SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 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 000-25711

EXTREME NETWORKS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**77-0430270**
[State or other jurisdiction of incorporation or organization]	**[I.R.S Employer Identification No.]**
6480 Via Del Oro, San Jose, California	**95119**
[Address of principal executive office]	**[Zip Code]**

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	EXTR	NASDAQ Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "an emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

As of April 22, 2021, the registrant had 126,059,573 shares of common stock, $0.001 par value per share, outstanding.

EXTREME NETWORKS, INC.

FORM 10-Q

QUARTERLY PERIOD ENDED

March 31, 2021

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EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)

(Unaudited)

	March 31, 2021	June 30, 2020
ASSETS		
Current assets:		
Cash	$ 203,139	$ 193,872
Accounts receivable, net of allowance for doubtful accounts of $1,259 and $1,212, respectively	130,558	122,727
Inventories	43,924	62,589
Prepaid expenses and other current assets	43,259	35,019
Total current assets	420,880	414,207
Property and equipment, net	56,116	58,813
Operating lease right-of-use assets, net	41,295	51,274
Intangible assets, net	43,893	68,394
Goodwill	331,159	331,159
Other assets	60,333	55,241
Total assets	$ 953,676	$ 979,088
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt, net of unamortized debt issuance costs of $2,436 and $2,484, respectively	$ 21,314	$ 16,516
Accounts payable	57,165	48,439
Accrued compensation and benefits	51,382	50,884
Accrued warranty	12,317	14,035
Current portion of operating lease liabilities	19,176	19,196
Current portion of deferred revenue	195,500	190,226
Other accrued liabilities	58,041	58,525
Total current liabilities	414,895	397,821
Deferred revenue, less current portion	122,919	100,961
Long-term debt, less current portion, net of unamortized debt issuance costs of $5,348 and $7,165, respectively	322,402	394,585
Operating lease liabilities, less current portion	37,504	50,238
Deferred income taxes	2,815	2,334
Other long-term liabilities	18,005	27,751
Commitments and contingencies (Note 9)		
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; 132,508 and 127,114 shares issued, respectively; 125,911 and 120,517 shares outstanding, respectively	133	127
Additional paid-in-capital	1,069,797	1,035,041
Accumulated other comprehensive loss	(3,012)	(6,378)
Accumulated deficit	(988,669)	(980,279)
Treasury stock at cost: 6,597 and 6,597 shares, respectively	(43,113)	(43,113)
Total stockholders' equity	35,136	5,398
Total liabilities and stockholders' equity	$ 953,676	$ 979,088

See accompanying notes to condensed consolidated financial statements.

EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Net revenues:				
Product	$ 176,334	$ 136,547	$ 503,575	$ 512,173
Service and subscription	77,066	72,972	227,755	220,324
Total net revenues	253,400	209,519	731,330	732,497
Cost of revenues:				
Product	76,442	71,927	223,842	254,705
Service and subscription	28,145	26,257	83,465	80,543
Total cost of revenues	104,587	98,184	307,307	335,248
Gross profit:				
Product	99,892	64,620	279,733	257,468
Service and subscription	48,921	46,715	144,290	139,781
Total gross profit	148,813	111,335	424,023	397,249
Operating expenses:				
Research and development	48,909	50,577	147,619	165,073
Sales and marketing	70,898	70,132	201,955	216,925
General and administrative	16,023	15,119	48,844	45,199
Acquisition and integration costs	—	5,156	1,975	30,075
Restructuring and related charges, net of reversals	425	6,648	2,121	19,407
Amortization of intangibles	1,406	2,059	4,704	6,366
Total operating expenses	137,661	149,691	407,218	483,045
Operating income (loss)	11,152	(38,356)	16,805	(85,796)
Interest income	81	222	281	1,366
Interest expense	(5,594)	(5,979)	(18,325)	(17,377)
Other income (expense), net	269	1,318	(1,572)	1,128
Income (loss) before income taxes	5,908	(42,795)	(2,811)	(100,679)
Provision for income taxes	2,436	1,557	5,579	4,949
Net income (loss)	$ 3,472	$ (44,352)	$ (8,390)	$ (105,628)
Basic and diluted income (loss) per share:				
Net income (loss) per share - basic	$ 0.03	$ (0.37)	$ (0.07)	$ (0.88)
Net income (loss) per share - diluted	$ 0.03	$ (0.37)	$ (0.07)	$ (0.88)
Shares used in per share calculation - basic	124,788	119,162	123,252	119,648
Shares used in per share calculation - diluted	129,988	119,162	123,252	119,648

See accompanying notes to condensed consolidated financial statements.

EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Net income (loss)	$ 3,472	$ (44,352)	$ (8,390)	$ (105,628)
Other comprehensive income (loss), net of tax:				
Interest rate swap derivatives designated as hedging instruments:				
Unrealized gains (losses) on derivative instruments	158	(958)	(135)	(958)
Reclassification adjustment related to derivative instruments	230	—	616	—
Net increase (decrease) from derivatives designated as hedging instruments	388	(958)	481	(958)
Net change in foreign currency translation adjustments	(730)	(2,945)	2,885	(2,957)
Other comprehensive income (loss), net of tax:	(342)	(3,903)	3,366	(3,915)
Total comprehensive income (loss)	$ 3,130	$ (48,255)	$ (5,024)	$ (109,543)

See accompanying notes to condensed consolidated financial statements.

EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands) (Unaudited)

	Common Stock		Additional Paid-In-Capital	Accumulated Other Comprehensive Loss	Treasury Stock		Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			Shares	Amount		
Balance at December 31, 2019	124,616	$ 125	$ 1,008,176	$ (2,485)	(6,216)	$ (40,179)	$ (914,710)	$ 50,927
Net loss	—	—	—	—	—	—	(44,352)	(44,352)
Other comprehensive loss	—	—	—	(3,903)	—	—	—	(3,903)
Issuance of common stock from equity incentive plans, net of tax	2,120	2	6,583	—	—	—	—	6,585
Equity forward contract	—	—	4,821	—	—	—	—	4,821
Repurchase of stock	—	—	(1,887)	—	(381)	(2,934)	—	(4,821)
Share-based compensation	—	—	7,143	—	—	—	—	7,143
Balance at March 31, 2020	126,736	$ 127	$ 1,024,836	$ (6,388)	(6,597)	$ (43,113)	$ (959,062)	$ 16,400
Balance at June 30, 2019	121,538	$ 122	$ 986,772	$ (2,473)	(2,366)	$ (15,000)	$ (853,434)	$ 115,987
Net loss	—	—	—	—	—	—	(105,628)	(105,628)
Other comprehensive loss	—	—	—	(3,915)	—	—	—	(3,915)
Issuance of common stock from equity incentive plans, net of tax	5,198	5	9,486	—	—	—	—	9,491
Stock awards granted in connection with acquisition	—	—	3,530	—	—	—	—	3,530
Repurchase of stock	—	—	(1,887)	—	(4,231)	(28,113)	—	(30,000)
Share-based compensation	—	—	26,935	—	—	—	—	26,935
Balance at March 31, 2020	126,736	$ 127	$ 1,024,836	$ (6,388)	(6,597)	$ (43,113)	$ (959,062)	$ 16,400
Balance at December 31, 2020	130,180	$ 130	$ 1,055,719	$ (2,670)	(6,597)	$ (43,113)	$ (992,141)	$ 17,925
Net income	—	—	—	—	—	—	3,472	3,472
Other comprehensive loss	—	—	—	(342)	—	—	—	(342)
Issuance of common stock from equity incentive plans, net of tax	2,328	3	4,880	—	—	—	—	4,883
Share-based compensation	—	—	9,198	—	—	—	—	9,198
Balance at March 31, 2021	132,508	$ 133	$ 1,069,797	$ (3,012)	(6,597)	$ (43,113)	$ (988,669)	$ 35,136
Balance at June 30, 2020	127,114	$ 127	$ 1,035,041	$ (6,378)	(6,597)	$ (43,113)	$ (980,279)	$ 5,398
Net loss	—	—	—	—	—	—	(8,390)	(8,390)
Other comprehensive income	—	—	—	3,366	—	—	—	3,366
Issuance of common stock from equity incentive plans, net of tax	5,394	6	7,161	—	—	—	—	7,167
Share-based compensation	—	—	27,595	—	—	—	—	27,595
Balance at March 31, 2021	132,508	$ 133	$ 1,069,797	$ (3,012)	(6,597)	$ (43,113)	$ (988,669)	$ 35,136

See accompanying notes to condensed consolidated financial statements.

EXTREME NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended	
	March 31, 2021	March 31, 2020
Cash flows from operating activities:		
Net loss	$ (8,390)	$ (105,628)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	17,801	21,719
Amortization of intangible assets	24,501	26,460
Reduction in carrying amount of right-of-use asset	12,129	12,469
Provision for doubtful accounts	270	1,267
Share-based compensation	27,595	26,935
Deferred income taxes	741	1,293
Non-cash restructuring and impairment charges	—	7,622
Non-cash interest expense	3,195	3,070
Other	2,770	(395)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(8,101)	88,688
Inventories	11,869	16,373
Prepaid expenses and other assets	(7,908)	438
Accounts payable	7,900	(21,530)
Accrued compensation and benefits	351	(24,009)
Operating lease liabilities	(14,983)	(13,222)
Deferred revenue	27,233	43
Other current and long-term liabilities	(9,477)	(14,532)
Net cash provided by operating activities	87,496	27,061
Cash flows from investing activities:		
Capital expenditures	(12,318)	(12,630)
Business acquisitions, net of cash acquired	—	(219,458)
Maturities and sales of investments	—	45,249
Net cash used in investing activities	(12,318)	(186,839)
Cash flows from financing activities:		
Borrowings under Revolving Facility	—	55,000
Borrowings under Term Loan	—	199,500
Payments on debt obligations	(69,250)	(29,767)
Loan fees on borrowings	—	(10,514)
Repurchase of common stock	—	(30,000)
Proceeds from issuance of common stock, net of tax withholding	7,167	9,491
Payment of contingent consideration obligations	(1,298)	(3,448)
Deferred payments on an acquisition	(3,000)	(3,000)
Net cash (used in) provided by financing activities	(66,381)	187,262
Foreign currency effect on cash	470	(741)
Net increase in cash	9,267	26,743
Cash at beginning of period	193,872	169,607
Cash at end of period	$ 203,139	$ 196,350

See accompanying notes to the condensed 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.

The unaudited condensed consolidated financial statements of Extreme included herein have been prepared under the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted under such rules and regulations. The condensed consolidated balance sheet at June 30, 2020 was derived from audited financial statements as of that date but does not include all disclosures required by generally accepted accounting principles for complete financial statements. These interim financial statements and notes should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2020.

The unaudited condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the results of operations and cash flows for the interim periods presented and the financial condition of Extreme at March 31, 2021. The results of operations for the three and nine months ended March 31, 2021 are not necessarily indicative of the results that may be expected for fiscal 2021 or any future periods.

Fiscal Year

The Company uses a fiscal calendar year ending on June 30. All references herein to "fiscal 2021" or "2021" represent the fiscal year ending June 30, 2021. All references herein to "fiscal 2020" or "2020" represent the fiscal year ended June 30, 2020.

Principles of Consolidation

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

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

Accounting Estimates

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

2. Summary of Significant Accounting Policies

For a description of significant accounting policies, see Note 2, Summary of Significant Accounting Policies, to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2020. There have been no material changes to the Company's significant accounting policies since the filing of the Annual Report on Form 10-K.

Recently Adopted Accounting Pronouncements

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 condensed consolidated financial statements as credit losses are not expected to be significant based on historical collection trends, the financial condition of payment partners, 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 is currently evaluating the impact the new standard will have on its consolidated financial statements and related disclosures but does not believe there will be a material impact on the Company’s financial statements outside of potentially the change to recognition of state income and franchise taxes under the new Accounting Standard.

3. Revenues

The Company accounts for revenues in accordance with ASU 2014-09, *Revenue from Contracts from Customers (Topic 606)*, which the Company adopted on July 1, 2017. 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 non-stocking distributors and value-added resellers that sell directly to end-users. Products and services may be sold separately or in bundled packages.

Revenue Recognition

Performance Obligations. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in 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 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 revenues recognized over time, the Company uses an input measure, days elapsed, to measure progress.

On March 31, 2021, the Company had $318.4 million of remaining performance obligations, which are primarily comprised of deferred maintenance and SaaS revenues. The Company expects to recognize approximately 22 percent of its deferred revenue as revenue in fiscal 2021, an additional 44 percent in fiscal 2022 and 34 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 condensed consolidated balance sheets. Services provided under renewable support arrangements of the Company are billed in accordance with agreed-upon contractual terms, which are either billed fully at the inception of contract or at periodic intervals (e.g., quarterly or annually). The Company sometimes receives payments from its customers in advance of services being provided, resulting in deferred revenues. These liabilities are reported on the condensed consolidated balance sheets on a contract-by-contract basis at the end of each reporting period.

Revenue recognized for the three months ended March 31, 2021 and 2020 that was included in the deferred revenue balance at the beginning of each period was $67.9 million and $64.3 million, respectively. Revenue recognized for the nine months ended March 31, 2021 and 2020 that was included in the deferred revenue balance at the beginning of each period was $158.7 million and $116.7 million, respectively.

Contract Costs. The Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. Management expects that commission fees paid to sales representatives as a result of obtaining service contracts and contract renewals are recoverable and therefore the Company's condensed consolidated balance sheets included capitalized balances in the amount of $10.2 million and $8.1 million at March 31, 2021 and June 30, 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 condensed consolidated statements of operations. Amortization recognized during the three months ended March 31, 2021 and 2020, was $1.4 million and $1.1 million, respectively. Amortization recognized during the nine months ended March 31, 2021 and 2020, was $3.9 million and $4.1 million, respectively.

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

Revenues by Category

The following table sets forth the Company's revenues disaggregated by sales channel and geographic region based on the customer's ship-to locations (in thousands):

	Three Months Ended					
	March 31, 2021			March 31, 2020		
	Distributor	Direct	Total	Distributor	Direct	Total
Americas:						
United States	$ 54,873	$ 62,172	$ 117,045	$ 38,666	$ 56,391	$ 95,057
Other	8,926	3,730	12,656	3,277	5,781	9,058
Total Americas	63,799	65,902	129,701	41,943	62,172	104,115
EMEA	65,210	34,127	99,337	49,979	33,630	83,609
APAC	3,569	20,793	24,362	3,242	18,553	21,795
Total net revenues	$ 132,578	$ 120,822	$ 253,400	$ 95,164	$ 114,355	$ 209,519

	Nine Months Ended					
	March 31, 2021			March 31, 2020		
	Distributor	Direct	Total	Distributor	Direct	Total
Americas:						
United States	$ 162,049	$ 178,263	$ 340,312	$ 168,755	$ 180,358	$ 349,113
Other	26,117	11,468	37,585	15,496	16,343	31,839
Total Americas	188,166	189,731	377,897	184,251	196,701	380,952
EMEA	182,341	101,923	284,264	173,825	107,521	281,346
APAC	11,413	57,756	69,169	18,362	51,837	70,199
Total net revenues	$ 381,920	$ 349,410	$ 731,330	$ 376,438	$ 356,059	$ 732,497

For the three months ended March 31, 2021 the Company reflected 11% of its revenues from the Netherlands. For the nine months ended March 31, 2021 the Company reflected 10% of its revenues from the Netherlands. No other foreign country accounted for 10% or more of revenue for the three and nine months ended March 31, 2021 or 2020.

Customer Concentrations

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

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

	Three Months Ended		Nine Months Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Tech Data Corporation	15%	19%	21%	16%
Jenne Corporation	16%	*	14%	13%
Westcon Group Inc.	19%	19%	17%	14%

* Less than 10% of revenue

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

	March 31, 2021	June 30, 2020
Tech Data Corporation	*	23%
Jenne Corporation	19%	25%
Westcon Group Inc.	16%	*

* Less than 10% of accounts receivable.

4. Business Combination

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 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 Acquisition was accounted for using the acquisition method of accounting whereby 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. Of the total purchase consideration, $192.6 million was allocated to goodwill, $52.5 million to identifiable intangible assets and the remainder to net tangible assets assumed. All valuations were finalized as of June 30, 2020.

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, interest income and expense and related tax effects.

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 three and nine months ended March 31, 2020 combines the historical results for Extreme for such periods assuming the transaction closed on July 1, 2018, which include the results of Aerohive subsequent to the Acquisition Date, and Aerohive's historical results up to the Acquisition Date.

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

	Three Months Ended March 31, 2020	Nine Months Ended March 31, 2020
Net revenues	$ 210,255	$ 746,301
Net loss	$ (37,873)	$ (66,720)
Net loss per share - basic and diluted	$ (0.32)	$ (0.56)
Shares used in per share calculation - basic and diluted	119,162	119,648

5. Balance Sheet Accounts

Inventories

The Company values its inventory at the 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 adjusts the carrying value of its inventory when conditions exist that suggest that inventory may be in excess of anticipated demand or is obsolete based upon assumptions about future demand. At the point of 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. Any previously written down or obsolete inventory subsequently sold has not had a material impact on gross margin for any of the periods presented.

Inventories consist of the following (in thousands):

	March 31, 2021	June 30, 2020
Finished goods	$ 37,870	$ 52,879
Raw materials	6,054	9,710
Total Inventories	$ 43,924	$ 62,589

Property and Equipment, Net

Property and equipment, net consist of the following (in thousands):

	March 31, 2021	June 30, 2020
Computers and equipment	$ 77,770	$ 73,244
Purchased software	41,239	34,015
Office equipment, furniture and fixtures	10,769	10,639
Leasehold improvements	53,339	52,317
Total property and equipment	183,117	170,215
Less: accumulated depreciation and amortization	(127,001)	(111,402)
Property and equipment, net	$ 56,116	$ 58,813

Deferred Revenue

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

Guarantees and Product Warranties

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

The following table summarizes the activity related to the Company's product warranty liability during the three and nine months ended March 31, 2021 and 2020 (in thousands):

	Three Months Ended		Nine Months Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Balance beginning of period	$ 13,073	$ 16,209	$ 14,035	$ 14,779
Warranties assumed due to acquisitions	—	—	—	570
New warranties issued	2,969	4,810	9,105	16,271
Warranty expenditures	(3,725)	(5,797)	(10,823)	(16,398)
Balance end of period	$ 12,317	$ 15,222	$ 12,317	$ 15,222

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

Concentrations

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

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 at March 31, 2021 and June 30, 2020 (in thousands).

March 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency derivatives	$ —	$ 23	$ —	$ 23
Total assets measured at fair value	$ —	$ 23	$ —	$ 23
Liabilities				
Foreign currency derivatives	$ —	$ 226	$ —	$ 226
Interest rate swaps	—	1,288	—	1,288
Acquisition-related contingent consideration obligations	—	—	902	902
Total liabilities measured at fair value	$ —	$ 1,514	$ 902	$ 2,416

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	$ —	$ 1,777	$ 2,167	$ 3,944

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 the Company's 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 March 31, 2021 and June 30, 2020, the Company had foreign exchange forward contracts with notional principal amount of $26.7 million and $4.0 million, respectively. For the three and nine months ended March 31, 2021, there were unrealized gains (losses) of $(0.2) million and $0.1 million, respectively. For the three and nine months ended March 31, 2021, there were realized gains (losses) of less than $(0.1) million and $0.4 million, respectively. For the three and nine months ended March 31, 2020, there were unrealized gains of $0.1 million and $0.1 million, respectively. For the three and nine months ended March 31, 2020, there were realized gains of $0.1 million and $0.1 million, respectively. These contracts have maturities of 40 days or less. Changes in the fair value of these foreign exchange forward contracts are included in other income (expense), net. See Note 13, 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 March 31, 2021 and as of June 30, 2020, the Company had 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 loss. As of March 31, 2021 and as of June 30, 2020, these contracts had an unrealized loss of $1.3 million and $1.8 million, respectively. See Note 13, Derivatives and Hedging, for additional information.

The fair value of the borrowings under the 2019 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 $351.5 million and $420.8 million as of March 31, 2021, and June 30, 2020, respectively.

Level 3 Assets and Liabilities:

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

At March 31, 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 condensed consolidated statements of operations.

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

	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020
Beginning balance	2,167	6,298
Payments	(1,298)	(3,448)
Accretion on discount	33	90
Ending balance	$ 902	$ 2,940

There were no transfers of assets or liabilities between Level 1, Level 2 and Level 3 during the three and nine months ended March 31, 2021 and 2020. There were no impairments recorded for the three and nine months ended March 31, 2021 and 2020.

The Company determines the basis of the cost of a security sold or the amount reclassified out of accumulated other comprehensive loss into earnings using the specific identification method.

7. Intangible Assets

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

	Weighted Average Remaining Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
March 31, 2021				
Developed technology	1.9 years	$ 156,100	$ 123,448	$ 32,652
Customer relationships	4.7 years	63,039	53,141	9,898
Backlog	— years	400	400	—
Trade names	0.8 years	10,700	9,767	933
License agreements	5.7 years	2,445	2,035	410
Other intangibles	— years	1,382	1,382	—
Total intangibles, net		$ 234,066	$ 190,173	$ 43,893

	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		$ 234,066	$ 165,672	$ 68,394

The amortization expense of intangibles for the periods presented is summarized below (in thousands):

	Three Months Ended		Nine Months Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Amortization in “Cost of revenues: Product and Service and subscription”	$ 6,449	$ 6,629	$ 19,797	$ 20,094
Amortization of intangibles in "Operations"	1,406	2,059	4,704	6,366
Total amortization expense	$ 7,855	$ 8,688	$ 24,501	$ 26,460

The amortization expense that is recognized in “Cost of revenues: Product and Service and subscription” is comprised of amortization for developed technology, license agreements and other intangibles.

8. Debt

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

	March 31, 2021	June 30, 2020
Current portion of long-term debt:		
Term Loan	$ 23,750	$ 19,000
Less: unamortized debt issuance costs	(2,436)	(2,484)
Current portion of long-term debt	$ 21,314	$ 16,516
Long-term debt, less current portion:		
Term Loan	$ 327,750	$ 346,750
Revolving Facility	—	55,000
Less: unamortized debt issuance costs	(5,348)	(7,165)
Total long-term debt, less current portion	322,402	394,585
Total debt	$ 343,716	$ 411,101

In connection with the Acquisition 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 provides for a five-year first lien term loan facility in an aggregate principal amount of $380 million and a five-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 0.40%) 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.

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 supersedes the First Amendment and provides 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 will resume in effect. The Second Amendment requires the Company to maintain certain minimum cash requirements and certain financial metrics at the end of each fiscal quarter through March 31, 2021. Under the terms of the Second Amendment, the Company is not permitted to exceed $55.0 million in its outstanding balance under the 2019 Revolving Facility, the applicable margin for Eurodollar rate will be 4.5%, and the Company is 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 provides 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 12 month period ended March 31, 2021 the Company’s financial performance is in compliance with the original covenants defined in the 2019 Credit Agreement and as such the Company will file a Suspension Early Termination Notice and Covenant Certificate with the loan administration agent subsequent to filing our Form 10-Q for the quarterly period ended March 31, 2021. Returning to compliance will result in the Company’s Eurodollar loan spread to decrease from 4.5% suspension period rate, to 2.75% and unused facility commitment fee will decrease from 0.4% to 0.35%, and the limitation on revolver borrowings will be 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 the 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 March 31, 2021 was 4.6%.

Amortization of deferred financing costs included in “Interest expense” in the accompanying condensed consolidated statements of operations totaled $0.7 million and $0.6 million for the three months ended March 31, 2021 and 2020, and totaled $2.3 million and $1.8 million for the nine months ended March 31, 2021 and 2020.

During the six months ended December 31, 2020, the Company repaid $55.0 million against its 2019 Revolving Facility’s outstanding balance of $55.0 million and has no remaining outstanding balance at March 31, 2021. The Company has $55.0 million of availability under the 2019 Revolving Facility as of March 31, 2021.

The Company had $14.8 million of outstanding letters of credit as of March 31, 2021.

9. 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 March 31, 2021, the Company had commitments to purchase $33.0 million of inventory and other services.

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 a reasonable possibility 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. 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 March 31, 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 U.S. Patent Nos. 7,062,296, 7,729,728, and 6,611,231 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. In 2018, the Court stayed the case pending a resolution by the Patent Trial and Appeal Board ("PTAB") of inter partes review ("IPR") petitions filed by several defendants in other XR-related patent lawsuits challenging the validity of the asserted patents. The PTAB previously invalidated all asserted claims of the '296 patent and '728 patent and has found the challenged claims of the '231 patent not invalid in view of the prior art asserted in the IPR instituted against that patent. The Federal Circuit Court ruled for XR on November 25, 2020 in Cisco's appeal of the '231 PTAB decision, and the stay of the District Court case 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 European Patent EP 1 958 364 B1 ("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, pursuant to the appeal filed by Orckit on March 13, 2020.

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 European Patent EP 3 068 077 B1 ("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 an injunction against the Company. The Company filed a notice of appeal on November 12, 2020 and the matter is proceeding through the appellate process.

The Company filed a nullity action related to the EP '364 patent on May 3, 2018, and one related to the EP '077 patent on October 31, 2019. Both cases were filed in the Federal Patent Court in Munich and seek to invalidate the asserted patents. Both nullity actions are proceeding.

Shenzhen Dunjun Technology Ltd. v. Aerohive Networks (Hangzhou) Ltd.; Aerohive Networks, Inc.; and Yunqing Information Technology (Shenzhen) Ltd.

On June 20, 2019, Shenzhen Dunjun Technology Ltd. filed a patent infringement lawsuit against Aerohive Networks, Inc. ("Aerohive"), a Chinese subsidiary of the Company, and Yunqing Information Technology (Shenzhen) Ltd. in the Shenzhen Intermediate People's Court in China. The lawsuit alleges infringement of a Chinese patent and seeks damages of RMB 10.0 million (USD $1.5 million). The parties have reached a tentative agreement to settle the matter for an immaterial amount.

DataCloud Technologies, LLC. v. Extreme Networks, Inc.

On June 5, 2020, DataCloud Technologies, LLC ("DataCloud") filed a patent infringement lawsuit against the Company in the District of Delaware. The lawsuit alleges direct infringement of four U.S. patents. DataCloud seeks injunctive relief, monetary damages, interest, and attorneys' fees. DataCloud amended the complaint on November 13, 2020, asserting claims of direct, induced, and willful infringement of four new patents, and filed a second amended complaint on February 12, 2021. The parties settled this case on March 31, 2021 for an immaterial amount and the matter was dismissed in the District Court on April 9, 2021.

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 petition to transfer the case to the Northern District of California. This motion is pending.

Hanger Solutions, LLC v. Extreme Networks, Inc.

On January 14, 2021, Hanger Solutions, LLC ("Hanger") filed a patent infringement lawsuit against the Company in the District of Delaware. The complaint alleges infringement of three U.S. patents. The parties settled this case on March 31, 2021 for an immaterial amount and the matter was dismissed in the District Court on April 12, 2021.

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.

10. Stockholders' Equity

Stockholders' Rights Agreement

On April 26, 2012, the Company entered into an Amended and Restated Rights Agreement between the Company and Computershare Shareholder Services LLC as the rights agent (as amended, 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 (the "Board") 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 shares 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. Each year since 2013 the Board and stockholders have approved an amendment providing for a one-year extension of the term of the Restated Rights Plan. The Board unanimously approved an amendment to the Restated Rights Plan on May 8, 2020, to extend the Restated Rights Plan through May 31, 2021, which was ratified by the stockholders of the Company at the annual meeting of stockholders on November 5, 2020.

Equity Incentive Plan

The Board unanimously approved an amendment to the Extreme Networks, Inc. Amended and Restated 2013 Equity Incentive Plan (the "2013 Plan") to increase the maximum number of available shares by 7.0 million shares. The amendment was approved by 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 (the "ESPP") to increase the maximum number of shares that will be available for sale thereunder by 7.5 million shares. The amendment was approved by the stockholders of the Company at the annual meeting of stockholders held on November 8, 2018.

Common Stock Repurchases

On November 2, 2018, the Company announced 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 of the Company's common stock may be repurchased in any calendar year.

There were no shares repurchased during the three and nine months ended March 31, 2021.

11. Employee Benefit Plans

Shares Reserved for Issuance

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

	March 31, 2021	June 30, 2020
2013 Equity Incentive Plan shares available for grant	6,518	13,118
Employee stock options and awards outstanding	11,327	10,396
2014 Employee Stock Purchase Plan	4,414	7,364
Total shares reserved for issuance	22,259	30,878

Share-based Compensation Expense

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

	Three Months Ended		Nine Months Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Cost of product revenues	$ 297	$ 280	$ 869	$ 932
Cost of service and subscription revenues	412	368	1,223	1,220
Research and development	2,414	2,518	7,380	8,213
Sales and marketing	3,150	1,338	9,036	8,568
General and administrative	2,925	2,639	9,087	7,523
Integration costs	—	—	—	479
Total share-based compensation expense	$ 9,198	$ 7,143	$ 27,595	$ 26,935

Stock Options

The following table summarizes stock option activity for the nine months ended March 31, 2021 (in thousands, except per share and contractual term):

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Options outstanding at June 30, 2020	2,922	$ 4.95	3.09	$ 1,688
Granted	—	—		
Exercised	(415)	3.44		
Cancelled	(655)	5.39		
Options outstanding at March 31, 2021	1,852	$ 5.14	3.55	$ 6,687
Vested and expected to vest at March 31, 2021	1,852	$ 5.14	3.55	$ 6,687
Exercisable at March 31, 2021	903	$ 3.69	2.21	$ 4,577

The fair value of each stock option grant under the 2013 Plan is estimated on the date of grant using the Black-Scholes-Merton option valuation model. The expected term of options granted is derived from historical data on employee exercise and post-vesting employment termination behavior. The risk-free rate is based upon the estimated life of the option and the U.S. Treasury yield curve in effect at the time of grant. Expected volatility is based on the historical volatility on the Company's stock. There were no stock options granted during the nine months ended March 31, 2021. The average fair value of the stock options granted during the nine months ended March 31, 2020 was $3.52.

Stock Awards

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

The following table summarizes stock award activity for the nine months ended March 31, 2021 (in thousands, except grant date fair value):

	Number of Shares	Weighted- Average Grant Date Fair Value	Aggregate Fair Market Value
Non-vested stock awards outstanding at June 30, 2020	7,474	$ 6.83	
Granted	6,015	4.87	
Released	(3,047)	7.16	
Cancelled	(967)	8.13	
Non-vested stock awards outstanding at March 31, 2021	9,475	$ 5.36	$ 82,907
Vested and expected to vest at March 31, 2021	9,032	$ 5.29	$ 78,993

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 stock awards granted during the nine months ended March 31, 2021 included 1.6 million RSUs including the market condition awards discussed below to named executive officers and directors.

Fiscal 2021 Awards

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.

Fiscal 2018 and 2019 Awards

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 three and nine months ended March 31, 2021 and 2020 the Performance Thresholds for outstanding performance PSUs issued in fiscal 2019 were not deemed probable to be achieved and, as such, no compensation expense was recorded in either reporting period.

Employee Stock Purchase Plan

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

There were 1.5 million and 1.5 million shares issued under the ESPP during the three months ended March 31, 2021 and 2020, respectively. There were 2.9 million and 2.7 million shares issued under the ESPP during the nine months ended March 31, 2021 and 2020, respectively. The following assumptions were used to determine the grant-date fair values of the ESPP shares during the following periods:

	Employee Stock Purchase Plan Three Months Ended		Employee Stock Purchase Plan Nine Months Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Expected life	0.5 years	0.5 years	0.5 years	0.5 years
Risk-free interest rate	0.05%	1.56%	0.09%	1.71%
Volatility	55%	43%	95%	43%
Dividend yield	—%	—%	—%	—%

The weighted-average grant-date fair value of shares issued under the ESPP during the three months ended March 31, 2021 and 2020 was $2.87 and $1.90, respectively. The weighted-average grant-date fair value of shares issued under the ESPP during the nine months ended March 31, 2021 and 2020 was $2.47 and $1.76, respectively.

12. Information about Segments and Geographic Areas

The Company operates in one segment, the development and marketing of network infrastructure equipment and related software. The Company conducts business globally and is managed geographically. Revenues are attributed to a geographical area based on the ship-to location of its customers. The Company operates in three geographical areas: 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, India, Australia and Japan. The Company's chief operating decision maker, 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 customer's ship-to location.

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

Long-lived Assets	March 31, 2021	June 30, 2020
Americas	$ 155,970	$ 177,443
EMEA	29,478	39,477
APAC	16,189	16,802
Total long-lived assets	$ 201,637	$ 233,722

13. 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 effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively. In accordance with ASC 815 "Derivatives and Hedging," the Company may prospectively discontinue the hedge accounting for an existing hedge if the applicable criteria are no longer met, the derivative instrument expires, is sold, terminated or exercised or if the Company removes the designation of the respective cash flow hedge. In those circumstances, the net gain or loss remains in accumulated other comprehensive loss and is reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings, unless the forecasted transaction is no longer probable in which case the net gain or loss is reclassified into earnings immediately.

During fiscal 2020, the Company entered into multiple interest rate swap contracts, designated as cash flow hedges, to hedge the variability of cash flows in interest payments associated with the Company's various tranches of floating-rate debt. As of March 31, 2021, the total notional amount of these interest rate swaps was $200.0 million and had maturity dates through April 2023. As of March 31, 2021, these contracts had an unrealized loss of $1.3 million which is recorded in "Accumulated other comprehensive loss" with the associated liability in "Other accrued liabilities" in the condensed consolidated balance sheet. Cash flows associated with periodic settlements of interest rate swaps are classified as operating activities in the condensed consolidated statement of cash flows. As of March 31, 2020, the Company had interest rate swaps with a total notional amount of $200.0 million which had maturity dates through April 2023. As of March 31, 2020, these contracts had an unrealized loss of $1.0 million. Realized gains and losses are recognized as they accrue in interest expense. Amounts reported in accumulated other comprehensive loss related to these cash flow hedges are reclassified to interest expense over the life of the swap contracts. The Company estimates that $1.0 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 Measurements.

Foreign Exchange Forward Contracts

The Company uses derivative financial instruments to manage exposures to foreign currency. 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 fair value of the Company's derivatives in a gain position are recorded in "Prepaid expenses and other current assets" and derivatives in a loss position are recorded in "Other accrued liabilities" in the accompanying condensed consolidated balance sheets. Changes in the fair value of derivatives are recorded in "Other income (expense), net" in the accompanying condensed consolidated statements of operations. 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 re-measurement of certain assets and liabilities denominated in foreign currencies. These derivatives do not qualify as hedges. Unrealized gains (losses) recorded in the condensed consolidated statement of operations from these transactions during the three and nine months ended March 31, 2021 were $(0.2) million and $0.1 million, respectively. Realized gains (losses) recorded in the condensed consolidated statement of operations from these transactions during the three and nine months ended March 31, 2021 were less than $(0.1) million and $0.4 million, respectively. Unrealized gains from these transactions during the three and nine months ended March 31, 2020, were $0.1 million and $0.1 million, respectively. Realized gains from these transactions for the three and nine months ended March 31, 2020, were $0.1 million and $0.1 million, respectively.

As of March 31, 2021, foreign exchange forward contracts had a notional principal amount of $26.7 million. These contracts have maturities of 40 days or less. Changes in the fair value of these foreign exchange forward contracts are offset largely by remeasurement of the underlying assets and liabilities.

The Company recognized total foreign currency gains of $0.6 million and $0.9 million for the three months ended March 31, 2021 and 2020, respectively related to the change in fair value of foreign currency denominated assets and liabilities. The Company recognized total foreign currency gains (losses) of $(1.9) million and $(1.1) million for the nine months ended March 31, 2021 and 2020, respectively related to the change in fair value of foreign currency denominated assets and liabilities.

14. Restructuring Charges, Net of Reversals, Impairment, and Related Charges.

The Company recorded $0.4 million and $2.1 million of restructuring charges, net of reversals and impairments during the three and nine months ended March 31, 2021, respectively. Total restructuring charges included severance, benefits, and equipment relocation charges of $0.1 million and $1.2 million, as well as facility related charges of $0.3 million and $0.9 million for the three and nine months ended March 31, 2021, respectively. Severance and benefit restructuring 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”) to reduce operating costs and enhance financial flexibility as a result of disruptions caused by the COVID-19 global pandemic. With the reduction and realignment of the headcount under the 2020 Plan, the Company is relocating certain of its lab test equipment to third-party consulting companies. The Company has incurred $9.3 million of charges under the 2020 Plan through March 31, 2021. The Company expects to incur additional equipment related relocation expenses of $0.7 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.

The Company recorded $6.6 million and $19.4 million of restructuring charges, net of reversals and impairment during the three and nine months ended March 31, 2020, respectively. The charges included $0.3 million and $8.2 million, respectively, for the impairment of right-of-use assets related to facilities which the Company has exited, and $6.3 million and $11.2 million, respectively for employee severance and benefit expenses incurred under the Company’s restructuring plans.

Restructuring liabilities related to severance, benefits, and equipment relocation obligations are recorded in “Other accrued liabilities” in the accompanying condensed consolidated balance sheets. The following table summarizes the activity related to the severance, benefits, and equipment relocation liabilities during the three and nine months ended March 31, 2021 (in thousands):

	Three Months Ended		Nine Months Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Severance and Other		Severance and Other	
Balance at beginning of period	$ 181	$ 868	$ 2,219	$ 3,559
Period charges	119	6,378	1,366	12,257
Period reversals	—	(39)	(128)	(1,044)
Period payments	(286)	(1,003)	(3,443)	(8,568)
Balance at end of period	$ 14	$ 6,204	$ 14	$ 6,204

15. Income Taxes

For the three months ended March 31, 2021 and 2020, the Company recorded an income tax provision of $2.4 million and $1.6 million, respectively. For the nine months ended March 31, 2021 and 2020, the Company recorded an income tax provision of $5.6 and $4.9 million, respectively.

The income tax provisions for the three and nine months ended March 31, 2021 and 2020, consisted of (1) taxes on the income of the Company’s foreign subsidiaries, (2) foreign withholding taxes, (3) state taxes in jurisdictions where the Company has no remaining state net operating losses (“NOLs”) and (4) tax expense associated with the establishment of a U.S. deferred tax liability for amortizable goodwill resulting from the acquisition of Enterasys Networks, Inc., the wireless local area network business from Zebra Technologies Corporation, the Campus Fabric Business from Avaya and the Data Center Business from Brocade. The interim income tax provisions for the three and nine months ended March 31, 2021 and 2020 were calculated using the discrete effective tax rate method as allowed by Accounting Standards Codification (“ASC”) 740-270-30-18, “Income Taxes – Interim Reporting.” The discrete method is applied when the application of the estimated annual effective tax rate is impractical because it is not possible to reliably estimate the annual effective tax rate. The discrete method treats the year to date period as if it was the annual period and determines the income tax expense or benefit on that basis. The Company believes that, at this time, the use of this discrete method is more appropriate than the annual effective tax rate method as (i) the estimated annual effective tax rate method is not reliable due to the high degree of uncertainty in estimating annual pretax earnings and (ii) the Company’s ongoing assessment that the recoverability of certain U.S. and Irish deferred tax assets is not more likely than not.

On December 27, 2020, the Consolidated Appropriations Act (“CAA”), 2021 was signed into law in the United States. Along with providing funding for normal government operations, the bill provides for additional COVID-19 focused relief in part, in the form of modification and extension of certain CARES Act provisions (discussed below) as well as modification and extension of other traditional tax provisions. The Company has reviewed the provisions of the CAA and has determined there is no material impact on the Company’s current or deferred tax position.

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 the net interest expense deduction, and deferment of employer social security tax payments. The Company has evaluated the provisions of the CARES Act and how certain elections may impact its financial position and results of operations, and determined the enactment of the CARES Act did not have a material impact to the Company’s income tax provision for the three and nine months ended March 31, 2021, or to the Company’s net deferred tax assets as of March 31, 2021.

The Company has provided a full valuation allowance against all of its U.S. federal and state deferred tax assets as well as a portion of the deferred tax assets in Ireland. A valuation allowance is determined by assessing both negative and positive evidence to determine whether it is “more likely than not” that deferred tax assets are recoverable; such assessment is required on a jurisdiction by jurisdiction basis. The Company's inconsistent earnings in recent periods, including a cumulative loss over the last three years, coupled with its difficulty in forecasting future revenue trends and the cyclical nature of its business represent sufficient negative evidence to require full valuation allowances against its U.S. federal and state net deferred tax assets as well as a portion of the deferred tax assets in Ireland. These valuation allowances will be evaluated periodically and can be reversed partially or in whole if business results and the economic environment have sufficiently improved to support realization of some or all of the Company's deferred tax assets.

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 will have 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 U.S. intellectual property rights to correspond with the Company’s global operating model. This transaction resulted in recognition of a $75.0 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.

The Company had $23.6 million of unrecognized tax benefits as of March 31, 2021. If fully recognized in the future, $0.5 million would impact the effective tax rate and $23.1 million, would result in adjustments to deferred tax assets and corresponding adjustments to the valuation allowance with no impact to the effective tax rate. The Company does not anticipate any events to occur during the next twelve months that would materially reduce the unrealized tax benefit as currently stated in the Company’s balance sheet.

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

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

16. 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. Dilutive income per share is calculated by dividing net income 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 RSUs.

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

	Three Months Ended		Nine Months Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Net income (loss)	$ 3,472	$ (44,352)	$ (8,390)	$ (105,628)
Weighted-average shares used in per share calculation - basic	124,788	119,162	123,252	119,648
Options to purchase common stock	549	—	—	—
Restricted stock units	4,651	—	—	—
Weighted-average shares used in per share calculation - diluted	129,988	119,162	123,252	119,648
Net income (loss) per share - basic and diluted				
Net income (loss) per share - basic	$ 0.03	$ (0.37)	$ (0.07)	$ (0.88)
Net income (loss) per share - diluted	$ 0.03	$ (0.37)	$ (0.07)	$ (0.88)

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

	Three Months Ended		Nine Months Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Options to purchase common stock	637	3,090	1,864	3,055
Restricted stock units	17	9,204	8,994	9,676
Employee Stock Purchase Plan shares	480	742	158	742
Total shares excluded	1,134	13,036	11,016	13,473

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

This quarterly report on Form 10-Q, including the following sections, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including in particular, our expectations regarding market demands, customer requirements and the general economic environment, future results of operations, and other statements that include words such as "may," "will," "should," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," "continue" and similar expressions. These forward-looking statements involve risks and uncertainties. We caution investors that actual results may differ materially from those projected in the forward-looking statements as a result of certain risk factors identified in the section entitled "Risk Factors" in this Quarterly Report on Form 10-Q for the third quarter ended March 31, 2021, our Annual Report on Form 10-K for the fiscal year ended June 30, 2020, and other filings we have made with the Securities and Exchange Commission. These risk factors, include, but are not limited to: fluctuations in demand for our products and services; a highly competitive business environment for network switching equipment; our effectiveness in controlling expenses; the possibility that we might experience delays in the development or introduction of new technology and products; customer response to our new technology and products; fluctuations in the global economy, including political, social, economic, currency and regulatory factors (such as the outbreak of COVID-19); risks related to pending or future litigation; a dependency on third parties for certain components and for the manufacturing of our products and our ability to receive the anticipated benefits of acquired businesses.

Business Overview

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

Extreme is a leader in providing cloud-driven networking solutions for enterprise, data center, and service provider customers. Providing a combined end-to-end solution from the Internet of Things ("IoT") edge to the cloud, Extreme designs, develops, and manufactures wired and wireless network infrastructure equipment as well as designs and develops a leading cloud networking platform and application portfolio using cloud management, machine learning, and artificial intelligence to deliver network policy, analytics, security, and access controls. Extreme cloud-driven technologies provide flexibility and scalability in deployment, management, and licensing of networks globally, and the global cloud footprint provides service to over 50,000 customers and over 10 million daily users across the world including some of the world's leading names in business, hospitality, retail, transportation and logistics, education, government, healthcare, and manufacturing. We derive substantially all of our revenues from the sale of our networking equipment, software subscriptions, and related maintenance contracts.

Key elements of our 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 projected to be the fastest growing segment of the networking industry and technologies have 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 machine learning ("ML") and artificial intelligence ("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: solution 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 (Connect, Pilot, etc.) provide customers with flexibility to grow as they go, as well as offer pool-able and portable licenses that can be transferred between products (AP's, switches etc.) at one fixed price.

- “No 9s” Reliability and Resiliency to ensure business continuity for our customers.
- Zero-Trust Security (ISO 27001 Information Security Management Certified).

- **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, Wireless Local Area Network (“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.

- **Offer customers choice: 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 that 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 the 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.

- **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.

Key Financial Metrics

During the third quarter of fiscal 2021, we achieved the following results:

- Net revenues of $253.4 million compared to $209.5 million in the third quarter of fiscal 2020.

- Product revenues of $176.3 million compared to $136.5 million in the third quarter of fiscal 2020.
- Service and subscription revenues of $77.1 million compared to $73.0 million in the third quarter of fiscal 2020.
- Total gross margin of 58.7% of net revenues compared to 53.1% of net revenues in the third quarter of fiscal 2020.
- Operating income of $11.2 million compared to operating loss of $38.4 million in the third quarter of fiscal 2020.
- Net income of $3.5 million compared to net loss of $44.4 million in the third quarter of fiscal 2020.

During the first nine months of fiscal 2021, we reflected the following results:

- Cash flows provided by operating activities of $87.5 million compared to $27.1 million in the nine months ended March 31, 2020.
- Cash of $203.1 million as of March 31, 2021 compared to $193.9 million as of June 30, 2020.

Events relating to COVID-19

A novel strain of coronavirus emerged in December 2019. This coronavirus, now known as COVID-19, spread around the world and 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 and was declared a pandemic in March 2020. COVID-19 has had and we expect will continue to have an adverse effect on our results of operations due to supply chain disruptions and reduced demand for our products. Because of this, we realigned our operations and recorded severance and benefits charges of $5.8 million during the third quarter of our fiscal 2020. Although we expect to have reduced research and development and sales and marketing costs for the year ended June 30, 2021 compared to the year ended June 30, 2020, given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19 and around the imposition or relaxation of protective measures, we cannot further reasonably estimate the impact of the COVID-19 pandemic on our future results of operations or financial position. See also Part II, Item 1A – Risk Factors.

Net Revenues

The following table presents net product and service and subscription revenues for the periods presented (dollars in thousands):

	Three Months Ended				Nine Months Ended			
	March 31, 2021	March 31, 2020	$ Change	% Change	March 31, 2021	March 31, 2020	$ Change	% Change
Net revenues:								
Product	$ 176,334	$ 136,547	$ 39,787	29.1%	$ 503,575	$ 512,173	$ (8,598)	(1.7)%
Percentage of net revenues	*69.6%*	*65.2%*			*68.9%*	*69.9%*		
Service and subscription	77,066	72,972	4,094	5.6%	227,755	220,324	7,431	3.4%
Percentage of net revenues	*30.4%*	*34.8%*			*31.1%*	*30.1%*		
Total net revenues	$ 253,400	$ 209,519	$ 43,881	20.9%	$ 731,330	$ 732,497	$ (1,167)	(0.2)%

Product revenues increased $39.8 million or 29.1% for the three months ended March 31, 2021, as compared to the corresponding period of fiscal 2020. Product revenues decreased $8.6 million or 1.7% for the nine months ended March 31, 2021, as compared to the corresponding period of fiscal 2020. The product revenues increase for the three months ended March 31, 2021 was primarily due to the material slow-down in global demand during the corresponding period of fiscal 2020 due to the global outbreak of COVID-19. The product revenues decline for the nine months ended March 31, 2021 as compared to the corresponding period of fiscal 2020 was due to the impact of COVID-19 on global demand across all geographies primarily during the first two quarters of fiscal 2021.

Service and subscription revenues increased $4.1 million, or 5.6% for the three months ended March 31, 2021 as compared to the corresponding period in fiscal 2020. Service and subscription revenues increased $7.4 million, or 3.4% for the nine months ended March 31, 2021 as compared to the corresponding period in fiscal 2020. The increase in service and subscription revenues for the three and nine months ended March 31, 2021 as compared to the corresponding periods of fiscal 2020 was primarily due to the growth in subscription revenues.

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

	Three Months Ended				Nine Months Ended			
	March 31, 2021	March 31, 2020	$ Change	% Change	March 31, 2021	March 31, 2020	$ Change	% Change
Gross profit:								
Product	$ 99,892	$ 64,620	$ 35,272	54.6%	$ 279,733	$ 257,468	$ 22,265	8.6%
Percentage of product revenues	56.6%	47.3%			55.5%	50.3%		
Service and subscription	48,921	46,715	2,206	4.7%	144,290	139,781	4,509	3.2%
Percentage of service and subscription revenues	63.5%	64.0%			63.4%	63.4%		
Total gross profit	$ 148,813	$ 111,335	$ 37,478	33.7%	$ 424,023	$ 397,249	$ 26,774	6.7%
Percentage of net revenues	58.7%	53.1%			58.0%	54.2%		

Product gross profit increased $35.3 million or 54.6% for the three months ended March 31, 2021, as compared to the corresponding period in fiscal 2020. The increase in product gross profit was primarily due to increased revenues along with lower distribution charges of $4.9 million, which were mainly due to decreased tariffs, lower excess and obsolete inventory charges of $3.9 million, and lower warranty costs of $1.8 million.

Product gross profit increased $22.3 million or 8.6% for the nine months ended March 31, 2021, as compared to the corresponding period in fiscal 2020. The increase in product gross profit was primarily due to increased revenues along with lower excess and obsolete inventory charges of $8.4 million, lower expensing of the fair value step-up of inventories acquired from Aerohive of $7.3 million, lower warranty costs of $7.2 million, lower distribution charges of $5.3 million, which were mainly due to decreased tariffs, and more favorable manufacturing costs due to product cost reduction efforts.

Service and subscription gross profit increased $2.2 million or 4.7% for the three months ended March 31, 2021, as compared to the corresponding period in fiscal 2020. The increase was primarily due to increased service and subscription revenues, partially offset by higher personnel costs and increased cloud service costs.

Service and subscription gross profit increased $4.5 million or 3.2% for nine months ended March 31, 2021, as compared to the corresponding period in fiscal 2020. The increase was primarily due to higher service and subscription revenues and reduced repair costs, partially offset by higher personnel costs and increased cloud service costs.

Operating Expenses

The following table presents operating expenses for the periods presented (dollars in thousands):

	Three Months Ended				Nine Months Ended			
	March 31, 2021	March 31, 2020	$ Change	% Change	March 31, 2021	March 31, 2020	$ Change	% Change
Research and development	$ 48,909	$ 50,577	$ (1,668)	(3.3)%	$ 147,619	$ 165,073	$ (17,454)	(10.6)%
Sales and marketing	70,898	70,132	766	1.1%	201,955	216,925	(14,970)	(6.9)%
General and administrative	16,023	15,119	904	6.0%	48,844	45,199	3,645	8.1%
Acquisition and integration costs	—	5,156	(5,156)	(100.0)%	1,975	30,075	(28,100)	(93.4)%
Restructuring and related charges, net of reversals	425	6,648	(6,223)	(93.6)%	2,121	19,407	(17,286)	(89.1)%
Amortization of intangibles	1,406	2,059	(653)	(31.7)%	4,704	6,366	(1,662)	(26.1)%
Total operating expenses	$ 137,661	$ 149,691	$ (12,030)	(8.0)%	$ 407,218	$ 483,045	$ (75,827)	(15.7)%

Research and Development Expenses

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

Research and development expenses decreased by $1.7 million or 3.3% for the three months ended March 31, 2021, as compared to the corresponding period in fiscal 2020. The decrease in research and development expenses was due to a $2.9 million decrease in personnel costs primarily due to lower headcount as a result of the cost reduction actions taken in fiscal 2020, a $1.3 million decrease in facility and information technology costs, a $0.7 million decrease in software licenses and engineering project costs and a $0.7 million decrease in travel and other expenses, partially offset by a $3.9 million increase in professional and contractor fees.

Research and development expenses decreased by $17.5 million or 10.6% for the nine months ended March 31, 2021, as compared to the corresponding period in fiscal 2020. The decrease in research and development expenses was due to a $19.0 million decrease in personnel costs primarily due to lower headcount as a result of the cost reduction actions taken in fiscal 2020, a $4.2 million decrease in facility and information technology costs, a $3.3 million decrease in software licenses and engineering project costs and a $1.6 million decrease in travel and other expenses, partially offset by a $10.6 million increase in professional and contractor fees.

Sales and Marketing Expenses

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

Sales and marketing expenses increased by $0.8 million or 1.1% for the three months ended March 31, 2021, as compared to the corresponding period in fiscal 2020. The increase in sales and marketing expenses was primarily due to a $5.4 million increase in personnel costs primarily commission and benefits and a $0.8 million increase in other expenses primarily marketing and sales promotions costs, partially offset by a $2.7 million decrease in travel costs due to COVID-19, a $1.5 million decrease in professional and recruiting fees and a $1.2 million decrease in software and equipment related costs.

Sales and marketing expenses decreased by $15.0 million or 6.9% for the nine months ended March 31, 2021, as compared to the corresponding period in fiscal 2020. The decrease in sales and marketing expenses was primarily due to a $9.3 million decrease in travel costs due to COVID-19, a $4.0 million decrease in professional and recruiting fees, a $2.3 million decrease in software and equipment related costs and a $0.7 million decrease in other expenses primarily sales promotions costs, partially offset by a $1.3 million increase in personnel costs.

General and Administrative Expenses

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

General and administrative expenses increased by $0.9 million or 6.0% for the three months ended March 31, 2021, as compared to the corresponding period in fiscal 2020. The increase in general and administrative expenses was primarily due to a $2.1 million increase in personnel costs primarily compensation expenses and a $0.4 million increase in legal and professional fees, partially offset by a $0.7 million decrease in software and equipment related costs and a $0.9 million decrease in travel and other expenses.

General and administrative expenses increased by $3.6 million or 8.1% for the nine months ended March 31, 2021, as compared to the corresponding period in fiscal 2020. The increase in general and administrative expenses was primarily due to a $5.1 million increase in personnel costs primarily compensation expenses and a $2.0 million increase in facility and information technology costs, partially offset by a $1.7 million decrease in software and equipment related costs and a $1.8 million decrease in travel and other expenses.

Acquisition and Integration Costs

During the three months ended March 31, 2021, we did not incur any acquisition and integration costs. During the nine months ended March 31, 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.

During the three and nine months ended March 31, 2020, we incurred $5.2 million and $30.1 million, respectively of acquisition and integration costs which consisted primarily of professional fees for financial and legal advisory services and severance charges for Aerohive employees. The acquisition and integration costs for the nine months ended March 31, 2020 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.

Restructuring Charges, Net of Reversals and Impairment

For the three and nine months ended March 31, 2021, we recorded restructuring charges of $0.4 million and $2.1 million, respectively. We continued our cost reduction initiative began in the third quarter of fiscal 2020 and recorded related severance, benefits, and equipment relocation charges of less than $0.1 million and $1.2 million, respectively, related to the 2020 Plan. In addition, we had facility-related charges of $0.3 million and $0.9 million, respectively, related to our previously impaired facilities.

For the three months ended March 31, 2020 we recorded restructuring charges of $6.6 million. In connection with our plan of action to reduce operating costs due to the COVID-19 global pandemic, we realigned our operations and recorded severance and benefits charges of $5.8 million for the third fiscal quarter of 2020. We also continued our reduction-in-force initiative begun in the fourth quarter of fiscal 2019 and recorded related severance and benefits charges of $0.5 million for the third fiscal quarter of 2020. In addition, we also had facility restructuring charges of $0.3 million for the third fiscal quarter of 2020. For the nine months ended March 31, 2020 we recorded restructuring charges of $19.4 million. The charges consisted primarily of excess facility charges of $8.2 million for impairment of right-of-use assets related to our Milpitas, California, South San Jose, California, and Salem, New Hampshire facilities. Additionally, we initiated reduction-in-force procedures during the nine months ended March 31, 2020 and recorded severance and benefits charges of $11.2 million.

Amortization of Intangibles

During the three months ended March 31, 2021 and 2020, we recorded $1.4 million and $2.1 million, respectively, of operating expenses for amortization of intangibles in the accompanying condensed consolidated statements of operations. The decrease was primarily due to lower amortization related to certain acquired intangibles from previous acquisitions becoming fully amortized.

During the nine months ended March 31, 2021 and 2020, we recorded $4.7 million and $6.4 million, respectively, of operating expenses for amortization of intangibles in the accompanying condensed consolidated statements of operations. The decrease was primarily due to lower amortization related 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.

Interest Expense

During the three months ended March 31, 2021 and 2020, we recorded $5.6 million and $6.0 million, respectively, in interest expense. The decreases in interest expense were primarily driven by lower average loan balances and lower average rates for the three months ended March 31, 2021 under our 2019 Credit Agreement.

During the nine months ended March 31, 2021 and 2020, we recorded $18.3 million and $17.4 million, respectively, in interest expense. The increases in interest expense were primarily driven by higher average loan balances partially offset by lower average rates for the nine months ended March 31, 2021 under our 2019 Credit Agreement.

Other Income (Expense), Net

During the three months ended March 31, 2021 and 2020, we recorded other income, net of $0.3 million and other income, net of $1.3 million, respectively. During the nine months ended March 31, 2021 and 2020, we recorded other expense, net of $1.6 million and other income, net of $1.1 million, respectively. The changes for the three and nine months ended March 31, 2021 was primarily due to foreign exchange losses from the revaluation of certain assets and liabilities denominated in foreign currencies into U.S. Dollars.

Provision for Income Taxes

For the three months ended March 31, 2021 and 2020, we recorded an income tax provision of $2.4 million and $1.6 million, respectively. For the nine months ended March 31, 2021 and 2020, we recorded an income tax provision of $5.6 million and $4.9 million, respectively.

The income tax provisions for the three and nine months ended March 31, 2021 and 2020 consisted of (1) taxes on the income of our foreign subsidiaries, (2) foreign withholding taxes, (3) state taxes in jurisdictions where we have no remaining state net operating losses and (4) tax expense associated with the establishment of a U.S. deferred tax liability for amortizable goodwill resulting from the acquisition of Enterasys Networks, Inc., the WLAN Business, the Campus Fabric Business and the Data Center Business.

Critical Accounting Policies and Estimates

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

As discussed in Part II, Item 7, *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* of our Annual Report on Form 10-K for the year ended June 30, 2020, we consider the following accounting policies to be the most critical in understanding the judgments that are involved in preparing our consolidated financial statements:

- *Revenue Recognition*

- *Inventory Valuation and Purchase Commitments*

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

New Accounting Pronouncements

See Note 2 of the accompanying condensed 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 table summarizes information regarding our cash (in thousands):

	March 31, 2021	June 30, 2020
Cash	$ 203,139	$ 193,872

As of March 31, 2021, our principal sources of liquidity consisted of cash of $203.1 million and accounts receivable, net of $130.6 million, and available borrowings under our five-year 2019 Revolving Facility of $55.0 million. Our principal uses of cash include the purchase of finished goods inventory from our contract manufacturers, payroll and other operating expenses related to the development and marketing of our products, purchases of property and equipment, and repayments of debt and related interest. We believe that our $203.1 million of cash at March 31, 2021, our cash flow 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 its shares of common stock for two years from the date of authorization, of which $15.0 million was used for repurchases in 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, Extreme's ongoing determination that it is the best use of available cash and other factors. The repurchase program does not obligate Extreme to acquire any shares of its common stock, may be suspended or terminated at any time without prior notice and will be subject to regulatory considerations. There were no repurchases in the three and nine months ended March 31, 2021.

In connection with the acquisition of Aerohive as discussed in Note 4 of the accompanying condensed 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 five-year first lien term loan facility in an aggregate principal amount of $380.0 million and a five-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 $100.0 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.

Financial covenants under the 2019 Credit Agreement require us to maintain a minimum consolidated fixed charge and consolidated leverage ratio at the end of each fiscal quarter through maturity. 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 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 which supersedes the First Amendment and provides 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 will resume in effect. The Second Amendment requires 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 are not permitted to exceed $55.0 million in our outstanding balance under the 2019 Revolving Facility, the applicable margin for Eurodollar rate will be 4.5% and we are restricted from pursuing certain activities such as incurring additional debt, stock repurchases, making acquisitions or declaring a dividend, until we are in 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, the Company and its 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 provides 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 12 month period ended March 31, 2021 our financial performance is in compliance with the original covenants defined in the 2019 Credit Agreement and as such we will file a Suspension Early Termination Notice and Covenant Certificate with the loan administration agent subsequent to filing our Form 10-Q for the quarterly period ended March 31, 2021. Returning to compliance will result in our Eurodollar loan spread to decrease from 4.5% suspension period rate, to 2.75% and unused facility commitment fee will decrease from 0.4% to 0.35%, and the limitation on revolver borrowings will be removed effective May 1, 2021 after filing of the certificate with the administrative agent.

We have already experienced an adverse effect on our revenues and results of operations due to the coronavirus outbreak. The full extent to which the COVID-19 outbreak impacts our results and cash flows will depend on future developments, which are highly uncertain and cannot be predicted at this time, including new information which may emerge concerning the severity of the coronavirus and the actions taken to contain the virus or treat its impact, among others. Complications from the COVID-19 outbreak could have a material adverse effect on the results of our operations, financial position, and cash flows particularly if such complications have an extended duration. See also Part II, Item 1A – Risk Factors.

Key Components of Cash Flows and Liquidity

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

	Nine Months Ended	
	March 31, 2021	**March 31, 2020**
Net cash provided by operating activities	$ 87,496	$ 27,061
Net cash used in investing activities	(12,318)	(186,839)
Net cash (used in) provided by financing activities	(66,381)	187,262
Foreign currency effect on cash	470	(741)
Net increase in cash	$ 9,267	$ 26,743

Net Cash Provided by Operating Activities

Cash flows provided by operations in the nine months ended March 31, 2021, were $87.5 million, including our net loss of $8.4 million and non-cash expenses of $89.0 million for items such as amortization of intangibles, share-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 revenues. This was partially offset by decreases in other current and long-term liabilities, and operating lease liabilities and increases in accounts receivables and prepaid expenses and other current assets.

Cash flows provided by operations in the nine months ended March 31, 2020, were $27.1 million, including our net loss of $105.6 million and non-cash expenses of $100.4 million for items 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. This was partially offset by decreases in accounts payable, accrued compensation, other current and long-term liabilities, and operating lease liabilities.

Net Cash Used in Investing Activities

Cash flows used in investing activities in the nine months ended March 31, 2021 were $12.3 million for the purchases of property and equipment.

Cash flows used in investing activities in the nine months ended March 31, 2020 were $186.8 million, including $219.5 million for the acquisition of Aerohive (net of cash acquired), purchases of property and equipment of $12.6 million, which was partially offset by proceeds of $45.2 million related to the maturity and sales of short-term investments.

Net Cash Provided by (Used in) Financing Activities

Cash flows used in financing activities in the nine months ended March 31, 2021 were $66.4 million due primarily to debt repayments of $69.3 million, payment of contingent consideration of $1.3 million, and $3.0 million for deferred payments on acquisitions. This was partially offset by $7.2 million of proceeds from the issuance of shares of our common stock under our ESPP, exercise of stock options, net of taxes paid on vested, and released stock awards.

Cash flows provided by financing activities in the nine months ended March 31, 2020 were $187.3 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, $9.5 million of proceeds from the issuance of shares of our common stock under our ESPP and exercise of stock options, net of taxes paid on vested and released stock awards. This was partially offset by debt repayments of $29.8 million, payment of loan fees of $10.5 million, contingent consideration of $3.4 million, and $3.0 million for deferred payments on acquisitions. Cash flows provided by financing activities also included repurchasing of our common shares of $30.0 million during the nine months ended March 31, 2020, in accordance with our approved share repurchase plan.

Foreign Currency Effect on Cash

Foreign currency effect on cash increased in the nine months ended March 31, 2021 and 2020, primarily due to changes in foreign currency exchange rates between the U.S. Dollar and particularly the Indian Rupee, the UK Pound, and the EURO.

Contractual Obligations

The following summarizes our contractual obligations as of March 31, 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	$ 351,500	$ 23,750	$ 71,250	$ 256,500	$ —
Interest on debt obligations	49,514	16,443	28,680	4,391	—
Unconditional purchase obligations	32,988	32,988	—	—	—
Contractual commitments	80,292	20,367	31,921	17,233	10,771
Lease payments on operating leases	61,641	21,211	26,433	8,995	5,002
Deferred payments for an acquisition	8,000	4,000	4,000	—	—
Contingent consideration for an acquisition	902	759	143	—	—
Other liabilities	890	265	529	96	—
Total contractual cash obligations	$ 585,727	$ 119,783	$ 162,956	$ 287,215	$ 15,773

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

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

Unconditional purchase obligations represent the purchase of long lead-time component inventory that our contract manufacturers procure in accordance with our forecasts. We expect to honor the inventory purchase commitments within the next 12 months.

Contractual commitments to suppliers 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 for the acquisition of the Data Center Business represent payments of $1.0 million per quarter.

Contingent consideration for an acquisition of a capital financing business in December 2017 from Broadcom, at the estimated 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 settlement.

We did not have any material commitments for capital expenditures as of March 31, 2021.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of March 31, 2021.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Sensitivity

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

Debt

At certain points in time, we are exposed to the impact of interest rate fluctuations, primarily in the form of variable rate borrowings from the 2019 Credit Agreement, which is described in Note 8, Debt, of the notes to the condensed consolidated financial statements in this quarterly report on Form 10-Q. At March 31, 2021, we had $351.5 million of debt outstanding, all of which was from the 2019 Credit Agreement. During the quarter ended March 31, 2021, the average daily outstanding amount was $356.2 million with a high of $356.3 million and a low of $351.5 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 quarter ended March 31, 2021, on borrowings under the 2019 Credit Agreement and interest rate swap contracts as of March 31, 2021, that are sensitive to changes in interest rates (in thousands):

	Change in interest expense given a decrease in interest rate of X bps*			Change in interest expense given an increase in interest rate of X bps*	
Description	(100 bps)	(50 bps)	Average outstanding as of March 31, 2021	100 bps	50 bps
Debt	$ (3,562)	$ (1,781)	$ 356,197	$ 3,562	$ 1,781
Interest Rate Swaps	2,000	1,000	(200,000)	(2,000)	(1,000)
Net	$ (1,562)	$ (781)		$ 1,562	$ 781

* Underlying interest rate was 4.60% as of March 31, 2021.

Exchange Rate Sensitivity

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

Foreign Exchange Forward Contracts

We record all derivatives on the balance sheet at fair value. Changes in the fair value of derivatives are recognized in earnings as “Other expense, net”. 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. These derivatives do not qualify as hedges. Changes in the fair value of these foreign exchange forward contracts are offset largely by re-measurement of the underlying assets and liabilities. As of March 31, 2021, foreign exchange forward contracts had a notional principal amount of $26.7 million. Unrealized gains (losses) recorded in the condensed consolidated statement of operations from these transactions during the three and nine months ended March 31, 2021 were $(0.2) million and $0.1 million, respectively. Realized gains recorded in the condensed consolidated statement of operations from these transactions during the three and nine months ended March 31, 2021 were less than $0.1 million and $0.4 million, respectively. These contracts have maturities of less than 40 days. Changes in the fair value of these foreign exchange forward contracts are offset largely by re-measurement of the underlying assets and liabilities. At March 31, 2020, we had forward foreign currency contracts outstanding with a notional principal amount of $13.3 million. Unrealized gains from these transactions during the three and nine months ended March 31, 2020, were $0.1 million and $0.1 million, respectively. Realized gains from these transactions for the three and nine months ended March 31, 2020, were $0.1 million and $0.1 million, respectively

Foreign currency transaction gains and losses from operations were gains of $0.6 million and $0.9 million for the three months ended March 31, 2021 and 2020, respectively. Foreign currency transaction gains and losses from operations was a loss of $1.9 million and a gain of $1.1 million for the nine months ended March 31, 2021 and 2020, respectively.

Item 4. 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 the end of the period covered by this Report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a – 15(f) and 15d – 15(f) under the Securities Exchange Act of 1934, as amended) during the three months ended March 31, 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 Networks have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events. Projections of any evaluation of the effectiveness of controls in future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Notwithstanding these limitations, our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. Our CEO and CFO have concluded that our disclosure controls and procedures are, in fact, effective at the "reasonable assurance" level.

PART II. Other Information

Item 1. Legal Proceedings

For information regarding litigation matters required by this item, refer to Part I, Item 3, *"Legal Proceedings"* of our Annual Report on Form 10-K for the fiscal year ended June 30, 2020, and Note 9 to the notes to condensed consolidated financial statements, included in Part I, Item 1 of this Report which are incorporated herein by reference.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended June 30, 2020, and in Part II, Item 1A, "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 and for the quarter ended December 31, 2020, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock. There have been no material changes to our risk factors since our Annual Report on Form 10-K for the year ended June 30, 2020 and our Quarterly Report on Form 10-Q for the quarters ended September 30, 2020 and December 31, 2020, other than as described in the updated risk factors provided below.

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. Certain components such as tantalum capacitors, SRAM, DRAM, and printed circuit boards, have been in the past, and may in the future be, in short supply. In particular, semiconductor chips are currently in high demand with limited supply, which is resulting significantly longer than usual lead times for these components. We have encountered, and are likely in the future to encounter, shortages and delays in obtaining these or other components, and this could have a material adverse effect on our ability to meet customer orders. In addition, such shortages or delays could result in increased component and delivery costs. 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. Other than pursuant to an agreement with a key component supplier which includes pricing based on a minimum volume commitment, generally we do not have 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, Item 1A. Risk Factors—"*The coronavirus outbreak has had, and could continue to have, a materially disruptive effect on our business*" included in our Quarterly report on Form 10-Q for the period ended December 31, 2020.

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

Item 3. Defaults Upon Senior Securities - Not Applicable

Item 4. Mine Safety Disclosures - Not Applicable

Item 5. Other Information - Not Applicable

Item 6. Exhibits

(a) Exhibits:

Exhibit Number	Description of Document	Incorporated by Reference			Filed Herewith
		Form	Filing Date	Number	
3.4	Amended and Restated Bylaws of Extreme Networks, Inc. (as Amended and Restated Effective May 8, 2020	10-Q	May 11, 2020	3.4	
10.47#	Amendment to the Extreme Networks, Inc. Executive Change in Control Severance Plan				X
10.48#	Executive Vice President Severance Practice only applies to Direct Reports to CEO.				X
31.1	Section 302 Certification of Chief Executive Officer.				X
31.2	Section 302 Certification of Chief Financial Officer.				X
32.1*	Section 906 Certification of Chief Executive Officer.				X
32.2*	Section 906 Certification of Chief Financial Officer.				X
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).				

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

\# Indicates management contract or compensatory plan, contract or agreement.

SIGNATURES

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

EXTREME NETWORKS, INC.
(Registrant)

/s/ REMI THOMAS
Remi Thomas
Executive Vice President, Chief Financial Officer
(Principal Accounting Officer)

April 29, 2021

Exhibit 10.47

AMENDMENT TO THE
EXTREME NETWORKS, INC.
EXECUTIVE CHANGE IN CONTROL SEVERANCE PLAN

This Amendment (this "***Amendment***") to the Extreme Networks, Inc. Executive Change in Control Severance Plan, as amended and restated April 30, 2019 (the "***Plan***"), is made and adopted by the Board of Directors (the "***Board***") of Extreme Networks, Inc., a Delaware corporation (the "***Company***"), effective as of February 2, 2021 (the "***Effective Date***").

RECITALS

WHEREAS, the Company maintains the Plan;

WHEREAS, pursuant to Section 16 of the Plan, the Plan may be amended by the Board from time to time; and

WHEREAS, the Board desires to amend the Plan to provide for consistent eligibility under the Plan based on each participant's level of employment.

NOW, THEREFORE, BE IT RESOLVED, that the Plan is hereby amended as follows, effective as of the Effective Date:

AMENDMENT

1. The definition of "Officer" in Appendix A to the Plan is hereby deleted and replaced in its entirety with the following:

"(p) '***Officer***' means an individual who serves as an executive vice president of the Company."

2. The definition of "Vice President" in Appendix A to the Plan is hereby deleted and replaced in its entirety with the following:

"(ff) '***Vice President***' means an individual who serves at the level of vice president of the Company or above, but below the level of executive vice president of the Company."

3. This Amendment shall be and hereby is incorporated into and forms a part of the Plan, and except as expressly provided herein, all terms and conditions of the Plan shall remain in full force and effect.

Exhibit 10.48

EXECUTIVE VICE PRESIDENT SEVERANCE PRACTICE
ONLY APPLIES TO DIRECT REPORTS OF CEO

(effective April 1, 2021)

Severance for involuntary termination by Extreme Networks, Inc. (the "Company") for convenience (does NOT include terminations in connection with a Change in Control or for Cause, as those terms are defined in the Extreme Networks Executive Change in Control Severance Plan, as amended and restated April 30, 2019 and as amended February 2, 2021) as determined by the Company, in its sole discretion, subject to the effectiveness of a general release of claims, as the Company may deem necessary or appropriate:

Severance - EVP	
Severance*	Up to 2 years' service = lump sum of $8,500 + 9 months' base salary
	Once 2 years have been completed: 2+ years' service = lump sum of $14,000 + 11 months' base salary (9 months + 2 months) 3+ years' service = lump sum of $17,000 + 12 months' base salary (9 months + 3 months) Maximum of 12 months
COBRA	Provide up to 6 months of coverage if elected
Outplacement	Align with length of Severance
Bonus	Paid for completed bonus periods

*based on original hire date

Years of service is measured as continuous service.

The cash amounts will be paid in a lump sum within 60 days following the date of termination, subject to the effectiveness of a general release of claims, as the Company may deem necessary or appropriate.

The Death and Disability benefit as adopted by the Committee at the February 10, 2015 Committee meeting shall only be applicable to employees who were EVPs as of May 4, 2016, and not EVPs hired or promoted after that date.

Equity will not be accelerated without Board approval.

To the extent applicable, the Policy shall be interpreted and applied consistent and in accordance with Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder ("Section 409A"). Notwithstanding any provision of the Policy to the contrary, to the extent that the Company determines that any payments or benefits under the Policy may not be either compliant with or exempt from Code Section 409A and related Department of Treasury guidance, the Company may in its sole discretion adopt such amendments to the Policy or take such other actions that the Company determines are necessary or appropriate to (i) exempt the compensation and benefits payable under the Policy from Code Section 409A and/or preserve the intended tax treatment of such compensation and benefits, or (ii) comply with the requirements of Code Section 409A and related Department of Treasury guidance; provided, however, that this paragraph shall not create any obligation on the part of the Company to adopt any such amendment or take any other action, nor shall the Company have any liability for failing to do so. For purposes of any provision of this Policy providing for the payment of any amount or benefit upon or following a termination of employment that constitutes "nonqualified deferred compensation" under Section 409A, a termination of employment shall not be deemed to have occurred unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Policy, references to a "termination," "termination of employment" or like terms shall mean "separation from service." Notwithstanding anything to the contrary in the Policy, no amounts shall be paid to any Covered Individual under the Policy during the six-month period following such Covered Individual's "separation from service" (within the meaning of Code Section 409A(a)(2)(A)(i) and Treasury Regulation Section 1.409A-1(h)) to the extent that the Company determines that paying such amounts at the time or times indicated in the Policy would result in a prohibited distribution under Internal Revenue Code Section 409A(a)(2)(B)(i). If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six-month period (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Covered Individual's death), the Covered Individual shall receive payment of a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Covered Individual during such six-month period without interest thereon.

This Practice may be amended or terminated by the Company's Board of Directors at any time and from time to time, in either the Board's discretion.

Exhibit 31.1

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

I, Edward B. Meyercord III, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date:April 29, 2021

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

Exhibit 31.2

SECTION 302 CERTIFICATION OF REMI THOMAS
AS CHIEF FINANCIAL OFFICER

I, Remi Thomas, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date:April 29, 2021

/s/ REMI THOMAS
Remi Thomas
Executive Vice President, Chief Financial Officer
(Principal Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Extreme Networks, Inc. on Form 10-Q for the period ended March 31, 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.

Date: April 29, 2021

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

Exhibit 32.2

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 Quarterly Report of Extreme Networks, Inc. on Form 10-Q for the period ended March 31, 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.

Date: April 29, 2021

/s/ REMI THOMAS
Remi Thomas
Executive Vice President, Chief Financial Officer
(Principal Accounting Officer)