



Harmonic Announces First Quarter 2024 Results

April 29, 2024

*Results in Line with Guidance
Reaffirming Broadband Full Year Revenue Guidance
Increasing Full Year Video EBITDA Guidance*

SAN JOSE, Calif., April 29, 2024 /PRNewswire/ -- Harmonic Inc. (NASDAQ: HLIT) today announced its unaudited results for the first quarter of 2024.



"Our first quarter results were within our guidance range and largely driven by our Broadband business," said Patrick Harshman, president and chief executive officer of Harmonic. "Based on these results, our record backlog and deferred revenue, and our restructuring actions in Video to address market conditions and improve long-term growth and profitability, we are reaffirming our full year Broadband revenue guidance while increasing Video full year EBITDA guidance."

Q1 Financial and Business Highlights

Financial

- Revenue: \$122.1 million, compared to \$157.6 million in the prior year period
 - Broadband segment revenue: \$78.9 million, compared to \$100.4 million in the prior year period
 - Video segment revenue: \$43.2 million, compared to \$57.3 million in the prior year period
- Gross margin: GAAP 51.7% and non-GAAP 52.5%, compared to GAAP 53.3% and non-GAAP 53.9% in the prior year period
 - Broadband segment non-GAAP gross margin: 47.5% compared to 50.1% in the prior year period
 - Video segment non-GAAP gross margin: 61.6% compared to 60.4% in the prior year period
- Operating income (loss): GAAP loss \$9.5 million and non-GAAP income \$1.2 million, compared to GAAP income \$11.2 million and non-GAAP income \$18.7 million in the prior year period
- Net income (loss): GAAP net loss \$8.1 million and non-GAAP net income of \$0.4 million, compared to GAAP net income \$5.1 million and non-GAAP net income \$14.3 million in the prior year period
- Non-GAAP adjusted EBITDA: \$4.1 million income compared to \$21.4 million income in the prior year period
- Net income (loss) per share: GAAP net loss per share of \$0.07 and non-GAAP net income per share of \$0.00, compared to GAAP net income per share of \$0.04 and non-GAAP net income per share of \$0.12 in the prior year period
- Record backlog and deferred revenue of \$677.8 million
- Cash: \$84.3 million, compared to the \$90.9 million in the prior year period

Business

- Commercially deployed our cOS™ solution with 113 customers, serving 28.6 million cable modems
- Improved Broadband customer diversification, including mix of business from the Company's two largest customers
- Millicom (NASDAQ: TIGO), through the TIGO® brand, successfully launched XGS-PON fiber-to-the-home (FTTH) with Harmonic's industry-leading cOS broadband platform
- Recently introduced state-of-the-art in-stream advertising for live sports streaming as part of our Video SaaS offering

Select Financial Information

| Key Financial Results | GAAP | | | Non-GAAP | | |
|--|----------|----------|----------|----------|---------|---------|
| | Q1 2024 | Q4 2023 | Q1 2023 | Q1 2024 | Q4 2023 | Q1 2023 |
| <i>(Unaudited, in millions, except per share data)</i> | | | | | | |
| Net revenue | \$ 122.1 | \$ 167.1 | \$ 157.6 | * | * | * |

| | | | | | | | |
|-----------------------------|----|-----------|---------|---------|---------|---------|------|
| Net income (loss) | \$ | (8.1) \$ | 83.8 \$ | 5.1 \$ | 0.4 \$ | 14.7 \$ | 14.3 |
| Net income (loss) per share | \$ | (0.07) \$ | 0.72 \$ | 0.04 \$ | 0.00 \$ | 0.13 \$ | 0.12 |

Other Financial Information

| | Q1 2024 | Q4 2023 | Q1 2023 |
|--|--------------------------|----------|----------|
| | (Unaudited, in millions) | | |
| Adjusted EBITDA for the quarter ⁽¹⁾ | \$ 4.1 | \$ 21.7 | \$ 21.4 |
| Bookings for the quarter | \$ 146.1 | \$ 196.5 | \$ 325.5 |
| Backlog and deferred revenue as of quarter end | \$ 677.8 | \$ 653.2 | \$ 623.5 |
| Cash and cash equivalents as of quarter end | \$ 84.3 | \$ 84.3 | \$ 90.9 |

(1) Adjusted EBITDA is a Non-GAAP financial measure. Refer to "Preliminary Adjusted EBITDA Reconciliation" below for a reconciliation to net income (loss), the most comparable GAAP measure.

* Not applicable

Explanations regarding our use of non-GAAP financial measures and related definitions, and reconciliations of our GAAP and Non-GAAP measures, are provided in the sections below entitled "Use of Non-GAAP Financial Measures" and "GAAP to Non-GAAP Reconciliations".

Financial Guidance

| (Unaudited, in millions, except percentages and per share data) | Q2 2024 GAAP Financial Guidance | | | | | |
|---|---------------------------------|-------|------------|-----------|-------|------------|
| | Low | | | High | | |
| | Broadband | Video | Total GAAP | Broadband | Video | Total GAAP |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Net revenue | 85 | 40 | 125 | 95 | 45 | 140 |
| Gross margin % | | | 51.0 % | | | 52.1 % |
| Gross profit | | | \$ 64 | | | \$ 73 |
| Tax rate | | | 23 % | | | 23 % |
| Net loss | | | \$ (19) | | | \$ (14) |
| Net loss per share | | | \$ (0.17) | | | \$ (0.12) |
| Shares ⁽¹⁾ | | | 115.3 | | | 115.3 |

(1) The guidance considers the impact of the 2024 Convertible Notes redemption and assumptions on repurchases during 2024 under the Company's stock repurchase program.

| (Unaudited, in millions, except percentages and per share data) | 2024 GAAP Financial Guidance | | | | | |
|---|------------------------------|-------|------------|-----------|-------|------------|
| | Low | | | High | | |
| | Broadband | Video | Total GAAP | Broadband | Video | Total GAAP |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Net revenue | 460 | 185 | 645 | 500 | 195 | 695 |
| Gross margin % | | | 50.5 % | | | 52.5 % |
| Gross profit | | | \$ 326 | | | \$ 365 |
| Tax rate | | | 23 % | | | 23 % |
| Net income | | | \$ 18 | | | \$ 40 |
| Net income per share | | | \$ 0.15 | | | \$ 0.34 |
| Shares ⁽¹⁾ | | | 118.5 | | | 118.5 |

(1) 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).

| (Unaudited, in millions, except percentages and per share data) | Q2 2024 Non-GAAP Financial Guidance ⁽¹⁾ | | | | | |
|---|--|--------|--------|-----------|--------|---------|
| | Low | | | High | | |
| | Broadband | Video | Total | Broadband | Video | Total |
| Gross margin % | 47.0 % | 62.0 % | 51.8 % | 48.0 % | 63.0 % | 52.9 % |
| Gross profit | \$ 40 | \$ 25 | \$ 65 | \$ 46 | \$ 28 | \$ 74 |
| Adjusted EBITDA ⁽²⁾ | \$ 11 | \$ (5) | \$ 6 | \$ 15 | \$ (2) | \$ 13 |
| Tax rate | | | 19 % | | | 19 % |
| Net income per share | | | \$ — | | | \$ 0.05 |
| Shares ⁽³⁾ | | | 116.8 | | | 116.8 |

(1) Refer to "Use of Non-GAAP Financial Measures" and "GAAP to Non-GAAP Reconciliations on Financial Guidance" below.

(2) Refer to "Adjusted EBITDA Reconciliation on Financial Guidance" below for a reconciliation to net income (loss), the most comparable GAAP measure.

(3) 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).

| (Unaudited, in millions, except percentages and per share data) | 2024 Non-GAAP Financial Guidance ⁽¹⁾ | | | | | |
|---|---|--------|---------|-----------|--------|---------|
| | Low | | | High | | |
| | Broadband | Video | Total | Broadband | Video | Total |
| Gross margin % | 46.5 % | 62.0 % | 51.0 % | 48.5 % | 64.0 % | 52.9 % |
| Gross profit | \$ 214 | \$ 115 | \$ 329 | \$ 243 | \$ 125 | \$ 368 |
| Adjusted EBITDA ⁽²⁾ | \$ 95 | \$ — | \$ 95 | \$ 119 | \$ 5 | \$ 124 |
| Tax rate | | | 19 % | | | 19 % |
| Net income per share ⁽³⁾ | | | \$ 0.51 | | | \$ 0.71 |
| Shares ⁽³⁾ | | | 118.5 | | | 118.5 |

(1) Refer to "Use of Non-GAAP Financial Measures" and "GAAP to Non-GAAP Reconciliations on Financial Guidance" below.

(2) Refer to "Adjusted EBITDA Reconciliation on Financial Guidance" below for a reconciliation to net income, the most comparable GAAP measure.

(3) 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).

Conference Call Information

Harmonic will host a conference call to discuss its financial results at 2:00 p.m. PT (5:00 p.m. ET) on Monday, April 29, 2024. The live webcast will be available on the Harmonic Investor Relations website at <http://investor.harmonicinc.com>. To participate via telephone, please register in advance using this link, <https://register.vevent.com/register/BI25a8c58a23b84db08431619b5ef84f3d>. A replay will be available after 5:00 p.m. PT on the same web site.

About Harmonic Inc.

Harmonic (NASDAQ: HLIT), the worldwide leader in virtualized broadband and video delivery solutions, enables media companies and service providers to deliver ultra-high-quality video streaming and broadcast services to consumers globally. The company revolutionized broadband networking via the industry's first virtualized broadband solution, enabling cable operators to more flexibly deploy gigabit internet service to consumers' homes and mobile devices. Whether simplifying OTT video delivery via innovative cloud and software platforms, or powering the delivery of gigabit internet cable services, Harmonic is changing the way media companies and service providers monetize live and on-demand content on every screen. More information is available at www.harmonicinc.com.

Legal Notice Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements related to our expectations regarding: net revenue, gross margins, operating expenses, operating income (loss), Adjusted EBITDA, tax expense and tax rate, and net income (loss) per diluted share. Our expectations regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks include, in no particular order, the following: the market and technology trends underlying our Video and Broadband businesses will not continue to develop in their current direction or pace; the possibility that our products will not generate sales that are commensurate with our expectations or that our cost of revenue or operating expenses may exceed our expectations; the impact of general economic conditions on our sales and operations; the mix of products and services sold in various geographies and the effect it has on gross margins; delays or decreases in capital spending in the cable, satellite, telco, broadcast and media industries; customer concentration and consolidation; our ability to develop new and enhanced products in a timely manner and market acceptance of our new or existing products; losses of one or more key customers; risks associated with our international operations; exchange rate fluctuations of the currencies in which we conduct business; risks associated with our cOS™ and VOS product solutions; dependence on various video and broadband industry trends; inventory management; the lack of timely availability or the impact of increases in the prices of parts or raw materials necessary to produce our products; the effect of competition, on both revenue and gross margins; difficulties associated with rapid technological changes in our markets; risks associated with unpredictable sales cycles; our dependence on contract manufacturers and sole or limited source suppliers; and the impact on our business of natural disasters. The forward-looking statements contained in this press release are also subject to other risks and uncertainties, including those more fully described in Harmonic's filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K for the year ended December 31, 2023, our most recent Quarterly Report on Form 10-Q and our Current Reports on Form 8-K. The forward-looking statements in this press release are based on information available to the Company as of the date hereof, and Harmonic disclaims any obligation to update any forward-looking statements.

Use of Non-GAAP Financial Measures

The Company reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP" or referred to herein as "reported"). However, management believes that certain non-GAAP financial measures provide management and other users with additional meaningful financial information that should be considered when assessing our ongoing performance. Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business, establish operating budgets, set internal measurement targets and make operating decisions.

These non-GAAP measures are not in accordance with, or an alternative for, measures prepared in accordance with generally accepted accounting principles and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. The Company believes that non-GAAP measures have limitations in that they do not reflect all of

the amounts associated with Harmonic's results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate Harmonic's results of operations in conjunction with the corresponding GAAP measures.

The Company believes that the presentation of non-GAAP measures, when shown in conjunction with the corresponding GAAP measures, provides useful information to investors and management regarding financial and business trends relating to its financial condition and its historical and projected results of operations. Non-GAAP financial measures should be viewed in addition to, and not as an alternative to, the Company's reported results prepared in accordance with GAAP.

The non-GAAP measures presented here are: Gross profit, operating expenses, income (loss) from operations, non-operating expenses and net income (loss), Adjusted EBITDA (including those amounts as a percentage of revenue) 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 non-GAAP financial measures discussed in this press release to the most directly comparable historical GAAP financial measures is included with the financial statements provided with this press release. The non-GAAP adjustments described below have historically been excluded from our GAAP financial measures.

Our non-GAAP financial measures reflect adjustments based on the following items, as well as the related income tax effects:

Stock-based compensation - Although stock-based compensation is a key incentive offered to our employees, we continue to evaluate our business performance excluding stock-based compensation expenses. We believe that management is limited in its ability to project the impact stock-based compensation would have on our operating results. In addition, for comparability purposes, we believe it is useful to provide a non-GAAP financial measure that excludes stock-based compensation in order to better understand the long-term performance of our core business and to facilitate the comparison of our results to the results of our peer companies.

Restructuring and related charges - Harmonic from time to time incurs restructuring charges which primarily consist of employee severance, one-time termination benefits related to the reduction of its workforce, lease exit costs, and other costs. These charges are associated with material business shifts. We exclude these items because we do not believe they are reflective of our ongoing long-term business and operating results.

Non-cash interest expense and other expenses related to convertible notes and other debt - We record the amortization of issuance costs as non-cash interest expense. We believe that excluding these costs provides meaningful supplemental information regarding operational performance and liquidity, along with enhancing investors' ability to view the Company's results from management's perspective. In addition, we believe excluding these costs from the non-GAAP measures facilitates comparisons to our historical operating results and comparisons to peer company operating results.

Discrete tax items and tax effect of non-GAAP adjustments - The income tax effect of non-GAAP adjustments relates to the tax effect of the adjustments that we incorporate into non-GAAP financial measures in order to provide a more meaningful measure of non-GAAP net income.

Depreciation - Depreciation expense, along with interest, tax and stock-based compensation expense, and restructuring charges, is excluded from Adjusted EBITDA because we do not believe depreciation and the other items relate to the ordinary course of our business or are reflective of our underlying business performance.

Non-recurring advisory fees - There were non-recurring costs that we excluded from non-GAAP results relating to professional accounting, tax and legal fees associated with strategic corporate initiatives, including our recently concluded Video business strategic review.

Impairment losses - There were impairment losses that we excluded from non-GAAP results relating to reduction of our leased office space, as we continue to adapt to the changing dynamics of work and seek to optimize value for our business.

Harmonic Inc.
Preliminary Condensed Consolidated Balance Sheets
(Unaudited, in thousands, except par value)

| | <u>March 29, 2024</u> | <u>December 31, 2023</u> |
|---|-----------------------|--------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 84,305 | \$ 84,269 |
| Accounts receivable, net | 105,854 | 141,531 |
| Inventories | 86,631 | 83,982 |
| Prepaid expenses and other current assets | 24,019 | 20,950 |
| Total current assets | 300,809 | 330,732 |
| Property and equipment, net | 35,239 | 36,683 |
| Operating lease right-of-use assets | 19,420 | 20,817 |
| Goodwill | 238,287 | 239,150 |
| Deferred income taxes | 108,418 | 104,707 |
| Other non-current assets | 38,497 | 36,117 |
| Total assets | \$ 740,670 | \$ 768,206 |

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

| | | |
|---|-------------|-------------|
| Convertible debt, current | \$ 115,109 | \$ 114,880 |
| Other debts, current | 4,813 | 4,918 |
| Accounts payable | 43,844 | 38,562 |
| Deferred revenue | 51,500 | 46,217 |
| Operating lease liabilities, current | 6,507 | 6,793 |
| Other current liabilities | 53,045 | 61,024 |
| Total current liabilities | 274,818 | 272,394 |
| Other debts, non-current | 10,271 | 10,495 |
| Operating lease liabilities, non-current | 17,711 | 18,965 |
| Other non-current liabilities | 28,716 | 29,478 |
| Total liabilities | 331,516 | 331,332 |
| Stockholders' equity: | | |
| Preferred stock, \$0.001 par value, 5,000 shares authorized; no shares issued or outstanding | — | — |
| Common stock, \$0.001 par value, 150,000 shares authorized; 111,946 and 112,407 shares issued and outstanding at March 29, 2024 and December 31, 2023, respectively | 112 | 112 |
| Additional paid-in capital | 2,410,094 | 2,405,043 |
| Accumulated deficit | (1,992,339) | (1,962,575) |
| Accumulated other comprehensive loss | (8,713) | (5,706) |
| Total stockholders' equity | 409,154 | 436,874 |
| | \$ | \$ |
| Total liabilities and stockholders' equity | 740,670 | 768,206 |

Harmonic Inc.
Preliminary Condensed Consolidated Statements of Operations
(Unaudited, in thousands, except per share data)

| | <u>Three Months Ended</u> | |
|---|---------------------------|-----------------------|
| | <u>March 29, 2024</u> | <u>March 31, 2023</u> |
| Revenue: | | |
| Appliance and integration | \$ 81,595 | \$ 114,794 |
| SaaS and service | 40,465 | 42,855 |
| Total net revenue | 122,060 | 157,649 |
| Cost of revenue: | | |
| Appliance and integration | 43,074 | 59,748 |
| SaaS and service | 15,905 | 13,847 |
| Total cost of revenue | 58,979 | 73,595 |
| Total gross profit | 63,081 | 84,054 |
| Operating expenses: | | |
| Research and development | 30,705 | 33,509 |
| Selling, general and administrative | 38,865 | 39,282 |
| Restructuring and related charges | 3,037 | 83 |
| Total operating expenses | 72,607 | 72,874 |
| Income (loss) from operations | (9,526) | 11,180 |
| Interest expense, net | (723) | (706) |
| Other expense, net | (289) | (293) |
| Income (loss) before income taxes | (10,538) | 10,181 |
| Provision for (benefit from) income taxes | (2,449) | 5,088 |
| Net income (loss) | \$ (8,089) | \$ 5,093 |
| Net income (loss) per share: | | |
| Basic | \$ (0.07) | \$ 0.05 |
| Diluted | \$ (0.07) | \$ 0.04 |
| Weighted average shares outstanding: | | |
| Basic | 112,350 | 110,794 |
| Diluted | 112,350 | 117,758 |

Harmonic Inc.
Preliminary Condensed Consolidated Statements of Cash Flows
(Unaudited, in thousands)

| | Three Months Ended | |
|--|--------------------|----------------|
| | March 29, 2024 | March 31, 2023 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$ (8,089) | \$ 5,093 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation | 3,085 | 3,030 |
| Stock-based compensation | 6,923 | 7,424 |
| Foreign currency remeasurement | (1,108) | 1,290 |
| Deferred income taxes, net | (3,806) | 547 |
| Provision for excess and obsolete inventories | 757 | 2,027 |
| Other adjustments | 240 | 703 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 35,187 | 20,530 |
| Inventories | (4,571) | (10,547) |
| Other assets | (5,041) | (2,566) |
| Accounts payable | 5,988 | (12,507) |
| Deferred revenues | 5,071 | 1,721 |
| Other liabilities | (7,816) | (10,475) |
| Net cash provided by operating activities | 26,820 | 6,270 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (1,911) | (2,331) |
| Net cash used in investing activities | (1,911) | (2,331) |
| Cash flows from financing activities: | | |
| Payments for debt issuance costs | (327) | — |
| Repurchase of common stock | (21,675) | — |
| Repayment of other debts | — | (152) |
| Proceeds from common stock issued to employees | 3,542 | 3,085 |
| Taxes paid related to net share settlement of equity awards | (5,413) | (6,353) |
| Net cash used in financing activities | (23,873) | (3,420) |
| Effect of exchange rate changes on cash and cash equivalents | (1,000) | 772 |
| Net increase in cash and cash equivalents | 36 | 1,291 |
| Cash and cash equivalents at beginning of period | 84,269 | 89,586 |
| Cash and cash equivalents at end of period | \$ 84,305 | \$ 90,877 |

Harmonic Inc.
Preliminary GAAP Revenue Information
(Unaudited, in thousands, except percentages)

| | Three Months Ended | | | | | |
|---------------------|--------------------|-------|-------------------|-------|----------------|-------|
| | March 29, 2024 | | December 31, 2023 | | March 31, 2023 | |
| Geography | | | | | | |
| Americas | \$ 93,031 | 76 % | \$ 129,406 | 77 % | \$ 115,666 | 73 % |
| EMEA | 23,560 | 19 % | 30,041 | 18 % | 32,941 | 21 % |
| APAC | 5,469 | 5 % | 7,645 | 5 % | 9,042 | 6 % |
| Total | \$ 122,060 | 100 % | \$ 167,092 | 100 % | \$ 157,649 | 100 % |
| Market | | | | | | |
| Service Provider | \$ 86,693 | 71 % | \$ 128,566 | 77 % | \$ 117,989 | 75 % |
| Broadcast and Media | 35,367 | 29 % | 38,526 | 23 % | 39,660 | 25 % |
| Total | \$ 122,060 | 100 % | \$ 167,092 | 100 % | \$ 157,649 | 100 % |

Harmonic Inc.
Preliminary Segment Information

(Unaudited, in thousands, except percentages)

| Three Months Ended March 29, 2024 | | | | | |
|-----------------------------------|------------|------------|------------------------|-----------------|----------------------------|
| | Broadband | Video | Total Segment Measures | Adjustments (1) | Consolidated GAAP Measures |
| Net revenue | \$ 78,897 | \$ 43,163 | \$ 122,060 | \$ — | \$ 122,060 |
| Gross profit | 37,494 (1) | 26,569 (1) | 64,063 (1) | (982) | 63,081 |
| Gross margin % | 47.5 % (1) | 61.6 % (1) | 52.5 % (1) | | 51.7 % |

| Three Months Ended December 31, 2023 | | | | | |
|--------------------------------------|------------|------------|------------------------|-----------------|----------------------------|
| | Broadband | Video | Total Segment Measures | Adjustments (1) | Consolidated GAAP Measures |
| Net revenue | \$ 115,229 | \$ 51,863 | \$ 167,092 | \$ — | \$ 167,092 |
| Gross profit | 48,803 (1) | 33,491 (1) | 82,294 (1) | (427) | 81,867 |
| Gross margin % | 42.4 % (1) | 64.6 % (1) | 49.3 % (1) | | 49.0 % |

| Three Months Ended March 31, 2023 | | | | | |
|-----------------------------------|------------|------------|------------------------|-----------------|----------------------------|
| | Broadband | Video | Total Segment Measures | Adjustments (1) | Consolidated GAAP Measures |
| Net revenue | \$ 100,351 | \$ 57,298 | \$ 157,649 | \$ — | \$ 157,649 |
| Gross profit | 50,290 (1) | 34,614 (1) | 84,904 (1) | (850) | 84,054 |
| Gross margin % | 50.1 % (1) | 60.4 % (1) | 53.9 % (1) | | 53.3 % |

(1) Segment gross margin and segment gross profit are Non-GAAP financial measures. Refer to "Use of Non-GAAP Financial Measures" above and "GAAP to Non-GAAP Reconciliations" below.

Harmonic Inc.
GAAP to Non-GAAP Reconciliations (Unaudited)
(in thousands, except percentages and per share data)

| Three Months Ended March 29, 2024 | | | | | | |
|---|-------------------------------------|--------------|-------------------------|------------------------|----------------------------------|-------------------|
| | Revenue | Gross Profit | Total Operating Expense | Income 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 | \$ 122,060 | \$ 64,063 | \$ 62,820 | \$ 1,243 | \$ (772) | \$ 382 |
| | <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 | | | | | | \$ (0.07) |
| Non-GAAP | | | | | | \$ 0.00 |
| Shares used in per share calculation: | | | | | | |
| GAAP | | | | | | 112,350 |
| Non-GAAP | | | | | | 118,107 |

Three Months Ended December 31, 2023

| | Total Operating Income from | | | Total Non-operating | | |
|---|-------------------------------------|--------------|-----------|---------------------|--------------|------------|
| | Revenue | Gross Profit | Expense | Operations | 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 | \$ 167,092 | \$ 82,294 | \$ 63,381 | \$ 18,913 | \$ (587) | \$ 14,661 |
| | <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 | | | | | | \$ 0.72 |
| Non-GAAP | | | | | | \$ 0.13 |
| Shares used in per share calculation: | | | | | | |
| GAAP and Non-GAAP | | | | | | 115,691 |

| Three Months Ended March 31, 2023 | | | | | | |
|---|-------------------------------------|--------------|-----------|---------------------|--------------|------------|
| | Total Operating Income from | | | Total Non-operating | | |
| | Revenue | Gross Profit | Expense | Operations | 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 | \$ 157,649 | \$ 84,904 | \$ 66,217 | \$ 18,687 | \$ (776) | \$ 14,329 |
| | <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 | | | | | | \$ 0.04 |
| Non-GAAP | | | | | | \$ 0.12 |
| Shares used in per share calculation: | | | | | | |
| GAAP and Non-GAAP | | | | | | 117,758 |

Harmonic Inc.
Calculation of Adjusted EBITDA by Segment (Unaudited)
(In thousands, except percentages)

| | 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> | 13.2 % | (14.7) % |

| | 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 |
| Adjusted EBITDA margin % ⁽²⁾ | | 19.0 % | | (0.3) % |

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 |
| Adjusted EBITDA margin % ⁽²⁾ | | 21.5 % | | (0.3) % |

(1) Refer to "Use of Non-GAAP Financial Measures" and "GAAP to Non-GAAP Reconciliations" above.

(2) Adjusted EBITDA and Adjusted EBITDA margin are Non-GAAP financial measures. Refer below for the reconciliation of consolidated adjusted EBITDA to net income (loss), the most directly comparable GAAP measure.

Harmonic Inc.
Preliminary Loss to Consolidated Segment Adjusted EBITDA Reconciliation (Unaudited)
(In thousands, except percentages)

| | 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 |
| Net income (loss) margin (GAAP) | (6.6) % | 50.2 % | 3.2 % |
| Consolidated segment Adjusted EBITDA margin (Non-GAAP) | 3.3 % | 13.0 % | 13.6 % |

Harmonic Inc.
GAAP to Non-GAAP Reconciliations on Financial Guidance (Unaudited)
(In millions, except percentages and per share data)

| | 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 | \$ 125 to \$ 140 | \$ 65 to \$ 74 | \$ 62 to \$ 64 | \$ 3 to \$ 10 | \$ — to \$ 6 |
| As a % of revenue (GAAP) | | 51.0 % to 52.1 % | 64.0 % to 58.6 % | (12.8) % to (6.4) % | (15.4) % to (9.9) % |
| As a % of revenue (Non-GAAP) | | 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 | | | | | \$ (0.17) to \$ (0.12) |
| Non-GAAP | | | | | \$ — to \$ 0.05 |

Shares used in per share calculation:

| | |
|----------|-------|
| GAAP | 115.3 |
| Non-GAAP | 116.8 |

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

| | | 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.

Harmonic Inc.

Calculation of Adjusted EBITDA by Segment on Financial Guidance (Unaudited) (1)
(In millions)

| | | 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.

(2) Refer to "Use of Non-GAAP Financial Measures" and "GAAP to Non-GAAP Reconciliations on Financial Guidance" above.

(3) Segment Adjusted EBITDA is a Non-GAAP financial measure. Refer below for the "Net income (loss) to consolidated segment Adjusted EBITDA reconciliation on Financial Guidance".

Harmonic Inc.

Net Income (Loss) to Consolidated Segment Adjusted EBITDA Reconciliation on Financial Guidance (Unaudited) ⁽¹⁾
(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⁾ | \$ 6 to | \$ 13 | \$ 95 to | \$ 124 |

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

(2) Consolidated Segment adjusted EBITDA is a Non-GAAP financial measure. Refer to "Use of Non-GAAP Financial Measures" above.

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