



CORPORATE OVERVIEW

June 2020



CABLE ACCESS & VIDEO

Two market-leading
business units

\$403M

2019 Revenue

SILICON VALLEY

Headquarters

>5,000

Media & service
provider customers

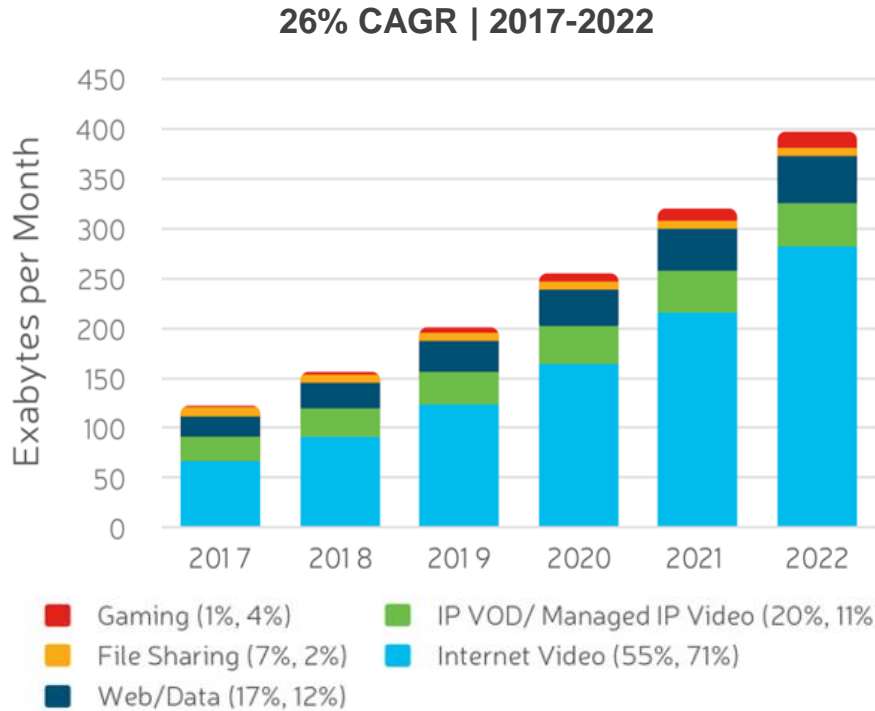
INNOVATION VELOCITY

>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



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



CABLE ACCESS BUSINESS OVERVIEW

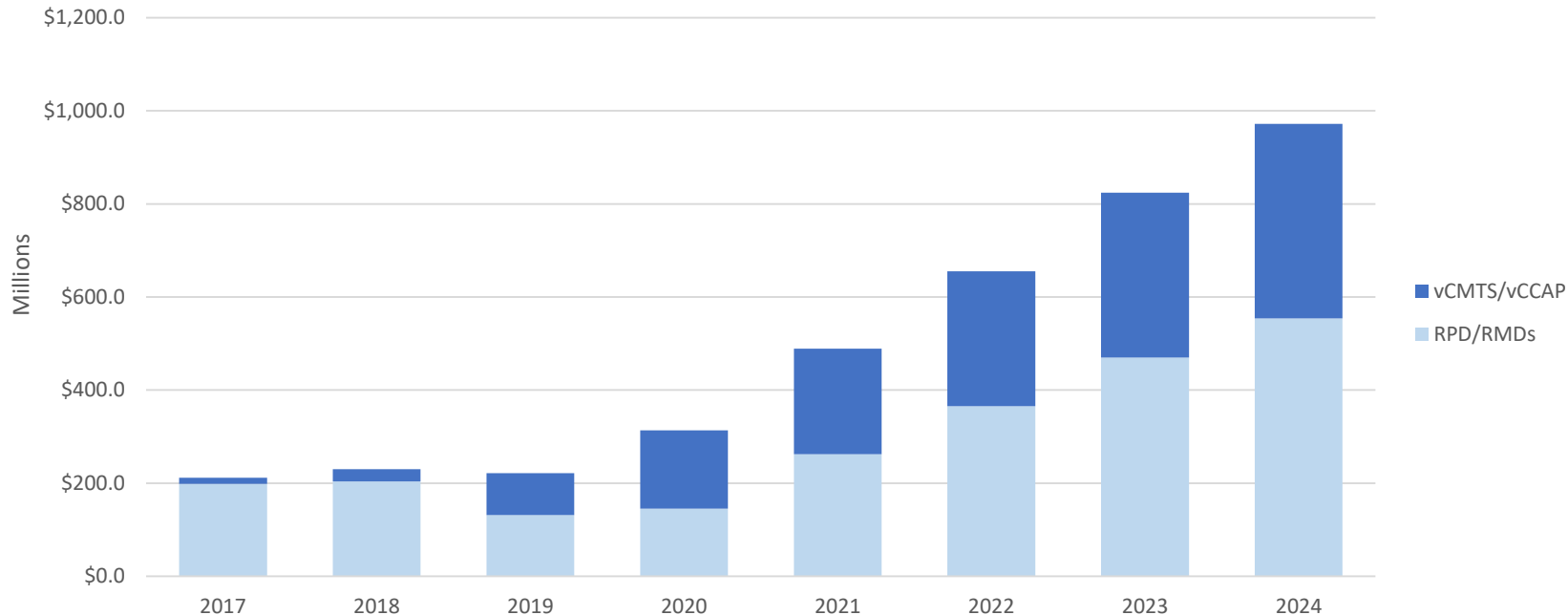


Virtualization Market Poised For Growth

Harmonic CableOS® Leading the Way



vCMTS & Remote PHY Revenue Growth Forecast



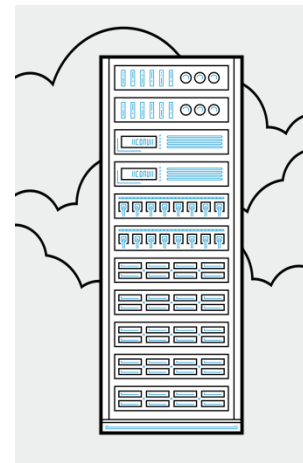
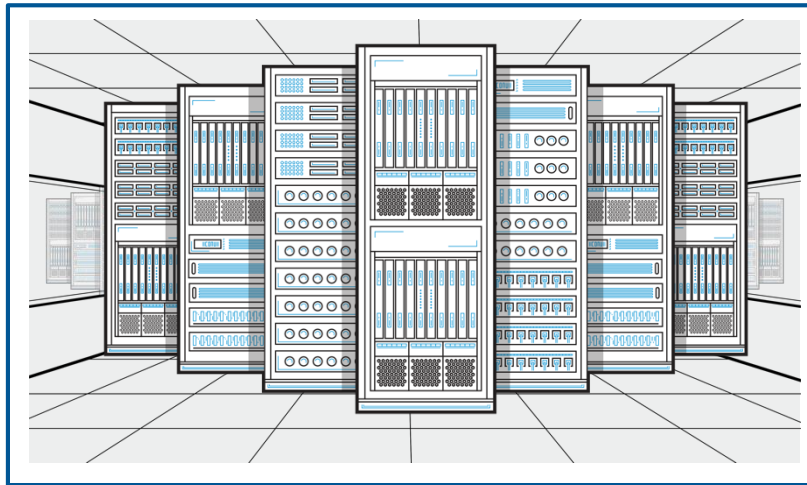
* Source: Dell'Oro January 2020

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

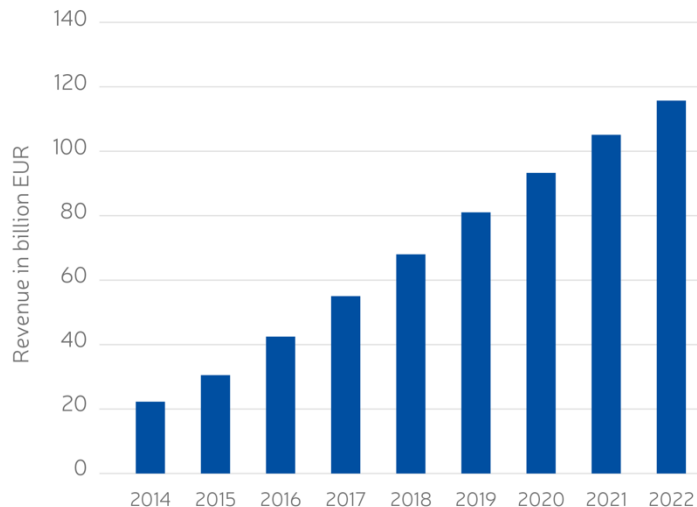
VIDEO BUSINESS OVERVIEW



OTT Streaming Continues to Gain Ground

Driving Media Transformation and Investment

Global OTT Video Revenue



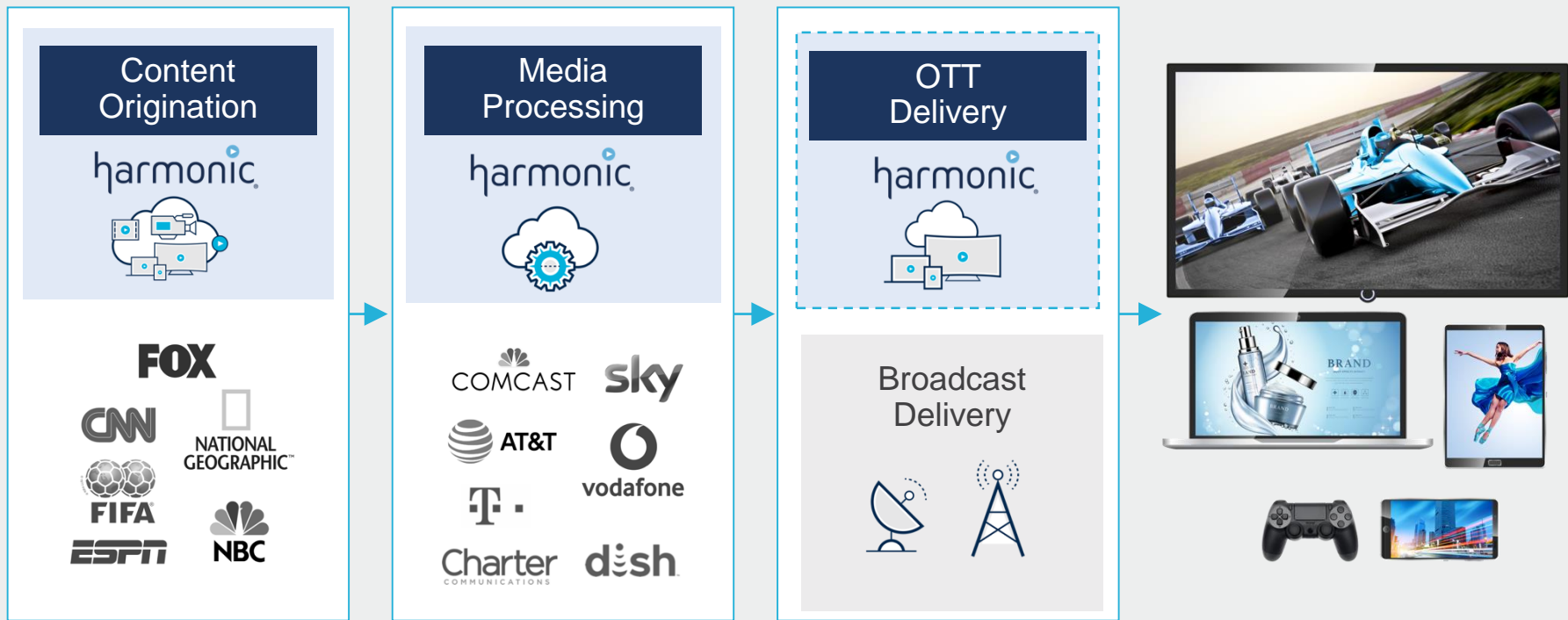
Source: IDATE DigiWorld, World TV & Video Services Markets, August 2018

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)% | (4.6)% | (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) |



THANK YOU