



FOURTH QUARTER 2020
EARNINGS
CONFERENCE CALL

Patrick Harshman, President & CEO
Sanjay Kalra, CFO

February 1, 2021



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 2021 and beyond, and our Q1 and full-year 2021 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

Record bookings;
solid revenue, earnings
and cash



Cable Access

Growing deployments
and customer wins



Video

Highest revenue
in two years

Strong Execution and Market Momentum



STRONG Q4 EXECUTION

- Commercially deployed with 44 operators, up 91% year over year
- 2.6 million cable modems served, up 149% year over year
- Revenue \$45.5 million, operating margin 21.8%*



POSITIONED FOR CONTINUED GROWTH

- New Tier 1 North America customer win
- Existing customers expanding deployment footprint
- Growing pipeline of new customer engagements, DOCSIS and fiber-to-the-home

* Non-GAAP



STRONG Q4 EXECUTION

- Solid demand for both Broadcast and Streaming solutions
- Revenue \$86.0 million, operating margin 15.7%*
- Full year operating profit



POSITIVE MEDIA INVESTMENT TRENDS

- Streaming investments steadily growing
- 5G bandwidth reclamation solution gaining broader interest
- Cloud transformation of traditional broadcast infrastructure

* Non-GAAP



FINANCIAL RESULTS AND OUTLOOK

Sanjay Kalra, CFO



| Feb | March | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
|-----|-------|-----|-----|------|------|-----|------|-----|-----|-----|
| | | | | | | | | | | |



Q4 2020 REVENUE & GROSS MARGIN HIGHLIGHTS*



| Financial Metric (\$ Millions) | Q4 2020 | Q3 2020 | Q4 2019 | Q4/Q3 Change | Q4 Y/Y Change |
|-----------------------------------|------------|------------|------------|-----------------|------------------|
| Total Net Revenue | \$131.5 | \$94.9 | \$122.2 | 38.6% | 7.7% |
| Cable Access Revenue | \$45.5 | \$40.3 | \$43.0 | 13.0% | 5.8% |
| Video Revenue | \$86.0 | \$54.6 | \$79.2 | 57.5% | 8.7% |
| Gross Margin % | 55.3% | 52.2% | 52.3% | 3.1% | 3.0% |
| Cable Access Gross Margin % | 53.7% | 48.9% | 38.3% | 4.8% | 15.4% |
| Video Gross Margin % | 56.2% | 54.6% | 60.0% | 1.6% | (3.8)% |

*Non-GAAP

Q4 2020 FINANCIAL HIGHLIGHTS*



| Financial Metric \$ Millions (except EPS) | Q4 2020 | Q3 2020 | Q4 2019 | Q4/Q3 Change | Q4 Y/Y Change |
|--|------------|------------|------------|-----------------|------------------|
| Operating Expenses | \$49.3 | \$45.3 | \$49.2 | 8.8% | 0.3% |
| Operating Income | \$23.4 | \$4.2 | \$14.8 | \$19.2 | \$8.6 |
| Cable Access Operating Income | \$9.9 | \$5.9 | \$3.7 | \$4.0 | \$6.2 |
| Video Operating Income (Loss) | \$13.5 | \$(1.7) | \$11.1 | \$15.2 | \$2.4 |
| Adjusted EBITDA | \$26.4 | \$7.2 | \$17.6 | \$19.2 | \$8.8 |
| Cable Access Adjusted EBITDA | \$11.0 | \$6.9 | \$4.4 | \$4.1 | \$6.6 |
| Video Adjusted EBITDA | \$15.4 | \$0.3 | \$13.2 | \$15.1 | \$2.2 |
| EPS | \$0.20 | \$0.03 | \$0.12 | \$0.17 | \$0.08 |
| Share Count | 100.3 | 98.4 | 97.5 | 1.9 | 2.8 |
| Bookings | \$206.4 | \$100.7 | \$140.1 | 105.1% | 47.4% |
| Book to bill ratio | 1.57 | 1.06 | 1.15 | 48% | 37% |

*Non-GAAP

Q4 2020 BALANCE SHEET & CASH FLOW HIGHLIGHTS



| Financial Metric (\$ Millions) | Q4 2020 | Q3 2020 | Q4 2019 |
|---------------------------------------|------------|------------|------------|
| Cash | \$98.6 | \$70.8 | \$93.1 |
| Cash Provided by (Used in) Operations | \$41.6 | \$(3.3) | \$30.2 |
| Accounts Receivable | \$66.2 | \$81.4 | \$88.5 |
| DSO | 45 | 77 | 65 |
| Inventories | \$35.0 | \$36.8 | \$29.0 |
| Inventory Days | 54 | 73 | 45 |
| Backlog and Deferred Revenue | \$290.5 | \$216.2 | \$210.2 |

FULL YEAR 2021 FINANCIAL GUIDANCE*



| Financial Metric | Guidance | FY2020 Actual | Midpoint Difference |
|----------------------------|-------------------|---------------|---------------------|
| Total Revenue (\$M) | \$430.0 - \$465.0 | \$378.8 | 18% ↑ |
| Video Segment (\$M) | \$260.0 - \$275.0 | \$242.5 | 10% ↑ |
| Cable Access Segment (\$M) | \$170.0 - \$190.0 | \$136.3 | 32% ↑ |
| Gross Margin | 51.5% - 54.5% | 52.5% | 50bp ↑ |
| Operating Expenses (\$M) | \$206.0 - \$213.0 | \$185.8 | 13% ↓ |
| Operating Income (\$M) | \$15.5 - \$40.5 | \$13.0 | 115% ↑ |
| Adjusted EBITDA (\$M) | \$27.5 - \$53.0 | \$23.8 | 69% ↑ |
| EPS | \$0.09 - \$0.31 | \$0.07 | 186% ↑ |
| Cash (\$M) | \$110 - \$130 | \$98.6 | \$21.4 ↑ |

* Non-GAAP

Q1 2021 FINANCIAL GUIDANCE*



| Financial Metric | Guidance | Q1 2020 Actual | Midpoint Difference |
|----------------------------|------------------|----------------|---------------------|
| Total Revenue (\$M) | \$97.0 - \$107.0 | \$78.4 | 30% |
| Video Segment (\$M) | \$61.0 - \$66.0 | \$54.4 | 17% |
| Cable Access Segment (\$M) | \$36.0 - \$41.0 | \$24.0 | 60% |
| Gross Margin | 51.5% - 53.5% | 48.9% | 360bp |
| Operating Expenses (\$M) | \$49.0 - \$51.0 | \$47.9 | 4% |
| Operating Income (\$M) | \$1.0 - \$6.0 | \$(9.5) | 137% |
| Adjusted EBITDA (\$M) | \$4.0 - \$9.0 | \$(7.0) | 193% |
| EPS | \$0.00 - \$0.04 | \$(0.10) | 120% |
| Cash (\$M) | \$85 - \$95 | \$71.7 | \$18.3 |

* Non-GAAP



Cable Access

Grow Tier 1 CableOS deployments

Add new CableOS design wins

Expand addressed market through FTTH



Video

Build Streaming and SaaS customer base

Capitalize on broadcast transformations

Grow revenue and operating profit

Create value.

Deliver industry-leading solutions.

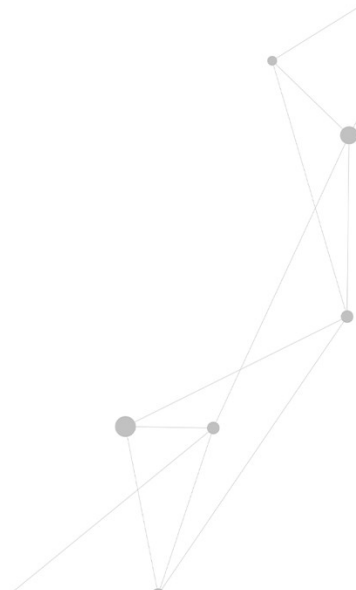
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Q&A



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 revenue, segment revenue, 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, accounting impact related to warrant amortization, stock-based compensation expense, amortization of intangibles, loss on convertible debt extinguishment/conversion, non-cash interest and other expenses on convertible notes and other debt, and adjustments that normalize the tax rate.

Q4 2020 GAAP TO NON-GAAP RECONCILIATIONS

(IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



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/conversion | — | — | — | — | 528 | 528 | |
| Non-cash interest and other expenses related to convertible notes and other debt | — | — | — | — | 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> | <i>54.4 %</i> | <i>41.7 %</i> | <i>12.8 %</i> | <i>(2.5)%</i> | <i>10.2 %</i> |
| | | <i>As a % of revenue (Non-GAAP)</i> | <i>55.3 %</i> | <i>37.5 %</i> | <i>17.8 %</i> | <i>(0.9)%</i> | <i>15.2 %</i> |
| Diluted net income per share: | | | | | | | |
| Diluted net income per share-GAAP | | | | | | \$ 0.13 | |
| Diluted net income per share-Non-GAAP | | | | | | \$ 0.20 | |
| Shares used to compute diluted net income per share: | | | | | | | |
| GAAP and Non-GAAP | | | | | | 100,316 | |

Q3 2020 GAAP TO NON-GAAP RECONCILIATIONS

(IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



Three months ended September 25, 2020

| | Revenue | Gross Profit | Total Operating Expense | Income (Loss) from Operations | Total Non-operating Expense, net | Net Income (Loss) | |
|---|-------------------------------------|--------------|-------------------------|-------------------------------|----------------------------------|-------------------|--------|
| GAAP | \$ 94,892 | \$ 48,924 | \$ 50,545 | \$ (1,621) | \$ (2,974) | \$ (5,381) | |
| Stock-based compensation | — | 281 | (3,649) | 3,930 | — | 3,930 | |
| Amortization of intangible | — | — | (752) | 752 | — | 752 | |
| Restructuring and related charges | — | 302 | (814) | 1,116 | — | 1,116 | |
| Non-cash interest expenses and other expenses related to convertible notes and other debt | — | — | — | — | 1,666 | 1,666 | |
| Discrete tax items and tax effect of non-GAAP adjustments | — | — | — | — | — | 499 | |
| Total adjustments | — | 583 | (5,215) | 5,798 | 1,666 | 7,963 | |
| Non-GAAP | \$ 94,892 | \$ 49,507 | \$ 45,330 | \$ 4,177 | \$ (1,308) | \$ 2,582 | |
| | <i>As a % of revenue (GAAP)</i> | | 51.6 % | 53.3 % | (1.7)% | (3.1)% | (5.7)% |
| | <i>As a % of revenue (Non-GAAP)</i> | | 52.2 % | 47.8 % | 4.4 % | (1.4)% | 2.7 % |
| Diluted net income (loss) per share: | | | | | | | |
| Diluted net loss per share-GAAP | | | | | | \$ (0.06) | |
| Diluted net income per share-Non-GAAP | | | | | | \$ 0.03 | |
| Shares used to compute diluted net income (loss) per share: | | | | | | | |
| GAAP | | | | | | 97,563 | |
| Non-GAAP | | | | | | 98,361 | |

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 expenses and other expenses related to convertible notes and other debt | — | — | — | — | 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> | <i>As a % of revenue (GAAP)</i> | <i>As a % of revenue (GAAP)</i> | <i>As a % of revenue (GAAP)</i> | <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> | <i>As a % of revenue (Non-GAAP)</i> | <i>As a % of revenue (Non-GAAP)</i> | <i>As a % of revenue (Non-GAAP)</i> | <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 |

2020 GAAP TO NON-GAAP RECONCILIATIONS

(IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



Twelve months ended December 31, 2020

| | Revenue | Gross Profit | Total Operating Expense | Income (Loss) from Operations | Total Non-operating Expense, net | Net Income (Loss) |
|---|------------|--------------|-------------------------|-------------------------------|----------------------------------|-------------------|
| GAAP | \$ 378,831 | \$ 194,997 | \$ 207,446 | \$ (12,449) | \$ (13,768) | \$ (29,271) |
| Stock-based compensation | — | 1,712 | (16,328) | 18,040 | — | 18,040 |
| Amortization of intangibles | — | 950 | (3,020) | 3,970 | — | 3,970 |
| Restructuring and related charges | — | 1,094 | (2,322) | 3,416 | — | 3,416 |
| Loss on convertible debt extinguishment/conversion | — | — | — | — | 1,362 | 1,362 |
| Non-cash interest expenses and other expenses related to convertible notes and other debt | — | — | — | — | 7,058 | 7,058 |
| Discrete tax items and tax effect of non-GAAP adjustments | — | — | — | — | — | 2,291 |
| Total adjustments | — | 3,756 | (21,670) | 25,426 | 8,420 | 36,137 |
| Non-GAAP | \$ 378,831 | \$ 198,753 | \$ 185,776 | \$ 12,977 | \$ (5,348) | \$ 6,866 |
| <i>As a % of revenue (GAAP)</i> | | 51.5 % | 54.8 % | (3.3)% | (3.6)% | (7.7)% |
| <i>As a % of revenue (Non-GAAP)</i> | | 52.5 % | 49.0 % | 3.4 % | (1.4)% | 1.8 % |
| Diluted net income (loss) per share: | | | | | | |
| Diluted net loss per share-GAAP | | | | | | \$ (0.30) |
| Diluted net income per share-Non-GAAP | | | | | | \$ 0.07 |
| Shares used to compute diluted net income (loss) per share: | | | | | | |
| GAAP | | | | | | 96,971 |
| Non-GAAP | | | | | | 98,633 |

2019 GAAP TO NON-GAAP RECONCILIATIONS

(IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



Twelve months ended December 31, 2019

| | Revenue | Gross Profit | Total Operating Expense | Income from Operations | Total Non-operating Expense, net | Net Income (Loss) |
|--|------------|--------------|-------------------------|------------------------|----------------------------------|-------------------|
| GAAP | \$ 402,874 | \$ 223,012 | \$ 209,929 | \$ 13,083 | \$ (19,679) | \$ (5,924) |
| Accounting impact related to warrant amortization | 48 | 48 | — | 48 | — | 48 |
| Stock-based compensation | — | 1,121 | (10,953) | 12,074 | — | 12,074 |
| Amortization of intangibles | — | 5,180 | (3,139) | 8,319 | — | 8,319 |
| Restructuring and related charges | — | 1,391 | (3,141) | 4,532 | — | 4,532 |
| Loss on convertible debt extinguishment/conversion | — | — | — | — | 5,695 | 5,695 |
| Non-cash interest expenses and other expenses related to convertible notes | — | — | — | — | 7,683 | 7,683 |
| Discrete tax items and tax effect of non-GAAP adjustments | — | — | — | — | — | (4,482) |
| Total adjustments | 48 | 7,740 | (17,233) | 24,973 | 13,378 | 33,869 |
| Non-GAAP | \$ 402,922 | \$ 230,752 | \$ 192,696 | \$ 38,056 | \$ (6,301) | \$ 27,945 |
| <i>As a % of revenue (GAAP)</i> | | 55.4 % | 52.1 % | 3.2 % | (4.9)% | (1.5)% |
| <i>As a % of revenue (Non-GAAP)</i> | | 57.3 % | 47.8 % | 9.4 % | (1.6)% | 6.9 % |
| Diluted net income (loss) per share: | | | | | | |
| Diluted net loss per share-GAAP | | | | | | \$ (0.07) |
| Diluted net income per share-Non-GAAP | | | | | | \$ 0.30 |
| Shares used to compute diluted net income (loss) per share: | | | | | | |
| GAAP | | | | | | 89,575 |
| Non-GAAP | | | | | | 93,830 |

ADJUSTED EBITDA RECONCILIATION

(IN THOUSANDS)



| | Three months ended | | |
|--|----------------------|-----------------------|----------------------|
| | December 31, 2020 | September 25, 2020 | December 31, 2019 |
| Net Income (Loss) - GAAP | \$ 13,465 | \$ (5,381) | \$ 5,570 |
| Provision for (benefit from) income taxes | (39) | 786 | (1,653) |
| Interest expense, net | 2,737 | 2,807 | 2,789 |
| Depreciation | 3,054 | 3,148 | 2,807 |
| Amortization of intangibles | 756 | 752 | 2,077 |
| EBITDA | 19,973 | 2,112 | 11,590 |
| <i>Adjustments</i> | | | |
| Stock-based compensation | 4,303 | 3,930 | 3,356 |
| Loss on convertible debt extinguishment/conversion | 528 | — | — |
| Restructuring and related charges | 1,613 | 1,116 | 2,615 |
| Adjusted EBITDA | \$ 26,417 | \$ 7,158 | \$ 17,561 |

ADJUSTED EBITDA RECONCILIATION

(IN THOUSANDS)



| | Twelve months ended | |
|--|----------------------|----------------------|
| | December 31, 2020 | December 31, 2019 |
| Net Loss - GAAP | \$ (29,271) | \$ (5,924) |
| Provision for (benefit from) income taxes | 3,054 | (672) |
| Interest expense, net | 11,509 | 11,651 |
| Depreciation | 11,737 | 11,287 |
| Amortization of intangibles | 3,970 | 8,319 |
| EBITDA | 999 | 24,661 |
| <i>Adjustments</i> | | |
| Accounting impact related to warrant amortization | — | 48 |
| Stock-based compensation | 18,040 | 12,074 |
| Loss on convertible debt extinguishment/conversion | 1,362 | 5,695 |
| Non-cash expenses related to convertible notes | — | 927 |
| Restructuring and related charges | 3,416 | 4,532 |
| Adjusted EBITDA | \$ 23,817 | \$ 47,937 |

Q1 2021 GUIDANCE GAAP TO NON-GAAP RECONCILIATIONS

(IN MILLIONS, EXCEPT EPS AND PERCENTAGES)



| | Q1 2021 Financial Guidance | | | | | |
|--|----------------------------|------------------|-------------------------|-------------------------------|----------------------------------|-----------------------------|
| | Revenue | Gross Profit | Total Operating Expense | Income (Loss) from Operations | Total Non-operating Expense, net | Net Income (Loss) |
| GAAP | \$97.0 to \$107.0 | \$49.2 to \$56.4 | \$58.0 to \$60.0 | \$(9.0) to \$(4.0) | \$(2.8) | \$(12.4) to \$(7.2) |
| Stock-based compensation | — | 0.6 | (8.4) | 9.0 | — | 9.0 |
| Amortization of intangibles | — | — | (0.5) | 0.5 | — | 0.5 |
| Restructuring and related charges | — | 0.2 | (0.2) | 0.4 | — | 0.4 |
| Non-cash interest and other expenses related to convertible notes and other debt | — | — | — | — | 1.8 | 1.8 |
| Tax effect of non-GAAP adjustments | — | — | — | — | — | \$0.2 to \$0.7 |
| Total adjustments | — | 0.8 | (9.1) | 9.9 | 1.8 | \$11.6 to \$12.4 |
| Non-GAAP | \$97.0 to \$107.0 | \$50.0 to \$57.2 | \$49.0 to \$51.0 | \$1.0 to \$6.0 | \$(1.0) | \$0.0 to \$4.4 |
| <i>As a % of revenue (GAAP)</i> | | 51.0% to 53.0% | 59.9% to 56.2% | (9.2)% to (3.5)% | (2.6)% to (2.9)% | (12.8)% to (6.7)% |
| <i>As a % of revenue (Non-GAAP)</i> | | 51.5% to 53.5% | 50.5% to 47.7% | 1.0% to 5.8% | (1.0)% to (1.0)% | 0.0% to 4.1% |
| Diluted net loss per share: | | | | | | |
| Diluted net loss per share-GAAP | | | | | | <u>\$(0.12) to \$(0.07)</u> |
| Diluted net income per share-Non-GAAP | | | | | | <u>\$0.00 to \$0.04</u> |
| Shares used to compute diluted net loss per share: | | | | | | |
| GAAP | | | | | | <u>99.7</u> |
| Shares used to compute diluted net income per share: | | | | | | |
| Non-GAAP | | | | | | <u>102.5</u> |

2021 GUIDANCE GAAP TO NON-GAAP RECONCILIATIONS

(IN MILLIONS, EXCEPT EPS AND PERCENTAGES)



| | 2021 Financial Guidance | | | | | |
|---|-------------------------|--------------------|-------------------------|-------------------------------|----------------------------------|-----------------------------|
| | Revenue | Gross Profit | Total Operating Expense | Income (Loss) from Operations | Total Non-operating Expense, net | Net Income (Loss) |
| GAAP | \$430.0 to \$465.0 | \$219.0 to \$250.9 | \$231.5 to \$238.5 | \$(12.5) to \$12.5 | \$(11.4) | \$(26.6) to \$(1.7) |
| Stock-based compensation expense | — | 1.7 | (24.2) | 25.9 | — | 25.9 |
| Amortization of intangibles | — | — | (0.5) | 0.5 | — | 0.5 |
| Restructuring and related charges | — | 0.8 | (0.8) | 1.6 | — | 1.6 |
| Non-cash interest expense related to convertible notes and other debt | — | — | — | — | 6.2 | 6.2 |
| Tax effect of non-GAAP adjustments | — | — | — | — | — | \$(0.8) to \$1.7 |
| Total adjustments | — | 2.5 | (25.5) | 28.0 | 6.2 | \$33.4 to \$35.9 |
| Non-GAAP | \$430.0 to \$465.0 | \$221.5 to \$253.4 | \$206.0 to \$213.0 | \$15.5 to \$40.5 | \$(5.2) | \$9.3 to \$31.7 |
| <i>As a % of revenue (GAAP)</i> | | 51.0% to 54.0% | 53.8% to 51.3% | (2.9)% to 2.7% | (2.5)% to (2.7)% | (6.2)% to (0.4)% |
| <i>As a % of revenue (Non-GAAP)</i> | | 51.5% to 54.5% | 47.9% to 45.8% | 3.6% to 8.7% | (1.1)% to (1.2)% | 2.2% to 6.8% |
| Diluted net income (loss) per share: | | | | | | |
| Diluted net loss per share-GAAP | | | | | | <u>\$(0.26) to \$(0.02)</u> |
| Diluted net income per share-Non-GAAP | | | | | | <u>\$0.09 to \$0.31</u> |
| Shares used to compute diluted net loss per share: | | | | | | |
| GAAP | | | | | | <u>101.0</u> |
| Shares used to compute diluted net income per share: | | | | | | |
| Non-GAAP | | | | | | <u>103.7</u> |

ADJUSTED EBITDA RECONCILIATION ON FINANCIAL GUIDANCE

(IN MILLIONS)

| | Q1 2021 Financial Guidance | 2021 Financial Guidance |
|-----------------------------------|-------------------------------|----------------------------|
| Net Loss - GAAP | \$ (12.4) to \$ (7.2) | \$ (26.6) to \$ (1.7) |
| Provision for income taxes | 0.7 | 2.7 |
| Interest expense, net | 2.5 | 10.2 |
| Depreciation | 3.4 | 14.0 |
| Amortization of intangibles | 0.5 | 0.5 |
| EBITDA | \$ (5.3) to \$ (0.1) | \$ 0.8 to \$ 25.7 |
| <i>Adjustments</i> | | |
| Stock-based compensation | 9.0 | 25.9 |
| Restructuring and related charges | 0.4 | 1.6 |
| Adjusted EBITDA | \$ 4.0 to \$ 9.0 | \$ 27.5 to \$ 53.0 |

harmonic®

THANK YOU.

