



FIRST QUARTER 2022
EARNINGS
CONFERENCE CALL

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Sanjay Kalra, CFO

May 2, 2022



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 2022 and beyond, and our Q2 and full-year 2022 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.



Corporate

Revenue up 32%;
Book to Bill 1.4



Cable Access

Revenue up 98%



Video

SaaS Revenue up 75%

Strong Demand and Execution Continuing in 2022



STRONG Q1

- Revenue \$81.6 million, up 98% year over year
- Commercially deployed with 77 operators, up 45% year over year
- 6.1 million cable modems served, up 100% year over year



EXECUTING MULTI-YEAR STRATEGY

- Existing customers scaling and new customers being won
- Fiber-To-The-Home deployments and opportunity pipeline growing
- 10G DOCSIS 4.0 & PON innovations extending leadership and opportunities
- 2022 - 2024 revenue and EBITDA growth outlook ahead of prior expectations



STRONG Q1

- Revenue \$65.8 million, down 6.4% from Q1 '21
- Gross margin 58.8%, up 370 basis points year over year
- SaaS revenue up 75% year over year



EXECUTING MULTI-YEAR STRATEGY

- Major new live sports streaming SaaS win
- 2022 streaming SaaS revenue forecast to grow >50%
- 2022 – 2024 growth and transformation outlook on track



FINANCIAL RESULTS AND **OUTLOOK**

Sanjay Kalra, CFO



STRONG FINANCIAL RESULTS*

- Record first quarter revenue \$147.4 million, up 32.1% year over year
- EPS \$0.08, up 83.5% year over year
- Bookings \$205.5 million, book to bill ratio of 1.4
- Backlog and Deferred Revenue \$497.3 million, up 81.3% year over year



INCREASED ANNUAL GUIDANCE FOR KEY FINANCIAL METRICS

- FY'22 Revenue, Adj. EBITDA, EPS ranges increased

* Non-GAAP

Q1 2022 REVENUE & GROSS MARGIN HIGHLIGHTS*



Financial Metric (\$ Millions)	Q1 2022	Q4 2021	Q1 2021	Q1/Q4 Change	Q1 Y/Y Change
Total Net Revenue	\$147.4	\$155.8	\$111.6	(5.4)%	32.1%
Cable Access Revenue	\$81.6	\$69.7	\$41.3	17.0%	97.8%
Video Revenue	\$65.8	\$86.1	\$70.3	(23.5)%	(6.4)%
Gross Margin %	47.3%	50.5%	50.4%	(3.2)%	(3.1)%
Cable Access Gross Margin %	38.0%	40.3%	42.2%	(2.3)%	(4.2)%
Video Gross Margin %	58.8%	58.8%	55.1%	-	3.7%

* Non-GAAP

Q1 2022 EARNINGS AND BOOKINGS HIGHLIGHTS*



Financial Metric \$ Millions (except EPS)	Q1 2022	Q4 2021	Q1 2021	Q1/Q4 Change	Q1 Y/Y Change
Operating Expenses	\$58.4	\$58.0	\$51.1	0.7%	14.3%
Adj. EBITDA	\$14.5	\$23.8	\$9.1	(39.3)%	58.0%
Cable Access Adj. EBITDA	\$9.7	\$6.7	\$3.0	44.0%	221.7%
Video Adj. EBITDA	\$4.8	\$17.1	\$6.1	(71.9)%	(21.3)%
EPS	\$0.08	\$0.16	\$0.04	(49.7)%	83.5%
Share Count	110.6	110.5	103.2	0.1%	7.1%
Bookings	\$205.5	\$267.3	\$96.3	(23.1)%	113.4%
Book to Bill Ratio	1.39	1.72	0.86	(18.8)%	61.5%

* Non-GAAP

Q1 2022 BALANCE SHEET & CASH FLOW HIGHLIGHTS



Financial Metric (\$ Millions)	Q1 2022	Q4 2021	Q1 2021
Cash	\$100.7	\$133.4	\$100.8
Cash Provided by (used in) Operations	\$(27.5)	\$7.4	\$1.7
Accounts Receivable	\$115.6	\$88.5	\$85.7
DSO	71	51	69
Inventory	\$81.8	\$71.2	\$35.5
Inventory Days	95	83	58
Backlog and Deferred Revenue	\$497.3	\$441.0	\$274.3
Free cash flow	\$(29.9)	\$5.0	\$(2.0)

FULL YEAR 2022 FINANCIAL GUIDANCE

Improved Revenue, Gross Profit, Adj. EBITDA and EPS ranges

Financial Metric	Guidance*	Prior guidance*	Midpoint Difference
Total Revenue (\$M)	\$585 - \$625	\$570 - \$596	↑
Gross Margin %	49.1% - 50.2%	48.5% - 50.7%	↑
Gross Profit (\$M)	\$287 - \$314	\$276 - \$302	↑
Operating Expenses (\$M)	\$238 - \$251	\$238 - \$246	↑
Adjusted EBITDA (\$M)	\$60 - \$74	\$49 - \$67	↑
Shares	110.8	112.6	↓
EPS	\$0.34 - \$0.45	\$0.26 - \$0.40	↑
Cash (\$M)	\$100 - \$110	\$100 - \$110	↔

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

Q2 2022 FINANCIAL GUIDANCE

Financial Metric	Guidance*
Total Revenue (\$M)	\$144 - \$154
Gross Margin (%)	49.3% - 51.2%
Gross Profit (\$M)	\$71 - \$79
Operating Expenses (\$M)	\$61 - \$64
Adjusted EBITDA (\$M)	\$13 - \$18
Shares	110.8
EPS	\$0.07 - \$0.11
Cash (\$M)	\$100 - \$110

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

2022 FINANCIAL GUIDANCE - Cable Access Segment



FY2022 Financial Metric	Guidance*	Prior Guidance*	Midpoint Difference
Net Revenue (\$M)	\$310 - \$338	\$295 - \$307	↑
Gross Margin %	42.0% - 43.4%	41.0% - 43.6%	↑
Gross Profit (\$M)	\$130 - \$147	\$121 - \$134	↑
Operating Expenses (\$M)	\$93 - \$101	\$92 - \$96	↑
Adjusted EBITDA (\$M)	\$43 - \$51	\$34 - \$43	↑

Q2 FY2022 Financial Metric	Guidance*
Net Revenue (\$M)	\$74 - \$80
Gross Margin %	42.0% - 44.0%
Gross Profit (\$M)	\$31 - \$35
Operating Expenses (\$M)	\$24 - \$26
Adjusted EBITDA (\$M)	\$8 - \$11

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

2022 FINANCIAL GUIDANCE - Video Segment

FY2022 Financial Metric	Guidance*	Prior Guidance*	Midpoint Difference
Net Revenue (\$M)	\$275 - \$287	\$275 - \$289	↓
Gross Margin %	57.0% - 58.3%	56.5% - 58.3%	↑
Gross Profit (\$M)	\$157 - \$167	\$155 - \$168	↑
Operating Expenses (\$M)	\$145 - \$150	146 - \$150	↓
Adjusted EBITDA (\$M)	\$17 - \$23	\$15 - \$24	↑

Q2 FY2022 Financial Metric	Guidance*
Net Revenue (\$M)	\$70 - \$74
Gross Margin %	57.0% - 59.0%
Gross Profit (\$M)	\$40 - \$44
Operating Expenses (\$M)	\$37 - \$38
Adjusted EBITDA (\$M)	\$4 - \$7

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



Cable Access

Grow Tier 1 CableOS deployments

Add new CableOS design wins

Expand addressed market through FTTH



Video

Grow Streaming SaaS customer base

Extend SaaS technology and operations

Capitalize on broadcast transformations

Create value.

Deliver industry-leading solutions.

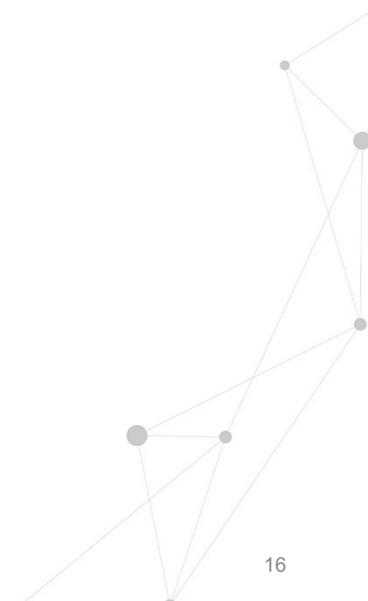
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Q&A



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, amortization of intangibles, non-cash interest and other expenses on convertible notes and other debt, adjustments that normalize the tax rate and depreciation.

Q1 2022 GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



Three Months Ended April 1, 2022						
	Revenue	Gross Profit	Total Operating Expense	Income from Operations	Total Non-operating expense, net	Net Income (loss)
GAAP	\$ 147,439	\$ 69,182	\$ 66,646	\$ 2,536	\$ (1,371)	\$ (1,529)
Stock-based compensation	—	527	(7,059)	7,586	—	7,586
Restructuring and related charges	—	(14)	(1,170)	1,156	—	1,156
Non-cash interest and other expenses related to convertible notes	—	—	—	—	297	297
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	1,367
Total adjustments	—	513	(8,229)	8,742	297	10,406
Non-GAAP	\$ 147,439	\$ 69,695	\$ 58,417	\$ 11,278	\$ (1,074)	\$ 8,877
<i>As a % of revenue (GAAP)</i>		46.9 %	45.2 %	1.7 %	(0.9)%	(1.0)%
<i>As a % of revenue (Non-GAAP)</i>		47.3 %	39.6 %	7.6 %	(0.7)%	6.0 %
Diluted net income (loss) per share:						
GAAP						\$ (0.01)
Non-GAAP						\$ 0.08
Shares used in per share calculation:						
GAAP						103,994
Non-GAAP						110,563

Q4 2021 GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



	Three Months Ended December 31, 2021					
	Revenue	Gross Profit	Total Operating Expense	Income from Operations	Total Non-operating expense, net	Net Income
GAAP	\$ 155,804	\$ 77,938	\$ 62,792	\$ 15,146	\$ (2,678)	\$ 19,857
Stock-based compensation	—	506	(4,689)	5,195	—	5,195
Restructuring and related charges	—	225	(67)	292	—	292
Non-cash interest and other expenses related to convertible notes	—	—	—	—	1,621	1,621
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	(9,347)
Total adjustments	—	731	(4,756)	5,487	1,621	(2,239)
Non-GAAP	\$ 155,804	\$ 78,669	\$ 58,036	\$ 20,633	\$ (1,057)	\$ 17,618
<i>As a % of revenue (GAAP)</i>		50.0 %	40.3 %	9.7 %	(1.7)%	12.7 %
<i>As a % of revenue (Non-GAAP)</i>		50.5 %	37.2 %	13.2 %	(0.7)%	11.3 %
Diluted net income per share:						
GAAP						\$ 0.18
Non-GAAP						\$ 0.16
Shares used in per share calculation:						
GAAP and Non-GAAP						110,474

Q1 2021 GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



	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	<u>—</u>	<u>1,037</u>	<u>(7,875)</u>	<u>8,912</u>	<u>1,532</u>	<u>10,638</u>
Non-GAAP	<u>\$ 111,576</u>	<u>\$ 56,182</u>	<u>\$ 51,114</u>	<u>\$ 5,068</u>	<u>\$ (52)</u>	<u>\$ 4,514</u>
<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 in per share calculation:						
GAAP						99,868
Non-GAAP						103,190

ADJ. EBITDA RECONCILIATIONS

(UNAUDITED, IN THOUSANDS)



	Three Months Ended		
	April 1, 2022	December 31, 2021	April 2, 2021
Net income (loss) - GAAP	\$ (1,529)	\$ 19,857	\$ (6,124)
Provision for income taxes	2,694	(7,389)	696
Interest expense, net	1,433	2,706	2,603
Depreciation	3,111	3,151	3,057
Amortization of intangibles	—	—	507
EBITDA	5,709	18,325	739
<i>Adjustments</i>			
Stock-based compensation	7,586	5,195	8,398
Restructuring and related charges	1,156	292	7
Adjusted EBITDA	\$ 14,451	\$ 23,812	\$ 9,144

2022 GUIDANCE GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN MILLIONS, EXCEPT EPS AND PERCENTAGES)



	2022 Financial Guidance ⁽¹⁾			
	Revenue	Gross Profit	Income from Operations	Net Income (Loss)
GAAP	\$585.0 to \$625.0	\$283.9 to \$310.9	\$21.6 to \$35.6	\$(21.1) to \$(7.0)
Stock-based compensation expense	—	1.8	24.8	24.8
Restructuring and related charges	—	1.3	2.6	2.6
Non-cash interest and other expenses related to convertible notes	—	—	—	27.6
Tax effect of non-GAAP adjustments	—	—	—	4.1 to 2.3
Total adjustments	—	3.1	27.4	59.1 to 57.3
Non-GAAP	<u>\$585.0 to \$625.0</u>	<u>\$287.0 to \$314.0</u>	<u>\$49.0 to \$63.0</u>	<u>\$38.1 to \$50.3</u>
<i>As a % of revenue (GAAP)</i>		48.5% to 49.7%	3.7% to 5.7%	(3.6)% to (1.1)%
<i>As a % of revenue (Non-GAAP)</i>		49.1% to 50.2%	8.4% to 10.1%	6.5% to 8.1%
Diluted net income (loss) per share:				
GAAP				<u>\$(0.20) to \$(0.07)</u>
Non-GAAP				<u>\$0.34 to \$0.45</u>
Shares used in per share calculation:				
GAAP				<u>104.8</u>
Non-GAAP				<u>110.8</u>

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

Q2 2022 GUIDANCE GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN MILLIONS, EXCEPT EPS AND PERCENTAGES)



	Q2 2022 Financial Guidance ⁽¹⁾			
	Revenue	Gross Profit	Income from Operations	Net Income
GAAP	\$144.0 to \$154.0	\$70.4 to \$78.3	\$4.3 to \$9.2	\$0.3 to \$5.2
Stock-based compensation expense	—	0.4	5.2	5.2
Restructuring and related charges	—	0.2	0.5	0.5
Non-cash interest and other expenses related to convertible notes	—	—	—	0.3
Tax effect of non-GAAP adjustments	—	—	—	1.3 to 0.6
Total adjustments	—	0.6	5.7	7.3 to 6.6
Non-GAAP	<u>\$144.0 to \$154.0</u>	<u>\$71.0 to \$78.9</u>	<u>\$10.0 to \$14.9</u>	<u>\$7.6 to \$11.8</u>
<i>As a % of revenue (GAAP)</i>		48.9% to 50.8%	3.0% to 5.9%	0.2% to 3.4%
<i>As a % of revenue (Non-GAAP)</i>		49.3% to 51.2%	6.9% to 9.6%	5.3% to 7.6%
Diluted net income per share:				
GAAP				<u>\$— to \$0.05</u>
Non-GAAP				<u>\$0.07 to \$0.11</u>
Shares used in per share calculation:				
GAAP and Non-GAAP				<u>110.8</u>

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

2022 ADJ. EBITDA GUIDANCE RECONCILIATIONS (UNAUDITED, IN MILLIONS)



	Q2 2022 Financial Guidance		2022 Financial Guidance	
Net income (loss) - GAAP	\$0.3	to	\$5.2	\$(21.1) to \$(7.0)
Provision for income taxes			2.4	9.8
Interest expense, net			1.3	4.9
Depreciation			3.0	12.8
EBITDA	\$7.0	to	\$11.9	\$6.4 to \$20.5
<i>Adjustments</i>				
Stock-based compensation			5.2	24.8
Loss on debt conversion			—	26.5
Restructuring and related charges			0.5	2.6
Adjusted EBITDA	\$12.7	to	\$17.6	\$60.4 to \$74.4

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

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THANK YOU.

