



CORPORATE OVERVIEW

June 2020



CABLE ACCESS & VIDEO

Two market-leading
business units

\$403M

2019 Revenue

SILICON VALLEY

Headquarters

>5,000

Media & service
provider customers

INNOVATION VELOCITY

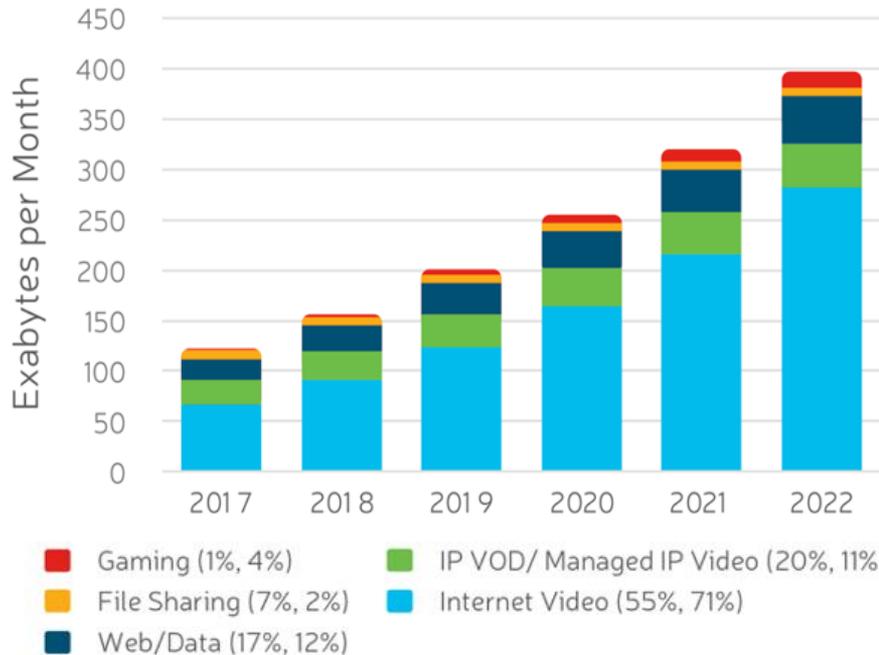
>40 patents filed in
last 24 months

Market Leader in Virtualized Cable Access & Live Video Streaming

Gigabit Access & Streaming Video Growth

Two Major Market Transformation Opportunities

26% CAGR | 2017-2022



IP traffic expected to nearly **triple** from 2017 to 2022



Streaming video expected to account for **>80%**

*Figures (n) refer to 2017, 2022 traffic share | Source: Cisco VNI Global IP Traffic Forecast, 2017-2022

Two Focused Business Units

Addressing Gigabit and Streaming Growth



CABLE ACCESS

- Invented and leading virtualized cable access
- Foundational deployments with industry leaders
- Strong cable customer relationships



VIDEO

- Market leader in premium live video
- Leading live OTT streaming transformation
- Strong media customer relationships



VIRTUALIZED CABLE ACCESS
MADE SMARTER

harmonic



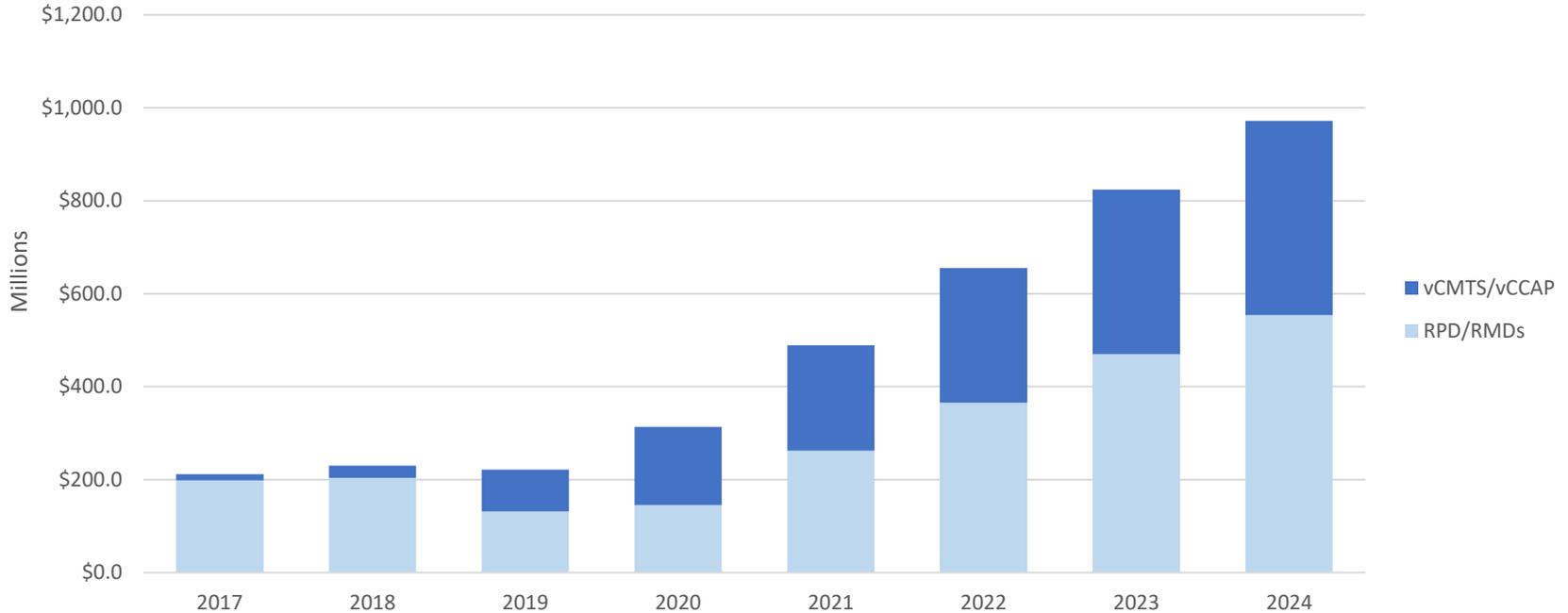
**CABLE ACCESS
BUSINESS OVERVIEW**

Virtualization Market Poised For Growth

Harmonic CableOS® Leading the Way



vCMTS & Remote PHY Revenue Growth Forecast

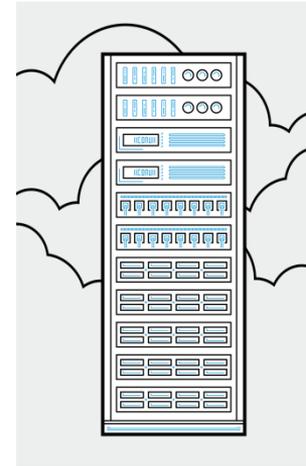
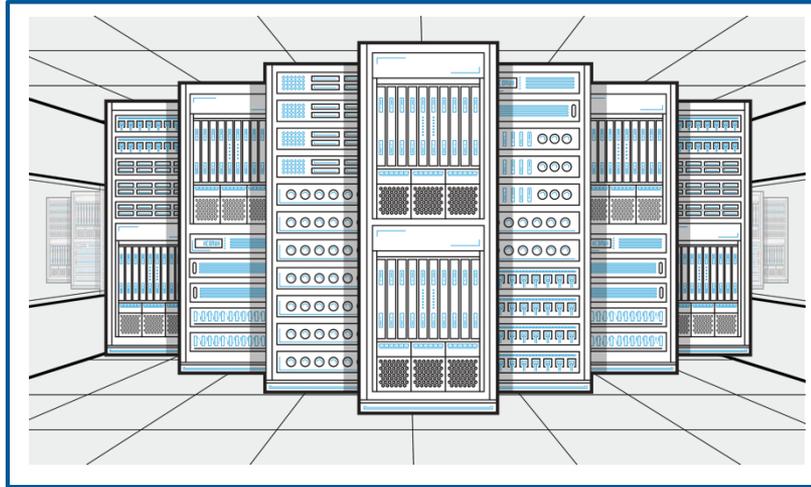


* Source: Dell'Oro January 2020

Virtualization Enabling Multi-Gigabit Broadband

Harmonic Customers Publicly Reporting Compelling Results

192 Service Groups



70%
Power Savings

20 ⇨ 1
Rack Reduction

30m ⇨ 15s
Mean Time to Detect

20,000 ⇨ 70
HHP Reach from
Targeted SW Upgrades

>1.3 MILLION

cable modems served,
up >94% year-over-year



INNOVATION

Foundational
virtualization patent + 30
unique patent filings



**STRATEGIC
RELATIONSHIP**

and industry-leading
deployment



Harmonic CableOS is Only Virtualized Solution Deployed

Scaling Global Customer Base



Innovative US Tier 2 Operator



Global Industry Leader



European Tier 1 Operator



Innovative US Tier 3 Operator

+23

Additional **Global Cable Operators** Worldwide

VIDEO STREAMING
MADE SIMPLER

harmonic

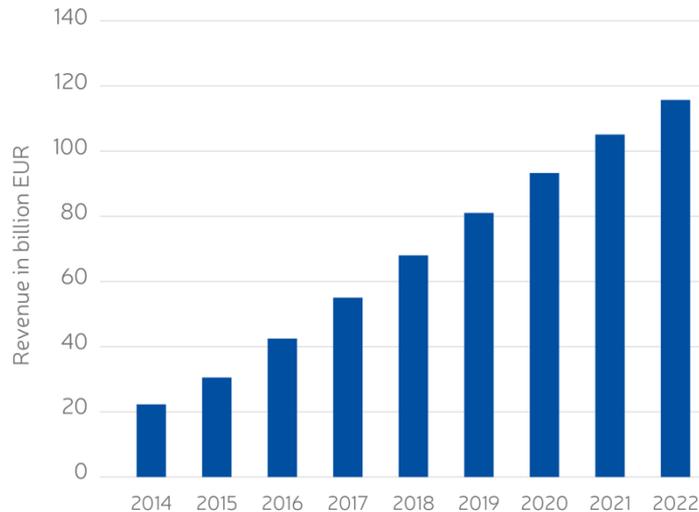
VIDEO BUSINESS OVERVIEW



OTT Streaming Continues to Gain Ground

Driving Media Transformation and Investment

Global OTT Video Revenue



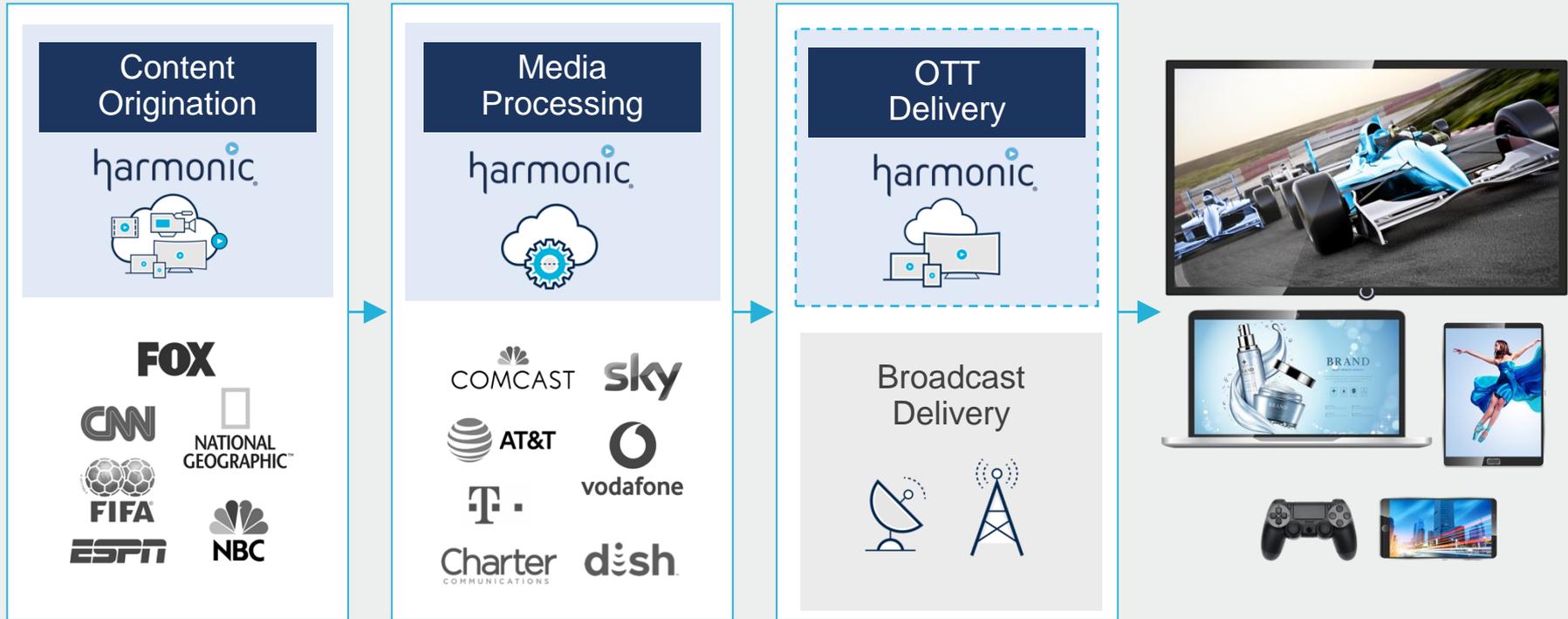
Source: IDATE DigiWorld, World TV & Video Services Markets, August 2018

New streaming services enabling access to high-quality content

Greater operational efficiencies with Cloud / SaaS business models

Sports and live events expanding on SVOD model

Transforming from Broadcast to OTT Streaming



SCALE

>38 petabytes per month
Q1 live video streamed
Up >200% y/y



PARTNERSHIPS



Microsoft Azure



Google Cloud Platform



PERFORMANCE

Industry-leading
>99.9999%
cloud service uptime



Expanding Customer Base

New Harmonic Streaming Customer Relationships



New mobile OTT service
in Indonesia



New live OTT streaming
of open-wheel racing in North
America



New subscription-based
online TV service in the
United States



New premium and
24/7 OTT channels on hybrid
cloud platform



24/7/365 online auction
shopping network

SUMMARY



Market Leader in Virtualized Cable Access & Live Video Streaming

**SUBSTANTIAL
GROWING MARKET
OPPORTUNITY**



**INDUSTRY-LEADING
TECHNOLOGY
AND IP**



**STRONG
RELATIONSHIPS
WITH BLUE-CHIP
CUSTOMERS**





Strong Recurring
Revenue and
Balance Sheet



Solid **Cable Access**
results
and outlook



Video SaaS growth
Accelerated in Q1

Strong Cable Access and Streaming Video SaaS Position



Solid Q1

- Revenue* \$24 million, up 85.6% year over year
- Commercially deployed with 27 operators, up 17% sequentially
- Over 1.3 million cable modems served, up 30% sequentially



Positive Outlook

- Deployed customers collectively serve >45 million cable modems
- Customers now standardizing on CableOS for all architectures
 - Received first material Tier 1 order for new “shelf” product
- Expanding opportunity, particularly for upstream bandwidth creation

* Non-GAAP



Mixed Quarter Due To Covid-19

- Revenue* \$54.4 million, down 19% year over year
- Appliance sales most impacted
 - Reduced March demand, supply chain constraints and increased costs
 - Headwinds likely persist in Q2
- SaaS and Service sales remained healthy



Streaming SaaS Growth Accelerating

- Strong Q1 results
 - Added 9 new streaming SaaS customers, up 19% sequentially
 - New Tier 1 international telecom operator and Tier 1 domestic media wins
 - Total 7,300 cloud channels deployed worldwide, up 56% sequentially
- Strong SaaS pipeline growth

* Non-GAAP



Cable Access

1. Scale Tier-1 CableOS deployments
2. Secure additional CableOS design wins
3. Launch new service & FTTH solutions



Video

1. Grow live streaming
2. Expand addressed market via SaaS
3. Deliver segment profitability

Focused on growth, employee wellbeing, shareholder value creation



FINANCIAL RESULTS



Q1 2020 Financial Highlights*

Cable Access Segment Revenue up 85.6% year over year
SaaS and Service Revenue up 10.5% year over year



Financial Metric \$ Millions	Q1 2020	Q4 2019	Q1 2019	Q1/Q4 Change	Q1 Y/Y Change
Total Net Revenue	\$78.4	\$122.2	\$80.1	(35.8)%	(2.1)%
Cable Revenue	\$24.0	\$43.0	\$12.9	(44.1)%	85.6%
Video Revenue	\$54.4	\$79.2	\$67.2	(27.7)%	(19.1)%
Gross Margin %	48.9%	52.3%	54.5%	(3.4)%	(5.6)%
Cable Gross Margin%	43.3%	38.3%	39.3%	5.0%	4.0%
Video Gross Margin%	51.3%	60.0%	57.5%	(8.7)%	(6.2)%
Total Net Revenue	\$78.4	\$122.2	\$80.1	(35.8)%	(2.1)%
Appliance and integration	\$47.7	\$85.9	\$52.4	(44.4)%	(8.9)%
SaaS and service	\$30.7	\$36.3	\$27.7	(15.4)%	10.5%
SaaS and service revenue %	39.1%	29.7%	34.6%	9.4%	4.5%
SaaS and service gross margin %	51.3%	63.7%	61.3%	(12.4)%	(10)%
SaaS customers	57	48	25	19%	128%

* Non-GAAP

Q1 2020 Financial Highlights*



Financial Metric \$ Millions (except EPS)	Q1 2020	Q4 2019	Q1 2019	Q1/Q4 Change	Q1 Y/Y Change
Operating Expenses	\$47.9	\$49.2	\$47.5	(2.7)%	0.7%
Operating Income (loss)	\$(9.5)	\$14.8	\$(3.8)	\$(24.3)	\$(5.7)
Adjusted EBITDA	\$(7.0)	\$17.6	\$(1.3)	\$(24.6)	\$(5.7)
EPS	\$(0.10)	\$0.12	\$(0.05)	\$(0.22)	\$(0.05)
Diluted Share Count	95.6	97.5	88.2	(1.9)	7.4
Bookings	\$76.3	\$140.1	\$81.0	(45.5)%	(5.8)%
Book to bill ratio	0.97	1.15	1.01	(15.7)%	(4.0)%

Q1 2020 Balance Sheet & Cash Flow Highlights



Financial Metric \$ Millions	Q1 2020	Q4 2019	Q1 2019
Cash	\$71.7	\$93.1	\$69.9
Cash Provided by (Used in) Operations	\$(11.0)	\$30.2	\$4.2
Accounts Receivable	\$93.1	\$88.5	\$58.9
DSO	107	65	66
Inventories	\$34.9	\$29.0	\$29.3
Inventory Days	78	45	72
Backlog and Deferred Revenue	\$207.9	\$210.2	\$187.2



Q&A

APPENDIX



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 revenue, segment revenue, gross profit, operating expenses, income (loss) from operations, non-operating expense, net, 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 acquisition accounting impacts to restructuring and related charges, Cable Access inventory charge, Avid litigation settlement and associated legal fees and non-cash items, such as warrant amortization, loss on debt extinguishment, stock-based compensation expense, amortization of intangibles, non-cash interest and other expenses on convertible debt, gain (loss) on equity investments and adjustments that normalize the tax rate.

Q1 2020 GAAP to Non-GAAP Reconciliations (in thousands, except EPS and percentages)



Three months ended March 27, 2020

	Revenue	Gross Profit	Total Operating Expense	Loss from Operations	Total Non-operating expense, net	Net Loss
GAAP	\$ 78,417	\$ 36,738	\$ 54,787	\$ (18,049)	\$ (3,176)	\$ (21,954)
Stock-based compensation	—	771	(5,488)	6,259	—	6,259
Amortization of intangibles	—	885	(770)	1,655	—	1,655
Restructuring and related charges	—	(73)	(676)	603	—	603
Non-cash interest and other expenses related to convertible notes	—	—	—	—	1,835	1,835
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	1,816
Total adjustments	—	1,583	(6,934)	8,517	1,835	12,168
Non-GAAP	\$ 78,417	\$ 38,321	\$ 47,853	\$ (9,532)	\$ (1,341)	\$ (9,786)
<i>As a % of revenue (GAAP)</i>		46.8%	69.9%	(23.0)%	(4.1)%	(28.0)%
<i>As a % of revenue (Non-GAAP)</i>		48.9%	61.0%	(12.2)%	(1.7)%	(12.5)%
Diluted net income per share:						
Diluted net loss per share-GAAP						\$ (0.23)
Diluted net loss per share-Non-GAAP						\$ (0.10)
Shares used to compute diluted net income per share:						
GAAP and Non-GAAP						95,575

Q4 2019 GAAP to Non-GAAP Reconciliations (in thousands, except EPS and percentages)



	Three months ended December 31, 2019					
	Revenue	Gross Profit	Total Operating Expense	Income from Operations	Total Non-operating expense, net	Net Income
GAAP	\$ 122,178	\$ 61,695	\$ 54,989	\$ 6,706	\$ (2,789)	\$ 5,570
Stock-based compensation	—	297	(3,059)	3,356	—	3,356
Amortization of intangibles	—	1,295	(782)	2,077	—	2,077
Restructuring and related charges	—	668	(1,947)	2,615	—	2,615
Non-cash interest and other expenses related to convertible notes	—	—	—	—	1,796	1,796
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	(3,303)
Total adjustments	—	2,260	(5,788)	8,048	1,796	6,541
Non-GAAP	\$ 122,178	\$ 63,955	\$ 49,201	\$ 14,754	\$ (993)	\$ 12,111
		<i>As a % of revenue (GAAP)</i>				
		50.5%	45.0%	5.5 %	(2.3)%	4.6 %
		<i>As a % of revenue (Non-GAAP)</i>				
		52.3%	40.3%	12.1 %	(0.8)%	9.9 %
Diluted net income per share:						
Diluted net income per share-GAAP						\$ 0.06
Diluted net income per share-Non-GAAP						\$ 0.12
Shares used to compute diluted net income per share:						
GAAP and Non-GAAP						97,499

Q1 2019 GAAP to Non-GAAP Reconciliations (in thousands, except EPS and percentages)



Three months ended March 29, 2019

	Revenue	Gross Profit	Total Operating Expense	Loss from Operations	Total Non-operating expense, net	Net Loss
GAAP	\$ 80,106	\$ 41,849	\$ 50,257	\$ (8,408)	\$ (3,217)	\$ (11,306)
Accounting impact related to warrant amortization	25	25	—	25	—	25
Stock-based compensation	—	225	(1,888)	2,113	—	2,113
Amortization of intangibles	—	1,295	(788)	2,083	—	2,083
Restructuring and related charges	—	301	(57)	358	—	358
Non-cash interest expenses related to convertible notes	—	—	—	—	1,606	1,606
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	334
Total adjustments	25	1,846	(2,733)	4,579	1,606	6,519
Non-GAAP	\$ 80,131	\$ 43,695	\$ 47,524	\$ (3,829)	\$ (1,611)	\$ (4,787)
<i>As a % of revenue (GAAP)</i>		52.2%	62.7%	(10.5)%	(4.0)%	(14.1)%
<i>As a % of revenue (Non-GAAP)</i>		54.5%	59.3%	(4.8)%	(2.0)%	(6.0)%
Diluted net loss per share:						
Diluted net loss per share-GAAP						\$ (0.13)
Diluted net loss per share-Non-GAAP						\$ (0.05)
Shares used to compute diluted net income per share:						
GAAP and Non-GAAP						88,165

Adjusted EBITDA Reconciliation (in thousands)

	Three months ended		
	March 27, 2020	December 31, 2019	March 29, 2019
Net income (loss) - GAAP	\$ (21,954)	\$ 5,570	\$ (11,306)
Provision for (benefit from) income taxes	729	(1,653)	(319)
Interest expense, net	2,903	2,789	2,906
Depreciation	2,843	2,807	2,846
Amortization of intangibles	1,655	2,077	2,083
EBITDA	(13,824)	11,590	(3,790)
<i>Adjustments</i>			
Accounting impact related to warrant amortization	—	—	25
Stock-based compensation	6,259	3,356	2,113
Restructuring and related charges	603	2,615	358
Adjusted EBITDA	\$ (6,962)	\$ 17,561	\$ (1,294)

Q2 2020 Guidance GAAP to Non-GAAP Reconciliations (in millions, except EPS and percentages)



	Q2 2020 Financial Guidance					
	Revenue	Gross Profit	Total Operating Expense	Loss from Operations	Total Non-operating Expense, net	Net Loss
GAAP	\$62.0 to \$77.0	\$28.5 to \$36.3	\$49.5 to \$51.5	\$(23.0) to \$(13.0)	\$(3.2)	\$(26.6) to \$(16.8)
Stock-based compensation	—	0.2	(3.4)	3.6	—	3.6
Amortization of intangibles	—	0.1	(0.7)	0.8	—	0.8
Restructuring and related charges	—	0.2	(0.2)	0.4	—	0.4
Non-cash interest and other expenses related to convertible notes	—	—	—	—	1.9	1.9
Tax effect of non-GAAP adjustments	—	—	—	—	—	\$1.5 to \$2.5
Total adjustments	—	0.5	(4.3)	4.8	1.9	\$8.2 to \$9.2
Non-GAAP	\$62.0 to \$77.0	\$29.0 to \$36.8	\$45.0 to \$47.0	\$(18.0) to \$(8.0)	\$(1.3)	\$(17.4) to \$(8.6)
<i>As a % of revenue (GAAP)</i>		46.0% to 47.0%	64.0% to 82.7%	(36.8)% to (16.9)%	(4.2)% to (5.2)%	(43.0)% to (21.9)%
<i>As a % of revenue (Non-GAAP)</i>		47.0% to 48.0%	58.4% to 75.8%	(29.0)% to (10.6)%	(1.7)% to (2.1)%	(28.1)% to (11.2)%
Diluted net loss per share:						
Diluted net loss per share-GAAP						<u>\$(0.28) to \$(0.17)</u>
Diluted net loss per share-Non-GAAP						<u>\$(0.18) to \$(0.09)</u>
Shares used to compute diluted net loss per share:						
GAAP and Non-GAAP						<u>96,777</u>

Adjusted EBITDA Reconciliation on Financial Guidance (in millions)

	Q2 2020 Financial Guidance
Net loss - GAAP	\$(26.6) to \$(16.8)
Provision for income taxes	0.6
Interest expense, net	2.9
Depreciation	2.9
Amortization of intangibles	0.8
EBITDA	\$(19.4) to \$(9.6)
<i>Adjustments</i>	
Stock-based compensation	3.6
Restructuring and related charges	0.4
Adjusted EBITDA	\$(15.5) to \$(5.5)

harmonic.



THANK YOU

