

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 3, 2021

HARMONIC INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

000-25826
Commission
File Number

77-0201147
(IRS Employer
Identification No.)

2590 Orchard Parkway
San Jose, CA 95131
(Address of principal executive offices, including zip code)

(408) 542-2500
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	HLIT	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On May 3, 2021, Harmonic Inc. ("Harmonic" or the "Company") issued a press release regarding its preliminary unaudited financial results for the quarter ended April 2, 2021. In the press release, Harmonic also announced that it would be holding a conference call on May 3, 2021 to discuss its financial results for the quarter ended April 2, 2021. A copy of the press release is furnished as Exhibit 99.1 hereto, and the information in Exhibit 99.1 is incorporated herein by reference.

The information in this Item 2.02 of this Current Report on Form 8-K and Exhibit 99.1 attached hereto is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, and this Item 2.02 of this Current Report on Form 8-K and Exhibit 99.1 furnished herewith shall not be incorporated by reference into any filing by Harmonic under the Securities Act of 1933, as amended (the "Securities Act"), or under the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release of Harmonic Inc. dated May 3, 2021, entitled "Harmonic Announces First Quarter 2021 Results."
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 hereunto duly authorized.

Date: May 3, 2021

HARMONIC INC.

By: /s/ Sanjay Kalra
Sanjay Kalra
Chief Financial Officer

**FOR IMMEDIATE RELEASE****Harmonic Announces First Quarter 2021 Results***Cable Access revenue up 72% year over year**Video revenue up 29% year over year*

SAN JOSE, California, May 3, 2021 - Harmonic Inc. (NASDAQ: HLIT) today announced its unaudited results for the first quarter of 2021.

“Harmonic delivered another quarter of solid results, including better than expected revenues and earnings driven by strong customer demand in both of our business segments,” said Patrick Harshman, president and chief executive officer of Harmonic. “We saw strong bookings during the first quarter and as a result, we again ended the quarter with near-record backlog and deferred revenue. This solid financial footing, combined with the continued differentiated technology leadership of our video streaming and CableOS[®] solutions, positions us well for continued success.”

Q1 Financial and Business Highlights*Financial*

- Revenue: \$111.6 million, up 42.3% year over year
 - Cable Access segment revenue: \$41.3 million, up 72% year over year
 - Video segment revenue: \$70.3 million, up 29% year over year
- Gross margin: GAAP 49.4% and non-GAAP 50.4%, compared to GAAP 46.8% and non-GAAP 48.9% in the year ago period
 - Cable Access segment gross margin: 42.2% compared to 43.3% in the year ago period
 - Video segment gross margin: 55.1% compared to 51.3% in the year ago period
- Operating income (loss): GAAP loss \$3.8 million and non-GAAP income \$5.1 million, compared to GAAP loss \$18.0 million and non-GAAP loss \$9.5 million in the year ago period
- Adjusted EBITDA: \$9.1 million income compared to \$7.0 million loss in the year ago period
- Net income (loss): GAAP net loss \$6.1 million and non-GAAP net income of \$4.5 million, compared to GAAP net loss \$22.0 million and non-GAAP net loss \$9.8 million in the year ago period
- EPS: GAAP net loss per share of \$0.06 and non-GAAP net income per share of \$0.04, compared to GAAP net loss per share of \$0.23 and non-GAAP net loss per share of \$0.10 in the year ago period
- Cash: \$100.8 million, up \$29.1 million year over year

Business

- CableOS solution commercially deployed with 53 customers, up 96% year over year
- CableOS deployments scaled to 3.0 million served cable modems, up 127% year over year
- 7 new VOS[®] streaming SaaS customers added during the quarter, total up 72% year over year

Select Financial Information

Key Financial Results	GAAP			Non-GAAP		
	Q1 2021	Q4 2020	Q1 2020	Q1 2021	Q4 2020	Q1 2020
	(in millions, except per share data)					
Net revenue	\$ 111.6	\$ 131.5	\$ 78.4	\$ 111.6	\$ 131.5	\$ 78.4
Net income (loss)	\$ (6.1)	\$ 13.5	\$ (22.0)	\$ 4.5	\$ 20.0	\$ (9.8)
Diluted EPS	\$ (0.06)	\$ 0.13	\$ (0.23)	\$ 0.04	\$ 0.20	\$ (0.10)
Other Financial Information	Q1 2021		Q4 2020		Q1 2020	
	(in millions)					
Adjusted EBITDA for the quarter	\$ 9.1	\$ 26.4	\$ (7.0)			
Bookings for the quarter	\$ 96.3	\$ 206.4	\$ 76.3			
Backlog and deferred revenue as of quarter end	\$ 274.3	\$ 290.5	\$ 207.9			
Cash and cash equivalents as of quarter end	\$ 100.8	\$ 98.6	\$ 71.7			

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

	Q2 GAAP Financial Guidance							
	Low				High			
(Unaudited, in millions, except percentages)	Video	Cable Access	Adjustments ⁽²⁾	Total	Video	Cable Access	Adjustments ⁽²⁾	Total
Net revenue	\$ 57.0	\$ 45.0	\$ —	\$ 102.0	\$ 62.0	\$ 50.0	\$ —	\$ 112.0
Gross margin %	54.0 %	42.0 %	(0.5)%	48.2 %	56.0 %	44.0 %	(0.4)%	50.2 %
Operating expenses	\$ 34.0	\$ 18.0	\$ 4.5	\$ 56.5	\$ 35.0	\$ 19.0	\$ 4.5	\$ 58.5
Operating income (loss)	\$ (3.2)	\$ 0.9	\$ (5.0)	\$ (7.3)	\$ (0.3)	\$ 3.0	\$ (5.0)	\$ (2.3)
Tax expense ⁽¹⁾				\$ (0.7)				\$ (0.7)
EPS ⁽¹⁾				\$ (0.11)				\$ (0.06)
Shares ⁽¹⁾				101.2				101.2
Cash ⁽¹⁾				\$ 90.0				\$ 100.0

(1) The guidance is provided at the total company level and not by segment.

(2) See “Use of Non-GAAP Financial Measures” and “GAAP to Non-GAAP Reconciliations” below.

	2021 GAAP Financial Guidance							
	Low				High			
(Unaudited, in millions, except percentages)	Video	Cable Access	Adjustments ⁽²⁾	Total GAAP	Video	Cable Access	Adjustments ⁽²⁾	Total GAAP
Net revenue	\$ 260.0	\$ 175.0	\$ —	\$ 435.0	\$ 280.0	\$ 200.0	\$ —	\$ 480.0
Gross margin %	55.0 %	44.0 %	(0.6)%	50.0 %	57.0 %	45.0 %	(0.5)%	51.5 %
Operating expenses	\$ 138.0	\$ 71.0	\$ 22.5	\$ 231.5	\$ 143.0	\$ 75.0	\$ 22.5	\$ 240.5
Operating income (loss)	\$ 5.0	\$ 6.0	\$ (25.0)	\$ (14.0)	\$ 16.6	\$ 15.0	\$ (25.0)	\$ 6.6
Tax expense ⁽¹⁾				\$ (2.9)				\$ (2.9)
EPS ⁽¹⁾				\$ (0.27)				\$ (0.06)
Shares ⁽¹⁾				101.4				101.4
Cash ⁽¹⁾				\$ 110.0				\$ 120.0

(1) The guidance is provided at the total company level and not by segment.

(2) See “Use of Non-GAAP Financial Measures” and “GAAP to Non-GAAP Reconciliations” below.

Q2 2021 Non-GAAP Financial Guidance ⁽²⁾

(Unaudited, in millions, except percentages)	Low			High		
	Video	Cable Access	Total	Video	Cable Access	Total
Net revenue	\$ 57.0	\$ 45.0	\$ 102.0	\$ 62.0	\$ 50.0	\$ 112.0
Gross margin %	54.0 %	42.0 %	48.7 %	56.0 %	44.0 %	50.6 %
Operating expenses	\$ 34.0	\$ 18.0	\$ 52.0	\$ 35.0	\$ 19.0	\$ 54.0
Operating income (loss)	\$ (3.2)	\$ 0.9	\$ (2.3)	\$ (0.3)	\$ 3.0	\$ 2.7
Adjusted EBITDA	\$ (1.3)	\$ 2.1	\$ 0.8	\$ 1.6	\$ 4.2	\$ 5.8
Tax rate ⁽¹⁾			10.0 %			10.0 %
EPS ⁽¹⁾			\$ (0.03)			\$ 0.01
Shares ⁽¹⁾			101.2			104.2
Cash ⁽¹⁾			\$ 90.0			\$ 100.0

(1) The guidance is provided at the total company level and not by segment.

(2) See "Use of Non-GAAP Financial Measures" and "GAAP to Non-GAAP Reconciliations" below.

2021 Non-GAAP Financial Guidance ⁽²⁾

(Unaudited, in millions, except percentages)	Low			High		
	Video	Cable Access	Total	Video	Cable Access	Total
Net revenue	\$ 260.0	\$ 175.0	\$ 435.0	\$ 280.0	\$ 200.0	\$ 480.0
Gross margin %	55.0 %	44.0 %	50.6 %	57.0 %	45.0 %	52.0 %
Operating expenses	\$ 138.0	\$ 71.0	\$ 209.0	\$ 143.0	\$ 75.0	\$ 218.0
Operating income	\$ 5.0	\$ 6.0	\$ 11.0	\$ 16.6	\$ 15.0	\$ 31.6
Adjusted EBITDA	\$ 13.5	\$ 11.6	\$ 25.1	\$ 25.1	\$ 20.6	\$ 45.7
Tax rate ⁽¹⁾			10.0 %			10.0 %
EPS ⁽¹⁾			\$ 0.06			\$ 0.24
Shares ⁽¹⁾			104.7			104.7
Cash ⁽¹⁾			\$ 110.0			\$ 120.0

(1) The guidance is provided at the total company level and not by segment.

(2) See "Use of Non-GAAP Financial Measures" and "GAAP to Non-GAAP Reconciliations" below.

Conference Call Information

Harmonic will host a conference call to discuss its financial results at 2:00 p.m. Pacific (5:00 p.m. Eastern) on Monday, May 3, 2021. The live webcast will be available on the Harmonic Investor Relations website at <http://investor.harmonicinc.com>. An audio version of the webcast will be available by calling +1.574.990.1032 or +1.800.240.9147 (conference ID 8667518). A replay will be available after 5:00 p.m. PT on the same web site or by calling +1.404.537.3406 or +1.855.859.2056 (conference ID 8667518).

About Harmonic Inc.

Harmonic (NASDAQ: HLIT), the worldwide leader in virtualized cable access 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 cable access networking via the industry's first virtualized cable access 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, EPS and cash. 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 Cable Access 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 potential impact of the Covid-19 pandemic on our operations or the operations of our supply chain or our customers; 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 CableOS 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 effect 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, 2020, 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: segment revenue, gross profit, operating expenses, income (loss) from operations, non-operating expenses and net income (loss) (including those amounts as a percentage of revenue), Adjusted EBITDA 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.

Amortization of intangibles - A portion of the purchase price of our acquisitions is generally allocated to intangible assets, and is subject to amortization. However, Harmonic does not acquire businesses on a predictable cycle. Additionally, the amount of an acquisition's purchase price allocated to intangible assets and the term of its related amortization can vary significantly and is unique to each acquisition. Therefore, we believe that the presentation of non-GAAP financial measures that adjust for the amortization of intangible assets provides investors and others with a consistent basis for comparison across accounting periods.

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.

Loss on convertible debt extinguishment - In the fourth quarter of fiscal 2020, we recorded a loss of \$0.5 million from the conversion and settlement of the remaining \$8.1 million of our convertible notes due in December 2020. We have excluded this loss from our non-GAAP financial measures because we do not believe the loss is 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 accretion of the debt discount related to the equity component and 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, restructuring charges and amortization of intangible assets, 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.

CONTACTS:

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Harmonic Inc.
Preliminary Condensed Consolidated Balance Sheets
(Unaudited, in thousands, except per share data)

	April 2, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 100,777	\$ 98,645
Accounts receivable, net	85,704	66,227
Inventories	35,539	35,031
Prepaid expenses and other current assets	38,647	38,132
Total current assets	260,667	238,035
Property and equipment, net	43,136	43,141
Operating lease right-of-use assets	25,751	27,556
Other non-current assets	38,308	39,117
Goodwill	241,847	243,674
Total assets	\$ 609,709	\$ 591,523
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Convertible notes, current	\$ 36,143	\$ —
Other debts, current	5,405	11,771
Accounts payable	36,148	23,543
Deferred revenue	63,851	54,294
Operating lease liabilities, current	7,032	7,354
Other current liabilities	43,986	50,333
Total current liabilities	192,565	147,295
Convertible notes, non-current	94,884	129,507
Other debts, non-current	15,415	10,086
Operating lease liabilities, non-current	24,548	26,071
Other non-current liabilities	20,963	20,262
Total liabilities	\$ 348,375	\$ 333,221
Convertible notes	1,564	—
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; 100,993 and 98,204 shares issued and outstanding at April 2, 2021 and December 31, 2020, respectively	101	98
Additional paid-in capital	2,365,129	2,353,559
Accumulated deficit	(2,107,335)	(2,101,211)
Accumulated other comprehensive income	1,875	5,856
Total stockholders' equity	259,770	258,302
Total liabilities and stockholders' equity	\$ 609,709	\$ 591,523

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

	Three months ended	
	April 2, 2021	March 27, 2020
Revenue:		
Appliance and integration	\$ 79,976	\$ 47,752
SaaS and service	31,600	30,665
Total net revenue	111,576	78,417
Cost of revenue:		
Appliance and integration	42,619	26,287
SaaS and service	13,812	15,392
Total cost of revenue	56,431	41,679
Total gross profit	55,145	36,738
Operating expenses:		
Research and development	23,528	22,123
Selling, general and administrative	34,911	31,218
Amortization of intangibles	507	770
Restructuring and related charges	43	676
Total operating expenses	58,989	54,787
Loss from operations	(3,844)	(18,049)
Interest expense, net	(2,603)	(2,903)
Other income (expense), net	1,019	(273)
Loss before income taxes	(5,428)	(21,225)
Provision for income taxes	696	729
Net loss	\$ (6,124)	\$ (21,954)
Net loss per share:		
Basic and diluted	\$ (0.06)	\$ (0.23)
Shares used in per share calculations:		
Basic and diluted	99,868	95,575

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

	Three months ended	
	April 2, 2021	March 27, 2020
Cash flows from operating activities:		
Net loss	\$ (6,124)	\$ (21,954)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	3,057	2,843
Amortization of intangibles	507	1,655
Stock-based compensation	8,398	6,259
Amortization of convertible debt discount	1,532	1,835
Amortization of warrant	429	434
Foreign currency adjustments	(2,609)	(2,066)
Deferred income taxes	432	653
Provision for doubtful accounts and returns	1,089	331
Provision for excess and obsolete inventories	644	234
Other adjustments	143	121
Changes in operating assets and liabilities:		
Accounts receivable	(20,758)	(5,068)
Inventories	(1,119)	(6,281)
Other assets	(1,019)	10,579
Accounts payable	13,527	(242)
Deferred revenues	11,285	12,477
Other liabilities	(7,736)	(12,851)
Net cash provided by (used in) operating activities	<u>1,678</u>	<u>(11,041)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(3,645)	(11,224)
Net cash used in investing activities	<u>(3,645)</u>	<u>(11,224)</u>
Cash flows from financing activities:		
Payment of convertible debt issuance costs	—	(35)
Repayment of other debts	(108)	(406)
Proceeds from common stock issued to employees	5,685	3,000
Payment of tax withholding obligations related to net share settlements of restricted stock units	(913)	(829)
Net cash provided by financing activities	<u>4,664</u>	<u>1,730</u>
Effect of exchange rate changes on cash and cash equivalents	(565)	(811)
Net increase (decrease) in cash and cash equivalents	<u>2,132</u>	<u>(21,346)</u>
Cash and cash equivalents at beginning of period	98,645	93,058
Cash and cash equivalents at end of period	<u>\$ 100,777</u>	<u>\$ 71,712</u>

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

	Three months ended								
	April 2, 2021		December 31, 2020		March 27, 2020				
Geography									
Americas	\$	75,062	67 %	\$	84,916	65 %	\$	37,650	48 %
EMEA		27,607	25 %		34,825	26 %		27,816	35 %
APAC		8,907	8 %		11,787	9 %		12,951	17 %
Total	\$	111,576	100 %	\$	131,528	100 %	\$	78,417	100 %
Market									
Service Provider	\$	53,660	48 %	\$	66,673	51 %	\$	43,759	56 %
Broadcast and Media		57,916	52 %		64,855	49 %		34,658	44 %
Total	\$	111,576	100 %	\$	131,528	100 %	\$	78,417	100 %

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

Three months ended April 2, 2021

	Video	Cable Access	Total Segment Measures (non-GAAP)	Adjustments ⁽¹⁾	Consolidated GAAP Measures
Net revenue	\$ 70,331	\$ 41,245	\$ 111,576	\$ —	\$ 111,576
Gross profit	38,774	17,408	56,182	(1,037)	55,145
Gross margin %	55.1 %	42.2 %	50.4 %		49.4 %
Operating income (loss)	3,772	1,296	5,068	(8,912)	(3,844)
Operating margin %	5.4 %	3.1 %	4.5 %		(3.4)%

Three months ended December 31, 2020

	Video	Cable Access	Total Segment Measures (non-GAAP)	Adjustments ⁽¹⁾	Consolidated GAAP Measures
Net revenue	\$ 86,044	\$ 45,484	\$ 131,528	\$ —	\$ 131,528
Gross profit	48,336	24,437	72,773	(1,211)	71,562
Gross margin %	56.2 %	53.7 %	55.3 %		54.4 %
Operating income (loss)	13,529	9,918	23,447	(6,672)	16,775
Operating margin %	15.7 %	21.8 %	17.8 %		12.8 %

Three months ended March 27, 2020

	Video	Cable Access	Total Segment Measures (non-GAAP)	Adjustments ⁽¹⁾	Consolidated GAAP Measures
Net revenue	\$ 54,372	\$ 24,045	\$ 78,417	\$ —	\$ 78,417
Gross profit	27,907	10,414	38,321	(1,583)	36,738
Gross margin %	51.3 %	43.3 %	48.9 %		46.8 %
Operating loss	(6,267)	(3,265)	(9,532)	(8,517)	(18,049)
Operating margin %	(11.5)%	(13.6)%	(12.2)%		(23.0)%

(1) See "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 April 2, 2021						
	Revenue	Gross Profit	Total Operating Expense	Income (Loss) from Operations	Total Non-operating expense, net	Net Income (Loss)
GAAP	\$ 111,576	\$ 55,145	\$ 58,989	\$ (3,844)	\$ (1,584)	\$ (6,124)
Stock-based compensation	—	1,073	(7,325)	8,398	—	8,398
Amortization of intangibles	—	—	(507)	507	—	507
Restructuring and related charges	—	(36)	(43)	7	—	7
Non-cash interest and other expenses related to convertible notes	—	—	—	—	1,532	1,532
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	194
Total adjustments	—	1,037	(7,875)	8,912	1,532	10,638
Non-GAAP	\$ 111,576	\$ 56,182	\$ 51,114	\$ 5,068	\$ (52)	\$ 4,514
<i>As a % of revenue (GAAP)</i>		49.4 %	52.9 %	(3.4)%	(1.4)%	(5.5)%
<i>As a % of revenue (Non-GAAP)</i>		50.4 %	45.8 %	4.5 %	— %	4.0 %
Diluted net income (loss) per share:						
GAAP						\$ (0.06)
Non-GAAP						\$ 0.04
Shares used to compute diluted net income (loss) per share:						
GAAP						99,868
Non-GAAP						103,190

Three months ended December 31, 2020						
	Revenue	Gross Profit	Total Operating Expense	Income from Operations	Total Non-operating expense, net	Net Income
GAAP	\$ 131,528	\$ 71,562	\$ 54,787	\$ 16,775	\$ (3,349)	\$ 13,465
Stock-based compensation	—	348	(3,955)	4,303	—	4,303
Amortization of intangibles	—	—	(756)	756	—	756
Restructuring and related charges	—	863	(750)	1,613	—	1,613
Loss on convertible debt extinguishment	—	—	—	—	528	528
Non-cash interest and other expenses related to convertible notes	—	—	—	—	1,607	1,607
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	(2,262)
Total adjustments	—	1,211	(5,461)	6,672	2,135	6,545
Non-GAAP	\$ 131,528	\$ 72,773	\$ 49,326	\$ 23,447	\$ (1,214)	\$ 20,010
<i>As a % of revenue (GAAP)</i>		54.4 %	41.7 %	12.8 %	(2.5)%	10.2 %
<i>As a % of revenue (Non-GAAP)</i>		55.3 %	37.5 %	17.8 %	(0.9)%	15.2 %
Diluted net income per share:						
GAAP						\$ 0.13
Non-GAAP						\$ 0.20
Shares used to compute diluted net income per share:						
GAAP and Non-GAAP						100,316

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 loss per share:						
GAAP						\$ (0.23)
Non-GAAP						\$ (0.10)
Shares used to compute diluted net loss per share:						
GAAP and Non-GAAP						95,575

Harmonic Inc.
Preliminary Adjusted EBITDA Reconciliation (Unaudited)
(In thousands)

	Three months ended		
	April 2, 2021	December 31, 2020	March 27, 2020
Net income (loss) - GAAP	\$ (6,124)	\$ 13,465	\$ (21,954)
Provision for (benefit from) income taxes	696	(39)	729
Interest expense, net	2,603	2,737	2,903
Depreciation	3,057	3,054	2,843
Amortization of intangibles	507	756	1,655
EBITDA	739	19,973	(13,824)
<i>Adjustments</i>			
Stock-based compensation	8,398	4,303	6,259
Loss on convertible debt extinguishment	—	528	—
Restructuring and related charges	7	1,613	603
Adjusted EBITDA	\$ 9,144	\$ 26,417	\$ (6,962)

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

Q2 2021 Financial Guidance						
	Revenue	Gross Profit	Total Operating Expense	Income (Loss) from Operations	Total Non-operating Expense, net	Net Income (Loss)
GAAP	\$102.0 to \$112.0	\$49.2 to \$56.2	\$56.5 to \$58.5	\$(7.3) to \$(2.3)	\$(2.8)	\$(10.9) to \$(5.9)
Stock-based compensation expense	—	0.2	(4.3)	4.5	—	4.5
Amortization of intangibles	—	—	—	—	—	—
Restructuring and related charges	—	0.3	(0.2)	0.5	—	0.5
Non-cash interest and other expenses related to convertible notes	—	—	—	—	1.5	1.5
Tax effect of non-GAAP adjustments	—	—	—	—	—	\$0.6 to \$1.1
Total adjustments	—	0.5	(4.5)	5.0	1.5	\$7.1 to \$7.6
Non-GAAP	\$102.0 to \$112.0	\$49.7 to \$56.7	\$52.0 to \$54.0	\$(2.3) to \$2.7	\$(1.3)	\$(3.3) to \$1.3
<i>As a % of revenue (GAAP)</i>		48.2% to 50.2%	55.4% to 52.3%	(7.2%) to (2.0)%	(2.8)% to (2.5)%	(10.7)% to (5.2)%
<i>As a % of revenue (Non-GAAP)</i>		48.7% to 50.6%	51.0% to 48.2%	(2.3)% to 2.4%	(1.3)% to (1.2)%	(3.2)% to 1.1%
Diluted net income (loss) per share:						
GAAP						\$(0.11) to \$(0.06)
Non-GAAP						\$(0.03) to \$0.01
Shares used to compute diluted net income (loss) per share:						
GAAP						101.2
Non-GAAP						101.2 to 104.2

2021 Financial Guidance						
	Revenue	Gross Profit	Total Operating Expense	Income (Loss) from Operations	Total Non-operating Expense, net	Net Income (Loss)
GAAP	\$435.0 to \$480.0	\$217.5 to \$247.1	\$231.5 to \$240.5	\$(14.0) to \$6.6	\$(10.2)	\$(27.0) to \$(6.4)
Stock-based compensation expense	—	2.0	(21.3)	23.3	—	23.3
Amortization of intangibles	—	—	(0.5)	0.5	—	0.5
Restructuring and related charges	—	0.5	(0.7)	1.2	—	1.2
Non-cash interest and other expenses related to convertible notes	—	—	—	—	6.3	6.3
Tax effect of non-GAAP adjustments	—	—	—	—	—	\$0.0 to \$2.1
Total adjustments	—	2.5	(22.5)	25.0	6.3	\$31.3 to \$33.4
Non-GAAP	\$435.0 to \$480.0	\$220.0 to \$249.6	\$209.0 to \$218.0	\$11.0 to \$31.6	\$(3.9)	\$6.4 to \$24.9
<i>As a % of revenue (GAAP)</i>		50.0% to 51.5%	53.2% to 50.1%	(3.2)% to 1.4%	(2.3)% to (2.1)%	(6.2)% to (1.3)%
<i>As a % of revenue (Non-GAAP)</i>		50.6% to 52.0%	48.0% to 45.4%	2.5% to 6.6%	(0.9)% to (0.8)%	1.5% to 5.2%
Diluted net income (loss) per share:						
GAAP						\$(0.27) to \$(0.06)
Non-GAAP						\$0.06 to \$0.24
Shares used to compute diluted net income (loss) per share:						
GAAP						101.4
Non-GAAP						104.7

Harmonic Inc.
Adjusted EBITDA Reconciliation on Financial Guidance (Unaudited)
(In millions)

	Q2 2021 Financial Guidance	2021 Financial Guidance
Net loss - GAAP	\$(10.9) to \$(5.9)	\$(27.0) to \$(6.4)
Provision for income taxes	0.7	2.9
Interest expense, net	2.5	10.2
Depreciation	3.5	14.0
Amortization of intangibles	—	0.5
EBITDA	\$(4.2) to \$0.8	\$0.6 to \$21.2
<i>Adjustments</i>		
Stock-based compensation	4.5	23.3
Restructuring and related charges	0.5	1.2
Adjusted EBITDA	\$0.8 to \$5.8	\$25.1 to \$45.7