



FIRST QUARTER 2024
EARNINGS
CONFERENCE CALL

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April 29, 2024



During the course of this presentation, we will provide projections and other forward-looking statements regarding future events or the future financial performance of Harmonic, including expectations concerning our business strategy for 2024 and beyond, and our Q2 and full-year 2024 guidance. Such statements are only current expectations and actual events or results may differ materially. We refer you to Harmonic's filings with the SEC, particularly our most recent Reports on Form 10-K, Form 10-Q and Form 8-K. These documents identify important risk factors that could cause actual results to differ materially from our projections or other forward-looking statements. We will also present financial metrics determined on a "non-GAAP" basis. These items, together with the corresponding GAAP numbers and a reconciliation to GAAP, are contained in this presentation and the related earnings press release on our website at www.harmonicinc.com.



Broadband strategy remains on track for **multiyear growth**



Video SaaS revenue growth driven by **new sports opportunities and ad delivery technology**



Redeemed **\$115.5M** 2024 Convertible Notes in April 2024



Q1 HIGHLIGHTS

- Revenue \$78.9 million, down from \$100.4 million prior year
- Commercially deployed with 113 operators, up 20% year over year
- 28.6 million cable modems served, ~16% of global market



EXECUTING MULTIYEAR GROWTH PLAN

- DOCSIS 4.0 leadership with accelerating shipments
- Diversifying broadband revenue base beyond largest two customers
- Beacon Intelligent Speed Maximizer subscription-based feature for cOS™
- MFiber-to-the-home initiatives gaining traction with recent wins



Q1 HIGHLIGHTS

- SaaS revenue \$12.9 million, up 11% year over year
- Total Video revenue \$43.2 million, down from \$57.3 million prior year
- Macro-economic headwinds and Video Review impacted revenue



STRATEGIC EXECUTION AND PRIORITIES

- New in-stream targeted advertising SaaS for live sports streaming
- Strong pipeline of tier 1 SaaS opportunities
- Streamlining business and increasing full year EBITDA outlook



FINANCIAL RESULTS AND **OUTLOOK**

Walter Jankovic, CFO



FINANCIAL RESULTS

- Revenue \$122.1 million, down 22.6% year over year
- EPS \$0.00, compared to \$0.12 in Q1 2023
- Bookings \$146.1 million, book to bill ratio of 1.2
- Record Backlog and Deferred Revenue \$677.8 million, up 8.7% year over year



GUIDANCE FOR KEY FINANCIAL METRICS

- Reaffirming our Broadband FY24 revenue guidance of \$460M to \$500M
- Broadband growth in FY25 expected to accelerate further
- Video FY24 EBITDA guidance increased due to restructuring actions

* Non-GAAP

Q1 2024 REVENUE & GROSS MARGIN HIGHLIGHTS*



Financial Metric (\$ Millions)	Q1 2024	Q4 2023	Q1 2023	Q1/Q4 Change	Q1 Y/Y Change
Total Net Revenue	\$122.1	\$167.1	\$157.6	(27.0)%	(22.6)%
Broadband Revenue	\$78.9	\$115.2	\$100.4	(31.5)%	(21.4)%
Video Revenue	\$43.2	\$51.9	\$57.3	(16.8)%	(24.7)%
Gross Margin (%)	52.5%	49.3%	53.9%	3.2%	(1.4)%
Broadband Gross Margin (%)	47.5%	42.4%	50.1%	5.1%	(2.6)%
Video Gross Margin (%)	61.6%	64.6%	60.4%	(3.0)%	1.2%

* Non-GAAP. Components may not sum to total due to rounding

Q1 2024 EARNINGS AND BOOKINGS HIGHLIGHTS*



Financial Metric \$ Millions (except EPS)	Q1 2024	Q4 2023	Q1 2023	Q1/Q4 Change	Q1 Y/Y Change
Operating Expenses	\$62.8	\$63.4	\$66.2	\$(0.6)	\$(3.4)
Adj. EBITDA	\$4.1	\$21.7	\$21.4	\$(17.6)	\$(17.3)
Broadband Adj. EBITDA	\$10.4	\$21.9	\$21.6	\$(11.5)	\$(11.2)
Video Adj. EBITDA	\$(6.4)	\$(0.2)	\$(0.2)	\$(6.2)	\$(6.2)
EPS	\$0.00	\$0.13	\$0.12	\$(0.13)	\$(0.12)
Share Count	118.1	115.7	117.8	2.4	0.3
Bookings	\$146.1	\$196.5	\$325.5	\$(50.4)	\$(179.4)
Book to Bill Ratio	1.2	1.2	2.1	-	(0.9)

* Non-GAAP. Components may not sum to total due to rounding

Q1 2024 BALANCE SHEET & CASH FLOW HIGHLIGHTS



Financial Metric (\$ Millions)	Q1 2024	Q4 2023	Q1 2023
Cash	\$84.3	\$84.3	\$90.9
Cash Provided by Operations	\$26.8	\$6.3	\$6.3
Accounts Receivable	\$105.9	\$141.5	\$88.1
DSO	78	76	50
Inventory	\$86.6	\$84.0	\$131.6
Inventory Days	134	89	163
Backlog and Deferred Revenue	\$677.8	\$653.2	\$623.5
Free cash flow	\$24.9	\$3.5	\$3.9

Q2 & 2024 FINANCIAL GUIDANCE | BY SEGMENT*



Financial Metric - Broadband	Q2 2024 Guidance	FY 2024 Guidance
Net Revenue (\$M)	\$85 - \$95	\$460 - \$500
Gross Margin (%)	47.0% - 48.0%	46.5% - 48.5%
Gross Profit (\$M)	\$40 - \$46	\$214 - \$243
Adjusted EBITDA (\$M)	\$11 - \$15	\$95 - \$119

Financial Metric - Video	Q2 2024 Guidance	FY 2024 Guidance
Net Revenue (\$M)	\$40 - \$45	\$185 - \$195
Gross Margin (%)	62.0% - 63.0%	62.0% - 64.0%
Gross Profit (\$M)	\$25 - \$28	\$115 - \$125
Adjusted EBITDA (\$M)	\$(5) - \$(2)	\$0 - \$5

* Non-GAAP

Q2 & 2024 FINANCIAL GUIDANCE | CONSOLIDATED*



Financial Metric	Q2 2024 Guidance	FY 2024 Guidance
Total Revenue (\$M)	\$125 - \$140	\$645 - \$695
Gross Margin (%)	51.8% - 52.9%	51.0% - 52.9%
Gross Profit (\$M)	\$65 - \$74	\$329 - \$368
Adjusted EBITDA (\$M)	\$6 - \$13	\$95 - \$124
Shares**	116.8 - 116.8	118.5 - 118.5
EPS	\$0.00 - \$0.05	\$0.51- \$0.71

* Non-GAAP. Components may not sum to total due to rounding.

** The guidance considers the impact of the 2024 Convertible Notes redemption and assumptions on repurchases during 2024 under the Company's stock repurchase program. Diluted shares assumes stock price at \$12.76 (Q1 2024 average price).



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WRAP-UP & Q&A

USE OF NON-GAAP FINANCIAL MEASURES



In establishing operating budgets, managing its business performance, and setting internal measurement targets, the Company excludes a number of items required by GAAP. Management believes that these accounting charges and credits, most of which are non-cash or non-recurring in nature, are not useful in managing its operations and business. Historically, the Company has also publicly presented these supplemental non-GAAP measures in order to assist the investment community to see the Company “through the eyes of management,” and thereby enhance understanding of its operating performance. The non-GAAP measures presented here are gross profit, operating expenses, income (loss) from operations, non-operating expense, net, Adjusted EBITDA, net income (loss) and net income (loss) per diluted share. The presentation of non-GAAP information is not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP, and is not necessarily comparable to non-GAAP results published by other companies. A reconciliation of the historical and forward-looking non-GAAP financial measures discussed in this presentation to the most directly comparable historical and forward-looking GAAP financial measures is included with the financial information contained in this presentation. The non-GAAP adjustments described below have historically been excluded from our GAAP financial measures. These adjustments are restructuring and related charges, stock-based compensation expense, gain on sale of equity investment, non-cash interest and other expenses on convertible notes and other debt, adjustments that normalize the tax rate and depreciation.

Q1 2024 GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



Three Months Ended March 29, 2024

	Revenue	Gross Profit	Total Operating Expense	Income (Loss) from Operations	Total Non-operating Expense, net	Net Income (Loss)
GAAP	\$ 122,060	\$ 63,081	\$ 72,607	\$ (9,526)	\$ (1,012)	\$ (8,089)
Stock-based compensation	—	522	(6,401)	6,923	—	6,923
Restructuring and related charges	—	460	(3,037)	3,497	—	3,497
Non-recurring advisory fees	—	—	(349)	349	—	349
Loss on fixed asset disposal	—	—	—	—	11	11
Non-cash interest and other expenses related to convertible notes	—	—	—	—	229	229
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	(2,538)
Total adjustments	—	982	(9,787)	10,769	240	8,471
Non-GAAP	<u>\$ 122,060</u>	<u>\$ 64,063</u>	<u>\$ 62,820</u>	<u>\$ 1,243</u>	<u>\$ (772)</u>	<u>\$ 382</u>
<i>As a % of revenue (GAAP)</i>		51.7 %	59.5 %	(7.8)%	(0.8)%	(6.6)%
<i>As a % of revenue (Non-GAAP)</i>		52.5 %	51.5 %	1.0 %	(0.6)%	0.3 %
Diluted net income (loss) per share:						
GAAP						<u>\$ (0.07)</u>
Non-GAAP						<u>\$ 0.00</u>
Shares used in per share calculation:						
GAAP						<u>112,350</u>
Non-GAAP						<u>118,107</u>

Q4 2023 GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



Three Months Ended December 31, 2023

	Revenue	Gross Profit	Total Operating Expense	Income from Operations	Total Non-operating Expense, net	Net Income
GAAP	\$ 167,092	\$ 81,867	\$ 72,234	\$ 9,633	\$ (820)	\$ 83,841
Stock-based compensation	—	454	(6,151)	6,605	—	6,605
Restructuring and related charges	—	(27)	—	(27)	—	(27)
Non-recurring advisory fees	—	—	(2,702)	2,702	—	2,702
Non-cash interest and other expenses related to convertible notes	—	—	—	—	233	233
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	(78,693)
Total adjustments	—	427	(8,853)	9,280	233	(69,180)
Non-GAAP	<u>\$ 167,092</u>	<u>\$ 82,294</u>	<u>\$ 63,381</u>	<u>\$ 18,913</u>	<u>\$ (587)</u>	<u>\$ 14,661</u>
<i>As a % of revenue (GAAP)</i>		49.0 %	43.2 %	5.8 %	(0.5)%	50.2 %
<i>As a % of revenue (Non-GAAP)</i>		49.3 %	37.9 %	11.3 %	(0.4)%	8.8 %
Diluted net income per share:						
GAAP						<u>\$ 0.72</u>
Non-GAAP						<u>\$ 0.13</u>
Shares used in per share calculation:						
GAAP and Non-GAAP						<u>115,691</u>

Q1 2023 GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



Three Months Ended March 31, 2023

	Revenue	Gross Profit	Total Operating Expense	Income from Operations	Total Non-operating Expense, net	Net Income
GAAP	\$ 157,649	\$ 84,054	\$ 72,874	\$ 11,180	\$ (999)	\$ 5,093
Stock-based compensation	—	850	(6,574)	7,424	—	7,424
Restructuring and related charges	—	—	(83)	83	—	83
Non-cash interest and other expenses related to convertible notes	—	—	—	—	223	223
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	1,506
Total adjustments	—	850	(6,657)	7,507	223	9,236
Non-GAAP	<u>\$ 157,649</u>	<u>\$ 84,904</u>	<u>\$ 66,217</u>	<u>\$ 18,687</u>	<u>\$ (776)</u>	<u>\$ 14,329</u>
<i>As a % of revenue (GAAP)</i>		53.3 %	46.2 %	7.1 %	(0.6)%	3.2 %
<i>As a % of revenue (Non-GAAP)</i>		53.9 %	42.0 %	11.9 %	(0.5)%	9.1 %
Diluted net income per share:						
GAAP						<u>\$ 0.04</u>
Non-GAAP						<u>\$ 0.12</u>
Shares used in per share calculation:						
GAAP and Non-GAAP						<u>117,758</u>

ADJ. EBITDA CALCULATIONS

(UNAUDITED, IN THOUSANDS)



Three Months Ended March 29, 2024

	Broadband	Video
Income (loss) from operations ⁽¹⁾	\$ 8,594	\$ (7,351)
Depreciation	1,986	1,099
Other non-operating expenses, net	(179)	(99)
Adjusted EBITDA ⁽²⁾	\$ 10,401	\$ (6,351)
Revenue	\$ 78,897	\$ 43,163
<i>Adjusted EBITDA margin % ⁽²⁾</i>	<i>13.2 %</i>	<i>(14.7)%</i>

Three Months Ended December 31, 2023

	Broadband	Video
Income (loss) from operations ⁽¹⁾	\$ 20,268	\$ (1,355)
Depreciation	1,794	1,283
Other non-operating expenses, net	(160)	(89)
Adjusted EBITDA ⁽²⁾	\$ 21,902	\$ (161)
Revenue	\$ 115,229	\$ 51,863
<i>Adjusted EBITDA margin % ⁽²⁾</i>	<i>19.0 %</i>	<i>(0.3)%</i>

Three Months Ended March 31, 2023

	Broadband	Video
Income (loss) from operations ⁽¹⁾	\$ 20,113	\$ (1,426)
Depreciation	1,644	1,386
Other non-operating expenses, net	(171)	(122)
Adjusted EBITDA ⁽²⁾	\$ 21,586	\$ (162)
Revenue	\$ 100,351	\$ 57,298
<i>Adjusted EBITDA margin % ⁽²⁾</i>	<i>21.5 %</i>	<i>(0.3)%</i>

ADJ. EBITDA RECONCILIATIONS

(UNAUDITED, IN THOUSANDS)



	Three Months Ended		
	March 29, 2024	December 31, 2023	March 31, 2023
Net income (loss) (GAAP)	\$ (8,089)	\$ 83,841	\$ 5,093
Provision for (benefit from) income taxes	(2,449)	(75,028)	5,088
Interest expense, net	723	571	706
Depreciation	3,085	3,077	3,030
EBITDA	(6,730)	12,461	13,917
<i>Adjustments</i>			
Stock-based compensation	6,923	6,605	7,424
Restructuring and related charges	3,497	(27)	83
Non-recurring advisory fees	349	2,702	—
Loss on fixed asset disposal	11	—	—
Total consolidated segment adjusted EBITDA (Non-GAAP)	\$ 4,050	\$ 21,741	\$ 21,424
Revenue	\$ 122,060	\$ 167,092	\$ 157,649
<i>Net income (loss) margin (GAAP)</i>	<i>(6.6)%</i>	<i>50.2 %</i>	<i>3.2 %</i>
<i>Consolidated segment Adjusted EBITDA margin (Non-GAAP)</i>	<i>3.3 %</i>	<i>13.0 %</i>	<i>13.6 %</i>

Q2 2024 GUIDANCE GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN MILLIONS, EXCEPT EPS AND PERCENTAGES)



Q2 2024 Financial Guidance ⁽¹⁾

	Revenue	Gross Profit	Total Operating Expense	Income from Operations	Net Income (Loss)
GAAP	\$ 125 to \$ 140	\$ 64 to \$ 73	\$ 80 to \$ 82	\$ (16) to \$ (9)	\$ (19) to \$ (14)
Stock-based compensation expense	—	—	(6)	6	6
Restructuring and related charges	—	1	(12)	13	13
Impairment losses	—	—	—	—	6
Tax effect of non-GAAP adjustments	—	—	—	—	(6) to (5)
Total adjustments	—	1	(18)	19	19 to 20
Non-GAAP	<u>\$ 125 to \$ 140</u>	<u>\$ 65 to \$ 74</u>	<u>\$ 62 to \$ 64</u>	<u>\$ 3 to \$ 10</u>	<u>\$ — to \$ 6</u>
<i>As a % of revenue (GAAP)</i>		51.0% to 52.1%	64.0% to 58.6%	(12.8)% to (6.4)%	(15.4)% to (9.9)%
<i>As a % of revenue (Non-GAAP)</i>		51.8% to 52.9%	49.6% to 45.7%	2.2% to 7.1%	0.2% to 4.4%
Diluted net income (loss) per share:					
GAAP					<u>\$ (0.17) to \$ (0.12)</u>
Non-GAAP					<u>\$ — to \$ 0.05</u>
Shares used in per share calculation:					
GAAP					<u>115.3</u>
Non-GAAP					<u>116.8</u>

(1) Components may not sum to total due to rounding.

2024 GUIDANCE GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN MILLIONS, EXCEPT EPS AND PERCENTAGES)



2024 Financial Guidance ⁽¹⁾

	Revenue		Gross Profit		Total Operating Expense		Income from Operations		Net Income	
GAAP	\$ 645	to \$ 695	\$ 326	to \$ 365	\$ 288	to \$ 298	\$ 38	to \$ 67	\$ 18	to \$ 40
Stock-based compensation expense	—		1		(27)		28		28	
Restructuring and related charges	—		2		(15)		17		17	
Impairment loss	—		—		—		—		6	
Non-cash interest and other expenses related to convertible notes	—		—		—		—		1	
Tax effect of non-GAAP adjustments	—		—		—		—		(9)	to (8)
Total adjustments	—		3		(42)		45		43	to 44
Non-GAAP	\$ 645	to \$ 695	\$ 329	to \$ 368	\$ 246	to \$ 256	\$ 83	to \$ 112	\$ 61	to \$ 84
<i>As a % of revenue (GAAP)</i>			50.5%	to 52.5%	44.7%	to 42.9%	5.9%	to 9.6%	2.8%	to 5.8%
<i>As a % of revenue (Non-GAAP)</i>			51.0%	to 52.9%	38.1%	to 36.8%	12.9%	to 16.1%	9.5%	to 12.1%
Diluted net income per share:										
GAAP									\$ 0.15	to \$ 0.34
Non-GAAP									\$ 0.51	to \$ 0.71
Shares used in per share calculation:										
GAAP and Non-GAAP									118.5	

(1) Components may not sum to total due to rounding.

Q2 AND 2024 GUIDANCE ADJ EBITDA CALCULATIONS

	Q2 2024 Financial Guidance			
	Broadband		Video	
Income (loss) from operations ⁽²⁾	\$ 9	to \$ 14	\$ (6)	to \$ (4)
Depreciation	2	2	1	1
Other non-operating expenses	—	(1)	—	1
Segment adjusted EBITDA ⁽³⁾	\$ 11	to \$ 15	\$ (5)	to \$ (2)

	2024 Financial Guidance			
	Broadband		Video	
Income (loss) from operations ⁽²⁾	\$ 88	to \$ 112	\$ (5)	to \$ —
Depreciation	8	8	5	5
Other non-operating expenses	(1)	(1)	—	—
Segment adjusted EBITDA ⁽³⁾	\$ 95	to \$ 119	\$ —	to \$ 5

(1) Components may not sum to total due to rounding.

Q2 AND 2024 ADJ. EBITDA GUIDANCE RECONCILIATIONS

(UNAUDITED, IN MILLIONS)



	Q2 2024 Financial Guidance		2024 Financial Guidance	
Net income (loss) (GAAP)	\$ (19) to \$	(14)	18 to \$	40
Provision for income taxes	(6)	(4)	5	12
Interest expense, net	3	3	8	8
Depreciation	3	3	13	13
EBITDA	(19) to	(12)	44 to	73
<i>Adjustments</i>				
Stock-based compensation	6	6	28	28
Restructuring and related charges	13	13	17	17
Impairment loss	6	6	6	6
Total consolidated segment adjusted EBITDA (Non-GAAP) ⁽²⁾	<u>\$ 6 to \$</u>	<u>13</u>	<u>\$ 95 to \$</u>	<u>124</u>

(1) Components may not sum to total due to rounding.

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THANK YOU.

