fair values of the interest rate swaps are based upon inputs corroborated by observable market data which is considered Level 2. As of June 30, 2021, the Company had entered into multiple interest rate swap contracts with the total notional amount of \$200.0 million. Changes in fair value of these contracts are recorded as a component of accumulated other comprehensive income (loss). As of June 30, 2021, and 2020 these contracts had unrealized losses of \$1.1 million and \$1.8 million, respectively. There were no interest rate swaps outstanding at June 30, 2019. See Note 14, Derivatives and Hedging for additional information.

The fair value of the borrowings under the Credit Agreement (as defined below) 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 2019 Credit Agreement, the fair value approximates the face amount of the Company's indebtedness of \$346.7 million and \$420.8 million as of June 30, 2021 and 2020, respectively. Such differences are immaterial for all periods presented.

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.

At June 30, 2021 and June 30, 2020, the Company reflected one liability measured at fair value of \$0.9 million and \$2.2 million, respectively, for contingent consideration related to a certain acquisition completed in fiscal 2018. The fair value measurement of the contingent consideration obligation is determined using Level 3 inputs. These fair value measurements represent Level 3 measurements as they are based on significant inputs not observable in the market. Changes in the value of the contingent consideration obligations is recorded in general and administrative expenses in the accompanying consolidated statements of operations.

The change in the acquisition-related contingent consideration obligations is as follows (in thousands):

	Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Beginning balance	\$ 2,167	\$ 6,298	\$ 12,749
Payments	(1,298)	(4,251)	(6,695)
Accretion on discount	44	120	244
Ending balance	<u>\$ 913</u>	<u>\$ 2,167</u>	<u>\$ 6,298</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

There were no transfers of assets or liabilities between Level 1, Level 2 or Level 3 during the year ended June 30, 2021 or 2020.

7. Goodwill and Intangible Assets

The following table reflects the changes in the carrying amount of goodwill (in thousands):

	June 30, 2021	June 30, 2020
Balance at beginning of period	\$ 331,159	\$ 138,577
Additions due to acquisitions (see Note 4)	—	192,582
Balance at end of period	<u>\$ 331,159</u>	<u>\$ 331,159</u>

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

	Weighted Average Remaining Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
June 30, 2021				
Developed technology	1.8 years	\$ 156,100	\$ 129,861	\$ 26,239
Customer relationships	4.8 years	63,039	54,204	8,835
Backlog	— years	400	400	—
Trade names	0.7 years	10,700	10,128	572
License agreements	5.4 years	2,445	2,053	392
Total intangibles, net		<u>\$ 232,684</u>	<u>\$ 196,646</u>	<u>\$ 36,038</u>

	Weighted Average Remaining Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
June 30, 2020				
Developed technology	2.4 years	\$ 156,100	\$ 103,806	\$ 52,294
Customer relationships	4.8 years	63,039	49,598	13,441
Backlog	— years	400	400	—
Trade names	1.4 years	10,700	8,554	2,146
License agreements	5.8 years	2,445	1,932	513
Other intangibles	— years	1,382	1,382	—
Total intangibles, net		<u>\$ 234,066</u>	<u>\$ 165,672</u>	<u>\$ 68,394</u>

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

	Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Amortization of intangibles in "Total cost of revenues"	\$ 26,246	\$ 26,793	\$ 19,638
Amortization of intangibles in "Operations"	6,110	8,425	6,346
Total amortization expense	<u>\$ 32,356</u>	<u>\$ 35,218</u>	<u>\$ 25,984</u>

The amortization expense that is recognized in "Total cost of revenues" is comprised of amortization for developed technology, license agreements and other intangibles.

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

For the fiscal year ending:	
2022	\$ 17,674
2023	12,278
2024	2,515
2025	1,700
2026	1,700
Thereafter	171
Total	<u>\$ 36,038</u>

8. Debt

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

	June 30, 2021	June 30, 2020
Current portion of long-term debt:		
Term Loan	\$ 26,125	\$ 19,000
Less: unamortized debt issuance costs	(2,404)	(2,484)
Current portion of long-term debt	<u>\$ 23,721</u>	<u>\$ 16,516</u>
Long-term debt, less current portion:		
Term Loan	\$ 320,625	\$ 346,750
Revolving Facility	—	55,000
Less: unamortized debt issuance costs	(4,760)	(7,165)
Total long-term debt, less current portion	<u>315,865</u>	<u>394,585</u>
Total debt	<u><u>\$ 339,586</u></u>	<u><u>\$ 411,101</u></u>

On May 1, 2018, the Company entered into a Credit Agreement (the "2018 Credit Agreement"), by and among the Company, as borrower, BMO Harris Bank N.A., as an issuing lender and swingline lender, Bank of Montreal, as an administrative and collateral agent, and the financial institutions or entities that are a party thereto as lenders. The 2018 Credit Agreement provided for i) a \$40 million five-year revolving credit facility (the "2018 Revolving Facility"), ii) a \$190 million five-year term loan (the "2018 Term Loan") and, iii) an uncommitted additional incremental loan facility in the principal amount of up to \$100 million ("2018 Incremental Facility").

In connection with the Acquisition as discussed in Note 4, 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.

The 2019 Credit Agreement, which replaced the 2018 Credit Agreement, provides for a 5-year first lien term loan facility in an aggregate principal amount of \$380 million and a 5-year revolving loan facility in an aggregate principal amount of \$75 million (the "2019 Revolving Facility"). In addition, the Company may request incremental term loans and/or incremental revolving loan commitments in an aggregate amount not to exceed the sum of \$100 million plus an unlimited amount that is subject to pro forma compliance with certain financial tests. On August 9, 2019, the Company used the additional proceeds from the term loan to partially fund the Acquisition and for working capital and general corporate purposes.

At the Company's election, the initial term loan under the 2019 Credit Agreement may be made as either base rate loans or Eurodollar loans. The applicable margin for base rate loans ranges from 0.25% to 2.50% per annum and the applicable margin for Eurodollar loans ranges from 1.25% to 3.50%, in each case based on Extreme's consolidated leverage ratio. All Eurodollar loans are subject to a Base Rate of 0.00%. In addition, the Company is required to pay a commitment fee of between 0.25% and 0.40% quarterly (currently 0.35%) on the unused portion of the 2019 Revolving Facility, also based on the Company's consolidated leverage ratio. Principal installments are payable on the new term loan in varying percentages quarterly starting December 31, 2019 and to the extent not previously paid, all outstanding balances are to be paid at maturity. The 2019 Credit Agreement is secured by substantially all of the Company's assets.

The 2019 Credit Agreement requires the Company to maintain certain minimum financial ratios at the end of each fiscal quarter. The 2019 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 2019 Credit Agreement also includes customary events of default which may result in acceleration of the payment of the outstanding balance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

On April 8, 2020, the Company entered into the first amendment to the 2019 Credit Agreement (the “First Amendment”) to waive certain terms and financial covenants of the 2019 Credit Agreement through July 31, 2020. On May 8, 2020, the Company entered into the second amendment to the 2019 Credit Agreement (the “Second Amendment”) which superseded the First Amendment and provided certain revised terms and financial covenants through March 31, 2021. Subsequent to March 31, 2021, the original terms and financial covenants under the 2019 Credit Agreement resumed in effect. The Second Amendment required the Company to maintain certain minimum cash requirement and certain financial metrics at the end of each fiscal quarter through March 31, 2021. Under the terms of the Second Amendment, the Company was not permitted to exceed \$55.0 million in its outstanding balance under the 2019 Revolving Facility, the applicable margin for Eurodollar rate was 4.5% and the Company was restricted from pursuing certain activities such as incurring additional debt, stock repurchases, making acquisitions or declaring a dividend, until the Company is in compliance with the original covenants of the 2019 Credit Agreement.

On November 3, 2020, The Company and its lenders entered into the Third Amendment to the 2019 Credit Agreement (the “Third Amendment”), to increase the sublimit for letters of credit to \$20.0 million. On December 8, 2020, the Company and its lenders entered into the fourth amendment to the 2019 Credit Agreement (the “Fourth Amendment”), to waive and amend certain terms and financial covenants within the 2019 Credit Agreement through March 31, 2021.

The Second Amendment provided for the Company to end the covenant Suspension Period early and revert to the covenants and interest rates per the original terms of the 2019 Credit Agreement dated August 9, 2019 by filing a Suspension Period Early Termination Notice and Covenant Certificate demonstrating compliance. For the twelve month period ended March 31, 2021 the Company’s financial performance was in compliance with the original covenants defined in the 2019 Credit Agreement and as such the Company filed a Suspension Early Termination Notice and Covenant Certificate with the administration agent subsequent to filing its Form 10-Q for the quarterly period ended March 31, 2021. Returning to compliance with the covenants per the original terms of the 2019 Credit Agreement dated August 9, 2019 resulted in the Company’s Eurodollar loan spread decreasing from 4.5% during the Suspension Period to 2.75%, and the unused facility commitment fee decreasing from 0.4% to 0.35%, and the limitation on revolver borrowings being removed effective May 1, 2021 after filing of the certificate with the administrative agent.

Financing costs incurred in connection with obtaining long-term financing are deferred and amortized over the term of the related indebtedness or credit agreement. During the year ended June 30, 2020, the Company incurred \$10.5 million of deferred financing costs in conjunction with 2019 Credit Agreement and \$1.5 million of deferred financing costs from the amendments and continues to amortize \$1.6 million of debt issuance costs as of August 9, 2019 that were associated with the previous facility. The interest rate as of June 30, 2021 was 2.8% and as of June 30, 2020 was 5.6%.

Amortization of deferred financing costs is included in “Interest expense” in the accompanying consolidated statements of operations, totaled \$3.0 million, \$2.5 million and \$0.6 million in fiscal years ended 2021, 2020 and 2019, respectively.

During the year ended June 30, 2021, the Company repaid \$55.0 million against its 2019 Revolving Facility that was outstanding as of June 30, 2020 and has no outstanding balance as of June 30, 2021. The Company has \$60.2 million availability under the 2019 Revolving Facility as of June 30, 2021.

The Company had \$14.8 million of outstanding letters of credit as of June 30, 2021.

The Company’s debt principal repayment schedule by period is as follows, excluding unamortized debt issuance costs (in thousands):

For the fiscal year ending:	
2022	\$ 26,125
2023	35,625
2024	38,000
2025	247,000
Total	<u>\$ 346,750</u>

9. Leases*Lessee Considerations*

The Company leases certain facilities, equipment, and vehicles under operating leases that expire on various dates through fiscal 2028. Its leases generally have terms that range from one year to ten years for its facilities, one year to five years for equipment, and one year to five years for vehicles. Some of its leases contain renewal options, escalation clauses, rent concessions, and leasehold improvement incentives.

The Company determines if an arrangement is a lease at inception. The Company has elected not to recognize a lease liability or right-of-use (“ROU”) asset for short-term leases (leases with a term of twelve months or less). Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The interest rate used to determine the present value of future payments is the Company’s incremental borrowing rate at the commencement date because the rate implicit in the leases are not readily determinable. The Company’s incremental borrowing rate is the rate for collateralized borrowings based on the current economic environment, credit history, credit rating, value of leases, currency in which the lease obligation is satisfied, rate sensitivity, lease term and materiality. The biggest drivers having the greatest effect determining the incremental borrowing rate for each one of the Company’s leases are term of the lease and the currency the in which the lease obligation is satisfied. Operating lease assets also included a reclassification for previous asset impairments and associated restructuring liabilities, deferred rent, lease incentives and initial direct costs which reduced the operating lease ROU assets as of July 1, 2019.

Some operating leases contain lease and non-lease components. Certain lease contracts include fixed payments for services, such as operations, maintenance, or other services. The Company has elected to account for fixed lease and non-lease components as a single lease component except for the logistic service asset class. Cash payments made for non-lease costs and variable lease costs are not included in the measurement of operating lease assets and liabilities and are recognized in the Company’s consolidated statements of operations as incurred. Some lease terms include one or more options to renew. The Company does not assume renewals in its determination of the lease term unless it is reasonably certain that it will exercise that option. The Company’s lease agreements do not contain any residual value guarantees.

Activity and other information relating to operating leases is as follows (in thousands, except for lease term and discount rate):

	Year Ended	
	June 30, 2021	June 30, 2020
Operating lease costs	\$ 18,840	\$ 19,600
Variable lease costs	6,487	6,176
Cash paid for amounts included in the measurement of operating liabilities	22,676	21,064
ROU assets obtained for new lease obligations	2,162	3,779
ROU assets obtained from Aerohive business combination	—	6,336
	June 30, 2021	June 30, 2020
Weighted average remaining lease term (in years)	3.7	4.3
Weighted Average Discount Rate	4.5%	4.5%

Short-term lease expense, which represents expense for leases with terms of one year or less, was not material for the years ended June 30, 2021 and 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The maturities of the Company's operating lease liabilities as of June 30, 2021 by fiscal year are as follows:

	<u>Operating Leases (in thousands)</u>
2022	\$ 20,541
2023	15,774
2024	6,552
2025	4,457
2026	4,313
Thereafter	<u>3,951</u>
Total future minimum lease payments	55,588
Less amount representing interest	<u>(4,330)</u>
Total operating lease liabilities	\$ 51,258
Operating lease liabilities, current	\$ 18,743
Operating lease liabilities, non-current	\$ 32,515

Sublease Considerations

The Company currently is a sublessor on several operating facility subleases that expire on various dates through fiscal 2023. The subleases have original terms ranging from two to six years and extend through the term of the underlying leases. The subleases do not include renewal options, purchase options, or termination rights. These operating subleases include only lease components. The Company included \$2.9 million and \$2.5 million of sublease income in lease expense for the years ended June 30, 2021 and 2020, respectively.

10. 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 manufactures 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 June 30, 2021, the Company had non-cancelable commitments to purchase \$38.2 million of inventory and other services, which will be received and consumed during fiscal 2022. The Company expects to utilize its non-cancelable purchase commitments in the normal ongoing operations.

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 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. Accordingly, for current proceedings, except as noted below, the Company is currently unable to estimate any

reasonably possible loss or range of possible loss. 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.

All currency conversions in this Legal Proceedings section are as of June 30, 2021.

XR Communications, LLC d/b/a Vivato Technologies v. Extreme Networks, Inc. Patent Infringement Suit

On April 19, 2017, XR Communications, LLC ("XR") (d/b/a Vivato Technologies) filed a patent infringement lawsuit against the Company in the Central District of California. The operative Second Amended Complaint asserts infringement of certain U.S. patent based on the Company's manufacture, use, sale, offer for sale, and/or importation into the United States of certain access points and routers supporting multi-user, multiple-input, multiple-output technology. XR seeks unspecified damages, on-going royalties, pre- and post-judgment interest, and attorneys' fees. The stay issued by the District Court in 2018 has been lifted.

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 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 to Orckit the right to enforce the judgment against the Company, which Orckit has provided notification to the Company that it will enforce the judgment. The Company has filed a request with the Court to suspend enforcement of the judgment. 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 cases were filed in the Federal Patent Court in Munich and seek to invalidate the asserted patents. Both nullity actions are proceeding.

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 their software. SNMP is seeking actual damages and profits attributed to the infringement, as well as equitable relief. The Company has filed a motion to dismiss and a motion to transfer the case to the Northern District of California. Both motions are pending.

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

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 possibly 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.

11. Stockholders' Equity

Preferred Stock

In April 2001, in connection with entering into the Company's Rights Agreement, the Company authorized the issuance of preferred stock. The preferred stock may be issued from time to time in one or more series. The Board of Directors (the "Board") is authorized to provide for the rights, preferences and privileges of the shares of each series and any qualifications, limitations or restrictions on these shares. As of June 30, 2021, no shares of preferred stock were outstanding.

Stockholders' Rights Agreement

On April 26, 2012, the Company entered into the "Restated Rights Plan. The Restated Rights Plan governs the terms of each right ("Right") that has been issued with respect to each share of common stock of Extreme Networks. Each Right initially represents the right to purchase one one-thousandth of a share of the Company's Preferred Stock.

The Company's Board of Directors adopted the Restated Rights Plan to preserve the value of deferred tax assets, including net operating loss carry forwards of the Company, with respect to its ability to fully use its tax benefits to offset future income which may be limited if the Company experiences an "ownership change" for purposes of Section 382 of the Internal Revenue Code of 1986 as a result of ordinary buying and selling of its common stock. Following its review of the terms of the plan, the Board decided it was necessary and in the best interests of the Company and its stockholders to enter into the Restated Rights Plan. From 2013 through 2020, the Board and stockholders approved amendments providing for one-year extensions of the term of the Restated Rights Plan. On May 17, 2021, the Board unanimously approved the 2021 Tax Benefit Preservation Plan, which amends and restates the Restated Rights Plan with a term that expires on May 17, 2024, subject to approval by the stockholders of the Company at the annual meeting of stockholders on November 4, 2021.

Equity Incentive Plan

The Board unanimously approved an amendment to the Extreme Networks, Inc. Amended and Restated 2013 Equity Incentive Plan to increase the maximum number of available shares by 7.0 million shares. The amendment was ratified by a majority of the stockholders at the Company's annual meeting of stockholders held on November 7, 2019.

Employee Stock Purchase Plan

The Board unanimously approved an amendment to the 2014 Employee Stock Purchase Plan to increase the maximum number of shares that will be available for sale thereunder by 7.5 million shares. The amendment was ratified by a majority of the stockholders of the Company at the annual meeting of stockholders held on November 8, 2018.

Common Stock Repurchases

On November 2, 2018, the Company announced that the Board had authorized management to repurchase up to \$60.0 million of the Company's common stock over a two-year period from the date of authorization. Purchases may be made from time to time through any means including, but not limited to, open market purchases and privately negotiated transactions. In February 2020, the Board increased the authorization to repurchase by \$40.0 million to \$100.0 million and extended the period for repurchase for three years from February 5, 2020. A maximum of \$30.0 million may be repurchased in any calendar year.

In fiscal 2020, the Company entered into an accelerated share repurchase agreement (the "November 2019 ASR") to repurchase shares of the Company's common stock. Pursuant to the November 2019 ASR, the Company paid \$30.0 million for 4.2 million shares at an average cash purchase price paid of \$7.09. There were no shares repurchased during the year ended June 30, 2021.

12. Employee Benefit Plans

As of June 30, 2021, the Company has the following share-based compensation plans:

2013 Equity Incentive Plan

The 2013 Equity Incentive Plan (the “2013 Plan”) was approved by stockholders on November 20, 2013. The 2013 Plan replaced the 2005 Equity Incentive Plan (the “2005 Plan”). Under the 2013 Plan, the Company may grant stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, and other share-based or cash-based awards to employees and consultants. The 2013 Plan also authorizes the grant of awards of stock options, stock appreciation rights, restricted stock and restricted stock units to non-employee members of the Board of Directors and deferred compensation awards to officers, directors and certain management or highly compensated employees. The 2013 Plan authorized the issuance of 9.0 million shares of the Company’s common stock. In addition, up to 12.7 million shares subject to stock options and awards available for issuance under the 2005 Plan may be transferred to the 2013 Stock Plan and would be added to the number of shares available for future grant under the 2013 Plan. The 2013 Plan includes provisions upon the granting of certain awards defined by the 2013 Plan as Full Value Awards in which the shares available for grant under the 2013 Plan are decremented 1.5 shares for each such award granted. Upon forfeiture or cancellation of unvested awards, the same ratio is applied in returning shares to the 2013 Plan for future issuance as was applied upon granting. During the fiscal year ended 2020 an additional 7.0 million shares were authorized and made available for grant under the 2013 Plan. As of June 30, 2021, total options and awards to acquire 10.3 million shares were outstanding under the 2013 Plan and 6.8 million shares are available for grant under the 2013 Plan. Options granted under this plan have a contractual term of seven years.

Aerohive 2014 Equity Incentive Plan

Pursuant to the acquisition of Aerohive on August 9, 2019, the Company assumed the Aerohive 2014 Equity Incentive Plan (the “Aerohive Plan”). Stock awards outstanding under the Aerohive Plan were converted into awards for Extreme shares as of the Acquisition Date at a predetermined rate pursuant to the Merger Agreement. As of June 30, 2021, total awards to acquire 0.05 million shares of Extreme common stock were outstanding under the Aerohive Plan. If a participant terminates employment prior to the vesting dates, the non-vested shares will be forfeited and retired. No future grants may be made from the Aerohive Plan.

Shares Reserved for Issuance

The following are shares reserved for issuance (in thousands):

	June 30, 2021	June 30, 2020
2013 Equity Incentive Plan shares available for grant	6,753	13,118
Employee stock options and awards outstanding	10,359	10,396
2014 Employee Stock Purchase Plan	4,414	7,364
Total shares reserved for issuance	<u>21,526</u>	<u>30,878</u>

Stock Options

The following table summarizes stock option activity under all plans (shares and intrinsic value in thousands):

	Number of Shares	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Options outstanding at June 30, 2020	2,922	\$ 4.95	3.09	\$ 1,688
Granted	—	—		
Exercised	(622)	3.21		
Cancelled	(655)	5.39		
Options outstanding at June 30, 2021	<u>1,645</u>	\$ 5.44	3.62	\$ 9,404
Vested and expected to vest at June 30, 2021	1,645	\$ 5.44	3.62	\$ 9,404
Exercisable at June 30, 2021	1,241	\$ 5.04	3.16	\$ 7,588

The total intrinsic value of options exercised in fiscal years 2021, 2020 and 2019 was \$3.9 million, \$0.6 million and \$0.8 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The weighted average estimated fair value of stock options granted in fiscal year 2020 was \$3.52. The weighted average estimated fair value of stock options granted in fiscal year 2019 was \$2.62 per share. As of June 30, 2021, there was \$1.2 million of total unrecognized compensation cost related to unvested stock options that will be recognized over a weighted-average period of 1.9 years.

Stock Options – Performance Stock Options

During the first quarter of fiscal 2019, the Company granted 851,700 Performance Stock Options (“PSOs”) to certain officers and executive vice presidents that will vest if the Company’s stock price achieves a price hurdle of \$10.00 during the three-year performance period from August 29, 2018 through August 31, 2021. The price hurdle will be deemed to have been achieved if, at any time over the performance period, the Company’s stock maintains a price of \$10.00 for 30 consecutive days. If the price hurdle is achieved, the PSOs will vest (ratably based upon the time elapsed between August 31, 2018 and the date the hurdle is met) and the remainder will vest quarterly through August 31, 2021. The grant date fair value of these PSOs was \$2.62.

During the fourth quarter of fiscal 2021, the price hurdle was achieved and 550,300 PSOs remain outstanding as of June 30, 2021.

Stock Awards

Stock awards may be granted under the 2013 Plan on terms approved by the Compensation Committee of the Board of Directors. Stock awards generally provide for the issuance of restricted stock units (“RSUs”), including performance-based or market-based 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 awards over the vesting period based on the award’s intrinsic value as of the date of grant.

The following table summarizes stock award activity (shares and market value in thousands):

	Number of Shares	Weighted- Average Grant Date Fair Value	Aggregate Fair Value
Non-vested stock awards outstanding at June 30, 2020	7,474	\$ 6.83	
Granted	6,367	5.16	
Released	(3,909)	6.86	
Cancelled	(1,218)	7.58	
Non-vested stock awards outstanding at June 30, 2021	<u>8,714</u>	\$ 5.51	\$ 97,252
Stock awards expected to vest at June 30, 2021	8,714	\$ 5.51	\$ 97,252

The RSU’s 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 aggregate fair value, as of the respective grant dates of awards granted during the years ended 2021, 2020 and 2019 was \$32.9 million, \$45.9 million and \$30.0 million, respectively.

For each of the fiscal years ended 2021, 2020 and 2019, the Company withheld an aggregate of 1.3 million shares upon the vesting of awards, based upon the closing share price on the vesting date as settlement of the employees’ minimum statutory obligation for the applicable income and other employment taxes.

For fiscal years ended 2021, 2020 and 2019, the Company remitted cash of \$9.2 million, \$8.0 million and \$8.4 million, respectively, to the appropriate taxing authorities on behalf of the employees. The payment of the taxes by the Company reduced the number of shares that would have been issued on the vesting date and was recorded as a reduction of additional paid-in capital in the consolidated balance sheets and as a reduction of “Proceeds from issuance of common stock” in the financing activity within the consolidated statements of cash flows.

As of June 30, 2021, there was \$32.7 million in unrecognized compensation costs related to non-vested stock awards which includes the performance and market condition awards as discussed below. This cost is expected to be recognized over a weighted-average period of 1.4 years.

Stock Awards - Fiscal 2021

RSUs granted during fiscal 2021 to named executive officers and directors totaled 1.6 million awards which included awards with market conditions as discussed below.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

On July 27, 2020, the Compensation Committee of the Board granted 0.5 million RSUs with vesting based on market conditions (“MSU”) to certain of the Company’s named executive officers. These MSUs will vest based on the Company’s total shareholder return (“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 up to 150% of the original grant. The MSUs vest based on the Company’s TSR relative to the TSR of the Index over performance periods from August 15, 2020 through August 15, 2023, 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 1 and 2 and the ability for up to the maximum of the full award to vest based on the full 3-year TSR less any shares vested based on 1- and 2- 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 these MSU was \$5.32. The assumptions used in the Monte-Carlo simulation included the expected volatility of 69%, risk-free rate of 0.18%, no expected dividend yield, expected term of 3 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.

Stock Awards - Fiscal 2020

RSUs granted during fiscal 2020 included 0.6 million RSUs to named executive officers and directors.

Stock Awards - Fiscal 2019 and 2018

During fiscal 2019 and 2018, the Company approved the grant of 0.6 million shares underlying stock awards each year in the form of restricted stock units with certain performance conditions (“PSUs”) to named executive officers and other vice president level employees. These PSUs would vest once the Company’s earnings as determined under U.S. generally accepted accounting principles aggregates at least \$0.09 per share over two consecutive quarters exclusive of the PSU related share-based compensation expense (the “Performance Thresholds”). Upon satisfying the Performance Thresholds, the PSUs will vest with respect to the same number of RSUs that have vested which were granted on the same date and thereafter will vest on the same schedule as the RSUs, subject to continued service to the Company. The PSUs will expire if the Performance Thresholds are not met by the third anniversary of their respective grant dates. The PSUs issued in fiscal 2018 expired in August 2020 without achieving the Performance Threshold. During the year ended June 30, 2021, the Performance Threshold for outstanding PSUs issued in fiscal 2019 were achieved and, the Company recorded \$2.7 million compensation expense related to these PSU’s.

Stock Awards - Performance Grant Activity

The following table summarizes PSU’s with market or performance-based conditions granted and the number of awards that have satisfied the relevant market or performance criteria in each period (in thousands):

	Fiscal year 2021	Fiscal year 2020	Fiscal year 2019
Performance awards granted	475	—	635
Performance awards earned	—	56	342

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

2014 Employee Stock Purchase Plan

On August 27, 2014, the Board of Directors approved the adoption of Extreme Network's 2014 Employee Stock Purchase Plan (the "2014 ESPP"). On November 12, 2014, the stockholders approved the 2014 ESPP with the maximum number of shares of common stock that may be issued under the plan of 12.0 million shares. The Board of Directors unanimously approved an amendment to the 2014 ESPP to increase the maximum number of shares that will be available for sale by 7.5 million shares which was ratified by the stockholders of the Company at the annual meeting of stockholders held on November 8, 2018. The 2014 ESPP replaced the 1999 Employee Stock Purchase Plan. The 2014 ESPP allows eligible employees to acquire shares of the Company's common stock through periodic payroll deductions of up to 15% of total compensation, subject to the terms of the specific offering periods outstanding. Each purchase period had a maximum duration of six months. The price at which the common stock may be purchased is 85% of the lesser of the fair market value of the Company's common stock on the first day of the applicable offering period or on the last day of the respective purchase period.

During the fiscal years ended June 30, 2021 and 2020, there were 2.9 million and 2.7 million shares issued under the 2014 ESPP. As of June 30, 2021, there have been an aggregate 15.1 million shares issued under the 2014 ESPP.

Effective with the offering period beginning on February 1, 2016, the Company amended the 2014 ESPP to increase the maximum shares issuable for each purchase period from 1.0 million shares to 1.5 million shares. Effective with the offering period beginning on August 1, 2016, the Company amended the 2014 ESPP so that all future offering periods are limited to six months and to make certain other changes to the 2014 ESPP including adding new contribution limits for each offering period.

Share-Based Compensation Expense

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

	Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Cost of product revenues	\$ 1,209	\$ 1,240	\$ 844
Cost of service and subscription revenues	1,662	1,620	1,639
Research and development	9,969	10,324	10,443
Sales and marketing	12,505	11,914	11,747
General and administrative	13,706	12,265	8,224
Integration costs	—	479	—
Total share-based compensation expense	<u>\$ 39,051</u>	<u>\$ 37,842</u>	<u>\$ 32,897</u>

The Company uses the straight-line method for expense attribution, other than for the PSUs and MSU's, which may use the accelerated attribution method. The Company does not estimate forfeitures, but rather recognizes expense for those shares expected to vest and recognizes forfeitures when they occur.

The fair value of each stock option grant under the Company's 2013 Plan is estimated on the date of grant that uses the Black-Scholes-Merton option valuation model with the weighted average assumptions noted in the following table. The expected term of options granted is derived from historical data on employee exercise and post-vesting employment termination behavior. The risk-free rate is based upon the estimated life of the option and is based on the U.S. Treasury yield curve in effect at the time of grant. Expected volatility is based on a blended rate of the implied volatilities from traded options on the Company's stock and historical volatility on the Company's stock.

The fair value of each RSU grant with market-based vesting criteria under the 2013 Plan is estimated on the date of grant using the Monte-Carlo simulation model to determine the fair value and the derived service period of stock awards with market conditions, on the date of the grant.

The fair value of each share purchase option under the Company's 2014 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 2014 ESPP shares is the offering period for each purchase. The risk-free rate is based upon the estimated life and is based 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 stock.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The weighted-average estimated per share fair value of shares purchased under the 2014 ESPP in fiscal years 2021, 2020 and 2019, was \$2.47, \$1.90 and \$2.71, respectively.

	Employee Stock Purchase Plan		
	Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Expected life	0.5 years	0.5 years	0.5 years
Risk-free interest rate	0.09%	1.71%	2.22%-2.46%
Volatility	95%	43%	70%
Dividend yield	—%	—%	—%

401(k) Plan

The Company provides a tax-qualified employee savings and retirement plan, commonly known as a 401(k) plan (the “Plan”), which covers the Company’s eligible employees. Pursuant to the Plan, employees may elect to reduce their current compensation up to the IRS annual contribution limit of \$19,500 for calendar year 2021. Employees age 50 or over may elect to contribute an additional \$6,500. The amount contributed to the Plan is on a pre-tax basis.

The Company provides for discretionary matching contributions as determined by the Board of Directors for each calendar year. All matching contributions vest immediately. In addition, the Plan provides for discretionary contributions as determined by the Board of Directors each year. The program effective during fiscal 2021 was established to match \$0.50 for every Dollar contributed by the employee up to the first 5.0% of pay. The Company’s matching contributions to the Plan totaled \$4.2 million, \$3.2 million and \$4.2 million, for fiscal years ended 2021, 2020 and 2019, respectively. No discretionary contributions were made in fiscal years ended 2021, 2020 and 2019.

13. Information about Segments of Geographic Areas

The Company operates in one segment, which develops and markets network infrastructure equipment. Revenues are attributed to a geographical area based on the location of the customers. The Company operates in three geographic theaters: Americas, which includes the United States, Canada, Mexico, Central America and South America; EMEA, which includes Europe, Russia, Middle East and Africa; and APAC which includes Asia Pacific, China, South Asia and Japan. The Company’s chief operating decision maker (“CODM”), who is its CEO, 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 customers’ billing address.

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

Long-lived Assets	June 30, 2021	June 30, 2020
Americas	\$ 151,839	\$ 177,443
EMEA	25,940	39,477
APAC	13,560	16,802
Total long-lived assets	\$ 191,339	\$ 233,722

14. Derivatives and Hedging*Interest Rate Swaps*

The Company is exposed to interest rate risk on its debt. The Company enters into interest rate swap contracts to effectively manage the impact of fluctuations of interest rate changes on its outstanding debt which has 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 assessment, 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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 income (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 June 30, 2021 and June 30, 2020, the total notional amount of these interest rate swaps were \$200.0 million and had maturity dates through April 2023. As of June 30, 2021 and June 30, 2020, these contracts had unrealized losses of \$1.1 million and \$1.8 million, respectively, which are recorded in accumulated other comprehensive income (loss) with the associated liability in “Other accrued liabilities” in the accompanying consolidated balance sheets. The Company did not have any interest rate swaps as of June 30, 2019. Realized gains and losses are recognized as incurred into interest expense. Amounts reported in accumulated other comprehensive income related to these cash flow hedges will be reclassified to interest expense over the life of the swap contracts. The Company estimates that \$0.9 million will be reclassified to interest expense over the next twelve months. The classification and fair value of these cash flow hedges are discussed in Note 6, Fair Value Measures.

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 to mitigate the effect of gains and losses generated by foreign currency transactions related to certain operating expenses and remeasurement of certain assets and liabilities denominated in foreign currencies.

For foreign exchange forward contracts not designated as hedging instruments, the fair value of the 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 consolidated balance sheets. Changes in the fair value of derivatives are recorded in “Other income (expense), net” in the accompanying consolidated statements of operations. As of June 30, 2021 and 2020 foreign exchange forward currency contracts not designated as hedging instruments had the total notional amount of \$23.0 million and \$4.0 million, respectively. At June 30, 2019 the Company did not have any foreign exchange forward contracts. These contracts had maturities of less than 40 days. For the years ended June 30, 2021 and 2020, the net gains recorded in the consolidated statement of operations from these contracts were \$0.5 million and \$0.1 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 foreign exchange forward contracts designated as hedging instruments, gains and losses arising from these contracts are recorded as a component of accumulated other comprehensive income (loss) on the consolidated balance sheets. The hedging gains and losses in accumulated other comprehensive income are subsequently reclassified to expenses, as applicable, in the consolidated statements of operations in the same period in which the underlying transactions affect our earnings. As of June 30, 2021 foreign exchange forward contracts designated as hedging instruments had the notional amount of \$21.8 million. These contracts have maturities of less than twelve months. As of June 30, 2021, these contracts had unrealized losses of \$0.2 million which are recorded in accumulated other comprehensive income (loss) with the associated liability in other accrued liabilities in the accompanying consolidated balance sheets. There were no foreign exchange forward contracts at June 30, 2020 and June 30, 2019 that were designated as hedging instruments.

Foreign currency transaction gains and losses from operations was a loss of \$2.2 million in fiscal year ended June 30, 2021 and gains of \$0.6 million and \$0.1 million in the fiscal years 2020 and 2019.

15. Restructuring, Impairments, and Related Charges

As of June 30, 2021 and June 30, 2020, restructuring liabilities were \$0.3 million and \$2.2 million, respectively, which are recorded in “Other accrued liabilities” in the accompanying consolidated balance sheets. The restructuring liabilities consist of obligations pertaining to the estimated future obligations for non-cancelable lease payments and severance and benefits obligations through June 30, 2019 and only severance, benefits and other related obligations subsequent to the adoption of ASU 2016-02 *Leases* (Topic 842) on July 1, 2019. During years ended 2021, 2020 and 2019, the Company recorded restructuring, impairments and related charges of \$2.6 million, \$22.0 million and \$5.1 million, respectively. The charges are reflected in “Restructuring and related charges” in the consolidated statements of operations.

2021 Restructuring

During fiscal 2021, the Company continued its cost reduction initiative begun in the third quarter of fiscal 2020 and recorded related severance, benefits, and equipment relocation charges of \$1.5 million, related to the 2020 Plan. In addition, the Company incurred facility-related charges of \$1.1 million, related to previously impaired facilities. Severance and benefits charges consisted primarily of additional employee severance and benefit expenses incurred under the reduction-in-force action initiated in the third quarter of fiscal 2020 (the “2020 Plan”). With the reduction and realignment of the headcount under the 2020 Plan, the Company is relocating certain of its lab equipment to third-party consulting companies. The Company has incurred \$9.6 million of charges under the 2020 Plan through June 30, 2021. The Company expects to incur additional equipment related relocation expenses of \$0.5 million and expects to substantially complete these activities by the first half of fiscal 2022. The facility restructuring charges included additional facilities expenses related to previously impaired facilities.

2020 Restructuring and Impairment

During fiscal 2020, the Company moved to reduce its operating expenses by exiting a floor in its San Jose, California facility and consolidating its workforce. Also, the Company exited additional space in its Salem, New Hampshire facility, which includes general office and lab space. The Company continued its initiative to realign its operations resulting from the acquisition of Aerohive and consolidating its workforce and exiting the facility it acquired from Aerohive in Milpitas, California which includes general office and lab space. The Company had the intent and ability to sub-lease these facilities which it had ceased using and as such, had considered estimated future sub-lease income based on its existing lease agreements, as well as the local real estate market conditions, in measuring the amount of asset impairment. The Company also factored into its estimate the time for a sub-lease tenant to enter into an agreement and complete any improvements.

With the global disruptions and slow-down in the demand of its products caused by the global pandemic outbreak, COVID-19, and the uncertainty around the timing of the recovery of the market, the Company initiated a reduction-in-force plan (the 2020 Plan) to reduce its operating costs and enhance financial flexibility. The plan affected approximately 320 employees primarily from the research and development and sales organizations who were located mainly in the U.S. and India. The Company recorded restructuring charges of \$8.1 million during the fiscal year ended June 30, 2020 related to the 2020 Plan. The Company incurred additional charges related to this 2020 Plan through the first quarter of fiscal 2021, which primarily included employee severance and benefit expenses. The Company recorded additional severance and benefits charges of \$5.4 million for the fiscal year ended June 30, 2020 related to the previous year’s restructuring plans. In total the Company incurred \$13.5 million in restructuring charges for the year ended June 30, 2020 which were all severance and benefit related. In addition, the Company recorded facility impairment related charges of \$8.5 million for the fiscal year ended June 30, 2020 which included \$6.7 million for the impairment of ROU assets as referenced in the preceding paragraph, \$0.9 million for impairment of long-lived assets, and \$0.9 million of other charges related to previously impaired facilities.

2019 Restructuring and Impairment

The Company recorded a total of \$5.1 million in restructuring and impairment charges during the year ended June 30, 2019. A reduction-in-force in its fourth fiscal quarter of fiscal 2019 was announced to better align its work force and operating expenses. Costs associated with the 2019 Plan are primarily comprised of employee severance and benefits expenses, relocation of personnel and equipment and exit of excess facilities. The Company recorded \$3.7 million related to employee severance and benefits expenses during the year ended June 30, 2019 under the 2019 Plan. Also, \$1.1 million of additional charges related to continuation of earlier actions associated with a reduction-in-force in the fourth quarter of fiscal 2018. The Company also incurred charges of \$0.3 million for changes to its estimates for accrued lease costs pertaining to the estimated future obligations for non-cancelable lease payments of its excess facilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Restructuring liabilities consist of (in thousands):

	<u>Excess Facilities</u>	<u>Severance and Other</u>	<u>Total</u>
Balance as of June 30, 2018	\$ 1,797	\$ 4,658	\$ 6,455
Period charges	254	5,274	5,528
Period reversals	—	(438)	(438)
Period payments	(287)	(5,935)	(6,222)
Balance as of June 30, 2019	\$ 1,764	\$ 3,559	\$ 5,323
Period charges	—	14,875	14,875
Period reversals	—	(1,369)	(1,369)
Reclassification to reduce operating lease assets	(1,764)	—	(1,764)
Period payments	—	(14,846)	(14,846)
Balance at June 30, 2020	\$ —	\$ 2,219	\$ 2,219
Period charges	—	1,597	1,597
Period reversals	—	(128)	(128)
Period payments	—	(3,417)	(3,417)
Balance at June 30, 2021	<u>\$ —</u>	<u>\$ 271</u>	<u>\$ 271</u>

16. Income Taxes

Income (loss) before income taxes is as follows (in thousands):

	<u>Year Ended</u>		
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Domestic	\$ (4,194)	\$ (143,651)	\$ 22,330
Foreign	14,379	23,159	(48,204)
Income (loss) before income taxes	<u>\$ 10,185</u>	<u>\$ (120,492)</u>	<u>\$ (25,874)</u>

The provision (benefit) for income taxes for the years ended 2021, 2020 and 2019 consisted of the following (in thousands):

	<u>Year Ended</u>		
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Current:			
Federal	\$ —	\$ (22)	\$ —
State	1,160	256	655
Foreign	5,334	4,597	5,100
Total current	<u>6,494</u>	<u>4,831</u>	<u>5,755</u>
Deferred:			
Federal	324	333	(3,691)
State	1,169	44	(488)
Foreign	262	1,145	(1,597)
Total deferred	<u>1,755</u>	<u>1,522</u>	<u>(5,776)</u>
Provision (benefit) for income taxes	<u>\$ 8,249</u>	<u>\$ 6,353</u>	<u>\$ (21)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The difference between the provision (benefit) for income taxes and the amount computed by applying the federal statutory income tax rate (21 percent) to income (loss) before income taxes is explained below (in thousands):

	Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Tax at federal statutory rate	\$ 2,139	\$ (25,303)	\$ (5,433)
State income tax, net of federal benefit	917	202	517
Release of foreign valuation allowance	—	—	(2,794)
Release of US valuation allowance – Tax reform	—	—	(4,680)
Establishment of Irish valuation allowance	—	—	8,642
US valuation allowance change – deferred tax movement	(9,387)	2,414	(4,444)
Research and development credits	(2,423)	(4,947)	(6,598)
Tax impact of foreign earnings	11,979	6,925	9,817
Foreign withholding taxes	828	762	745
Stock based compensation	1,162	4,349	2,436
Goodwill amortization	1,467	331	834
Nondeductible officer compensation	1,496	862	713
Nondeductible meals and entertainment	71	364	517
AMT credit monetization	—	(22)	—
Gain on transfer of intellectual property ("IP")	—	19,819	—
Other	—	597	(293)
Provision (benefit) for income taxes	<u>\$ 8,249</u>	<u>\$ 6,353</u>	<u>\$ (21)</u>

Significant components of the Company's deferred tax assets are as follows (in thousands):

	June 30,		
	2021	2020	2019
Deferred tax assets:			
Net operating loss carry-forwards	\$ 69,126	\$ 74,548	\$ 36,514
Tax credit carry-forwards	68,003	67,364	54,745
Depreciation	3,113	2,755	2,168
Intangible amortization	35,340	32,642	36,882
Deferred revenue	11,625	7,610	1,887
Inventory write-downs	14,501	13,014	10,277
Other allowances and accruals	28,899	32,318	30,210
Stock based compensation	2,792	3,169	4,114
Deferred intercompany gain	3,693	3,693	3,693
Ireland goodwill amortization	6,303	7,132	—
Other	1,175	888	673
Total deferred tax assets	<u>244,570</u>	<u>245,133</u>	<u>181,163</u>
Valuation allowance	<u>(230,588)</u>	<u>(232,862)</u>	<u>(169,343)</u>
Total net deferred tax assets	<u>13,982</u>	<u>12,271</u>	<u>11,820</u>
Deferred tax liabilities:			
Goodwill amortization	(8,575)	(6,691)	(4,904)
Prepaid commissions	(3,166)	(1,958)	(1,585)
Deferred tax liability on foreign withholdings	(578)	(551)	(505)
Total deferred tax liabilities	<u>(12,319)</u>	<u>(9,200)</u>	<u>(6,994)</u>
Net deferred tax assets	<u>\$ 1,663</u>	<u>\$ 3,071</u>	<u>\$ 4,826</u>
Recorded as:			
Net non-current deferred tax assets	5,491	5,405	6,783
Net non-current deferred tax liabilities	(3,828)	(2,334)	(1,957)
Net deferred tax assets	<u>\$ 1,663</u>	<u>\$ 3,071</u>	<u>\$ 4,826</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Company's global valuation allowance decreased by \$2.2 million in the fiscal year ended June 30, 2021 and increased by \$63.5 million in the fiscal year ended June 30, 2020. The Company has provided a full valuation allowance against all of its U.S. federal and state deferred tax assets, as well as valuation allowances against certain non-U.S. deferred tax assets in Ireland and Brazil. The valuation allowance is determined by assessing both negative and positive available evidence to determine whether it is more likely than not that the deferred tax assets will be recoverable. The Company's inconsistent earnings in recent periods, including a cumulative loss over the last three 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. The valuation allowance is evaluated periodically and can be reversed partially or in full if business results and the economic environment have sufficiently improved to support realization of the Company's deferred tax assets.

As of June 30, 2021, the Company had net operating loss carry-forwards ("NOLs") for U.S. federal and state tax purposes of \$242.0 million and \$156.2 million, respectively. As of June 30, 2021, the Company also had foreign net operating loss carry-forwards in Ireland, Australia and Brazil of \$17.2 million, \$7.7 million and \$14.7 million, respectively. As of June 30, 2021, the Company also had federal and state tax credit carry-forwards of \$42.8 million and \$31.9 million, respectively. These credit carry-forwards consist of research and development tax credits as well as foreign tax credits. Of the \$242.0 million U.S. federal net operating loss carry-forwards, \$144.9 million will begin to expire in the fiscal year ending June 30, 2033 and \$97.1 million have an indefinite carryforward life. The state net operating losses of \$156.2 million will begin to partially expire in the fiscal year ending June 30, 2022. The foreign net operating losses can generally be carried forward indefinitely. Federal research and development tax credits of \$33.7 million will expire beginning in fiscal 2022, if not utilized and foreign tax credits of \$9.1 million will expire beginning in fiscal 2022. North Carolina state research and development tax credits of \$0.9 million will expire beginning in the fiscal year ending June 30, 2024, if not utilized. California state research and development tax credits of \$31.0 million do not expire and can be carried forward indefinitely.

In October 2020, the Company performed an analysis under Section 382 of the Internal Revenue Code ("IRC") with respect to its net operating loss and credit carry-forwards to determine whether a potential ownership change had occurred that would place a limitation on the annual utilization of these U.S. tax attributes. It was determined that no ownership change had occurred during the fiscal year ended June 30, 2020, however, it is possible a subsequent ownership change could limit the utilization of the Company's tax attributes. The Company also performed in June 2020 a separate IRC section 382 analysis with respect to the NOLs and tax credits acquired from Aerohive and have determined that while the Company will be subject to an annual limitation, the Company should not be limited on the full utilization of the losses and credits during the statutory allowable carryforward period for the NOLs and credits.

As of June 30, 2021, cumulative undistributed, indefinitely reinvested earnings of non-U.S. subsidiaries totaled \$29.1 million. It has been the Company's historical policy to invest the earnings of certain foreign subsidiaries indefinitely outside the U.S. The Company has reviewed its prior position on the reinvestment of earnings of certain foreign subsidiaries and has recorded a deferred tax liability of \$0.6 million related to withholding taxes that may be incurred upon repatriation of earnings from jurisdictions where no indefinite reinvestment assertion is made. The Company continues to maintain an indefinite reinvestment assertion for earnings in certain of its foreign jurisdictions. The unrecorded deferred tax liability for potential tax associated with repatriation of these earnings as well as the deemed repatriation related to U.S. tax reform enacted in 2017 is \$5.3 million.

The Company conducts business globally and as a result, most of its subsidiaries file income tax returns in various domestic and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world. Its major tax jurisdictions are the U.S., Ireland, India, California, New Hampshire, Texas and North Carolina. In general, the Company's U.S. federal income tax returns are subject to examination by tax authorities for fiscal years ended June 2001 forward due to net operating losses and the Company's state income tax returns are subject to examination for fiscal years ended June 2000 forward due to net operating losses. Statutes related to material foreign jurisdictions are generally open for fiscal years ended June 2017 forward for Ireland and for tax year ended March 2018 forward for India.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was signed into law in the United States. The CARES Act, among other things, includes modifications to net operating loss carryforward provisions and net interest expense deductions, and allows deferment of employer social security tax payments. The Company evaluated the provisions of the CARES Act and how certain elections may impact our financial position and results of operations, and have determined the enactment of the CARES Act did not have a material impact to the income tax provision for the fiscal year ended June 30, 2020, or to the net deferred tax assets as of June 30, 2020.

The U.S. tax rules require U.S. tax on foreign earnings, known as Global Intangible Low Taxed Income ("GILTI"). Under U.S. GAAP, taxpayers are allowed to make an accounting policy election of either (1) treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current-period expense when incurred (the "period cost method") or (2) factoring such amounts into a company's measurement of its deferred taxes (the "deferred method"). The Company has elected to account for GILTI tax as a component of tax expense in the period in which it is incurred under the period cost method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

On August 9, 2019, the Company completed its acquisition of Aerohive. This acquisition was treated as a non-taxable stock acquisition and therefore Extreme Networks has carryover tax basis in the assets and liabilities acquired. During the fourth quarter of fiscal 2020 following the acquisition of Aerohive, the Company realigned the Aerohive related non-American intellectual property (“IP”) rights to correspond with the Company’s global operating model. This transaction resulted in recognition of a \$75 million U.S. tax gain which was fully consumed by existing NOLs and the intangibles transferred are being amortized over 10 years for Irish statutory purposes.

As of June 30, 2021, the Company had \$19.1 million of unrecognized tax benefits. If fully recognized in the future, \$0.4 million would impact the effective tax rate, and \$18.7 million would result in adjustments to deferred tax assets and corresponding adjustments to the valuation allowance. The Company does not reasonably expect the amount of unrealized tax benefits to materially decrease during the next twelve months. The decrease in the current year related to prior year tax positions relates to the reclassification of an unrecognized tax benefit to a valuation allowance with no net impact to the financial statements.

A reconciliation of the beginning and ending amount of total unrecognized tax benefits is as follows (in thousands):

Balance at June 30, 2018	\$ 17,506
Increase related to prior year tax positions	26
Lapse of statute of limitations	(364)
Balance at June 30, 2019	17,168
Increase related to prior year tax positions	8,906
Increase related to current year tax positions	44
Decrease related to prior year tax positions	(1,800)
Lapse of statute of limitations	(421)
Balance at June 30, 2020	23,897
Decrease related to prior year tax positions	(4,296)
Increase related to prior year tax positions	28
Increase related to current year tax positions	72
Lapse of statute of limitations	(637)
Balance at June 30, 2021	\$ 19,064

Estimated interest and penalties related to the underpayment of income taxes, if any are classified as a component of tax expense in the consolidated statements of operations and totaled less than \$0.1 million for each of the years ended 2021, 2020 and 2019.

17. 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 income (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares of common stock used in the basic net income (loss) per share calculation plus the dilutive effect of shares subject to repurchase, options and unvested restricted stock.

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

	Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Net income (loss)	\$ 1,936	\$ (126,845)	\$ (25,853)
Weighted-average shares used in per share calculation - basic	124,019	119,814	117,954
Options to purchase common stock	542	—	—
Restricted stock units	3,047	—	—
Employee Stock Purchase Plan shares	61	—	—
Weighted-average shares used in per share calculation - diluted	127,669	119,814	117,954
Net income (loss) per share - basic and diluted			
Net income (loss) per share - basic	\$ 0.02	\$ (1.06)	\$ (0.22)
Net income (loss) per share - diluted	\$ 0.02	\$ (1.06)	\$ (0.22)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Potentially dilutive common shares from employee incentive plans are determined by applying the treasury stock method to the assumed exercise of outstanding stock options, the assumed vesting of outstanding restricted stock units, and the assumed issuance of common stock under the ESPP. Weighted stock options outstanding with an exercise price higher than the Company's average stock price for the periods presented are excluded from the calculation of diluted net loss per share since the effect of including them would have been anti-dilutive due to the net loss position of the Company during the periods presented.

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):

	Year Ended		
	June 30, 2021	June 30, 2020	June 30, 2019
Options to purchase common stock	637	3,036	2,693
Restricted stock units	80	8,103	8,337
Employee Stock Purchase Plan shares	334	553	612
Total shares excluded	<u>1,051</u>	<u>11,692</u>	<u>11,642</u>

18. Subsequent Event

On August 6, 2021, the Company along with its subsidiary Extreme Networks Ireland Holding Ltd, entered into a put option agreement with InfoVista SAS, relating to the transfer of ownership of Ipanematech SAS ("Ipanematech"). Appended to the put option agreement is a form of sale and purchase agreement which provides for the acquisition at a fixed purchase price of €60 million (approximately \$73 million based on the currency exchange rate as of the time of the announcement), payable at closing of the acquisition.

The acquisition will be accounted for using the acquisition method of accounting whereby the acquired assets and liabilities of Ipanematech will be recorded at their respective fair values and added to those of the Company including an amount for goodwill representing the difference between the acquisition consideration and the fair value of the identifiable net assets. Results of operations of Ipanematech will be included in the operations of the Company beginning with the closing date. As of the date of the filing of this Form 10-K, the initial purchase price allocation has not been prepared as the acquisition has not been completed.

For the fiscal year ended June 30, 2021, the transaction costs related to this acquisition were immaterial and were included in "General and administrative" expense in the accompanying consolidated statements of operations.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures**Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures are controls and procedures designed to reasonably assure 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 reasonably assure 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 June 30, 2021.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurances with respect to financial statement preparation. Further because of changes in conditions, the effectiveness of internal control may vary over time.

We assessed the effectiveness of our internal control over financial reporting as of June 30, 2021. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework (2013). Based on our assessment using those criteria, we concluded that, as of June 30, 2021, our internal control over financial reporting is effective.

Our independent registered public accounting firm, Ernst & Young LLP, has audited the consolidated financial statements as of and for the year ended June 30, 2021 included in this Annual Report on Form 10-K and has issued its report on our internal control over financial reporting as of June 30, 2021.

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) during the fourth quarter of 2021 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 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.

Item 9B. Other Information

None.

PART III

Certain information required by Part III is incorporated by reference from our definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with the solicitation of proxies for our 2021 Annual Meeting of Stockholders (the “Proxy Statement”) not later than 120 days after the end of the fiscal year covered by this report, and certain information therein is incorporated in this report by reference.

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this section for our directors is incorporated by reference from the information in the section entitled “Proposal One: Election of Directors” in the Proxy Statement. The information required by this section for our executive officers is incorporated by reference from the information in the section entitled “Executive Compensation and Other Matters” in the Proxy Statement.

Item 405 of Regulation S-K calls for disclosure of any known late filing or failure by an insider to file a report required by Section 16 of the Exchange Act. This disclosure is contained in the section entitled “Section 16(a) Beneficial Ownership Reporting Compliance” in the Proxy Statement and is incorporated herein by reference.

Information with respect to Item 406 of Regulation S-K is incorporated by reference to the information contained in the section captioned “Code of Ethics and Corporate Governance Materials” in the Proxy Statement.

Item 11. Executive Compensation

The information required by this section is incorporated by reference from the information in the sections entitled “Director Compensation”, “Executive Compensation and Other Matters” and “Report of the Compensation Committee” in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this section is incorporated by reference from the information in the section entitled “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement.

The information required by this section regarding securities authorized for issuance under equity compensation plans is incorporated by reference from the information in the section entitled “Equity Compensation Plan Information” in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this section is incorporated by reference from the information in the section titled “Certain Relationships and Related Transactions” in the Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information required by this section is incorporated by reference from the information in the section titled “Principal Accounting Fees and Services” in the Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

• **The following documents are filed as a part of this Form 10-K:**

(1) Financial Statements:

Reference is made to the Index to Consolidated Financial Statements of Extreme Networks, Inc. under Item 8 in Part II of this Annual Report on Form 10-K.

All required schedules are omitted because either they are not applicable, or the required information is shown in the financial statements or notes thereto.

• Exhibits:

Incorporated herein by reference is a list of the Exhibits contained in the Exhibit Index immediately preceding the signature page of this Annual Report on Form 10-K.

Item 16. Form 10-K Summary

None.

EXHIBIT INDEX

The exhibits listed below are required by Item 601 of Regulation S-K. Each management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K has been identified.

Exhibit Number	Description of Document	Incorporated by Reference			Provided Herewith
		Form	Filing Date	Number	
2.1†	Asset Purchase Agreement, dated as of September 13, 2016, by and between Extreme Networks, Inc. and Zebra Technologies Corporation.	8-K	9/15/2016	2.1	
2.2	Amendment No. 1 dated October 28, 2016 to the Asset Purchase Agreement, dated as of September 13, 2016, by and between Extreme Networks, Inc. and Zebra Technologies Corporation.	10-Q	2/2/2017	2.1	
2.3	Asset Purchase Agreement, dated March 7, 2017, by and between Extreme Networks, Inc. and Avaya, Inc.	8-K	3/7/2017	2.1	
2.4	Amendment No. 1, dated April 3, 2017, to the Asset Purchase Agreement, dated March 7, 2017, by and between Extreme Networks, Inc. and Avaya, Inc.	10-Q	5/4/2017	2.2	
2.5†	Asset Purchase Agreement, dated as of March 29, 2017, by and among LSI Corporation, Extreme Networks, Inc. and, solely for the purposes set forth therein, Broadcom Corporation.	8-K	3/30/2017	2.1	
2.6	Asset Purchase Agreement, dated as of October 3, 2017 between Brocade Communications Systems, Inc. and Extreme Networks, Inc.	8-K	10/3/2017	2.1	
2.7	Amendment No. 1 dated May 6, 2018 to the Asset Purchase Agreement, dated as of October 3, 2017 between Brocade Communications Systems, Inc. and Extreme Networks, Inc.	10-K	8/29/2018	2.8	
2.8	Agreement and Plan of Merger, dated June 26, 2019 by and among Extreme Networks, Inc., Clover Merger Sub, Inc. and Aerohive Networks, Inc.	8-K	6/26/2019	2.1	
2.9†	Put Option Agreement, dated August 6, 2021 relating to the acquisition of Ipanematech SAS.				X
3.1	Amended and Restated Certificate of Incorporation of Extreme Networks, Inc.	8-K	12/17/2010	3.1	
3.2	Amended and Restated Bylaws of Extreme Networks, Inc.	10-Q	5/11/2020	3.4	
3.3	Certificate of Designation, Preferences and Rights of the Terms of the Series A Preferred Stock.	10-K	9/26/2001	3.7	
4.1	Amended and Restated Tax Benefit Preservation Plan, dated as of May 17, 2021 between Extreme Networks, Inc. and Computershare Inc., which includes the Form of Right Certificate as Exhibit A.	8-K	5/18/2021	4.1	
4.2	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.				X
10.1	Lease Agreement by and between RDU Center III LLC and Extreme Networks, Inc. dated October 15, 2012.	8-K	10/19/2012	10.1	
10.2	First Amendment to Lease Agreement by and between RDU Center III LLC and Extreme Networks, Inc. dated December 31, 2012.	8-K	1/7/2013	10.1	
10.3	Office Space Lease Agreement by and between W3 Ridge Rio Robles Property LLC and Extreme Networks, Inc., dated December 31, 2012.	8-K	1/7/2013	10.2	

10.4*	Extreme Networks, Inc. 2014 Employee Stock Purchase Plan as amended and restated June 2016.	10-K	9/6/2016	10.11
10.5*	Extreme Networks, Inc. 2014 Employee Stock Purchase Plan as amended and restated December 2018.	S-8	2/8/2019	99.1
10.6*	Form of option award agreement under Extreme Networks, Inc. 2013 Equity Incentive Plan.	10-Q	11/2/2016	10.1
10.7*	Form of performance based restricted stock unit award agreement under Extreme Networks, Inc. 2013 Equity Incentive Plan.	10-Q	11/2/2016	10.2
10.8*	Form of restricted stock unit award agreement under Extreme Networks, Inc. 2013 Equity Incentive Plan.	10-Q	11/2/2016	10.3
10.9*	Form of performance stock unit under Extreme Networks, Inc. 2013 Equity Incentive Plan.	10-K	9/13/2017	10.21
10.10*	Amended and Restated Offer Letter, executed August 31, 2016, between Extreme Networks, Inc. and Edward B. Meyercord.	10-K	9/6/2016	10.27
10.11	Debt Commitment Letter, dated as of September 13, 2016, by and between Extreme Networks, Inc. and Silicon Valley Bank.	8-K	9/15/2016	10.1
10.12	Sublease Agreement, dated February 3, 2017, by and between the Company as sub-landlord and Yangtze Memory Technologies, Inc. as sub-tenant.	10-Q	5/4/2017	10.2
10.13	Lease for property at 6480 Via Del Oro, San Jose, California, dated November 6, 2017 between SI 64 LLC, a California limited liability company and Extreme Networks, Inc.	10-Q	2/08/2018	10.5
10.14	Lease for property at 6377 San Ignacio Avenue, San Jose, dated November 6, 2017 between SI 33, LLC a California limited liability company and Extreme Networks, Inc.	10-Q	2/08/2018	10.6
10.15*	Form of 2017 restricted stock unit award agreement under Extreme Networks, Inc. 2013 Equity Incentive Plan.	10-K	9/13/2017	10.42
10.16	Consent Agreement, dated as of March 29, 2017, by and among LSI Corporation, Extreme Networks, Inc. and solely for the purposes set forth therein, Broadcom Corporation.	8-K	10/3/2017	10.1
10.17*	Form of Performance vesting restricted stock units agreement under Extreme Networks, Inc. 2013 Equity Incentive Plan	10-Q	11/9/2017	10.4

10.18*	Form of Notice of Grant and Grant Agreement for Performance Stock Option.	10-Q	11/02/2018	10.3
10.19*	Form of Notice of Grant and Grant Agreement for Performance Vesting Restricted Stock Units.	10-Q	11/02/2018	10.4
10.20*	Offer Letter, executed November 15, 2018, between Extreme Networks, Inc. and Remi Thomas.	8-K	11/20/2018	10.1
10.21	Form of Indemnification Agreement for directors and officers.	10-Q	05/10/2019	10.1
10.22*	Extreme Networks, Inc. Executive Change in Control Severance Plan Amended and Restated April 30, 2019.	10-Q	05/10/2019	10.2
10.23*	Agreement to Participate in the Extreme Networks, Inc. Executive Change in Control Severance Plan.	10-Q	05/10/2019	10.3
10.24	Commitment Letter, June 26, 2019, among Bank of Montreal, BMO Capital Markets Corp. and Extreme Networks, Inc.	8-K	06/26/2019	10.1
10.25	Tender and Support Agreement by and among Extreme Networks, Inc., Clover Merger Sub, Inc. and certain stockholders of Aerohive Networks, Inc.	8-K	06/26/2019	99.1
10.26	Credit Agreement, dated as of August 9, 2019, by and among Bank of Montreal and BMO Capital Markets Corp. (and the other lenders party thereto) and Extreme Networks, Inc. (and certain of its affiliates).	Schedule TO	08/09/2019	(b)(2)
10.27	Amended and Restated 2013 Equity Incentive Plan.	S-8	12/1/2019	99.1
10.28*	Executive Vice President Severance Policy.	10-Q	1/30/2020	10.49
10.29	First Amendment and Limited Waiver dated as of April 8, 2020, by and among Extreme Networks, Inc., the Lenders party thereto, and the Bank of Montreal, as administrative and collateral agent for the Lenders.	10-Q	5/11/2020	10.51
10.30	Second Amendment to the Amended and Restated Credit Agreement dated as of May 8, 2020, by and among Extreme Networks, Inc., the Lenders party thereto, and the Bank of Montreal, as administrative and collateral agent for the Lenders.	10-Q	5/11/2020	10.52
10.31*	Offer Letter, executed May 27, 2020, between Extreme Networks, Inc. and Joe Vitalone	10-K	8/31/2021	10.43
10.32*	Form of Notice of Grant and Grant Agreement for Performance Vesting Restricted Stock Units	10-K	8/31/2021	10.44
10.33	Third Amendment to the Amended and Restated Credit Agreement dated as of November 3, 2020, by and among Extreme Networks, Inc., the Lenders party thereto, and the Bank of Montreal, as administrative and collateral agent for the Lenders.	10-Q	2/9/2021	10.45
10.34	Fourth Amendment to the Amended and Restated Credit Agreement dated as of December 8, 2020, by and among Extreme Networks, Inc., the Lenders party thereto, and the Bank of Montreal, as administrative and collateral agent for the Lenders.	10-Q	2/9/2021	10.46
10.35*	Amendment to the Extreme Networks, Inc. Executive Change in Control Severance Plan.	10-Q	4/29/2021	10.47
10.36*	Executive Vice President Severance Practice only applies to Direct Reports to CEO.	10-Q	4/29/2021	10.48
16.1	Letter from KPMG LLP to SEC, dated September 11, 2020.	8-K	9/11/2020	16.1

21.1	Subsidiaries of Extreme Networks, Inc.	X
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.	X
23.2	Consent of KPMG LLP, Independent Registered Public Accounting Firm.	X
24.1	Power of Attorney (see the signature page of this Form 10 K).	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 its XBRL tags are embedded within the Inline XBRL document.	X

101.SCH	Inline XBRL Taxonomy Extension Schema Document.	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	X
101.LAB	InlineXBRL Taxonomy Extension Label Linkbase Document.	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X
104	Cover page from the Company's Annual Report on Form 10-K for the year ended June 30, 2021 formatted in Inline XBRL (included in Exhibit 101)	X

* Indicates management or board of directors contract or compensatory plan or arrangement.

** Exhibits 32.1 and 32.2 are being furnished and shall not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended; are deemed not to be "filed" for purposes of section 18 of the Securities Exchange Act of 1934, as amended; and (the "Exchange Act"), or otherwise are not 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 these sections, .the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise specifically stated in such filing.

† This filing excludes schedules and exhibits pursuant to Item 601(b)(2) of Regulation S-K, which the registrant agrees to furnish supplementally to the SEC upon request by the SEC.

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(2).

Such excluded information is not material and is the type that the registrant treats as private or confidential.

From:

Extreme Networks Ireland Holding Ltd.,
Rineanna House, Shannon Free Zone, Co. Clare, V14 DC42, Republic of Ireland

And:

Extreme Networks, Inc.,
6480 Via Del Oro, San Jose, CA 95119, USA

To:

InfoVista SAS
To the attention of Mr. José Duarte
23 avenue Carnot,
91300 Massy (France)

(the “**Beneficiary**” or the “**Seller**”)

6 August 2021

Re: Put option relating to the acquisition of Ipanematech SAS

Dear Sir,

We refer to our binding offer letter dated May 16, 2021 and our subsequent discussions relating to the contemplated acquisition by Extreme Networks Ireland Holding Ltd., a limited liability company, incorporated under the laws of Ireland, having its registered address at Rineanna House, Shannon Free Zone, Co. Clare, V14 DC42, Republic of Ireland, and registered under the identification number 628827 (“**we**” or the “**Purchaser**”) of 100% of the shares issued by Ipanematech, a French *société par actions simplifiée* with a share capital of 34,652,560 euros, having its registered office at 23 avenue Carnot, 91300 Massy (France), registered under the identification number 893 657 866 R.C.S. Evry (the “**Transaction**”).

This letter agreement and its appendices (the “**Put Option Agreement**”) set forth the Purchaser’s irrevocable commitment to purchase the Transferred Shares, on the terms and subject to the conditions set forth in (i) this Put Option Agreement, and (ii) the agreed form sale and purchase agreement attached as [Appendix 1](#) hereto (the “**SPA**”).

Capitalized terms not otherwise defined in this Put Option Agreement shall have the meaning ascribed to them in the SPA. Moreover, Articles 2, and 15 to 28 of the SPA shall be incorporated in this Put Option Agreement by reference as if set out herein and shall apply *mutatis mutandis* as if references in those articles to “the Agreement” (or any similar expression) were to this Put Option Agreement.

[Signature Page to Transition Services Agreement]

We acknowledge that before the Beneficiary is in a position to take any decision to enter into any binding agreement with respect to the Transaction, (i) the works council (*comité social et économique*) of InfoVista SAS (the “**Works Council**”) must be informed and consulted in connection with the Transaction pursuant to article L. 2323-33 or, if applicable article L. 2312-8, of the French Labor Code (the “**Information/Consultation Process**”) and (ii) all employees of the Company must be informed of the contemplated Transaction and the sale of the Transferred Shares in accordance with article L. 23-10-1 *et seq.* of the French Commercial Code (the “**Hamon Process**”) and together with the Information/Consultation Process, the “**Consultation Process**”).

1. Commitment to acquire the Transferred Shares

1.1 The Purchaser hereby irrevocably and unconditionally undertakes to acquire the Transferred Shares for an aggregate consideration, and on the other terms and conditions, as set forth in the SPA, subject only to the sending by the Beneficiary, at its discretion, of a notice of its decision to sell the Transferred Shares to the Purchaser (the “**Put Option**”, and the notice of such decision being referred to as the “**Put Option Notice**”) to the extent delivered by the Beneficiary on or prior to the Put Option Validity Date pursuant to the terms of this Put Option Agreement.

The Beneficiary accepts the benefit of the Put Option as an option solely, without any undertaking to exercise such Put Option, to execute the SPA and/or to proceed with the Transaction, which the Purchaser acknowledges and agrees.

The Put Option Notice shall specify (i) the date (being a Business Day between three (3) and five (5) Business Days after the sending of such notice) at which shall be executed the SPA by the Parties (the “**Execution Date**”), (ii) the confirmation that the execution by the Parties of the SPA will take place through Docusign and (iii) the location in Paris (France) at which shall be executed the SPA by the Parties on the Business Day following the Execution Date (in which case such date shall be deemed to be the Execution Date) in the event the Purchaser or the Purchaser Parent has not provided the information required in order to implement the Docusign process (*i.e.* the identity of the authorized signatories, his/her/their cell phone number and email address) at the latest one (1) Business Day following the delivery of the Put Option Notice. Subject to the sending of the Put Option Notice on or prior to the Put Option Validity Date and in accordance with the terms of this Put Option Agreement, the Purchaser, the Purchaser Parent and the Seller undertake to execute the SPA on the Execution Date through Docusign, or as the case may be at the location specified in the Put Option Notice.

It is hereby expressly specified that the validity and enforceability of the Put Option is not subject to the execution of the SPA, and, accordingly, upon exercise of the Put Option, the sale of the Transferred Shares at the price and under the other terms and conditions set forth in the SPA shall be definitive, whether or not the SPA is executed on the date and at the location indicated in the Put Option Notice.

1.2 For the Put Option Notice to be valid, the Seller shall also confirm to the Purchaser completion of the Consultation Process.

For the purpose of this Put Option Agreement, the Consultation Process shall be deemed to have been completed in relation to the Transaction if both the Information/Consultation Process and the Hamon Process are completed as provided below:

(i) the Information/Consultation Process shall be deemed to have been completed if, either

- a. the Beneficiary receives a duly executed copy of the minutes of the meeting during which the Works Council has issued its final opinion (whether positive or negative) with respect to the Transaction; or
- b. in the absence of any such final opinion, the Works Council shall be deemed to have rendered a final opinion in accordance with French law and regulations;

(ii) the Hamon Process shall be deemed to have been completed if either:

- a. each of the employees of the Company has either (x) made an offer for the purchase of the Transferred Shares in accordance with article L. 23-10-1 of the French Commercial Code, or (y) individually waived in writing his/her right to make an offer to acquire the Transferred Shares according to article L. 23-10-1 of the French Commercial Code; or
- b. in the absence of such offers or waivers, the expiry of a two-month period following the date on which all employees of the Company have been informed of the contemplated Transaction and their right to make an offer in relation to the sale of the Transferred Shares in accordance with the Hamon Process.

1.3 The Put Option will enter into force on the date of this Put Option Agreement (the “**Put Option Agreement Date**”) and shall remain valid until 23h59 (Paris time) on the latest of the following dates:

- (i) five (5) Business Days after the Consultation Process has been completed (or deemed to be completed); and
- (ii) three (3) months after the Put Option Agreement Date,

(the “**Put Option Validity Date**”).

1.4 The Purchaser agrees that, in accordance with article 1217 of the French Civil Code, the obligations of the Purchaser and the Purchaser Parent pursuant to the Put Option, including the obligation of the Purchaser and the Purchaser Parent to sign the SPA, may be enforced through specific performance, without prejudice to the right to claim for damages. The Purchaser and the Purchaser Parent hereby acknowledges and agrees that any specific performance action in respect of this Put Option and the obligations provided herein will constitute a valid and balanced course of action falling outside of the “manifest disproportion” (*disproportion manifeste*) exclusion contained in article 1221 of the French Civil Code.

1.5 The Purchaser, the Purchaser Parent and the Beneficiary acknowledge that the Put Option is definitive and irrevocable until the Put Option Validity Date (included) and that it cannot be withdrawn in any circumstance (either prior to or after the exercise of the Put Option by the Beneficiary) on or prior to such date, except by mutual agreement of the Purchaser and the Beneficiary, in accordance with article 1193 of the French Civil Code. To the extent necessary and subject to the provisions of this Put Option Agreement and the SPA, the Purchaser hereby declares that it gives its final and irrevocable consent to the purchase of the Transferred Shares pursuant to the Put Option, in accordance with article 1124 of the French Civil Code. Consequently, neither the Purchaser or the Purchaser Parent may withdraw (*rétracter*) the grant of the Put Option for any reason whatsoever before the termination of the Put Option in accordance with Clause 7, and each of the Purchaser and the Purchaser Parent hereby acknowledges and accepts that any such

withdrawal (*rétractation*), or any other action or intervention before such termination, shall be null and void and of no effect on the validity of the promised acquisition of the Transferred Shares and that, to the extent the Beneficiary validly delivers a Put Option Notice before the Put Option Validity Date, if it refuses to, or does not carry out the required actions to complete the Transaction pursuant to the terms of the SPA, completion of the Transaction may be judicially acknowledged or ordered. For the avoidance of doubt, the Beneficiary acknowledges that if the Put Option Notice has not been sent on or prior to the Put Option Validity Date, the Put Option will automatically terminate as at the Put Option Validity Date in accordance with Clause 7, and each of the Purchaser and the Purchaser Parent shall be released from all its obligations under this Put Option Agreement, without any liability whatsoever save in case of prior breach of the terms and provisions herein.

2. Representations and warranties of the Parties

Each of the Purchaser and the Purchaser Parent hereby gives the representations and warranties to the Seller in accordance with the terms of Article 7 of the SPA (including Article 7.5), and the Seller hereby gives the Fundamental Warranties to the Purchaser in accordance with the terms of Article 8.1 of the SPA, as if such Articles were incorporated in this Put Option Agreement and any reference therein to “this Agreement” (or a similar expression) shall be deemed to include a reference to this Put Option Agreement.

3. Consultation Process

3.1 The Seller undertakes to initiate or cause to be initiated the Consultation Process with reasonable promptness, without undue delay and in any event no later than five (5) Business Days as from the Put Option Agreement Date:

- (i) in respect of the Information/Consultation Process, by convening a meeting of the Works Council, with a view to obtaining the opinion of the Works Council as soon as reasonably possible; and
- (ii) in respect of the Hamon Process, by either sending a registered letter with acknowledgment of receipt or submitting such letter by personal hand to each of the employees of the Company, informing him/her of his/her right under article L. 23-10-1 *et seq.* of the French Commercial Code, and seeking written confirmation from each of the employees that he/she waives such right.

The Seller further undertakes to conduct diligently the Consultation Process and to keep the Purchaser reasonably informed of its progress.

The Seller shall, and shall cause, where applicable, the relevant Group Company (A) to permit the Purchaser to review in advance any material written correspondence or communications to be made available to the Works Council and take into account in good faith any reasonable comments that the Purchaser may have in respect thereof, and (B) to refrain from making any commitment or representation to the Works Council to proceed with modifications to any existing rights or obligations of the Group Companies *vis à vis* their employees, modifications to the terms of the SPA or to the future business or operations of the Group, in each case, without the prior written consent of the Purchaser.

3.2 The Purchaser agrees that, upon request of the Beneficiary, it shall, and shall cause its Affiliates to:

- (i) provide all assistance and cooperation in connection with the Consultation Process, including by submitting presentations and other information or documentation reasonably requested by the Beneficiary, the Works Council, the Company or any expert appointed by the Works Council (as applicable), including a document setting forth the structure chart of the Purchaser and its ultimate shareholders, the Purchaser's strategy and history, and its plans for the Group, including in terms of financing, management and employment policy; and
- (ii) procure that senior representatives of the Purchaser attend meeting(s) of the Works Council and meet with the relevant employees and employee representatives where and when reasonably requested by the Beneficiary or the Works Council, subject to reasonable prior notice.

4. Undertakings during the interim period

By countersigning this letter, the Parties agree that the provisions of Article 5.1 (*Conduct of business*) and of Article 19 (*Cooperation*) of the SPA shall apply *mutatis mutandis* between the Parties as if set out herein (and references in these provisions to "this Agreement" (or similar expression) shall be deemed a reference to this Put Option Agreement).

5. Exclusivity

In consideration of the Purchaser's undertakings hereunder, as from the date hereof and until the first to occur of (i) the Execution Date, (ii) the Put Option Validity Date, and (iii) the expiry of a 6-month period following the Put Option Agreement Date, the Beneficiary shall not, and shall procure that none of its Affiliates (including for the avoidance of doubt the Group Companies and their respective Affiliates) shall, directly or indirectly (including through their respective professional advisors or representatives):

- (i) pursue, initiate, solicit or undertake any transfer (including by way of merger, spin-off, contribution of similar transaction) of all or part of the share capital of any of the Group Companies, the Business or of any material assets of the Group Companies, by any means, with any person other than the Purchaser or its Affiliates (an "**Alternative Transaction**");
- (ii) provide or consent to provide any information with respect to the Group Companies to any person (other than the Purchaser, its Affiliates and its and their representatives and advisors) with a view to an Alternative Transaction;
- (iii) solicit or encourage offers or expressions of interest or otherwise cooperate in any way with a view to an Alternative Transaction; or
- (iv) offer or agree to enter into any agreement or arrangement relating to an Alternative Transaction with any person other than the Purchaser or its Affiliates.

The Beneficiary represents and warrants that, prior to the date hereof, neither it nor any of its Affiliates have entered into any binding arrangement or agreement, whether or not conditional, with any third party to effect any Alternative Transaction.

6. No binding obligations on the Seller

The Purchaser acknowledges that the Beneficiary countersigns this Put Option Agreement in order to (i) accept the benefit of the Put Option solely as an option and (ii) agree with the specific commitments set out in Clauses 4 and 5 above.

The Purchaser further acknowledges that nothing herein shall constitute in any manner whatsoever an undertaking by the Beneficiary or any of its Affiliates to sell to the Purchaser or its ultimate shareholders all or part of the Transferred Shares, or be bound by any obligation of any nature whatsoever in connection with the Transaction (other than those obligations set forth in Clauses 4 and 5).

7. Duration and Termination

7.1 Save as provided in Clause 7.2 below, this Put Option Agreement shall terminate on the earlier of:

- (i) if the Put Option has been exercised by the Beneficiary, the Execution Date in accordance with the Put Option Notice upon signing of the SPA by the Purchaser and the Purchaser Parent; and
- (ii) if the Put Option has not been exercised by the Beneficiary, at midnight (Paris time) on the Put Option Validity Date as specified in Clause 1.3.

7.2 Without prejudice to the foregoing, the Beneficiary shall be entitled, at its sole discretion, to notify the Purchaser of its decision to terminate this Put Option Agreement by sending a notice to the Purchaser in the event that the Put Option has been exercised by the Beneficiary, if the Purchaser and/or the Purchaser Parent has/have not executed the SPA no later than on the Execution Date.

7.3 Upon termination of this Put Option Agreement in accordance with Clauses 7.1 or 7.2, the Beneficiary shall cease to be bound by the obligations applicable to it under this Put Option Agreement (including pursuant to Clause 4 and, subject to the provisions below, Clause 5) and each of the Purchaser and the Purchaser Parent shall cease to be bound by the obligations applicable to it under this Put Option Agreement, without prejudice to any liability of the Purchaser and/or the Purchaser Parent arising from any breach of its undertakings herein and save for the provisions of (i) Clauses 8 and 10 herein which shall survive any termination of this Put Option Agreement, and (ii) Clause 5 which shall survive the termination of the Put Option Agreement pursuant to Clause 7.1(ii) until the expiry of a 6-month period following the Put Option Agreement Date.

7.4 Nothing in this Clause 7 shall be deemed to release any signatory of this Put Option Agreement from any liability for any breach by such signatory of the terms and provisions of this Put Option Agreement.

8. Confidentiality

8.1 The existence, purpose and content of the Put Option Agreement (including its appendices) are strictly confidential and subject to the Confidentiality Agreement, which shall remain in full force and effect up to the Closing Date (included), it being agreed that should the execution of the SPA not take place, such Confidentiality Agreement shall remain in full force and effect until its contractual termination date.

8.2 Consequently, notwithstanding anything to the contrary herein (or in the Confidentiality Agreement) each Party undertakes not to disclose (and shall cause their respective Affiliates and their representatives not to disclose) to any third party any information relating to the Transaction,

the terms and conditions of the Put Option Agreement or the transactions contemplated hereby and each Party shall take all appropriate actions to keep such information confidential, except:

- (i) as strictly required to allow either Party to satisfy its commitments under the Put Option Agreement (and in particular in relation to the Consultation Process);
- (ii) to the extent strictly necessary to allow either Party to comply with any legal or statutory requirement or with any order or injunction from a judicial, administrative, stock exchange or regulatory authority to make any announcement or to provide information to any Governmental Authority or to any of its labor representatives or committees, provided that such Party shall (to the extent permitted by Law) promptly notify the other Party in writing, which notification shall include the nature of the legal requirement and the extent of the required disclosure, and shall cooperate with the other Party's reasonable requests to preserve the confidentiality of the Put Option Agreement consistent with applicable Law;
- (iii) to its Affiliates, limited partners, managers, employees, advisors and statutory auditors on a need-to-know basis;
- (iv) in case of a dispute arising out or in connection with the Put Option Agreement, to the relevant competent jurisdiction;
- (v) by the Beneficiary to inform other potential bidders interested in the Transaction of the mere fact that the Put Option Agreement was entered into with the Purchaser; or
- (vi) with the express prior written approval of the other Party.

8.3 The provisions of Article 13.2 (*Announcements*) of the SPA shall apply *mutatis mutandis*.

9. Assignment

Neither the Put Option Agreement nor any of the rights, interests or obligations under it shall be assigned by any Party without the prior written consent of the other Parties.

10. Governing law and competent courts

This Put Option Agreement is governed by and shall be construed in accordance with French law.

All disputes, controversies or claims arising out of or in connection with the existence, validity, interpretation or performance of this Put Option Agreement shall be finally settled by the *Tribunal de Commerce* of Paris

11. Electronic signature

The Put Option Agreement is signed and countersigned on 6 August 2021 by each of the signatories using an advanced electronic signature (AES) process implemented by a third-party service provider, DocuSign, (i) which meets the requirement of article 1366 and article 1367 of the French Civil Code as well as the implementing decree nr. 2017-1416 of 28 September 2017 (especially its article 1) relating to electronic signatures, transposing Regulation (EU) nr. 910/2014 of the European Parliament and of the Council dated 23 July 2014 on electronic identification and trusted services for electronic transactions within the internal market, (ii) which is a reliable identification process guaranteeing the signature to this Put Option Agreement as well as the security and integrity of digital copies in accordance with the abovementioned French legislation, which is

expressly agreed by each of the signatories, in accordance with articles 1366 and 1367 of the French Civil Code.

In addition, each of the signatories, in accordance with article 1366 of the French Civil Code, acknowledges and agrees that this electronic signature shall have the same legal value as a handwritten signature.

In accordance with paragraph 4 of article 1375 of the French Civil Code, this Put Option Agreement is drawn up in a single original digital copy, a copy of which shall be delivered to each of the signatories directly by DocuSign, which is in charge of implementing the advanced electronic signature solution under the conditions required by article 1367 of the French Civil Code and the implementing decree n°2017-1416 of 28 September 2017 relating to electronic signatures, which is expressly acknowledged and agreed by the signatories. Each signatories hereby acknowledges and agrees that its signing of this Put Option Agreement via the abovementioned electronic process is made in full knowledge of the technology implemented, its relating terms of use and the electronic signature Laws, and, accordingly, hereby irrevocably and unconditionally waives any right such signatories may have to initiate any claim and/or legal action, directly or indirectly arising out of or relating to the reliability of said electronic signature process and/or the evidence of its intention to enter into this Put Option Agreement in this respect.

Yours faithfully,

/s/ **Rémi Thomas**

Extreme Networks Ireland Holding Ltd

By: Remi Thomas

/s/ **Rémi Thomas**

Extreme Networks, Inc.,

By: Remi Thomas

Acknowledged and agreed:

/s/ José Duarte

InfoVista SAS

By: José Duarte

Appendix 1

SPA

SALE AND PURCHASE AGREEMENT
relating to the shares of Ipanematech SAS

Amongst the Parties identified herein

[1] 2021

CONTENTS

Article	Page
1.	Definitions 4
2.	Principles of Construction 9
3.	Sale and purchase of the Transferred Shares 10
4.	Purchase price 11
5.	Pre-Closing matters 11
6.	Closing 16
7.	Representations and warranties of the Purchaser 18
8.	Representations and warranties of the Seller 19
9.	Indemnification by the Seller 21
10.	Purchaser's acknowledgements 25
11.	Termination 25
12.	Post-Closing obligations 26
13.	Confidentiality/announcements 28
14.	Successors and Assigns – Third party beneficiaries 29
15.	Variation 29
16.	Payments 29
17.	Withholdings and deductions 29
18.	Costs 30
19.	Cooperation 30
20.	Liability of each Party 31
21.	Notices 31
22.	Specific performance 31
23.	Unforeseeability 32
24.	Express waivers 32
25.	Professional advice 32
26.	Entire Agreement 32
27.	Invalidity 32
28.	Governing Law and Competent Courts 33
29.	Electronic signature 33

THIS SALE AND PURCHASE AGREEMENT is made on [1] 2021

AMONGST:

- (1) **InfoVista SAS**, a French *société par actions simplifiée* with a share capital of 81,333,591.80 euros, having its registered office at 23 avenue Carnot, 91300 Massy (France), registered under the identification number 334 088 275 R.C.S. Evry, duly represented for the purposes hereof;

(hereinafter referred to as the “**Seller**”)

- (2) **Extreme Networks Ireland Holding Ltd.**, a limited liability company, incorporated under the laws of Ireland, having its registered office at Rineanna House, Shannon Free Zone, Co. Clare, V14 DC42, Republic of Ireland, and registered under the identification number 628827, duly represented for the purposes hereof;

(hereinafter referred to as the “**Purchaser**”)

AND

- (3) **Extreme Networks, Inc.**, a company incorporated under the laws of Delaware, having its registered office at 6480 Via Del Oro, San Jose, CA 95119, USA, duly represented for the purposes hereof;

(hereinafter referred to as the “**Purchaser Parent**”)

The Seller, the Purchaser and the Purchaser Parent are hereinafter referred to individually as a “**Party**” and collectively as the “**Parties**”.

IN THE PRESENCE OF:

- (4) **Ipanematech**, a French *société par actions simplifiée* with a share capital of 34,652,560 euros, having its registered office at 23 avenue Carnot, 91300 Massy (France), registered under the identification number 893 657 866 R.C.S. Evry, duly represented for the purposes hereof;

(hereinafter referred to as the “**Company**”).

WHEREAS:

- (A) As at the date hereof, the Company has issued 3,465,256 ordinary shares with a par value of 10 euros each (the “**Transferred Shares**”) which represent 100% of (i) the share capital of, and voting rights in, the Company, and (ii) the securities issued by the Company giving access immediately or in the future to the share capital of the Company. The totality of the Transferred Shares are held by the Seller.
- (B) On the date hereof, the Company holds 100% of the interests in the Subsidiary.
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- (C) Prior to the date hereof, the Business (as this term is defined hereinafter) was separated from the other activities of the Seller's Group and transferred to the Group Companies (as this term is defined hereinafter) by way of (i) a spin-off (*apport partiel d'actifs*) of the Business from the Seller to the Company, and (ii) a transfer of assets from Infovista UK Ltd. to the Subsidiary (the "**Prior Restructurings**").
- (D) The Purchaser has expressed an interest in acquiring 100% of the share capital of, and voting rights in, the Company and has performed a thorough due diligence review of the Group Companies and the Business, including through (i) access to detailed information provided in the Data Room, (ii) answers provided by the management of the Group to the questions raised by the Purchaser and its Representatives in relation thereto, and (iii) attendance at various management presentations.
- (E) Considering the above, upon the terms and subject to the conditions set forth herein, the Purchaser wishes to purchase from the Seller the totality of the Transferred Shares and the Seller agrees to transfer to the Purchaser the totality of the Transferred Shares (the "**Transaction**").
- (F) On 6 August 2021 (the "**Put Option Date**"), the Purchaser delivered to the Seller a written binding and irrevocable commitment to purchase the Transferred Shares, on the terms and subject to the conditions set forth herein (the "**Put Option**").
- (G) The works council (*comité social et économique*) of the Seller has been duly informed and consulted in connection with the Transaction pursuant to applicable Laws and has delivered an opinion (*avis*) in relation thereto prior to the date hereof.
- (H) The Parties have therefore decided to enter into this sale and purchase agreement (including the schedules hereto) (the "**Agreement**") which sets out the terms and conditions of the Transaction.

IT IS AGREED as follows:

1. DEFINITIONS

In this Agreement (including the above recitals), in addition to such capitalised terms and expressions as may be defined elsewhere in this Agreement (including in Exhibit A), the following capitalised terms and expressions shall have the following meaning:

"**Affiliate**" means, in relation to a given entity, any entity or person that, directly or indirectly through one or more entities, Controls, or is Controlled by, or is under common Control with, such entity, it being agreed that, for the purpose of this definition, (A) the management company or general partner of a *fonds professionnel de capital investissement* (FPCI) or limited partnership shall be deemed to have Control over such FPCI or limited partnership, (B) portfolio companies in which any investment fund and/or its Affiliates, holds a direct or indirect interest shall not be deemed "Affiliates" for the purposes hereof, and (C) the Group Companies shall not be deemed "Affiliates" of the Seller for the purposes hereof;

"**Agreement**" has the meaning set forth in paragraph (H) of the recitals;

"**Available Cash Funding**" has the meaning set forth in Article 7.5;

"**Business**" means the Ipanema global enterprise business, consisting of the development, market and sale of the *WAN Essentials* and *cloud-native SD-WAN platforms*;

“**Business Day**” means any day, except Saturday, Sunday or any day on which banks are generally not open for business in France or the United States of America;

“**Business Warranties**” has the meaning set forth in Article 8.2;

“**Company**” has the meaning set forth in the presentation of the Parties;

“**Claim**” means any claim made by the Purchaser against the Seller pursuant to Article 9;

“**Claim Notice**” has the meaning set forth in Article 9.7(a);

“**Closing**” means the completion of the Transaction pursuant to Article 6;

“**Closing Date**” means the date on which Closing shall take place in accordance with Article 6.1;

“**Confidentiality Agreement**” has the meaning set forth in Article 13.1(d);

“**Control, Controlled or Controlling**” is defined by reference to the meaning ascribed to the term “control” in paragraphs I and II of Article L. 233-3 of the French Commercial Code;

“**COVID-19**” means SARS-CoV-2 or COVID-19, and any evolutions thereof, or related, associated or similar epidemics, pandemic or disease outbreaks;

“**Data Room**” means the electronic data room administered by Donnelley Financial Solutions to which the Purchaser and/or all or certain of its Representatives have had access, from 22 May 2021 to 6 August 2021 (both dates inclusive), and the content of which shall be copied onto two secured USB sticks in accordance with Article 6.2(a)(i)(G);

“**Disclosed**” means (i) contained in or referred to in this Agreement (including any Schedules or Exhibits thereto) or the Transition Services Agreement (including any schedules or attachments thereto) or (ii) disclosed in the Data Room provided that references to the corresponding sections of the Data Room are expressly specified in the Schedules or Exhibit of this Agreement;

“**Disclosed Information**” means the materials and information made available to the Purchaser and/or its Representatives (or any of them) in the Data Room;

“**Encumbrance**” means any pledge (“*nantissement*” or “*gage*”), mortgage, lien (“*privilège*”), right of pre-emption, right of first refusal, charge (“*charge*”), ownership right (“*démembrement*”), option, assignment, reservation of title, or any other real or personal right (*droit réel ou personnel*) limiting or restricting the full ownership and/or transferability of the relevant asset (including any restriction on the voting rights or right to sell or otherwise dispose of any asset including the Transferred Securities), or any other similar third party right of any nature whatsoever;

“**Expiry Date**” has the meaning set forth in Article 9.9(a);

“**Fundamental Warranties**” has the meaning set forth in Article 8.1;

“**Governmental Authority**” means any government or governmental entity, whether federal, state, local, foreign, or supranational, including any “*autorité administrative indépendante*” and other governmental agency or authority regulated by applicable Law;

“**Group**” means the Company and the Subsidiary, taken as a whole;

“**Group Companies**” means the Company and the Subsidiary and a “**Group Company**” means any of them;

“**Key Employees**” means the employees listed in Schedule B;

“**Law**” means, in respect of any person, any law, statute, rule, ordinance, principle of common law, order of decree or regulation of any Governmental Authority (including any judicial or administrative interpretation), which is in force and binding upon such person;

“**Leakage**” means (A) the amount of any of the following which occurs after the Locked Box Date (excluded) and before Closing (included), but excluding any Permitted Leakage:

- (a) any dividend or other distribution (whether in cash or in kind (including any interim dividend, reserve or premium distribution) declared, paid or made, directly or indirectly, by any Group Company to any member of the Seller’s Group;
 - (b) any payment made by any Group Company, directly or indirectly, to any member of the Seller’s Group in respect of any share capital, loan capital, bonds or other securities (in each case whether in cash, stock, in kind or any other form) of any Group Company being issued, redeemed, purchased or repaid;
 - (c) the payment of management, monitoring, exit, consulting or similar fees, bonuses, incentives, or other similar fees and expenses paid, incurred or granted by any Group Company to any member of the Seller’s Group;
 - (d) any gift or gratuitous payment to any member of the Seller’s Group;
 - (e) the sale, purchase, transfer or disposal of any asset, right or other benefit by any Group Company in favour of any member of the Seller’s Group;
 - (f) the forgiveness, repayment, deferral, release or waiver by any Group Company of any indebtedness, liability, amount and/or payment obligations of any kind (including any interest thereon) owed by any member of the Seller’s Group or any claim outstanding against any member of the Seller’s Group;
 - (g) any Encumbrance made, created or granted over the assets of any Group Company, in favour of any member of the Seller’s Group;
 - (h) the borrowing of any monies by any member of the Seller’s Group from any Group Company or the granting of any indemnity or guarantee by any Group Company on behalf or for the benefit of any member of the Seller’s Group;
 - (i) the payment made by any Group Company to any director, officer, employee or service provider of a Group Company of any exit or transaction bonus or any other similar payment in connection with the Transaction;
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- (j) the payment by any Group Company to any member of the Seller's Group or to any third party in respect of any fees of professional advisers or other fees, costs, finders' fees, brokerage or commissions in connection with the Transaction; and
- (k) the agreement or undertaking by any Group Company to do any of the matters set out in (a) to (j) above, and
- (l) any Taxes (excluding any recoverable VAT) arising or incurred in respect of any of the above.

less (B) the amount equal to any Tax benefit (taking into account any Tax reduction, refundable Tax credit, recoverable VAT or Tax deduction, such as an increase of carried forward Tax losses), if any, attributable to any of the matters set out in (a) to (l) above and which benefits in cash any Group Company for the financial year during which the fact, matter or circumstance giving rise to the Leakage occurred or the following financial year (excluding, for the avoidance of doubt, any creation or increase of any carry-forward tax losses);

applicable for the financial year during which the Leakage is incurred or the following financial year) for any Group Company (if any);

"Legal Proceedings" means any proceeding, suit or judicial action by or before any Governmental Authority (including tribunals and courts), or by or before any arbitral tribunal;

"Locked Box Date" means 31 March 2021;

"Loss" has the meaning set forth in Article 9.1;

"Material Contracts" has the meaning set forth in Exhibit A;

"Non-Party Affiliates" has the meaning set forth in Article 12.3;

"Non-Party Individuals" has the meaning set forth in Article 12.3;

"Open Source Materials" shall mean software or other material that is distributed as "free software" or "open source software," or pursuant to any license identified as an open source license by the open source initiative (www.opensource.org) (including the GNU General Public License (GPL), GNU Affero General Public License, Lesser General Public License (LGPL), Mozilla Public License (MPL) and the BSD licenses and the Apache License);

"Order" means any order, injunction, judgment or arbitration award of any Governmental Authority or any court, tribunal or arbitrator;

"Ordinary Course of Business" means the management by the Group Companies of their operations in the normal course of business and consistent with past practices in all material respects (including any conduct, practice or action taken as Pandemic Measures, with respect to, or as a result of, COVID-19);

"Organisational Documents" shall mean when used with respect to (a) any company (*société*) or other incorporated entity, the articles of association (*statuts*), charter or similar constitutive document of such company or other incorporated entity, as filed with the relevant commercial

registry, company registrar or other Governmental Authority, as the same may be amended, supplemented or otherwise modified from time to time, and (b) any partnership or other unincorporated entity, its certificate of formation, partnership agreement, governing agreement (*contrat constitutif*) and/or similar constitutive document, as the same may be amended, supplemented or otherwise modified from time to time;

“Pandemic Measures” means any quarantine, “shelter in place,” “stay at home”, workforce reduction, social distancing, curfew, shut down, closure, sequester or any other Law, Order, directive, guidelines or recommendations by any Governmental Authority in connection with, or in respect of, COVID-19 or any other pandemic or epidemic;

“Parent Guarantee” has the meaning set forth in Article 20;

“Parties” has the meaning set forth in the presentation of the Parties;

“Payment Account Details” means, in relation to any payment to be made under or pursuant to this Agreement, the name, account number, sort code, account location and/or other details specified by the payee and necessary to effect payment to the payee;

“Permitted Leakage” means:

- (a) any amounts or liability incurred or paid or agreed to be paid or payable in connection with any matter undertaken by or on behalf of any Group Company (i) at the prior written request or with the prior written agreement of the Purchaser, (ii) expressly provided for in this Agreement, or (iii) where specifically identified as “Permitted Leakage” in this Agreement; and
- (b) any compensation, fees or directors’ fees (including any payment of wages, bonuses, severance pays or other amounts) due to directors and employees, consultants or service providers of the Group Companies in the Ordinary Course of Business, in each case, other than, for the avoidance of doubt, any payment made in connection with the Transaction,

together with any Tax which arises or is incurred in respect of any of such payments or matters;

“Prior Restructurings” has the meaning set forth in paragraph (C) of the recitals;

“Purchase Price” has the meaning set forth in Article 4.1;

“Purchaser” has the meaning set forth in the presentation of the Parties;

“Purchaser’s Group” means the Purchaser and its Affiliates;

“Put Option” has the meaning set forth in paragraph (F) of the recitals;

“Put Option Date” has the meaning set forth in paragraph (F) of the recitals;

“Records” means any and all contracts, books, registers, minutes, accounts, financial, accounting or tax information and documents, or other documents or written data maintained by an entity within the frame of its activities;

“**Representations and Warranties**” means the Fundamental Warranties and the Business Warranties;

“**Representatives**” means, with respect to the Purchaser, its Affiliates as well as its and its Affiliates’ directors, officers, employees, consultants and advisors (including financial, legal and tax advisors and auditors);

“**Schedules**” means the schedules to this Agreement;

“**Seller**” has the meaning set forth in the presentation of the Parties;

“**Seller Guarantees**” has the meaning set forth in Article 5.3;

“**Seller’s Group**” means the Seller, (i) any of its Affiliates, and (ii) their respective directors, officers and employees, from time to time;

“**Seller Trademarks and Logos**” has the meaning set forth in Article 12.4;

“**Senior Employees**” means any employee, consultant, long-term contractor or corporate officer of a Group Company whose annual gross remuneration is greater than EUR 150,000 (fixed and variable);

“**Subsidiary**” means Ipanema Teck UK Ltd., a corporation organized under the laws of England and Wales, (registered number 13207318) having its registered office at C/O Browne Jacobson Llp 15th Floor, 6 Bevis Marks, Bury Court, London, United Kingdom, EC3A 7BA;

“**Surviving Provisions**” means the provisions set out in Articles 11 (*Termination*), 12.3 (*No Recourse against Non-Parties*), 12.4 (*Confidentiality/Announcements*), 18 (*Costs*), 21 (*Liability of each Party*), 22 (*Notices*) and 29 (*Governing law and Competent Courts*);

“**Tax Return**” means any return, declaration, claim for refund, information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof;

“**Taxation Authority**” shall mean any Governmental Authority competent to impose any liability in respect of Taxes or responsible for the administration and/or collection of Taxes;

“**Taxes**” means all statutory taxes, whether direct or indirect, and whether levied by reference to income, profits, gains, net wealth, asset values, turnover, added value or other reference and local or municipal imposition, duties, contributions and levies (including social security contributions), whenever and wherever imposed (whether imposed by way of a withholding or deduction for or on account of tax otherwise), and any related interest or penalties, imposed by any Taxation Authority;

“**Third Party Consents**” has the meaning set forth in Article 5.4;

“**Transaction**” has the meaning set forth in paragraph (D) of the recitals;

“**Transferred Shares**” has the meaning set forth in paragraph (A) of the recitals;

“**Transition Services Agreement**” means the transition services agreement to be entered into between the Seller and the Purchaser, the key principles of which are set forth in Schedule C;

“Unreleased Guarantees” has the meaning set forth in Article 5.3.

2. PRINCIPLES OF CONSTRUCTION

In this Agreement unless otherwise specified:

- (a) references to Articles, paragraphs, Exhibits and Schedules are to articles, paragraphs exhibits and schedules to this Agreement unless otherwise indicated;
- (b) references to an “entity” shall be construed so as to include any company, joint venture, association, “*fonds commun de placement*”, “*fonds professionnel de capital investissement*” trust, economic interest group (*groupement d'intérêt économique*) or other organization, enterprise, partnership or entity, whether or not having a separate legal personality (*personnalité morale*) and, as the case may be, wherever and however incorporated or established;
- (c) references to a “person” shall be construed so as to include any individual or entity;
- (d) references to “best efforts” or “reasonable efforts/commercially best efforts” shall be construed respectively, as *obligation de moyens renforcée* and *obligation de moyens simple*;
- (e) references to any French legal term for any action, remedy, method of judicial proceedings, legal document, legal status, court, official, or any legal concept or thing shall in respect of any jurisdiction other than France be deemed to include what most nearly approximates in that jurisdiction to the French legal term;
- (f) a reference to a specific time of day shall be local time in Paris, France;
- (g) references to the singular shall include the plural and *vice versa* and references to one gender include any other gender;
- (h) references to “EUR”, “euros”, or “€” are references to the lawful currency of France from time to time;
- (i) general words shall not be given a restrictive meaning because they are followed by words which are particular examples of the acts, matters or things covered by the general words and the words “includes” and “including” shall be construed without limitation;
- (j) to the fullest extent permitted by applicable Law, each Party hereby expressly waives the provisions of article 1190 of the French Civil Code; and
- (k) French wording inserted in italics refers to French legal concepts and shall be interpreted in compliance with French Law.

The Schedules, Exhibits and any other attachments to this Agreement form an integral part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement and any reference to this Agreement shall include the Schedules, Exhibits and any other attachments to this Agreement and any schedules to these documents.

The headings used in this Agreement have been adopted by the Parties for ease of reference only and the Parties declare that these headings are not to be comprised in this Agreement and shall not in any event influence the meaning or interpretation of this Agreement.

Any reference to “days” means calendar days unless Business Days are expressly specified. When calculating the period of time within which or following which any act is to be done or any step is to be taken, the provisions of articles 640 to 642 of the French Civil Procedure Code shall apply.

Unless the context otherwise requires, any reference to a statutory provision shall include such provision as it exists and is construed as at the date of this Agreement.

3. SALE AND PURCHASE OF THE TRANSFERRED SHARES

Upon the terms and subject to the conditions set out in this Agreement, the Seller hereby agrees to sell to the Purchaser, and the Purchaser hereby agrees to purchase from the Seller, all of the Transferred Shares, free and clear of all Encumbrances, with effect as from the Closing Date.

The Transferred Shares shall be transferred with full title guarantee and all rights (including the rights to all dividends declared and paid on or after the Closing Date) attached or accruing to them on Closing.

The Parties agree that the transfer of ownership of the Transferred Shares shall occur on the Closing Date, subject to Closing.

4. PURCHASE PRICE

4.1 Determination of the Purchase Price

The aggregate consideration for all of the Transferred Shares shall be equal to sixty million euros (EUR 60,000,000) (the “**Purchase Price**”).

The Purchase Price shall be final and binding on the Parties and shall not be subject to any adjustment whatsoever, except as specifically provided under Articles 5.2 and 9.3, as the case may be.

4.2 Payment of the Purchase Price

- (a) On the Closing Date, the Purchaser shall pay to the Seller the full amount of the Purchase Price by wire transfer of immediately available funds, free of any bank or other charges, to the Seller’s bank account, the Payment Account Details of which are set forth in Schedule 4.2, which shall be credited with value date on the Closing Date.
 - (b) The Parties hereby agree that, upon payment in full of the Purchase Price in accordance with the terms of this Article 4.2, the Purchaser shall be released from its obligations in respect of the payment of the Purchase Price to the Seller and shall have no further liability in relation thereto.
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5. PRE-CLOSING MATTERS

5.1 Conduct of business

- (a) Subject to the provisions of Articles 5.1(b) and 5.1(c), during the period from the date hereof until the Closing Date, the Seller will, to the extent of its rights and powers as shareholder, director or members of any management or supervisory board of the Group Companies, (i) use all reasonable efforts to ensure that the Group Companies operate and conduct their activities in their Ordinary Course of Business, and (ii) ensure that none of the Group Companies will:
- (i) act in any manner which is inconsistent with the provisions of this Agreement;
 - (ii) transfer shares and other securities it owns in another Group Company;
 - (iii) increase, redeem, repay, amortize, repurchase or decrease its share capital, issue any other securities or make any other amendment to its Organisational Documents or pass any resolution that is inconsistent with the provisions of such Organisation Documents;
 - (iv) declare or pay a dividend or an interim dividend or other distribution;
 - (v) approve a wind-up, merger, split-up, contribution or sale of its business as a whole or of any of its divisions (*branche d'activité*) or transfer, contribute or dispose of any business as a going concern (*fonds de commerce*), to or with any third party;
 - (vi) incur any indebtedness for borrowed money;
 - (vii) acquire any asset (including real estate) or interest in any entity or any business as a going concern (*fonds de commerce*), other than the acquisition of securities for cash management purposes;
 - (viii) make any unbudgeted operating capital expenditure, which, in the aggregate, is in excess of [***] euros (EUR [***]);
 - (ix) grant any loan to any third parties, except payment terms for goods or services provided in the Ordinary Course of Business;
 - (x) guarantee the obligation of any third party (other than another Group Company);
 - (xi) create, grant, extend or issue any Encumbrance over any of its material assets and its shares other than in the Ordinary Course of Business;
 - (xii) substantially modify or terminate any Material Contract other than in the Ordinary Course of Business (without prejudice to the provisions of Article 5.4);
 - (xiii) makes, changes or rescinds (or applies to make change or rescind) any material Tax election, change any annual Tax accounting period, adopt or change any material Tax or accounting method, procedure or principle (save as may be necessary to comply with changes in statements of standard accounting practice), consent to any extension or waiver of the limitation period applicable to any
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material Tax claim or material Tax assessment, amend any material Tax Return, initiate any voluntary disclosure or similar program with any Taxation Authority with respect to Taxes or surrender any right to claim any Tax refund, offset or other reduction in a Tax liability;

- (xiv) enter into or modify any agreement with any Senior Employee to provide for severance payments or other termination indemnities or to grant any increase in compensation or other benefit to such Senior Employee, except for such increases and benefits imposed by Law, the collective agreements or employment contracts in force at the date of this Agreement (which shall include normal periodic performance reviews and related compensation and benefit increases and payment or reimbursement of travel and other business expenses) or provided for in the Group Companies' annual budget;
 - (xv) enter into any settlement or compromise of any dispute, proceeding or litigation; and
 - (xvi) enter into any commitment to do any of the above.
- (b) The provisions of Article 5.1(a) shall not operate so as to restrict or prevent any matter or action:
- (i) consented to by the Purchaser in accordance with Article 5.1(c);
 - (ii) which constitutes a Permitted Leakage
 - (iii) required by applicable Law or any Governmental Authority;
 - (iv) for which the consultation of the Purchaser to obtain its prior consent in accordance with Article 5.1(c) may result in a breach of applicable antitrust or foreign investment Law; or
 - (v) taken as a response to any Pandemic Measures or any other action taken in accordance with applicable Laws in response to, or in the context of, the COVID-19, and which is reasonably necessary (a) to protect the health, safety and welfare of the directors, officers or employees of the Group Companies and other individuals having business dealing with the Group Companies or the Business, or (b) to respond to third-party supply or service disruptions caused by COVID-19.
- (c) For the purposes of granting any consents which may be requested by the Seller pursuant to this Article 5.1, the Purchaser hereby designates [1] with immediate effect and represents and warrants to, and agrees with, the Seller that [1] shall have full capacity and right to give any such consents on behalf of the Purchaser during the full duration of the Agreement. The Purchaser shall within three (3) Business Days from receipt of a written request for consent from the Seller (which shall be accompanied by such available information reasonably necessary for the Purchaser to give its approval or disapproval) submit its approval (such approval not to be unreasonably withheld, conditioned or delayed, having due consideration for the interests of the Group Companies) or disapproval (which shall indicate the reasons for so objecting in reasonably sufficient details) to the Seller. If such approval or disapproval is not submitted within the above-mentioned period
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of three (3) Business Days, the concerned action shall be deemed to have been consented to by the Purchaser for the purposes of this Article 5.1.

5.2 Absence of Leakage

- (a) The Seller (i) represents and warrants to the Purchaser that no Leakage has taken place between the Locked Box Date (excluded) and the date hereof, and (ii) undertakes to procure that no Leakage will be effected between the date hereof (included) and the Closing Date.
- (b) If a Leakage occurs between the Locked Box Date (excluded) and the Closing Date (included), the Seller shall repay to the Purchaser a sum equal to (i) the amount of such Leakage received by (or for the benefit of) the Seller and/or any member of the Seller's Group (or a third party for the account of the Seller and/or a member of the Seller's Group), on a Euro for Euro basis, plus (ii) the amount of any Loss reasonably incurred by the Purchaser or any Group Company in connection therewith (including any cost, fees and charges reasonably incurred by the Purchaser or any Group Company in connection with any proceeding they may have initiated in accordance with the terms herein in order to obtain the repayment of such Leakage).
- (c) The Seller expressly undertakes, between the date hereof and the Closing Date, to notify the Purchaser in writing promptly after becoming aware of any Leakage; in which case, the Purchase Price shall be reduced by the amount of such known Leakage. The Parties hereby agree that any payment made by the Seller under this Article 5.2 shall be deemed to constitute a reduction of the Purchase Price and agree to treat any such payment as such for all Tax, accounting and financial reporting purposes.
- (d) For the avoidance of doubt, (A) the Seller shall not be liable to reimburse the Purchaser in respect of any Permitted Leakage, and (B) a Leakage may not be repaid more than once to the Purchaser (and to the extent any Leakage is due to the Purchaser, the Purchaser shall procure that the Group Companies shall not claim for the payment of the same from the Seller or its Affiliates).
- (e) Notwithstanding anything to the contrary herein, the Seller shall not have any repayment liability under this Article 5.2, unless:
 - (i) Closing has occurred;
 - (ii) a claim has been notified by the Purchaser to the Seller in writing on or before the date which is six (6) months as from the Closing Date, and sets out the Purchaser's calculation of the amount and all reasonably sufficient details and information evidencing such Leakage; and
 - (iii) proceedings have been brought against the Seller within three (3) months as from the receipt by the Seller of the notice sent by the Purchaser in accordance with paragraph (ii) above, if the relevant claim has not been agreed in writing by the Seller

5.3 Substitution and release of Seller Guarantees

- (a) The Purchaser acknowledges that the Seller and/or certain of its Affiliates have given or provided the guarantees and/or other undertakings listed in
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Schedule 5.3 (the “**Seller Guarantees**”) to third parties in respect of obligations of the Group Companies.

- (b) During the period from the date of this Agreement to the Closing Date, the Purchaser shall use its best efforts (including via the offer of substitute guarantees, arrangements or undertakings by the Purchaser to the third party beneficiaries of the relevant Seller Guarantees), with the assistance and cooperation of the Seller, as may be reasonably necessary, to obtain (i) all third party consents required to cause the Purchaser and its Affiliates to be irrevocably and unconditionally substituted as of the Closing Date (excluded) for the Seller and/or its Affiliates in respect of all obligations of the Seller and/or its Affiliates under the Seller Guarantees; and (ii) the full and complete, irrevocable and unconditional release of the Seller and/or its Affiliates as of the Closing Date from all of its/their obligations, liabilities and indebtedness under the Seller Guarantees, on terms reasonably satisfactory to the Seller. The Purchaser shall inform the Seller of the steps undertaken by the Purchaser thereof and shall send reasonable prior notice to the Seller of any meeting with any third party beneficiary of a Seller’s Guarantee to which it is invited to participate and, to the extent legally feasible, the Seller shall be entitled to attend such meeting.
- (c) To the extent and for so long as any third party consent and/or release has not been obtained in respect of any Seller Guarantees (the “**Unreleased Guarantees**”), from and after the Closing Date, to the extent any such Unreleased Guarantees remain in place, the Purchaser shall indemnify and hold the Seller and its Affiliates harmless, on a Euro for Euro basis, from and against all amounts paid, and liabilities incurred, by any of them in respect of any such Unreleased Guarantees; provided, however, that the Purchaser shall continue to use its best efforts, with the reasonable assistance and cooperation of the Seller as may be necessary, to obtain the full and complete, irrevocable and unconditional release of the Seller and its Affiliates from all of their obligations, liabilities and indebtedness under or in relation to each Unreleased Guarantee as soon as possible after the Closing.

5.4 **Third Party Consent**

- (a) During the period from the date of this Agreement to the Closing Date (included), the Seller shall use and shall cause the Company to use its commercially best efforts to obtain, on or prior to the Closing Date, from each of the entities identified in Schedule 5.4, confirmation that such entities will waive their right, resulting from the consummation of the transactions provided in this Agreement, of termination and/or of modification of the applicable commercial agreements entered into with the Group Companies to which they are parties (the “**Third Party Consents**”); provided that (A) neither the Seller nor any of its Affiliates nor the Company shall (i) amend (or agree to amend) any of the material terms or conditions of such commercial agreements, except where the Purchaser has consented in writing to such change and agreed to hold the Seller harmless from and against the consequences of such change (in which case the Seller shall be required to accept such change) or (ii) be required or entitled to compromise any right, asset or benefit, to expend any amount, to make any payment or deliver any guarantee or similar undertaking to any third party to obtain a Third Party Consent (unless otherwise expressly agreed in writing by both the Seller and the Purchaser) and (B) the Purchaser shall assist and cooperate in good faith with the Seller to obtain the Third Party Consents.
 - (b) In connection with the obtaining of the Third Party Consents, the Seller undertakes to:
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- (i) keep the Purchaser informed in writing as to the progress in obtaining the Third Party Consents and any event of which the Seller is aware that may prevent or delay any of the Third Party Consents from being obtained prior to Closing, promptly upon becoming aware of such event; and
- (ii) notify and provide copies of the relevant confirmatory documentation or material to the Purchaser promptly upon becoming aware of any of the Third Party Consents being obtained.

5.5 Key Employees

During the period from the date of this Agreement to the Closing Date (included), the Seller shall use and shall cause the Company to use its commercially best efforts to ensure that each of the Key Employees has remained continuously employed by the Company from the date of this Agreement through Closing.

5.6 Access to Records and Management

The Seller hereby authorises (and, to the extent of its powers as shareholder, shall cause the Subsidiary to authorise) the Purchaser and its Representatives, subject to suitable confidentiality undertakings, to have reasonable access, during normal business hours and upon reasonable prior notice, to the Records of the Group Companies, as is reasonably required to facilitate the ownership transition process; in each case, to the extent that such access or delivery of information (i) complies with applicable Law and (ii) does not unreasonably interfere with the operations of the Group Companies, it being agreed that such access may be limited to the extent the Seller reasonably determines, in light of COVID-19 (taking into account any Pandemic Measure), that such access would jeopardize the health, safety and/or welfare of the directors, officers or employees of the Group Companies and other individuals having business dealing with the Group Companies.

6. CLOSING

6.1 Closing Date

Closing shall take place:

- (a) within 5 Business Days after the date hereof (and in any event no later than the date falling 5 Business Days after the date hereof), or
- (b) on such other date as expressly agreed in writing amongst the Parties.

(the “Closing Date”).

6.2 Closing matters

(a) Seller’s undertakings on the Closing Date

- (i) On the Closing Date, the Seller shall deliver or make available to the Purchaser the following documents:
 - (A) duly completed, executed and dated share transfer forms (*ordres de mouvements de titres*) relating to the transfer of ownership of all the
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Transferred Shares in favour of the Purchaser with effect as at the Closing Date;

- (B) three (3) duly completed, executed and dated tax transfer forms (*formulaire Cerfa n°2759 DGI*) in respect of the transfer of all the Transferred Shares to the Purchaser with effect as at the Closing Date;
- (C) the up-to-date security transfer register (*registre de mouvements de titres*) and shareholders' accounts (*comptes individuels d'associés*) of the Company, evidencing the transfer of all the Transferred Shares to the Purchaser, effective as at the Closing Date;
- (D) duly signed resignation letters with effect as from the Closing Date of the individuals listed in Schedule 6.2 from their office as director or other management body of a Group Company, substantially in the form set out in Schedule 6.2; waiving irrevocably any claim against any Group Company in respect of their position;
- (E) a written statement by the Seller confirming that, on the Closing Date, the Seller has no outstanding claims against any Group Company or any of their respective directors, managers or employees (other than, as the case may be, in relation to the pending dispute with Mr. Jorge Hernandez);
- (F) all applicable KYC requirements as reasonably requested by the Purchaser to the Seller no later than five (5) Business Days prior to the Closing Date; and
- (G) two secured USB sticks on which all the Disclosed Information shall be copied, one USB stick being kept by each Party.

(b) **Purchaser's undertakings on the Closing Date**

On the Closing Date, the Purchaser shall deliver to the Seller:

- (i) evidence (by delivery of an irrevocable order of wire transfer and a copy of the corresponding SWIFT confirmation), of due payment in full of the Purchase Price by the Purchaser to the Seller, with value date as at the Closing Date, in accordance with the terms of this Agreement;
- (ii) all applicable KYC requirements as reasonably requested by the Seller and/or its Affiliates no later than five (5) Business Days prior to the Closing Date.

6.3 Inter-conditionality

All the matters at Closing will be considered to take place simultaneously, and no delivery of any document or other action will be deemed complete until all actions and deliveries of documents required by the Agreement are fully completed, it being specified however that the closing deliveries specified in Article 6.2(a) are for the benefit of the Purchaser only and may therefore be waived in whole or in part by the Purchaser, and the closing deliveries and actions specified in

Article 6.2(b) are for the benefit of the Seller only, and may therefore be waived in whole or in part by the Seller.

6.4 Termination right of the Purchaser

- (a) If the Seller fails to comply with its obligations set out in Articles 6.2(a) on the date set for Closing, unless the Purchaser agrees to effect Closing so far as practicable having regard to the defaults which have occurred (or pursue the specific performance of the Agreement (“*exécution forcée*”) as the case may be) or the Parties agree to set a new date for Closing (in which case all references in this Agreement to the “Closing Date” shall be understood as a reference to such new date set for Closing and the provisions of Articles 6.2, 6.3 and 6.4 shall apply *mutatis mutandis*, but provided such deferral may only occur once), the Purchaser shall be entitled (in addition to and without prejudice to all other rights or remedies available to it, including the right to claim damages), by written notice to the Seller served on the Closing Date, to terminate this Agreement (except for the Surviving Provisions, which shall continue to apply) on the Closing Date (and on that date only) without liability on its part.
- (b) The exercise of the foregoing termination right shall be effected without the need to serve a prior written notice (*sans mise en demeure préalable*).

6.5 Termination right of the Seller

- (a) If the Purchaser fails to comply with the provisions of Article 6.2(b) on the date set for Closing, the Seller shall be entitled (in addition to and without prejudice to all other rights or remedies available to it, where applicable, including the right to claim damages or pursue the specific performance of the Agreement (“*exécution forcée*”) as the case may be), by written notice to the Purchaser served on the date set for Closing:
 - (i) to terminate this Agreement (except for the Surviving Provisions, which shall continue to apply) on the Closing Date (and on that date only) without liability on the part of the Seller;
 - (ii) to effect Closing so far as practicable having regard to the defaults which have occurred (or pursue the specific performance of the Agreement (“*exécution forcée*”) as the case may be); or
 - (iii) to set a new date for Closing (not being more than ten (10) Business Days after the agreed date for Closing), in which case all references in this Agreement to the “Closing Date” shall be understood as a reference to such new date set for Closing, and the provisions of Articles 6.2, 6.3 and 6.5 shall apply *mutatis mutandis*, but provided such deferral may only occur once.
 - (b) The exercise of the foregoing termination right shall be effected without the need to serve a prior written notice (*sans mise en demeure préalable*).
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7. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER AND THE PURCHASER PARENT

The Purchaser and the Purchaser Parent hereby represent and warrant to the Seller as follows, as at the date hereof and as at the Closing Date:

7.1 Existence - Incorporation

- (a) The Purchaser is duly incorporated and validly existing under the Laws of Ireland.
- (b) The Purchaser Parent is duly incorporated and validly existing under the Laws of Delaware.
- (c) The Purchaser is and shall remain at the Closing Date under the Control of the Purchaser Parent.

7.2 Authority and capacity

- (a) Each of the Purchaser and the Purchaser Parent has full power and authority to enter into this Agreement and any other agreement or document to be entered into pursuant to this Agreement and to perform the obligations to which it is bound under this Agreement and any other agreement or document to be entered into pursuant to this Agreement, and more generally to consummate the Transaction, and has obtained all necessary consents and authorisations to enter into and perform this Agreement and any other agreement or document entered into pursuant to this Agreement, and to consummate the Transaction.
- (b) This Agreement, upon execution, respectively, by the Purchaser and the Purchaser Parent, will constitute for each of the Purchaser and the Purchaser Parent a valid and binding agreement enforceable against it in accordance with its terms. The individual signatory executing this Agreement in the name and on the behalf of each of the Purchaser and the Purchaser Parent is duly authorized to act on behalf of it for the purposes herein;
- (c) Each of the Purchaser and the Purchaser Parent is in good standing, is not insolvent (“*en état de cessation de paiements*”), nor subject to any safeguard, bankruptcy, moratorium, amicable, insolvency proceedings under any applicable Law, or equivalent proceedings, in particular to any proceedings with a view to the prevention or resolution of financial difficulties. Neither the Purchaser nor the Purchaser Parent is subject to a judgment of, or requested for, dissolution, liquidation, or receivership.

7.3 Absence of violation

The execution and the performance by each of the Purchaser and the Purchaser Parent of this Agreement and any other agreement entered into pursuant to this Agreement shall not constitute a violation of, or a default under, or conflict with (i) any term or provision of the Organisational Documents of the Purchaser or the Purchaser Parent, (ii) any contract to which the Purchaser or the Purchaser Parent is a party, (iii) any Order applicable to the Purchaser or the Purchaser Parent or by which the Purchaser or the Purchaser Parent or any of their respective properties and assets are bound, or (iv) any applicable Law.

7.4 **Governmental consents**

The execution and the performance by the Purchaser and the Purchaser Parent of this Agreement and any other agreement entered into pursuant to this Agreement do not and will not require any consent, approval, authorisation or Order from, action by, filing with or notification to, any Governmental Authority.

7.5 **Financing**

- (a) Without prejudice to the Parent Guarantee and the provisions of Article 20, the Purchaser represents and warrants that it has, and will have at Closing, on an unconditional “certain funds” basis, all available funding, from available balance sheet cash of the Purchaser, as necessary to ensure that all amounts payable or that may become payable pursuant to this Agreement (including for the avoidance of doubt, the full payment of the Purchase Price) are paid on the date they become due and payable in accordance with the terms herein (the “**Available Cash Funding**”).
- (b) The Purchaser further represents and warrants that (i) the Available Cash Funding (x) is not and shall not be subject to any condition whatsoever (including any financing condition) which could limit its use or availability, and (y) shall, as from the date hereof until the Closing Date (included), remain available in order to perform the effective payment of the Purchase Price at Closing and any other payments to be made pursuant to this Agreement, and (ii) nothing herein shall be construed or shall otherwise imply that the obligations of the Purchaser hereunder are subject to the availability and/or drawing of the Available Cash Funding or of any debt or equity financing whatsoever.
- (c) The Purchaser Parent represents and warrants that it has, and will have at Closing, on an unconditional “certain funds” basis, all available funding, from available balance sheet cash of the Purchaser Parent, as necessary to ensure that all amounts payable under the Parent Guarantee are paid on the date they become due and payable in accordance with the terms of Article 20.

8. **REPRESENTATIONS AND WARRANTIES OF THE SELLER**

8.1 **Fundamental Representations and Warranties of the Seller**

Subject to the terms and conditions of this Agreement, the Seller makes the representations and warranties set forth in this Article 8.1 (the “**Fundamental Warranties**”) as at the date hereof and as at the Closing Date (except for such representations and warranties which are expressly made as at a specific date, which shall be true and correct as at such date):

- (a) the Seller has full power and authority to enter into this Agreement and any other agreement or document entered into pursuant to this Agreement and to perform the obligations to which it is bound under this Agreement and any other agreement or document entered into pursuant to this Agreement, and more generally to consummate the Transaction, and has obtained all necessary consents and authorisations required to be obtained by it (and not by the Purchaser) to perform this Agreement and any other agreement or document entered into pursuant to this Agreement, and to consummate the Transaction;
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- (b) this Agreement, upon execution by the Seller, will constitute for the Seller a valid and binding agreement, enforceable against it in accordance with its terms;
 - (c) the Seller is not insolvent (“*en état de cessation de paiements*”), nor subject to any safeguard, bankruptcy, moratorium, amicable or insolvency proceedings under any applicable Law, or equivalent proceedings, in particular to any proceedings with a view to the prevention or resolution of financial difficulties. It is not subject to a judgment of, or requested for, dissolution, liquidation, or receivership;
 - (d) the execution and the performance by the Seller of this Agreement and any other agreement entered into pursuant to this Agreement shall not constitute a violation of, or a default under, or conflict with (i) any term or provision of the Organisational Documents of the Seller, (ii) any contract to which the Seller is a party (without prejudice, for the avoidance of doubt, to the Third Party Consents), (iii) any Order applicable to the Seller or by which the Seller or any of its properties and assets are bound, or (iv) any applicable Law;
 - (e) on the Closing Date, the Seller will be the sole owner of the Transferred Shares. Such Transferred Shares will, on the Closing Date, be fully paid-up, validly issued and free from any Encumbrances. There is no agreement or arrangement to which the Seller or any of its Affiliates is a party relating to the transfer of ownership of all or part of the Transferred Shares other than this Agreement and the Put Option;
 - (f) each Group Company is duly organized and validly existing under the Laws of its jurisdiction of incorporation;
 - (g) none of the Group Companies is insolvent (“*en état de cessation de paiements*”), nor subject to any safeguard, bankruptcy, moratorium, amicable or insolvency proceedings under any applicable Law, or equivalent proceedings, in particular to any proceedings with a view to the prevention or resolution of financial difficulties. None of the Group Companies is subject to a judgment of, or requested for, dissolution, liquidation, or receivership;
 - (h) on the Closing Date, other than the Transferred Shares, there will be no authorized or outstanding securities, warrants, agreements or commitments of any nature pursuant to which the Company shall issue, deliver or sell, or cause to be issued, delivered or sold, any authorized or outstanding shares of the share capital, or any securities convertible into, exchangeable for or otherwise giving access to the share capital of, or voting rights in, the Company;
 - (i) The Company holds directly 100% of the share capital of, and voting rights in, the Subsidiary, and there are no securities or agreements pursuant to which the Subsidiary shall issue, deliver or sell, or cause to be issued, delivered or sold, any authorized or outstanding shares of its share capital, or any securities convertible into, exchangeable for or otherwise giving access to its share capital or voting rights, to any person other than another Group Company as the case may be;
 - (j) There are no Encumbrances over any of the Transferred Shares;
 - (k) The Company does not hold any shareholding or interest in any entity other than the Subsidiary; and
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- (l) None of the Group Companies has any liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to any of the transactions contemplated by this Agreement.

8.2 Business representations and warranties

Subject to the terms and conditions of this Agreement, the Seller makes the representations and warranties set forth in Exhibit A (the “**Business Warranties**”) as at the date hereof and as at the Closing Date (except for such representations and warranties which are expressly made as at a specific date, which shall be true and correct as at such date).

8.3 No other representations or warranties

Except for the Representations and Warranties, neither the Seller nor any member of the Seller’s Group make any other express or implied representation or warranty with respect to the Group Companies or the Transaction, and the Seller disclaims any other representations or warranties, whether made by the Seller or any of its Affiliates, or their officers, directors, employees, agents or advisors. Except for the Representations and Warranties, the Seller hereby disclaims all liability and responsibility for any representation, warranty, projection, forecast, statement, or information made, communicated, or furnished (orally or in writing) to the Purchaser or its Affiliates or Representatives (including, through the Disclosed Information, any opinion, information, business plan, projection, or advice that may have been or may be provided to the Purchaser by any director, officer, employee, agent, consultant, advisor of the Seller, the Group Companies or any of their respective Affiliates). For the avoidance of doubt, the Seller makes no representations and warranties to the Purchaser or its Affiliates or Representatives regarding the probable success or profitability of the Group Companies. Moreover, the disclosure of any matter or item in any Schedule hereto shall not be deemed to constitute an acknowledgment that any such matter is required to be disclosed.

The Purchaser acknowledges that (i) the Representations and Warranties of the Seller supersede any and all earlier representations, warranties or statements made by the Seller or any of its Affiliates regarding the Transferred Shares, any of the Group Companies, the Transaction or any of the transactions contemplated hereby, and (ii) the Seller and its Affiliates shall have no liability in respect of any such earlier representations, warranties or statements.

9. INDEMNIFICATION BY THE SELLER

9.1 Liability of Seller

As from Closing, and subject to the provisions of this Agreement, the Seller undertakes to indemnify the Purchaser for any damage incurred by the Purchaser and which is the direct consequence of any breach of, or inaccuracy in, the Representations and Warranties made by the Seller. Each such damage identified shall be hereinafter referred to as a “**Loss**”.

9.2 General provisions

- (a) For the purpose of computing the amount of any Loss, only damages legally qualifying as “*préjudice direct et certain*” under French Law and effectively suffered or incurred by the Purchaser or the Group Companies, as the case may be, shall be taken into account. For the avoidance of doubt, the determination of a Loss shall exclude (i) any loss of opportunity
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(“*perte de chance*”) or loss of profit or earnings (“*manque à gagner*”), (ii) the application of any multiple to any accounting value or other valuation methodology which may be implicit in the Purchase Price, and (iii) any indirect, unpredictable (“*imprévisible*”) or contingent loss or damages.

- (b) The liability of the Seller shall be reduced by the amount, if any, of any Tax benefit (taking into account any Tax reduction, refundable Tax credit, recoverable VAT or Tax deduction, such as an increase of carried forward Tax losses) directly attributable to the fact, matter or circumstance giving rise to such Loss and which is effectively available to the Purchaser or any Group Company for the financial year during which the fact, matter or circumstance giving rise to the Loss occurred (or to which it related).
- (c) In calculating the amount of any “Loss”, there shall be deducted the amount of any provision or reserve recorded in the Locked Box Accounts as at the Locked Box Date in connection with the fact, matter or circumstances giving rise directly to the Loss.
- (d) No Loss shall be indemnified by the Seller to the extent that any such Loss or any part thereof results from the passing of, or any change (even with a retroactive effect) in, any Law (including accounting principles) or administrative practice after the date hereof, including (without prejudice to the generality of the foregoing) any increase in the Tax rates, any imposition of Tax or any withdrawal of Tax relief.
- (e) In calculating the amount of the indemnification to be paid under Article 9.1, shall be deducted the amount of any insurance proceeds or other third party indemnification covering such Loss and which is actually received by the Purchaser, any of its Affiliates or any Group Company after deduction of the reasonable costs incurred by the Purchaser and/or the Group Companies to receive such indemnification.
- (f) Notwithstanding anything to the contrary herein, the Seller shall have no liability under this Article 9, unless Closing has occurred.

9.3 Qualification

Notwithstanding the use of the term “indemnification” herein with respect to the Seller’s obligations under this Article 9, the Parties hereby agree that any payment made by the Seller to the Purchaser pursuant to this Article 9 shall be deemed to constitute a reduction to the Purchase Price and agree to treat any such payment as such for all Tax, accounting and financial reporting purposes.

9.4 Disclosures

No indemnification for any Losses shall be due nor made by the Seller in respect of any Claim to the extent that the facts, events or circumstances giving rise to such Claim have been Disclosed.

9.5 No double claims

- (a) If the same facts, matters or circumstances give rise to the breach of more than one of the Representations and Warranties, such facts, matters or circumstances shall give rise to a single indemnification but shall not give rise to indemnification more than once.
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- (b) The Purchaser shall not be entitled to recover, directly or through any Group Company, from the Seller under this Agreement or under any other agreement entered into in connection with this Agreement, more than once in respect of the same Loss, and accordingly the Seller shall not be liable under this Agreement if and to the extent that the Loss is or has been recovered under another agreement.

9.6 Mitigation of Loss

The Purchaser shall take and shall procure that all reasonable steps are taken and all reasonable assistance is given to avoid or mitigate the amount of any Loss, to the extent such action does not prevent the Group Companies from operating the Business in the ordinary course of business. For the avoidance of doubt, the Purchaser shall not be required to cease or reduce developing, promoting, using, marketing, selling or distributing the Group Companies' services or exploiting their Intellectual Property Rights in order to mitigate Loss.

9.7 Conduct of Claims

- (a) If the Purchaser or any Group Company becomes aware of any fact, matter or circumstance that may give rise to a Claim against the Seller under this Article 9, notice of that fact, matter or circumstance shall be given to the Seller as soon as possible, and in any event within ten (10) Business Days at the latest after the Purchaser or any Group Company is aware of such fact, matter or circumstance (the "**Claim Notice**"), it being agreed that any Claim Notice given by the Purchaser later than the foregoing date shall not relieve the Seller of its indemnification obligations, except to the extent that the Loss suffered by the Purchaser or the relevant Group Company is increased by the failure to give the Claim Notice on or before such date, in which case the Seller shall not indemnify the Purchaser for the amount by which the Loss has been increased as a result of such delay.
- (b) The Claim Notice must specify in detail (i) the Representations and Warranties which are alleged to have been breached or to be inaccurate, (ii) the fact, matter or circumstance which gives rise to the Claim, (iii) the nature of the alleged Loss, (iv) the amount claimed in respect thereof setting forth the Purchaser's calculation of the alleged Loss (such amount shall be provided as soon as it is determined if not known at the time of the Claim Notice), and (v) the available supporting documents to the Claim.
- (c) To the extent a Claim is made as a result of or in connection with a claim made by a Third Party, the Purchaser shall (i) associate the Seller (at the Seller's cost and expenses) to the defence of the Claim, provide all reasonable information required in connection with such claim and its progress (to the extent such information is relevant in respect of the claim made by the Purchaser) and take into account the Seller's reasonable comments thereof, and (ii) not settle, compromise or admit any liability in respect of such Third Party Claim without the written consent of the Seller (such consent not to be unreasonably withheld, conditioned or delayed), failing which the Purchaser shall not be entitled to make any Claim in respect of any Loss or any part thereof in relation to such third party claim, and shall not be indemnified in respect of any such Loss or any part thereof by the Seller.

9.8 Payments

- (a) The payment of any sum due by the Seller to the Purchaser under this Article 9 shall be made within thirty (30) days as from the date upon which the amount of the Seller's liability
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to the Purchaser shall have been finally determined pursuant to either (i) an amicable settlement between the Purchaser and the Seller, or (ii) an immediately enforceable decision of a court of competent jurisdiction (“*decision exécutoire*”).

- (b) If the Seller pays an amount in discharge of any Claim under this Agreement and the Purchaser or any Group Company subsequently recovers (whether by payment, discount, credit, relief or otherwise) from a third party an amount in respect of the same Loss (including, for the avoidance of doubt, insurance receipt), the Purchaser shall promptly pay in cash on behalf of itself or of the relevant Group Company, as the case may be, to the Seller the amount so recovered (up to the amount previously paid by the Seller to the Purchaser).

9.9 Limitations of liability

- (a) Time limits
 - (i) No Claim made pursuant to this Article 9 shall give rise to an indemnification obligation by the Seller if the Claim Notice of such Claim is made to the Seller (A) in respect of any Claim in connection with a breach or inaccuracy of the Fundamental Warranties, after the expiry of a period of two (2) years as from the Closing Date, or (B) in respect of any Claim in connection with a breach or inaccuracy of the Business Warranties, after the expiry of a period of twelve (12) months as from the Closing Date (as applicable, the “**Expiry Date**”);
 - (ii) If a Claim is made before the Expiry Date, it shall be deemed withdrawn three (3) months after the Claim Notice unless Legal Proceedings in respect of it have been commenced by the Purchaser against the Seller prior to the expiry of such three-month period.
 - (b) Minimum Claim / Threshold
 - (i) The Seller shall not be liable in respect of any single Claim unless the total amount of Losses resulting from any such Claim exceeds €[***] (and, for these purposes, Claims arising out of the same subject matter, facts, events or circumstances shall be aggregated to form a single Claim) ; and
 - (ii) The Seller shall not be liable in respect of any Claim until the cumulative and aggregate amount of Losses resulting from all Claims (other than Claims excluded by paragraph (i)) exceeds €[***], in which case the Seller shall be liable for the entire amount of such Claims (other than Claims excluded by paragraph (i)) and not merely the excess.
 - (c) Maximum Amount
 - (i) Subject to the provisions of paragraph (iii), the aggregate liability of the Seller under this Agreement in respect of all Claims in connection with a breach or inaccuracy of the Fundamental Warranties shall in no event exceed an amount equal to the Purchase Price.
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- (ii) Subject to the provisions of paragraph (iii), the aggregate liability of the Seller under this Agreement in respect of all Claims in connection with a breach or inaccuracy of the Business Warranties shall in no event exceed an amount equal to [***]% of the Purchase Price actually received by the Seller.
- (iii) Without prejudice to the foregoing, the aggregate liability of the Seller under this Agreement in respect of all Claims (in connection with a breach or inaccuracy of both the Fundamental Warranties and the Business Warranties) shall in no event exceed an amount equal to the Purchase Price.

10. PURCHASER'S ACKNOWLEDGEMENTS

10.1 Due Diligence

The Purchaser acknowledges that it has carried out its own due diligence investigations on the Group Companies and the Business, including with respect to the information received or prepared by or at the direction of the Seller, such as the Disclosed Information and that it relies on its own analysis and due diligence to enter into this Agreement. The Purchaser confirms that it does not require any further information or documents concerning the Group Companies, the Business or the Transaction.

In connection with its investigations of the Group Companies, the Purchaser may have received from the Seller, the Group Companies and/or their respective Affiliates and representatives, certain projections, forecasts and/or business plan information. The Purchaser acknowledges that there are uncertainties inherent in attempting to make such projections and other forecasts and plans and that it is familiar with such uncertainties. The Purchaser further acknowledges that neither the Seller nor any of its Affiliates or Representatives makes any representation or warranty, whether express or implied, as to the completeness or accuracy of the information provided to the Purchaser including the Disclosed Information, and the Purchaser further confirms that it is taking full responsibility for making its own evaluation of the Group Companies, the Business and their historical, current and future financial position and business prospects.

10.2 Exclusivity of remedy

Subject to the provisions of Article 5.2, the indemnification obligations provided for under Article 9 shall be the exclusive remedy of the Purchaser against the Seller under this Agreement. To the fullest extent permitted by applicable Law, the Purchaser hereby waives the benefit of any warranties generally available to purchasers under applicable Law, including under articles 1626, 1641 and 1643 of the French Civil Code, and any other claims, causes of actions or other rights it may have, including any rights to the rescission (*nullité*).

10.3 Good faith

As at the date hereof, the Purchaser is not aware of any fact, matter, event or circumstance which results in a breach of any of the Representations and Warranties or makes any of them untrue or inaccurate or could reasonably be expected to result in a Claim.

11. TERMINATION

11.1 Termination events

This Agreement may only be terminated pursuant to Article 6.4 (for termination by the Purchaser) or pursuant to Article 6.5 (for termination by the Seller), in each case without the need for a prior notice ("*mise en demeure préalable*").

11.2 Effect of Termination

In the event of termination of this Agreement in accordance with this Article 11, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of the Parties, save for the Surviving Provisions which shall survive any termination of this Agreement; provided, however, that no such termination shall relieve any Party hereto from any antecedent liability or damages resulting from a breach by such Party of any of its obligations set forth in this Agreement.

12. POST-CLOSING OBLIGATIONS

12.1 Access to information and Records after Closing

- (a) In the event the Seller (or its representatives appointed as directors or supervisory board member of the Group Companies, as the case may be) or any Affiliates of the Seller is subject to any investigation by or demand from any Governmental Authorities (whether relating to Tax matters or otherwise) or involved in any claim or Legal Proceedings, the Purchaser shall, at the request of the Seller, grant access to the Seller, and shall procure that the Group Companies grant access to the Seller to, and provide copies of, the Records of the relevant Group Companies for periods prior to and including the Closing Date, provided however that any such access shall be granted during the relevant Group Companies' normal business hours, shall be limited to what is reasonably required in connection with such investigation, demand, claim or Legal Proceedings, and shall not unreasonably interfere with the operations of the relevant Group Companies as may be then conducted.
- (b) During the later of (i) a period of five (5) years as from the Closing Date, and (ii) the applicable retention period as per applicable Law, the Purchaser agrees not to, and to cause its Affiliates and the Group Companies not to, destroy or otherwise dispose of Records relating to the Group Companies for the period prior to Closing without the prior written consent of the Seller.

12.2 Directors of the Group Companies

The Purchaser shall not, and shall cause its Affiliates and the Group Companies not to, claim against any former or current director or member of any management or supervisory or other board of the

Group Companies (including those resigning on the Closing Date) with respect to the performance of their duties as director or member of any management or supervisory or other board or any management decisions adopted by any of the Group Companies prior to the Closing Date or otherwise seek the liability of any such director or member of any management or supervisory or other board in that respect and, to the extent any such claim is made or liability is sought by the Purchaser or its Affiliates or any Group Company, shall indemnify and hold any such director or member of any management or supervisory or other board harmless against the consequences of any such claim or liability. The Purchaser shall also procure that the legal formalities relating to the resignations referred to in Article 6.2(a)(i)(D) be carried out as soon as possible after the Closing Date, in accordance with applicable Law.

Moreover the Purchaser shall cause a shareholders' meeting and/or meetings of the relevant corporate bodies of the Group Companies to be held on the Closing Date, to take the following decisions:

- (a) approve the resignation, effective as from the Closing Date, of the directors and board members referred to in Article 6.2(a)(i)(D); and
- (b) grant full discharge (*quitus*) to such resigning directors and board members for their management during the period prior to Closing Date.

The former and current directors and board members of the Group Companies are expressly intended as third-party beneficiaries of this provision of this Agreement.

12.3 No Recourse against Non-Parties

- (a) All claims or causes of action that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement (including any representation or warranty made in or in connection with this Agreement), may be made only against the persons that are expressly identified as Parties hereto.
 - (b) No person who is not a Party to this Agreement, including without limitation any Group Company or any director, officer, employee, incorporator, member, partner, shareholder, Affiliate, agent, attorney, adviser or representative of any Party to this Agreement (the "**Non-Party Affiliates**"), shall have any liability for any obligations or liabilities arising under, in connection with or related to this Agreement or for any claim based on, in respect of, or by reason of this Agreement or its negotiation or execution and each Party hereto waives and releases all such liabilities, claims and obligations against any such Non-Party Affiliates. Non-Party Affiliates are expressly intended as third party beneficiaries of this provision of this Agreement.
 - (c) No individual who in his/her capacity as agent, legal representative or otherwise, signs this Agreement or any agreement, certificate or other document in relation therewith on behalf of any Party hereto (a "**Non-Party Individual**") shall have any liability for any obligations or liabilities arising under, in connection with or related to this Agreement or any agreement, certificate or other document in relation therewith, or for any claim based on, in respect of, or by reason of this Agreement or any agreement, certificate or other document in relation therewith, or their negotiation or execution; and each Party hereto waives and releases all such liabilities, claims and obligations against any such Non-Party
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Individual. Non-Party Individuals are expressly intended as third party beneficiaries of this provision of this Agreement.

12.4 Use of Seller Trademarks and Logos

- (a) The Purchaser acknowledges that it is not purchasing, acquiring or otherwise obtaining any right, title or interest in the name/acronym "InfoVista" in any trade names, trademarks, identifying logos or service marks related thereto or containing the acronym "InfoVista" or any part or variation of any of the foregoing or any similar trade name, trademark or logo (collectively the "**Seller Trademarks and Logos**"). The Purchaser shall not, and shall procure that the Group Companies shall not, use the Seller Trademarks and Logos from and after the Closing Date except that for a period of three (3) months after the Closing Date, the Group Companies may use marketing or other materials (including letters, brochures and business cards), if and to the extent such materials were in existence on the Closing Date, and may display the Seller Trademarks and Logos on their respective assets (including any equipment, machines, cars, uniforms and buildings) pending the prompt removal of such trademarks and logos, if and to the extent the Seller Trademarks and Logos were affixed to such assets on the Closing Date, it being provided that such use of the Seller Trademarks and Logos shall be in a manner which is consistent with the use of the Seller Trademarks and Logos prior to the Closing Date, does not create confusion as to the origin of the services provided by the Group Companies and does not cause any Loss to the Seller and its Affiliates or to the Seller Trademarks and Logos. The Purchaser shall procure that the Group Companies, within the abovementioned period as from Closing, affixes on all such materials a label indicating a name associated with the Purchaser and definitively removes Seller Trademarks and Logos from all of their respective assets.
- (b) For the avoidance of doubt, without prejudice to the provisions of this Clause 12.4, no royalties or other fees, costs or liability for the utilization of the Seller Trademarks and Logos will be due, paid or incurred by the Group Companies or the Purchaser *vis-à-vis* the Seller or any of its Affiliates during the period from the Closing Date until the date on which they are removed, to the extent full removal takes place no later than three (3) months after Closing and utilization is made in accordance with the provisions of Clause 12.4.

12.5 Insurance replacement

The Purchaser:

- (a) acknowledges and agrees (on its behalf and on behalf of the Group Companies following Closing) that upon Closing, all insurance coverage provided in relation to the Group Companies and the Business pursuant to policies maintained by the Seller or any member of the Seller's Group (including as umbrella or group policies) will automatically terminate and no further coverage will be available to the Group Companies under any such policies; and
 - (b) shall procure that the Group Companies enter into such new insurance policies, taking into account their existing stand-alone insurance policies as the case may be, reasonably required to appropriately insure the Group Companies and the Business with effect as from Closing.
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12.6 Transition Period

The Parties undertake to negotiate, finalize and execute in good faith the definitive terms of the Transition Services Agreement in accordance with the key principles set out in Schedule C.

13. CONFIDENTIALITY/ANNOUNCEMENTS

13.1 Confidentiality

- (a) Subject to Articles 13.1(b) and 13.2, the Parties shall keep confidential the contents of this Agreement, and in particular the Purchase Price.
- (b) The Parties may disclose such information if and to the extent:
 - (i) required by the Law of any relevant jurisdiction or by any recognized securities exchange or by any regulatory or governmental body, but only after prior consultation (where legally feasible and practicable) with the Seller (in case of disclosure by the Purchaser) or the Purchaser (in case of disclosure by the Seller);
 - (ii) required in connection with any claim or other Legal Proceedings;
 - (iii) such information is disclosed on a strictly confidential basis to (A) any of its professional advisers, or auditors or to (B) any of its Affiliates, in any case on a need-to-know basis;
 - (iv) the information has come into the public domain otherwise than through a breach of this Article 13.1 or a breach by a third party of its confidentiality undertakings;
 - (v) prior written consent to the disclosure has been given by the Seller (in case of disclosure by the Purchaser) or the Purchaser (in case of disclosure by the Seller); or
 - (vi) required to enable the relevant Party to enforce its rights or remedies under this Agreement.
- (c) The present confidentiality undertaking shall remain in force for a period of five (5) years starting from the date of signature of this Agreement.
- (d) The Parties agree to terminate the confidentiality agreement entered into between the Seller and the Purchaser on [1] January 2021 (the “**Confidentiality Agreement**”), subject to the Closing taking place and with effect from the Closing Date.

13.2 Announcements

Pending Closing, no press release or announcement in connection with the existence or the subject matter of this Agreement or the Transaction shall be made or issued by or on behalf of the Seller, its Affiliates, the Purchaser or the Purchaser’s Group without the prior written approval of both the Seller and the Purchaser. Any press release relating to the subject matter of this Agreement shall be prepared jointly by the Seller and the Purchaser. This shall not affect any announcement or, as the case may be, circular required by Law or any regulatory body or the rules of any recognized stock exchange on which the shares of any Party or any of their Affiliates are listed but the Party

with an obligation to make an announcement or, as the case may be, issue a circular shall consult with the other Party insofar as is reasonably practicable before complying with such an obligation.

14. SUCCESSORS AND ASSIGNS – THIRD PARTY BENEFICIARIES

14.1 General provisions

This Agreement is personal to the Parties. Accordingly, neither the Purchaser, on the one hand, nor the Seller, on the other hand, may, without the prior written consent of the other, assign the benefit of all or part of their rights and obligations under this Agreement.

15. VARIATION

No variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the Parties.

16. PAYMENTS

Wherever in this Agreement provision is made for payment by one Party to another, such payment shall be made in Euros and be effected by crediting by wire transfer and in immediately available funds the payee's account on or before the due date of payment.

17. WITHHOLDINGS AND DEDUCTIONS

All sums payable by the Seller or the Purchaser to another Party under this Agreement shall be paid free and clear of all deductions, withholdings, set-offs or counter-claims whatsoever save only as may be required by Law.

If any deductions or withholdings are required by Law to be made from any payment to be made pursuant to this Agreement, the amount of said payment shall be increased by such amount as will, after the deduction or withholding has been made, leave the recipient of the payment with the same amount as it would have been entitled to receive in the absence of any such requirement to make a deduction or withholding.

18. COSTS

Save as otherwise expressly provided in the Agreement, each Party shall bear the costs and expenses (including intermediaries' fees) incurred by it in connection with the negotiation, preparation, execution and implementation of this Agreement, the Transaction and the transactions contemplated herein as well as any Taxes required by Law to be paid by such Party.

Notwithstanding anything to the contrary herein, the Purchaser shall bear all stamp, transfer or registration taxes (*droits d'enregistrement*) payable in any jurisdiction in respect of this Agreement, the Transaction or any other document entered into pursuant to this Agreement. The Purchaser shall provide the Seller with evidence of the payment of any such taxes or levies promptly upon the written request of the Seller.

19. COOPERATION

Subject to the terms and conditions herein provided, each Party shall use all reasonable efforts to cooperate in good faith with the other Parties to consummate and make effective the Transaction and the transactions contemplated by this Agreement.

Without limiting the generality of the foregoing, the Seller shall, and shall procure that the Company shall provide all necessary items, codes and related deliverables in connection to the Open Source Materials components used in the Company's commercially available products in order to enable Purchaser to perform "Black Duck" or "White Source" scan of the existing Open Source Materials. The Seller shall, and shall cause the Company to, as the case may be, cooperate with the Purchaser in the development of any remediation plan, to be reasonably agreed upon by Purchaser and Seller, to correct material issues identified by the Purchaser as a result of the review and "Black Duck" or "White Source" scan of the relevant products of the Company.

20. PARENT GUARANTEE

- (a) The Purchaser Parent hereby irrevocably and unconditionally undertakes and agrees to guarantee and be liable for, the payment by the Purchaser to the Seller of all amounts payable or that may become payable by the Purchaser to the Seller pursuant to the terms and conditions of this Agreement (including, for the avoidance of doubt, the payment of the Purchase Price in accordance with Article 4.2) (the **Parent Guarantee**).
- (b) The Purchaser Parent hereby agrees that the Parent Guarantee shall remain in full force and effect until the earlier of (i) the date of termination of this Agreement in accordance with Clause 11, without any liability or indemnification being due by the Purchaser in relation thereto, and (ii) the date upon which the Purchaser is discharged in full of all outstanding liability or payment obligations owed to the Seller in accordance with this Agreement.
- (c) For the avoidance of doubt, the Seller shall not be required to pursue or enforce payment or any remedy or recovery against the Purchaser prior to enforcing the Parent Guarantee, it being specified that the Purchaser Parent agrees to pay to the Seller any requested amount due by the Purchaser pursuant to the terms and conditions of this Agreement upon first written demand of the Seller.
- (d) The Parties acknowledge and agree that in respect of the payment obligations of the Purchaser under this Agreement, the Purchaser and the Purchaser Parent are acting jointly and severally (*conjointement et solidairement*).

21. LIABILITY OF EACH PARTY

Unless otherwise expressly provided herein (including in Article 20(d)), the liability of each Party under this Agreement shall not be joint and several (*solidaire*).

22. NOTICES

Any notice or communication in connection with or pursuant to this Agreement shall be in writing and must be delivered (i) by hand against a receipt dated and signed by the recipient, (ii) sent by registered letter with acknowledgement of receipt (or similar international courier service), or (iii)

sent by electronic mail (followed on the same day or on the following day by a registered letter with acknowledgement of receipt or similar international courier service).

The notices and communications provided for herein shall be sent to the Parties at the addresses and for the attention of the recipient referred to in Schedule 22 of this Agreement (or to any other address or for the attention of any other person designated by the recipient to the other Parties in compliance with the provisions of this Article).

A notice shall be deemed:

- (a) in the case of notices served by hand delivery, sent and received on the date of receipt;
- (b) in the case of notices via registered letter with acknowledgement of receipt, sent at the date of postmark stamped on the sending receipt and received on the day of first presentation (or the next Business Day if such day of first presentation is not a Business Day);
- (c) in the case of notices sent by international courier, sent at the date of collection shown on by the monitoring document produced by the international courier service and received on the day of first presentation (or the next Business Day if such day of first presentation is not a Business Day);
- (d) in the case of e-mails sent before 6:00 p.m. (CET), sent the day of sending and received the day of sending (or the next Business Day if the day of sending is not a Business Day). In the case of e-mails sent after 6:00 p.m. (CET), sent and received the Business Day following the day of sending.

23. SPECIFIC PERFORMANCE

Notwithstanding anything to the contrary in this Agreement, each of the Purchaser and the Purchaser Parent expressly acknowledges and agrees that the Seller may seek specific performance in the event of a breach by (i) the Purchaser of its obligation to purchase the Transferred Shares and make the payment referred to in Article 6.2(b), or (ii) the Purchaser Parent of its obligations pursuant to Article 20, in accordance with the provisions of article 1221 of the French Civil Code. Each of the Purchaser and the Purchaser Parent further acknowledges and agrees that such specific performance would not result in or constitute a manifest disproportion (*disproportion manifeste*) within the meaning of article 1221 of the French Civil Code.

24. UNFORESEEABILITY

- (a) Each Party hereby acknowledges and agrees that the provisions of article 1195 of the French Civil Code shall not apply to it with respect to its obligations under this Agreement, and hereby expressly and irrevocably waives any rights that it may have under article 1195 of the French Civil Code and agrees not to make any claim under article 1195 of the French Civil Code (including in the event of any fluctuation or change of interest rates or market conditions).
 - (b) Each Party further acknowledges, after due consideration, that there are no circumstances that cannot be foreseen at the time this Agreement is entered into which could make the
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performance of its obligations excessively onerous and each Party agrees to bear its own risks in relation thereto.

25. EXPRESS WAIVERS

Each of the Purchaser and the Purchaser Parent expressly and irrevocably waives (i) any right it may have under article 1226 of the French Civil Code to terminate this Agreement, (ii) any right it may have under articles 1186 and 1187 of the French Civil Code to claim that this Agreement has lapsed as a result of any other contract contributing to the completion of the transactions contemplated hereunder having terminated, lapsed or being ineffective for any reason whatsoever, (iii) to the fullest extent permitted by applicable Law, the benefits of article 1602 of the French Civil Code, and (iv) its right to benefit from the provisions of article 1223 of the French Civil Code and to accept a partial performance of the Agreement in exchange for a proportional discount of the Purchase Price.

26. PROFESSIONAL ADVICE

Each of the Parties acknowledges and confirms that it was advised by its own lawyers and other professional advisors and, in such connection, has been able to independently assess the scope of its rights and obligations under this Agreement and has had the opportunity to negotiate the terms of this Agreement. Consequently, no lawyer or other advisor shall be deemed to be the sole drafter (*rédacteur unique*) on behalf of all the Parties and each of the Parties acknowledges and agrees that this Agreement shall not be deemed a contract of adhesion within the meaning of article 1110 of the French Civil Code.

27. ENTIRE AGREEMENT

This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties with respect to its subject matter and replaces and supersedes any prior understandings, agreements or representations by or between the Parties, written or oral, to the extent they relate in any way to the subject matter thereof

28. INVALIDITY

If any term or provision in this Agreement is held to be illegal or unenforceable, in whole or in part, under any enactment or rule of law, such term or provision or part shall to that extent be deemed not to form part of this Agreement but the enforceability of the remainder of this Agreement shall not be affected. The Parties shall amend any invalid or unenforceable term or provision to the extent reasonably required to make such provision valid or enforceable.

29. GOVERNING LAW AND COMPETENT COURTS

This Agreement is governed by and shall be construed in accordance with French law.

All disputes, controversies or claims arising out of or in connection with the existence, validity, interpretation or performance of this agreement shall be finally settled by the *Tribunal de Commerce* of Paris.

30. ELECTRONIC SIGNATURE

This Agreement is executed on [1] 2021 by each of the Parties using an advanced electronic signature (AES) process implemented by a third-party service provider, DocuSign, (i) which meets the requirement of article 1366 and article 1367 of the French Civil Code as well as the implementing decree nr. 2017-1416 of 28 September 2017 (especially its article 1) relating to electronic signatures, transposing Regulation (EU) nr. 910/2014 of the European Parliament and of the Council dated 23 July 2014 on electronic identification and trusted services for electronic transactions within the internal market, (ii) which is a reliable identification process guaranteeing the signature to this Agreement as well as the security and integrity of digital copies in accordance with the abovementioned French legislation, which is expressly agreed by each of the signatories, in accordance with articles 1366 and 1367 of the French Civil Code. In addition, each of the Parties, in accordance with article 1366 of the French Civil Code, acknowledges and agrees that this electronic signature shall have the same legal value as a handwritten signature. In accordance with paragraph 4 of article 1375 of the French Civil Code, this Agreement is drawn up in a single original digital copy, a copy of which shall be delivered to each of the Parties directly by DocuSign, which is in charge of implementing the advanced electronic signature solution under the conditions required by article 1367 of the French Civil Code and the implementing decree n°2017-1416 of 28 September 2017 relating to electronic signatures, which is expressly acknowledged and agreed by the Parties. Each Party hereby acknowledges and agrees that its signing of this Agreement via the abovementioned electronic process is made in full knowledge of the technology implemented, its relating terms of use and the electronic signature Laws, and, accordingly, hereby irrevocably and unconditionally waives any right such Party may have to initiate any claim and/or legal action, directly or indirectly arising out of or relating to the reliability of said electronic signature process and/or the evidence of its intention to enter into this Agreement in this respect.

[SIGNATURE PAGE]

LIST OF SCHEDULES

Exhibit A	Business Warranties
Schedule B	Key Employees
Schedule C	Key terms of the Transition Services Agreements
Schedule H	Pending disputes
Schedule 4.2	Payment Account Details of the Seller
Schedule 5.3	Seller Guarantees
Schedule 5.4	Third Party Consents
Schedule 6.2	Resigning directors and form of resignation letter
Schedule 21	Notices

Exhibit A

Business Warranties

Exhibit A

BUSINESS REPRESENTATIONS AND WARRANTIES OF THE SELLER

For the purpose of this Exhibit A, the **Seller's Knowledge** means, with respect to any fact, circumstance, event or other matter in question, as at the concerned date, the actual knowledge of such fact, circumstance, event or other matter, after reasonable enquiry, by any of [***] and the Key Employees, in their respective capacity as employee, director or officer of the Group Companies. For the avoidance of doubt, the Seller's Knowledge shall expressly exclude any implied, imputed or constructive awareness or knowledge of any of the foregoing individuals.

The Seller represents and warrants to the Purchaser as follows, except as otherwise set forth under this Agreement, which representations and warranties are, as at the date of this Agreement, and will be, as at the Closing Date, true and correct:

1. TAX

- (a) Tax Return: Each Group Company has duly and timely filed with the appropriate Tax Authorities all Tax Returns required to be filed by or with respect to it. All of these Tax Returns are complete and accurate in all material respects, and are not the subject of any dispute. All Taxes due and owing by any Group Company (including installments or prepayments of Taxes) have been duly and punctually paid and each Group Company has paid all assessments and reassessments it has received in respect of Taxes. No claim has ever been made by a Taxation Authority in a jurisdiction where a Group Company does not file a Tax Return that such Group Company is or may be subject to taxation by that jurisdiction for Taxes that would be covered by or the subject of such Tax Return.
 - (b) The unpaid Taxes of any Group Company do not, as of the Locked Box Date, exceed the reserve for Tax liability (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the balance sheet (rather than in any notes thereto)], and since the Locked Box Date, no Group Company has been involved in any transaction or arrangement which has given or may give rise to a material liability for Taxes (or would have given or might give rise to a material liability but for the availability of a relief) outside the ordinary course of business.
 - (c) No deficiencies or assessments or reassessments for Taxes with respect to any Group Company have been claimed, proposed or assessed by any Taxation Authority or other Governmental Authority. There are no pending audits, assessments, investigations, request for information, disputes, claims or other actions for or relating to any liability in respect of Taxes of any Group Company. There are no matters that are under discussion with any Taxation Authority or other Governmental Authority or, with respect to Taxes that are, to the Seller's Knowledge, likely to result in an additional liability for Taxes with respect to any Group Company. No issues relating to Taxes of any Group Company were raised by the relevant Taxation Authority in any completed audit or examination that would reasonably be expected to result in Taxes in a later taxable period. No Group Company has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or reassessment or deficiency or the filing of any Tax Return, nor has any request been made in writing for any extension or waiver. No power of attorney with respect to any Taxes is currently in force or has been executed or filed with any Taxation Authority or other Governmental Authority. Except as set forth in Schedule 1, no Group Company has requested, received or entered into any Tax ruling, determination or agreement from or with any Taxation Authority or other Governmental Authority.
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- (d) No Group Company benefits or has benefited from any Tax advantage (including a carry forward or a deferment), favorable Tax regime or any aid, subsidy or other similar measure obtained in exchange for existing undertakings of the Group Companies or against an additional Tax burden, past, present or future.
- (e) No Group Company incurs or has incurred any material Tax liability with respect to any intra-group agreements entered into among any of them. The Group Companies have kept all necessary documents to justify any amounts paid pursuant to said agreements.
- (f) The Company is not a real estate company within the meaning of Article 726 of the French Tax Code.

2. LOCKED BOX ACCOUNTS

- (a) The Seller has delivered to the Purchaser true and complete copies of the *pro forma* unaudited accounts of the Group Companies as at the Locked Box Date, as set forth in the vendor assistance report dated 31 March 2021 (the “**Locked Box Accounts**”). The Locked Box Accounts (i) have been prepared in accordance with applicable Laws and applicable accounting standards and the policies, principles and practices generally accepted and consistent therewith as at the Locked Box Date, and (ii) having regard to the purposes for which they were prepared, present an accurate and fair view of the financial position of each Group Company as at their respective date and of the profit and loss of each Group Company for the concerned period, in each case in accordance with applicable accounting Laws.

3. RECORDS

All material Records of the Company and the Subsidiary are complete and correct in all material respects and have been maintained in accordance with sound business practices. The Company and the Subsidiary have made and kept (as Disclosed in sections 6.1.6, 6.1.8, 6.2.9, 7.2.1 to 7.2.10, 7.4.1 and 7.8.9 of the Data Room) material Records, which, in reasonable detail, accurately and fairly reflect the activities of the Company and the Business, in all material respects. The copies of the share register and ledgers of the Company and the Subsidiary previously delivered to the Purchaser are true, correct and complete, and accurately reflect the current holder of all shares and all transactions effected in the capital of each of the Company and the Subsidiary through and including the date hereof. None of the Group Company has been engaged in any transaction, maintained any bank account or used any corporate funds except for transactions, bank accounts and funds which have been and are reflected in the normally maintained Records of the Company and the Subsidiary.

4. LITIGATION

Except as set forth in **Schedule 4** or otherwise Disclosed in sections 2.77 and 2.78 of the Data Room, there are no, and during the three years prior to the date hereof, there have not been any pending proceeding or threatened (in writing) proceeding (i) in which the Company or the Subsidiary is a party or otherwise relating to the Business, (ii) in which any of the Group Companies' respective directors, officers or employees are parties (in their capacities as such or relating to their employment, services or relationship with the Company or the Subsidiary), (iii) involving the Seller in such Seller's capacity as shareholder of the Company, or (iv) seeking to delay, limit or enjoin the transactions contemplated by this Agreement. There are no order issued by any court of competent jurisdiction or other legal or regulatory restraint in effect against any

Group Company, or to the Seller's Knowledge, against any of their directors, officers or employees (in their capacities as such or relating to their employment, services or relationship with the Group Companies).

5. COMPLIANCE WITH LAWS

- (a) Each Group Company has conducted the Business, in all material respects, in compliance with all Anti-Corruption Laws, Anti-Money Laundering Laws, Ex-Im Laws and Sanctions Laws during the three years prior to the date hereof.
- (b) No Group Company has received any written notice from any Governmental Authority to the effect that, or otherwise been advised in writing by any such Governmental Authority that, it is not in compliance with applicable Laws, and to the Seller's Knowledge no threats thereof have been made in writing by any Governmental Authority against any Group Company.
- (c) No person who performs or, to the Seller's Knowledge, has performed services for or on behalf of any Group Company has bribed another person intending to obtain or retain business or an advantage in the conduct of business for any Group Company.
- (d) The Group's employees benefited from reasonable adequate procedures in place at the Seller's Group level, to prevent any persons who perform services for or on behalf of the Seller's Group from bribing another person intending to obtain or retain business or an advantage in the conduct of business for any Group Company.
- (e) No Group Company has manufactured or sold any products which were the subject of any voluntary or mandatory recall or product warning or did not comply, in all material respects, with all regulations applicable to such products.
- (f) None of the Group Companies or any of their directors, employees, agents or representatives (in each case acting in their respective capacities within the Group) has, since the incorporation of the Company, (i) violated any Anti-Corruption Laws or (ii) offered, given, promised to give or authorized the giving of money or anything of material value, to any Governmental Authority officials or to any other person for the purpose of corruptly influence any of their act or decision in their official capacity or (iii) been subject to any investigation or proceeding for potential corruption, fraud or violation of any Anti-Corruption Laws.
- (g) None of the Group Companies or any of their directors, employees, agents or representative (in each case acting in their respective capacities with the Group Companies) has, since the incorporation of the Company, violated any Anti-Money Laundering Laws or been subject to any investigation or proceeding for potential fraud or violation of any Anti-Money Laundering Laws.

For the purposes hereof,

"Anti-Corruption Laws" means laws and regulations relating to anti-bribery, anti-corruption or anti-money laundering applicable in any jurisdiction in which the Group operates, including, without limitation, laws that prohibit the corrupt payment, offer, promise, or authorization of the payment or transfer of anything of value (including gifts or entertainment), directly or indirectly, to any foreign government official, foreign government employee, person or commercial entity to obtain a business advantage, or the offer, promise, or gift of, or the request for, agreement to receive or receipt of a financial or other advantage to induce or reward the improper performance of a

relevant function or activity; such as, without limitation, the U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery Act of 2010 and the French Anticorruption Law Sapin II of 9 December 2016;

“**Anti-Money Laundering Laws**” means all applicable Laws relating to money laundering and financing of terrorism of any jurisdiction in which any of the Group Company is subject to, including without limitation, financial recordkeeping and reporting requirements such as, USA PATRIOT Act and/or the U.S. Money Laundering Control Act of 1986 as amended and/or the EU Directive 2015/849 and/or its French application, including but not limited to the provisions set forth in Book III, Title II “Des autres atteintes aux biens” of the French *Code pénal*, and those relating to fight against financing of terrorism in particular those included in Book IV, Title II “Du Terrorisme” of the French *Code pénal* and those included in Book V, Title VI “Obligations relatives à la lutte contre le blanchiment des capitaux, le financement des activités terroristes, les lotteries, jeux et paris prohibés et l’évasion et la fraude fiscale” of the French *Code monétaire et financier* and/or any foreign Laws relating to money laundering and financing of terrorism, to the extent these measures are applicable; and

“**Ex-Im Laws**” means all applicable European Union and non-European Union laws, regulations or orders relating to export, re-export, transfer and import controls, including the European Union Dual Use Regulations, the US Export Administration Regulations, the International Traffic in Arms Regulations, and the customs and import Laws administered by US Customs and Border Protection, in each case which are applicable to any Group Company;

“**Sanctions Laws**” means any applicable laws, regulations, or orders relating to economic or trade sanctions including those laws, regulations, or orders administered or enforced by the United States of America (including by the US Office of Foreign Assets Control or the US Department of State), the United Nations Security Council, the European Union, any Member State of the European Union, and the United Kingdom, in each case which are applicable to any Group Company.

6. PERMITS

- (a) All licences, registrations, permits and authorizations that are material to the effective and lawful carrying on of the Business of the Group in the places and in the manner in which such Business is currently conducted:
- (i) have been obtained;
 - (ii) are valid and in full force and effect;
 - (iii) are being complied with in all material respects; and
 - (iv) none of these permits will be terminated, or will become terminable, in whole or in part, as a result of the Transaction.
- (b) The Seller has Disclosed in sections 2.79, 2.80, 2.81 and 2.82 of the Data Room complete and accurate copies of all permits used in the operation of the Business in all material respects, or otherwise held by any Group Company.
- (c) There is no action or proceeding by any Governmental Authority pending or, to the Seller’s Knowledge, threatened, seeking the revocation or suspension of any permit. All registrations,
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listings, representations, filings with and submissions to any Authority made by or on behalf of the Company and/or the Subsidiary with regard to the Group's products whether written or electronically delivered, were true, accurate and complete as of the date made, and, to the extent required to be updated, as so updated remain true, accurate and complete as of the date hereof.

7. MATERIAL CONTRACTS

- (a) **Schedule 7** sets forth a complete and accurate list of all Material Contracts related to the Business and/or to which any member of the Group is a party or by which any Group Company is bound.
- (b) Each of the Material Contracts is in full force, effect, and binding on the parties to it. No notice of termination of any Material Contract has been received or served by a Group Company and, subject to the terms of Article 5.4 (*Third Party Consent*) of the Agreement, to the Seller's Knowledge, there are no grounds for termination, non-renewal or material change in the terms of any such Material Contract, other than in the ordinary course of business.
- (c) No Group Company is in material default under any Material Contract to which it is a party and, no other party to such a Material Contract is in material default thereunder. There are no circumstances likely to give rise to any such default.
- (d) Subject to any warranties implied by Law, no Group Company has provided any pending warranty in relation to the sale of its products which is more onerous for such Group Company than as stipulated in the Group's general conditions of sale and delivery in force as at the concerned date.

8. UNDISCLOSED LIABILITIES

No Group Company has any Liability or obligation of any nature (including any off balance sheet obligation), whether accrued, absolute or contingent (but excluding, for the avoidance of doubt, unpredictable Liabilities), except for (i) liabilities reflected or reserved against in the Locked Box Accounts and (ii) liabilities that are not material in amount and/or incurred in the ordinary course of business since the Locked Box Date. No Group Company has guaranteed or otherwise agreed to cause, insure or become liable for, and no Group Company has pledged any of its assets to secure, the performance or payment of any obligation or other liability of any other person.

9. GRANTS

No Group Company has applied for, or received any grants, incentives, benefits or subsidies from any Governmental Authority

10. INSURANCE

- (a) All the insurance coverage applicable to the Group Companies and the Business derives from group policies in place within the Seller's Group.
 - (b) All premiums due and payable by any Group Company under any such insurance policies have been timely paid and none of the Group Companies is in default under any such insurance policies. There is no default under any coverage nor has there been any failure to give notice or present any claim under any coverage in a due and timely fashion. For the past three years, there have been no other claim under any insurance policies. Group Companies have never been denied insurance coverage, nor have they been advised that their coverage will be terminating or not renewed.
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11. EFFECT OF THE TRANSACTION

- (a) Neither the acquisition of the Transferred Shares by the Purchaser nor compliance with the terms of this Agreement will:
- (i) give rise to, or cause to become exercisable, any right of pre-emption over the Transferred Shares;
 - (ii) result in a breach of any contract, order, judgment, injunction, undertaking, decree or other like imposition;
 - (iii) result in the creation, imposition, crystallisation or enforcement of any Encumbrance on any of the assets of any Group Company;
 - (iv) entitle any person to receive from any of the Group Companies any finder's fee, brokerage or other commission in connection with the purchase of the Transferred Shares by the Purchaser;
 - (v) result in the loss or impairment of or any default under any licence, authorization or consent required by any of the Group Companies for the purposes of the Business;
 - (vi) result in any indebtedness of any of the Group Companies becoming due and payable, or capable of being declared due and payable, prior to its stated maturity date or in any financial facility of any of the Group Companies being withdrawn;
 - (vii) entitle any person to acquire or affect the entitlement of any person to acquire shares in the Company, including any accelerated vesting or exercisability of options; or
 - (viii) cause any Group Company to lose the benefit of any public grant, subsidy contribution or benefit from any Governmental Authority or will cause such benefit to be required to be repaid or apply on different terms and conditions.

12. ASSETS – REAL ESTATE

- (a) Each of the Group Companies has legal title, right of use or a valid leasehold interest in all of its properties, and interests in properties and assets, real and personal, reflected on the Locked Box Accounts or, with respect to leased properties and assets, valid leasehold interests in such properties and assets that afford the Company and the Subsidiary valid leasehold possession of the properties and assets that are the subject of such leases, in each case, free and clear of all Encumbrances.
- (b) Neither the Company nor the Subsidiary currently owns, leases or occupies any real estate other than those listed in **Schedule 12** (the **Properties**). True and complete copies of all leases, subleases and other material agreements relating to the Properties have been Disclosed in sections 2.75 and 2.76 of the Data Room. Other than in the ordinary course of business, there are no pending disputes, notices of termination, material increase of rent payable or repairs or requirements to invest in or relating to any of the Properties. Each of the Properties is served by permanent drainage, water, electricity and gas services all of which are connected to the mains by media located entirely on, in or under the Properties and the Seller has no knowledge of any imminent or likely interruption of the passage or provision of such services.
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- (c) The Group Companies own or have the right to use all Assets necessary (including without limitation the business equipment and assigned IT assets), in all material respects, for the carrying out of the Business as currently carried on. All of the tangible Assets are in operating condition and repair in all material respects sufficient for the purposes for which they are currently used.
- (d) The inventories of the Business (including raw materials, supplies, work-in-progress, finished goods or other materials) (i) are in good, merchantable and useable condition in all material respects, (ii) have not been consigned to any third party (except in respect of software consigned at Logitas for escrow purposes), (iii) are at facilities either owned or leased by Seller or its Affiliates, and (iv) are, in the case of finished goods, of a quality and quantity consistent with the Ordinary Course of Business in all material respects.
- (e) No Group Company has received any written notice alleging a material breach on the part of the tenant of any covenants, conditions and agreements contained in the relevant lease, right of superficies or right of sub superficies.

For the purposes herein, “Assets” shall mean all tangible and intangible assets and Properties of any Group Company used or held for use in connection with the Business.

13. COMMERCIAL RELATIONS

- (a) A complete and accurate list of the top 10 customers and top 10 suppliers of the Group is set out in **Schedule 13**.
- (b) Without prejudice to the provisions of Article 5.3, none of the Seller or the Group Companies has been informed in writing that any customer or supplier of any Group Company has decided or intends to cease, reduce or otherwise adversely modify, whether immediately or in the future, its commercial relationship with any Group Company for any reason, including as a result of the Transaction.

14. INTELLECTUAL PROPERTY

- (a) A complete and accurate list of all of Intellectual Property Rights owned or used by each Group Company to conduct the Business in the same manner as it is currently carried on, in all material respects, has been Disclosed in sections 2.3 and 2.4 of the Data Room.
 - (b) The Group Companies either own, or have valid licenses to use, all the Intellectual Property Rights required to carry on the Group’s Business in the same manner as it is currently carried on and such Intellectual Property Rights will not be lost or liable to termination as a result of the Transaction, without prejudice to the provisions of Article 12.4 (*Use of Seller Trademarks and Logos*) of the Agreement. None of such Intellectual Property Rights is owned by any member of the Seller Group except as has been Disclosed in sections 2.3 and 2.4 of the Data Room.
 - (c) When owned by a Group Company, such Intellectual Property Rights are fully and validly owned by the Group Company concerned, free from any Encumbrances and have not been licensed to any Third Party nor subject to any agreement that restricts their use, disclosure, licensing or transfer by the Group Companies. In all relevant jurisdictions where the Business is currently carried out, the Group Companies have properly registered and maintained their Intellectual Property Rights and performed all other formalities required by applicable Laws in connection with such Intellectual Property Rights.
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- (d) Each license relating to Intellectual Property Rights to which any Group Company is a party as licensee or licensor is in full force and effect and binding on the parties to it; the terms of the licenses have been complied with by the parties in all material respects, no notice of termination of any such license agreements has been received or served by a Group Company and to the Seller's Knowledge there are no grounds on which they might be terminated, in particular, the consummation of the transactions contemplated by this Agreement will not result in a breach, modification, cancellation, termination, non-renewal, suspension of, or acceleration of any payments with respect to any Intellectual Property Rights.
- (e) None of the Group Companies or to the Seller's Knowledge any of their manager or employee (in their capacities as such) has infringed any Intellectual Property Rights of any other person in connection with the conduct the Business in the manner as it is currently carried on, including by way of counterfeit. To the Seller's Knowledge, no person has infringed or is infringing any Intellectual Property Rights owned or used by any Group Company and the Group Companies have taken all reasonably necessary steps to protect the any Intellectual Property Rights they own or use against such infringement.
- (f) There is no pending legal action contesting the right of any Group Company to exploit any Intellectual Property Rights owned or used by it to conduct the Business as currently conducted, or contesting the ownership by any Group Company of any Intellectual Property Rights or the validity or enforceability of any Intellectual Property Rights owned or used by it to conduct the Business as currently conducted. No Group Company has received any written notice or claim regarding any Intellectual Property Rights allegedly used without authorization, infringed, violated or misappropriated by a Group Company, or otherwise regarding any infringement, misappropriation, or violation of any Intellectual Property Rights of a third party by a Group Company, which has given rise to any legal action or settlement.
- (g) All current and former employees, consultants and contractors of the Company and other persons that have participated in the creation or development of any Intellectual Property Rights for any Group Company have executed valid and enforceable agreements in which they have expressly assigned all of their Intellectual Property Rights to a member of the Group, have waived all moral Intellectual Property Rights to the extent legally permissible and have agreed to maintain the confidentiality of this Intellectual Property Rights. All invention, creation, development, design and modification of the Intellectual Property Rights was undertaken by these contributors within the scope of their engagement.
- (h) Other than the domain names listed in **Schedule 14** none of the Group Companies owns any domain names. None of the Group Companies operates a website from a domain name owned by a Third Party.

For the purpose hereof, "**Intellectual Property Rights**" shall mean any and all trademarks, service marks, patents, trade and business names, logos, registered designs, design rights, copyright, database rights, domain names, inventions, know how, trade secrets and other similar intellectual property rights in any jurisdiction.

15. **INFORMATION TECHNOLOGY**

- (a) Other than off-the-shelf software, the Group Companies own the IT Systems free from Encumbrances. The terms of the IT Agreements to which a Group Company is a party have been complied with by all parties in all material respects and are not subject to any notice of termination.
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The Group Companies have the benefit of appropriate arrangements, in all material respects, for the maintenance, support and disaster recovery of their IT Systems.

- (b) Copies of the procedures followed by the Group Companies for protecting their IT Systems from infection by software viruses and from access by unauthorized persons have been Disclosed in section 2.83 of the Data Room.
- (c) Save as set out in **Schedule 15**, during the last three years, the IT Systems have not (i) failed to function in any way that has had a material effect on the Business, or (ii) been infected by any software virus having affected not insignificantly the operations of the a Group Company ; or (iii) been accessed by any unauthorized person.
- (d) The Group Companies are in possession of the source code to any software in which they own the copyright and, no Third Party has a copy of that source code.

For the purpose hereof:

- **“IT Systems”** shall mean all computer hardware (including network and telecommunications equipment), databases and software (save for off-the-shelf software) used by the Group in carrying out the Business as currently carried on;
- **“IT Agreements”** shall mean all written arrangements and agreements under which any third party provides any element of, or services relating to, the IT System, including leasing, hire purchase, licensing, maintenance, website hosting, outsourcing, security, back-up, disaster recovery; and

16. DATA PROTECTION

- (a) Each Group Company has complied in all material respects with applicable requirements of the Data Protection Legislation pertaining to privacy, security and data protection.
- (b) The systems used by the Group Companies to store or use Personal Data are all located inside the European Economic Area, and the Group Companies have not transferred Personal Data to countries outside of the European Economic Area unless in accordance with the applicable Data Protection Legislation.
- (c) Each Group Company has, in all material respects, all necessary authority to receive, access, collect, use, transfer, store, handle and disclose the Personal Data in its possession in connection with the operation of the Business. Each Group Company has made all disclosures to, and obtained any necessary consents and authorizations from, users, customers, employees, contractors and other applicable persons required by applicable Data Protection Legislation, and has filed any required registrations with the applicable data protection authority, including any consents or authorizations necessary to operate the Business.
- (d) In the last three years none of the Group Companies has received a complaint or objection to its collection or use of Personal Data that remains unresolved; and the collection or use of Personal Data by a Group Company has not been the subject of any investigation or proceedings (whether of a criminal, civil or administrative nature).

For the purposes hereof:

- “**Data Protection Legislation**” shall mean all applicable Laws in any jurisdiction (from time to time) relating to privacy or the processing or protection of personal data or personal information, including 2016/679 European Union regulation on data protection and privacy in the European Union and the European Economic Area, the French Loi n° 78-17 du 6 janvier 1978 relative à l’informatique, aux fichiers et aux libertés, and the e-Privacy Directive (2002/58/EC); and
- “**Personal Data**” shall mean personal data or personal information regulated by Data Protection Legislation.

17. EMPLOYEES – PENSIONS

- (a) **Schedule 17(a)** identifies any individuals employed by the Group Companies who are entitled as of the date of this Agreement to an annual gross remuneration greater than €150,000 (fixed and variable) or who participate in trade unions or employee representative functions within the Group (the **Highly Compensated Employees**), and indicates for each of them their duties, term of office and a description of their compensation details (including any bonuses, equity-based compensation or any other material advantage of any kind).
 - (b) None of the Managers or Highly Compensated Employees of the Group Companies have resigned or have informed the Seller or any Group Company in writing of his/her intention to resign. None of them has been dismissed or has subject to a dismissal procedure, which is pending. To the Seller’s Knowledge, no employee or independent contractor of a Group Company is in violation of any term of any employment agreement, non-competition agreement or any restrictive covenant to a former employer relating to the right of any such employee or independent contractor to be employed by or otherwise provide service to the Group Company because of the nature of the Business or to the use of trade secrets or proprietary information of others.
 - (c) Neither the Seller nor any Group Companies have undertaken to increase the rates of remuneration or to grant a bonus or advantage of any kind or pay any compensation (including, equity acceleration, severance, loan forgiveness or otherwise) to any of its employees or managers as a result of the completion of the Transaction or otherwise after the date hereof, other than as imposed by applicable Laws or in the ordinary course of business (which includes the annual remuneration increase cycle to be effective as of September 30, 2021 and the determination of the new annual compensation related to the new financial year starting July 1st 2021).
 - (d) There are no pending or threatened Legal Proceedings instituted by the Labor Administration (*Inspection du Travail ou DREETS*), the Social Security Administration (*URSSAF*) or any Governmental Authority competent for labor Laws, involving any Group Company and any of its present or former employees or managers, or any union or employees' representatives.
 - (e) Particulars of all employment policies (whether written or otherwise), collective bargaining agreements (whether industry-, group- or company-wide), unilateral commitments, company/group customary practices, and staff handbooks pertaining to the employees have been Disclosed in sections 1.27 and 1.31 of the Data Room.
 - (f) Except as set out in **Schedule 17(f)**, no Group Company is involved in any existing, pending or threatened material claim or dispute by or in respect of any employee or employee representative. To the Seller’s Knowledge, there are no particular action or decision taken by any Group Company in the past 12 months prior to the Closing Date that could reasonably result in any legally grounded
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employment dispute against any Group Company. No formal claims or allegations have been made against any Group Company, or any director or employee for discrimination, sexual or other harassment, and to the Seller's Knowledge, such claims are not threatened.

- (g) Each Group Company has complied with its obligations to inform and/or consult with employees' representatives bodies, including any mandatory information and/or consultation of any competent employees' representative body in relation with the Transaction.

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

Extreme Networks, Inc. (“we,” “us,” “our” and the “Company”) has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our common stock. The following description of our common stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our amended and restated certificate of incorporation and our amended and restated bylaws, each of which are filed as exhibits to the Annual Report on Form 10-K, of which this exhibit is a part, and to the applicable provisions of Delaware law. We encourage you to read our amended and restated certificate of incorporation and our amended and restated bylaws and the applicable provisions of Delaware law for more information.

General

Our authorized capital stock consists of 752,000,000 shares, consisting of 750,000,000 shares of common stock, \$0.001 par value, and 2,000,000 shares of preferred stock, \$0.001 par value.

Common Stock

Voting Rights

Each holder of our common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Our stockholders do not have cumulative voting rights in the election of directors. All elections shall be determined by a plurality of the votes cast, and all other matters shall be determined by a majority of the votes cast affirmatively or negatively on the matter; provided, however, that the affirmative vote of holders of at least 66-2/3% of the voting power of all of the then outstanding shares of the capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class, will be required to take certain actions, including amending certain provisions of our amended and restated certificate of incorporation.

Dividends

Subject to preferences that may be applicable to any then outstanding preferred stock, holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds.

Liquidation

In the event of our liquidation, dissolution or winding up, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then outstanding shares of preferred stock.

Rights and Preferences

Holders of our common stock have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of our common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of our preferred stock that we may designate in the future.

Fully Paid and Nonassessable

All of our outstanding shares of common stock are fully paid and nonassessable.

Series A Preferred Stock Purchase Rights

We do not have any shares of preferred stock outstanding, but have designated shares of Series A Preferred Stock in connection with our Amended and Restated Tax Benefit Preservation Plan, dated as of May 17, 2021 (the “Restated Tax Plan”). The Restated Tax Plan amends and restates in its entirety the Company’s existing rights agreement (as previously amended, the “Rights Agreement”) and governs the terms of each preferred stock purchase right, which are referred to as “Rights,” that has been issued with respect to each share of common stock of the Company. While the Restated Tax Plan is intended to preserve our current ability to utilize NOLs and certain other tax attributes, the provisions of the Restated Tax Plan could have the effect of delaying, deferring, or preventing a change of control of the Company and could discourage bids for the Company’s common stock at a premium over the market price of the Company’s common stock.

Dividend of Preferred Stock Purchase Rights

In connection with its adoption of the Rights Agreement, on April 27, 2001, our board of directors declared a dividend distribution of one Right for each outstanding share of our common stock. The distribution was paid as of May 14, 2001, to stockholders of record on that date. As long as the Rights are attached to the common stock, the Company will issue one Right (subject to adjustment) with each new share of the common stock so that all such shares will have attached Rights. When exercisable, each Right will entitle the registered holder to purchase from the Company one one-thousandth of a share of the Company’s Series A Preferred Stock, \$0.001 par value (the “Series A Preferred”), at a price of \$70 per Right, subject to adjustment (the “Purchase Price”).

Transfer, “Flip In” and Exercise of the Rights

The Rights detach from the common stock and become exercisable if: (i) at the close of business on the tenth business day following a public announcement that a person or group of affiliated or associated persons has acquired, or obtained the right to acquire, beneficial ownership of 4.95% or more of the common stock (each such person, an “Acquiring Person”) or (ii) at the close of business on the tenth business day (or such later date as may be determined by action of our board of directors prior to such time as any person or group of affiliated persons becomes an Acquiring Person) following the commencement or announcement of an intention to make a tender offer or exchange offer the consummation of which would result in the beneficial ownership by a person or group of affiliated or associated persons of shares of common stock equal to or exceeding 4.95% of the outstanding common stock (the earlier of (i) and (ii) being called the “Distribution Date”). The Board may postpone the Distribution Date of the rights under certain circumstances.

The Restated Tax Plan provides that any person who beneficially owned shares of common stock equal to or exceeding 4.95% of the outstanding common stock prior, including immediately prior, to the first public announcement of the adoption of the Restated Tax Plan, together with any affiliates and associates of that person (each, an “Existing Holder”), shall not be deemed to be an “Acquiring Person” for purposes of the Restated Tax Plan unless the Existing Holder becomes the beneficial owner of one or more additional shares of common stock (other than pursuant to (a) a dividend or distribution paid or made by the Company on the outstanding common stock in common stock or (b) a split or subdivision of the outstanding common stock). However, if upon acquiring beneficial ownership of one or more additional shares of common stock, the Existing Holder does not beneficially own shares of common stock equal to or exceeding 4.95% of the common stock outstanding, the Existing Holder shall not be deemed to be an “Acquiring Person” for purposes of the Restated Tax Plan.

The Rights will be transferred only with the common stock until the Distribution Date (or earlier redemption, exchange, termination or expiration of the Rights). After the Distribution Date, separate rights certificates will be issued evidencing the Rights and become separately transferable apart from the common stock.

Pursuant to the Restated Tax Plan, the Rights will expire, unless redeemed or exchanged earlier by the Company or terminated, the Rights will expire upon the earliest to occur of (i) the close of business on May 17, 2024, (ii) the close of business on May 17, 2022, if stockholder approval of the Restated Tax Plan has not been obtained by that date, (iii) the close of business on the effective date of the repeal of Section 382 of the Code if our board of directors determines that the Restated Tax Plan is no longer necessary or desirable for the preservation of the Tax Benefits or (iv) the time at which our board of directors determines that the Tax Benefits are fully utilized or no longer available under Section 382 of the Code or that an ownership change under Section 382 of the Code would not adversely impact in any material respect the time period in which the Company could use the Tax Benefits, or materially impair the amount of the Tax Benefits that could be used by the Company in any particular time period, for applicable tax purposes.

Rights and Preferences of Preferred Stock

Each share of Series A Preferred purchasable upon exercise of the Rights will be entitled, when, as and if declared, to a minimum preferential quarterly dividend payment of \$3,750.00 per share or, if greater, an aggregate dividend of 1,000 times the dividend, if any, declared per share of common stock. In the event of liquidation, dissolution or winding up of the Company, the holders of the Series A Preferred will be entitled to a minimum preferential liquidation payment of \$150,000.00 per share (plus any accrued but unpaid dividends), provided that such holders of the Series A Preferred will be entitled to an aggregate payment of 1,000 times the payment made per share of common stock. Each share of Series A Preferred will have 1,000 votes and will vote together with the common stock. Finally, in the event of any merger, consolidation or other transaction in which shares of the common stock are exchanged, each share of Series A Preferred will be entitled to receive 1,000 times the amount received per share of common stock. The Series A Preferred will not be redeemable. These rights are protected by customary antidilution provisions. Because of the nature of the Series A Preferred's dividend, liquidation and voting rights, the value of one one-thousandth of a share of Series A Preferred purchasable upon exercise of each Right should approximate the value of one share of common stock.

The Purchase Price payable, and the number of shares of Series A Preferred or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Series A Preferred, (ii) upon the grant to holders of the Series A Preferred of certain rights or warrants to subscribe for or purchase Series A Preferred or convertible securities at less than the then current market price of the Series A Preferred or (iii) upon the distribution to holders of the Series A Preferred of evidences of indebtedness, cash, securities or assets (excluding regular periodic cash dividends at a rate not in excess of 125% of the rate of the last regular periodic cash dividend theretofore paid or, in case regular periodic cash dividends have not theretofore been paid, at a rate not in excess of 50% of the average net income per share of the Company for the four quarters ended immediately prior to the payment of such dividend, or dividends payable in shares of Series A Preferred (which dividends will be subject to the adjustment described in clause (i) above)) or of subscription rights or warrants (other than those referred to above).

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company beyond those as an existing stockholder, including, without limitation, the right to vote or to receive dividends.

Merger, Exchange or Redemption of the Rights

In the event that a Person becomes an Acquiring Person or if the Company were the surviving corporation in a merger with an Acquiring Person or any affiliate or associate of an Acquiring Person and shares of the common stock were not changed or exchanged, each holder of a Right, other than Rights that are or were acquired or beneficially owned by the Acquiring Person (which Rights will thereafter be null and void), will thereafter have the right to receive upon exercise that number of shares of common stock having a market value of two times the then current Purchase Price of the Right. In the event that, after a Person has become an Acquiring Person, the Company were acquired in a merger or other business combination transaction or more than 50% of its assets or earning power were sold, proper provision shall be made so that each holder of a Right shall thereafter have the right to receive, upon the exercise thereof at the then current Purchase Price of the Right, that number of shares of common stock of the acquiring company which at the time of such transaction would have a market value of two times the then current Purchase Price of the Right.

At any time after a Person becomes an Acquiring Person and prior to the earlier of one of the events described in the last sentence of the previous paragraph or the acquisition by such Acquiring Person of 50% or more of the then outstanding common stock, our board of directors may cause the Company to exchange the Rights (other than Rights owned by an Acquiring Person which will have become null and void), in whole or in part, for shares of common stock at an exchange rate of one share of common stock per Right (subject to adjustment).

The Rights may be redeemed in whole, but not in part, at a price of \$0.01 per Right (the "Redemption Price") by our board of directors at any time prior to the time that an Acquiring Person has become such. The redemption of the Rights may be made effective at such time, on such basis and with such conditions as our board of directors in its sole discretion may establish. Immediately upon any redemption of the Rights, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

Amendment of Restated Tax Plan

Any of the provisions of the Restated Tax Plan may be amended by our board of directors, or a duly authorized committee thereof, for so long as the Rights are then redeemable, and after the Rights are no longer redeemable, the Company may amend or supplement the Restated Tax Plan in any manner that does not adversely affect the interests of the holders of the Rights (other than an Acquiring Person or any affiliate or associate of an Acquiring Person).

Anti-takeover Effects of Provisions of Our Amended and Restated Certificate of Incorporation, Our Amended and Restated Bylaws and Delaware Law

Some provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that could make the following transactions more difficult: acquisition of us by means of a tender offer; acquisition of us by means of a proxy contest or otherwise; or removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Delaware Anti-takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law, which prohibits persons deemed "interested stockholders" from engaging in a "business combination" with a publicly-held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an "interested stockholder" is a person who, together with affiliates and associates, beneficially owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors, such as discouraging takeover attempts that might result in a premium over the market price of our common stock.

Special Stockholder Meetings

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that a special meeting of stockholders may be called only by our board of directors, provided, however, that the board of directors shall call a special meeting of stockholders upon request by the holders of not less than 25% of all shares entitled to cast votes at the meeting, voting as a single class, only for the purpose of removing directors from office.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

Elimination of Stockholder Action by Written Consent

Our amended and restated certificate of incorporation eliminates the right of stockholders to act by written consent without a meeting.

Election and Removal of Directors; Filling Vacancies

At each annual meeting of our stockholders, directors elected to succeed those directors shall be elected for a term expiring at the next annual meeting of stockholders. Because our stockholders do not have cumulative voting rights, our stockholders constituting a plurality of the votes cast will be able to elect all of our directors. Our amended and restated certificate of incorporation provides for the removal of any of our directors with or without cause, but only by the affirmative vote of the holders of at least a majority of the voting power of all the then outstanding shares of capital stock of the company entitled to vote generally in the election of directors, voting as a single class. Any vacancy in the board of directors resulting from such removal may be filled by a majority of the directors then in office, though less than a quorum, or by the stockholders at a special meeting of the stockholders held for that purpose. Any vacancy on our board of directors resulting from any increase in the authorized number of directors or any vacancies in the board of directors resulting from death, resignation or other cause (other than removal from office by a vote of the stockholders) may be filled only by a majority vote of the directors then in office.

Choice of Forum

Our amended and restated bylaws provide that, unless we consent in writing to the selection of another forum, (a) the Delaware Court of Chancery will be the sole and exclusive forum for the following actions: (i) any derivative action or proceeding brought by or on behalf of us; (ii) any action asserting a claim for breach of a fiduciary duty owed by any of our current or former directors, officers, employees or stockholders to the Company or our stockholders; (iii) any action arising pursuant to any provision of the General Corporation Law of the State of Delaware or our amended and restated certificate of incorporation or our amended and restated bylaws; and (iv) any action asserting a claim against us governed by the internal affairs doctrine and (b) the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended. Additionally, the amended and restated bylaws include language pursuant to which stockholders are deemed to have consented to personal jurisdiction in the Delaware Court of Chancery or the federal district courts of the United States, as applicable, and to service of process on their counsel in any action initiated in violation of the forum selection provisions.

This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder. Furthermore, the enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive-forum provisions, and there can be no assurance that such provisions will be enforced by a court in those other jurisdictions. If a court were to find the choice of forum provision contained in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business and financial condition.

Amendment of Certificate of Incorporation Provisions

The amendment of any of the above provisions relating to our amended and restated certificate of incorporation, would require approval by a stockholder vote by the holders of at least a 66-2/3% of the voting power of all of the then outstanding shares of the capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class.

The provisions of the Delaware General Corporation Law, our amended and restated certificate of incorporation and our amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Nasdaq Global Select Market listing

Our common stock is listed on the Nasdaq Global Select Market under the symbol “EXTR.”

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A. The transfer agent and registrar’s address is 250 Royal Street, Canton, MA 02021.

EXTREME NETWORKS, INC.

SUBSIDIARY LIST

<u>Name</u>	<u>Location</u>
Extreme Networks, Inc.	Delaware
Extreme Networks IHC, Inc.	Delaware
Enterasys Networks, Inc.	Delaware
Extreme Networks Delaware LLC	Delaware
Extreme Networks Canada Inc.	Canada
Extreme Networks International Ltd.	Cayman
Extreme Networks EMEA Ltd.	Cayman
Extreme Networks Australia PTY, Ltd.	Australia
Extreme Networks Singapore Pte. Ltd.	Singapore
Extreme Networks Korea Ltd.	Korea
Extreme Networks India Private Ltd.	India
Extreme Networks Hong Kong Ltd.	Hong Kong
Extreme Networks China Ltd.	Hong Kong
Extreme Networks Technology Co. (Beijing) Ltd.	China
Extreme Networks Mauritius	Mauritius
Extreme Networks KK	Japan
Extreme Networks APAC Sdn Bhd	Malaysia
Extreme Networks Do Brazil, Ltda	Brazil
Extreme Networks Mexico, SA de CV	Mexico
Extreme Networks Chile, Ltda.	Chile
Extreme Networks SARL	France
Extreme Networks Spain SL	Spain
Extreme Networks SRL	Italy
Extreme Networks GmbH	Germany
Extreme Networks Switzerland GmbH	Switzerland
Extreme Networks UK Technology Ltd.	United Kingdom
Extreme Networks Netherlands BV	Netherlands
Extreme Networks Rus LLC	Russia
IHC Networks AB	Sweden
Extreme Networks Ireland Ltd.	Ireland
Extreme Networks Ireland Holding Ltd.	Ireland
Extreme Networks Ireland Ops Ltd.	Ireland
Extreme Federal Inc.	Delaware
Extreme Networks s.r.o.	Czech Republic
Aerohive Networks, Inc.	Delaware
Aerohive Networks Ltd.	Cayman Islands
Aerohive Networks Europe Ltd.	United Kingdom
Aerohive Networks, LLC	Delaware
Aerohive Networks (Hangzhou) Ltd.	China
Extreme Networks Belgium SARL	Belgium
Extreme Network Bilisim Teknolojileri Hizmetleri Limited Sirketi	Turkey

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-83729), pertaining to the Extreme Networks, Inc. Amended 1996 Stock Option Plan, 1999 Employee Stock Purchase Plan and an Individual Stock Option Agreement,
- (2) Registration Statement (Form S-8 No. 333-54278), pertaining to the Extreme Networks, Inc. Amended 1996 Stock Option Plan, 1999 Employee Stock Purchase Plan and 2000 Nonstatutory Stock Option Plan,
- (3) Registration Statement (Form S-8 No. 333-55644), pertaining to the Extreme Networks, Inc. Individual Option Agreements Granted Under the Optranet, Inc. 2000 Stock Option Plan and Assumed by Extreme Networks, Inc.,
- (4) Registration Statement (Form S-8 No. 333-58634), pertaining to the Extreme Networks, Inc. Individual Option Agreements Granted Under the Webstacks, Inc. 2000 Stock Option Plan and Assumed by Extreme Networks, Inc.,
- (5) Registration Statement (Form S-8 No. 333-65636), pertaining to the Extreme Networks, Inc. 2001 Nonstatutory Stock Option Plan,
- (6) Registration Statement (Form S-8 No. 333-76798), pertaining to the Extreme Networks, Inc. Amended 1996 Stock Option Plan,
- (7) Registration Statement (Form S-8 No. 333-105767), pertaining to the Extreme Networks, Inc. Amended 1996 Stock Option Plan,
- (8) Registration Statement (Form S-8 No. 333-112831), pertaining to the Extreme Networks, Inc. Amended 1996 Stock Option Plan and 1999 Employee Stock Purchase Plan,
- (9) Registration Statement (Form S-8 No. 333-131705), pertaining to the Extreme Networks, Inc. 2005 Equity Incentive Plan and 1999 Employee Stock Purchase Plan,
- (10) Registration Statement (Form S-8 No. 333-165268), pertaining to the Extreme Networks, Inc. 2005 Equity Incentive Plan,
- (11) Registration Statement (Form S-8 No. 333-192507), pertaining to the Extreme Networks, Inc. 2013 Equity Incentive Plan and Enterasys Inc. 2013 Stock Plan,
- (12) Registration Statement (Form S-8 No. 333-201456), pertaining to the Extreme Networks, Inc. 2014 Employee Stock Purchase Plan,
- (13) Registration Statement (Form S-8 No. 333-215648), pertaining to the Extreme Networks, Inc. 2013 Equity Incentive Plan,
- (14) Registration Statement (Form S-8 No. 333-221876), pertaining to the Extreme Networks, Inc. 2013 Equity Incentive Plan,
- (15) Registration Statement (Form S-8 No. 333-229582), pertaining to the Extreme Networks, Inc. 2014 Amended Employee Stock Purchase Plan,
- (16) Registration Statement (Form S-8 No. 333-233164), pertaining to the Aerohive Networks, Inc. 2014 Equity Incentive Plan, and
- (17) Registration Statement (Form S-8 No. 333-235541), pertaining to the Extreme Networks, Inc. Amended and Restated 2013 Equity Incentive Plan;

of our reports dated August 27, 2021, with respect to the consolidated financial statements of Extreme Networks, Inc. (the Company) and the effectiveness of internal control over financial reporting of the Company included in this Annual Report (Form 10-K) of the Company for the year ended June 30, 2021.

/s/ Ernst & Young LLP

San Jose, California
August 27, 2021

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-192507, 333-165268, 333-112831, 333-105767, 333-76798, 333-65636, 333-58634, 333-55644, 333-131705, 333-201456, 333-83729, 333-215648, 333-221876, 333-229582, 333-233164, 333-235541 and 333-54278) on Form S-8 of our report dated August 31, 2020, with respect to the consolidated financial statements of Extreme Networks, Inc. as of and for the two-year period ended June 30, 2020.

Our report dated August 31, 2020, on the consolidated financial statements as of June 30, 2020 and for each of the years in the two-year period ended June 30, 2020 contains an explanatory paragraph that states that the Company has changed its method of accounting for leases as of July 1, 2019 due to the adoption of Accounting Standards Update (ASU) 2016-02, *Leases*, and several related amendments, as issued by the Financial Accounting Standards Board.

/s/KPMG LLP

Raleigh, North Carolina
August 27, 2021

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-K 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: August 27, 2021

/s/ EDWARD B. MEYERCORD III

Edward B. Meyercord III
President and Chief Executive Officer

SECTION 302 CERTIFICATION OF REMI THOMAS
AS CHIEF FINANCIAL OFFICER

I, Remi Thomas, certify that:

1. I have reviewed this Form 10-K 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: August 27, 2021

/s/ REMI THOMAS

Remi Thomas

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

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 Annual Report of Extreme Networks, Inc. on Form 10-K for the period ended June 30, 2021, 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.

/s/ EDWARD B. MEYERCORD III

Edward B. Meyercord III
President and Chief Executive Officer
August 27, 2021

CERTIFICATION OF REMI THOMAS 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 Annual Report of Extreme Networks, Inc. on Form 10-K for the period ended June 30, 2021, 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.

/s/ REMI THOMAS

Remi Thomas

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

August 27, 2021