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Management Discussion Section

Operator

Welcome to the Third Quarter 2025 Harmonic Earnings Conference Call. My name is Cherie, and I'll be your operator for today's call. [Operator Instructions] Please note that this conference is being recorded.

I will now turn the call over to Scott Eckstein, Investor Relations. You may begin, Scott.

Scott Eckstein
Senior Vice President-Investor Relations, KCSA Strategic Communications

Thank you, operator. Hello, everyone, and thank you for joining us today for Harmonic's Third Quarter 2025 Financial Results Conference Call. With me today are Nimrod Ben-Natan, President and CEO; and Walter Jankovic, Chief Financial Officer.

Before we begin, I'd like to point out that in addition to the audio portion of the webcast, we've also provided slides for this webcast, which you may view by going to our webcast on our Investor Relations website.

Now turning to slide 2. During this call, we will provide projections and other forward-looking statements regarding future events or future financial performance of the company. Such statements are only current expectations and actual events or results may differ materially. We refer you to documents Harmonic filed with the SEC, including our most recent 10-Q and 10-K reports and the forward-looking statements section of today's preliminary results press release. These documents identify important risk factors, which can cause actual results to differ materially from those contained in our projections or forward-looking statements.

And please note that unless otherwise indicated, the financial metrics we provide you on this call are determined on a non-GAAP basis. These metrics, together with corresponding GAAP numbers and a reconciliation to GAAP, are contained in today's press release, which we have posted on our website and filed with the SEC on Form 8-K.

We will also discuss historical financial and other statistical information regarding our business and operation, and some of this information is included in the press release. The remainder of the information will be available on a recorded version of this call or on our website.

And now I'll turn the call over to our CEO, Nimrod Ben-Natan. Nimrod?

Nimrod Ben-Natan
President, Chief Executive Officer & Director, Harmonic, Inc.

Thanks, Scott, and welcome, everyone, to our third quarter 2025 earnings call.

Today, we shared strong third quarter results that exceeded our guidance and reflect both focused execution and growing market momentum across our broadband and video businesses. Revenue was $142.4 million, driven by strong unified RPD and fiber product shipments, along with year-over-year growth in broadband rest of the world and continued strong video performance across both appliances and SaaS streaming.

In addition to these operational achievements, we returned capital to shareholders by repurchasing an additional $16 million of our outstanding common shares, bringing total repurchases under the current program to $66.1 million. We closed the quarter with backlog and deferred revenue of $495 million, underscoring consistent customer demand and visibility into future deployments as operators accelerate network modernization.

Earlier today, we announced an expanded partnership with Charter to extend our cOS virtualized broadband platform and advanced operational tools across their entire footprint, including the deployment of DOCSIS 4.0 unified RPDs. This expansion reinforces Harmonic's leadership in virtualized broadband and our ability to scale next-generation architectures for the world's largest operators.

Turning to slide 5. Across the industry, broadband operators are making significant investments to modernize their networks for higher speeds and to deliver better economics and improve subscriber satisfaction. Network evolution has become a strategic imperative, elevating quality of experience, reducing churn and lowering operating costs are no longer optional. They are core business goals.

Harmonic's virtualized broadband platform, cloud services and operational tools, together with our portfolio of compact, energy-efficient and feature-rich DOCSIS and fiber access devices are driving this industry transformation. Our customers rely on us to simplify network modernization, accelerate deployments and continuously optimize performance at scale. These capabilities make the business case for transformation both compelling and sustainable.

Turning to slide 6. Building on our broadband growth strategy, revenue in this segment reached $90.5 million for the quarter with gross margin of 47.3%. We now have 142 cOS deployments in production, serving over 37 million cable modems and ONUs worldwide, reflecting our unmatched scale and reliability in virtualized broadband. At this scale, the gap between Harmonic and the rest of the market has become extraordinary. Our field-proven consistency, operational depth and nearly decade-long production maturity place our platform in a class of its own.

In addition to these results, this quarter, we also achieved several important milestones with key customers that highlight our leadership in Unified DOCSIS 4.0 and fiber convergence. Together with Mediacom, the fifth largest cable operator in the US, we completed the industry's first production deployment of a Unified DOCSIS 4.0 on a live extended spectrum network. This deployment showcased at SCTE TechExpo demonstrated symmetric multi-gig performance and live analytics with real subscribers, a breakthrough moment for the broadband industry.

We are also powering GCI's modernization program with our cOS platform and Unified DOCSIS 4.0 nodes, enabling them to bring multi-gigabit broadband to some of the most remote regions in North America. This collaboration highlights how our technology helps operators extend the reach and longevity of existing HFC infrastructure. Additionally, Midco, a leading operator in the Midwest, continued its rollout of virtual CMTS and DAA nodes, selecting Harmonic to upgrade its HFC network and prepare for future 40 upgrades. Also, among recent highlights is a multimillion-dollar RFP award from a leading operator in Europe, along with another win with an international Tier 1 operator, both partnered with Harmonic to power their next-generation broadband transformation.

Our fiber business delivered another strong quarter, demonstrating both robust year-over-year growth and accelerating customer momentum. We continue to win new projects and follow-on orders across North America and international markets. A major highlight this quarter is our expanding collaboration with Comcast, which is deploying our fiber solution, including our virtual BNG and remote OLTs as part of its network expansion program.

Comcast is adding roughly 1 million new fiber passing per year, leveraging our technology to deliver multi-gigabit symmetrical broadband with ultra-low latency. This expansion extends connectivity to new and remote communities, and demonstrates how our solution accelerates fiber reach while simplifying operation and reducing cost. The fiber segment remains a key growth driver supported by record booking and expanding global adoption.

Our Unified DOCSIS 4.0 strategy continues to gain momentum, marked this quarter by the first commercial extended spectrum rollouts. These live deployments validate the maturity of the technology and are fueling growing operator interest as the ecosystem advances through ongoing interoperability work and increasing readiness of modems and smart amplifiers. Unified RPD shipments remain strong, and our new unified RF front-end tray is on track for initial shipments late in the fourth quarter.

Innovation continues to be a defining strength for Harmonic. And this quarter, we expanded our capabilities of our broadband cloud platform to drive higher network intelligence and operational automation. We introduced new tools that allow operators to detect and resolve service issues in real time down to micro-outage levels, improving subscriber satisfaction and reducing churn. These capabilities leverage our advanced streaming telemetry to provide instant root cause analysis and to automate corrective actions and optimize field resources to dispatch with exceptional precision.

At SCTE, we also unveiled Pathfinder, a patent-pending new self-healing capability within our broadband platform. Pathfinder enables the rapid mitigation of localized spectrum interference that could otherwise affect quality of experience for any group of subscribers. This functionality complements our Beacon Speed Maximizer technology, which dynamically adapts RF network configuration to maintain peak throughput even in challenging and dynamic conditions. Together, these innovations mark a new level of adaptive intelligence for Harmonic's broadband platform, reinforcing our leadership and unique differentiation.

To summarize, our Broadband business continues to perform, fueled by new deployments, expanding fiber adoption, and advances in Unified DOCSIS 4.0. Our converged DOCSIS and fiber architecture is proven at scale, enabling operators to deliver multi-gigabit services with higher quality of experience and lower total cost of ownership. Fiber continues as a high priority as we execute successfully across a growing number of deployments. It stands out as a major growth engine for Harmonic with rising customer wins, expanding used cases, and consistently increasing revenue.

Meanwhile, the successful launch of live DOCSIS 4.0 services and a maturing ecosystem are driving momentum and giving more operators the confidence to advance their own deployments. Combined with growing intelligence of our cloud-based capabilities, Harmonic is positioned as partner of choice for operators seeking to elevate broadband performance, simplify operations, and maximize value from their network investments. These dynamics give us confidence in our long-term growth trajectory as Unified DOCSIS 4.0 and fiber deployments scale through 2026 and beyond.

Turning to slide 7. The video market continues to transform rapidly, shaped by new audience experiences and rising expectations for reliability. Broadcast-grade availability is now essential to streaming success, specifically for live sports, where even a brief disruption carries immediate business impact. The recent widespread cloud outages that took down major streaming, gaming, and messaging services worldwide was a clear reminder of how dependent the industry remains on a few cloud providers.

Our VOS streaming platform was designed from the ground-up to avoid this single point dependency. It is fully cloud-agnostic, geo-redundant, and capable of seamless failover across cloud providers. This architecture enables our customers to maintain continuity and deliver uninterrupted service even when a major cloud experiences downtime.

At the same time, sports streaming is evolving rapidly with new innovation and differentiation. Leading platforms are competing to offer more immersive and personalized fan experiences. A major streaming platform is expanding its involvement in live sports through Formula 1 coverage designed to offer a data-driven and immersive experience by integrating live race telemetry, multiple in-car camera views and special audio to make viewers feel like they are inside the action. Meanwhile, Peacock recently introduced Dolby Atmos to Sunday Night Football, bringing viewers closer to the action than ever before. Such experiences highlight the next frontier of sports engagement, immersive, interactive and powered by real-time data.

Our strategy aligns closely with that trend. VOS360 Media SaaS and VOS360 Ad SaaS now deliver sub-5-second synchronized low-latency streaming, multi-view experiences, AI-based highlights creation and dynamic in-stream advertising. These capabilities position Harmonic as a critical enabler of next-generation live sports streaming services.

In the third quarter, video segment delivered $51.9 million in revenue, up sequentially and reflecting solid execution across both appliances and SaaS streaming. Our appliance business delivered solid execution through continued Tier 1 refresh programs, competitive takeouts and primary distribution wins, while SaaS streaming once again achieved record performance with $16.1 million in quarterly revenue, driven by global live sports deployments and new Tier 1 opportunities moving into scale.

We also expanded our ecosystem of technology partners, including AI-specific ad tech integrations with Google Ad Manager and other leading monetization platforms. These advancements, combined with our unique advertising capabilities are driving strong momentum and wins for our VOS Ad solutions and redefining how live sports is delivered, monetized and experienced. Looking ahead, our combination of appliance strengths, accelerating SaaS growth and differentiated multi-cloud resiliency provide a strong foundation for continued profitable expansion in 2026 and beyond.

Now, I will turn to Walter for a deeper review of our financials.

Walter F. Jankovic
Chief Financial Officer, Harmonic, Inc.

Thanks, Nimrod, and thank you all for joining us today.

Before I discuss our quarterly results and outlook, I'd like to remind everyone the financial results I'll be referring to on this call are provided on a non-GAAP basis. As Scott mentioned earlier, our Q3 press release and earnings presentation include reconciliations of the non-GAAP financial measures to GAAP. Both of these are available on our website.

Here on slide 10 are some financial highlights for the quarter. As Nimrod mentioned, in Q3, both our broadband and video businesses exceeded our revenue and EBITDA expectations. On a total company basis, revenue was $142.4 million while EPS was $0.12. The year-over-year comparison was impacted by extremely strong performance in broadband during the third quarter of last year.

Free cash flow during the quarter was $21 million and our cash balance at quarter end was $127.4 million, a year-over-year increase of $69.2 million. I'd like to point out that this substantial increase in cash is net of $65.8 million in stock repurchases that we did during the past 12 months. Even at these recent quarterly revenue levels, we have continued to maintain profitability and free cash flow. Furthermore, given our expectations for broadband revenue growth in 2026, we are confident in our ability to expand profit margins and future free cash flow considering the high operating leverage we have previously demonstrated.

Looking more closely at our businesses, third quarter broadband revenue and adjusted EBITDA were $90.5 million and $14.2 million, respectively. These year-over-year results were largely expected, reflecting the timing of operators shifting to DOCSIS 4.0 that we have previously discussed. Revenues for Q3 exceeded our guidance range, in part due to orders that we had expected to occur in

Q4. Similar to last quarter, our Q3 rest of world revenue showed strong year-over-year growth as we focus on customer diversification.

In our video business, we continue to see strong and consistent momentum as video revenue was $51.9 million, up 2.9% year-over-year, while adjusted EBITDA in this business was $7.7 million due to the increasing mix of recurring revenue and overall strong margins, coupled with our efficiency improvements. Importantly, we've continued to see strong growth in the video SaaS part of our business as this revenue line grew 13.6% year-over-year to reach a record $16.1 million.

Moving to slide 11. As we stated previously, we continue to focus on three capital allocation priorities. These include making targeted investments in our business to drive our organic growth, returning capital to our shareholders, and identifying and evaluating inorganic growth opportunities or M&A that complement and leverage our growing broadband installed base. Aligned with our first key priority, we expect to invest in our inventory over the next several quarters to support our expected growth in broadband, which includes our rest of world customers, where we are continuing to make good progress. While our inventory was actually lower in Q3, this remains a priority as we continue to order material for next year.

Returning capital to our shareholders is also important to us. As such, we will continue to engage in opportunistic stock repurchases under our share repurchase program, which authorizes up to $200 million of repurchases and doubled our previous program. Year-to-date, we have repurchased $65.8 million of our common shares under this program, including repurchasing shares totaling $15.7 million in the third quarter. As we stated before, we plan to fund these purchases with expected strong free cash flow generation over the next three years.

Our balance sheet remains strong with ample sources of liquidity. At the end of Q3, we had $127.4 million in cash and $82 million available under our credit facility. We believe this is more than sufficient to support our capital allocation priorities. Additionally, I'm pleased to share that following an analysis of the recent passage of the One Big, Beautiful Bill Act, as well as the impact of Section 174 R&D adjustments, we expect to realize a meaningful reduction in our cash income taxes by a cumulative total of approximately $50 million for both 2025 and 2026. This will further enhance our capital allocation plan as we consider additional investments to accelerate our growth in broadband.

Now let's take a more detailed look at our third quarter 2025 financial results on slide 12. As I mentioned earlier, second quarter total company revenue was $142.4 million. In the quarter, we had one customer representing greater than 10% of total revenue, which was Comcast accounting for 43% of total revenue.

Total company Q3 gross margin was 54.4%, once again surpassing the high end of our guidance range and up 70 basis points year-over-year. Broadband Q3 gross margin was 47.3%, which was also above our guidance range and down year-over-year as anticipated, mainly due to tariff costs and mix. Video gross margin in Q3 was 66.7%, reflecting continued revenue strength from larger appliance deals, SaaS expansion, and our cost optimization efforts.

Moving down the income statement on slide 13. Q3 total company operating expenses were $58.4 million, down 3.5% year-over-year as a result of our prior restructuring initiatives in Video and additional cost actions. We expect OpEx to increase in Q4 due to seasonality. Our profitability metrics exceeded our guidance range as third quarter 2025 Broadband EBITDA was $14.2 million, and Video EBITDA was $7.7 million. Total company EPS was $0.12.

Q3 bookings were $133.3 million. The book-to-bill ratio for the quarter was 0.9 compared to 1.1 in Q2 2025 and 0.9 in Q3 2024. Broadband book-to-bill was above 1. Over time, we expect our book-to-bill ratio to normalize with some possible quarterly fluctuations and approach the historical benchmark of greater than 1, especially as we see growth in Broadband due to Unified DOCSIS 4.0 and other customer ramps accelerate.

Turning to the balance sheet on slide 14. As I've noted earlier, we ended Q3 with cash and cash equivalents of $127.4 million. The sequential change in cash was mainly attributable to positive free cash flow in the quarter, offset by share repurchases. Days sales outstanding at the end of Q3 was 66 compared to 79 in Q2 2025 and 80 in Q3 2024. The sequential decrease was due to a larger number of shipments that took place earlier in the quarter, allowing for collections to occur in the quarter. We expect DSO to return to our typical levels.

Inventory decreased $2.5 million in the quarter and our days inventory on hand fell to 95 from 101 days last quarter. At the end of Q3, total backlog and deferred revenue was $494.5 million. Around 63% of our backlog and deferred revenue have customer request dates for shipments of products and for providing services within the next 12 months.

Turning to guidance. We continue to anticipate a moderate pace of broadband upgrade activity in the short term. However, we continue to see positive tailwinds for 2026 as Unified 4.0 technology progresses and customer ramp readiness improves. We expect these positive developments to support increasing revenue growth in broadband during the course of 2026.

Now let's review our non-GAAP guidance for Q4 2025, beginning on slide 15. Given the timing of the DOCSIS 4.0 transition and macroeconomic conditions, similar to last quarter, we're taking a prudent approach to our Q4 guidance. For Q4, we expect broadband to deliver revenue between $85 million to $95 million, gross margins between 48% to 50% due to product mix and adjusted EBITDA between $10 million to $16 million.

This Broadband guidance includes an estimated tariff impact of less than $1 million in the Q4 margins, similar to what we saw in Q3 based on the current announced tariff rates and exemptions. For our video segment in Q4, we expect revenue in the range of $48 million to $52 million, gross margin in the range of 66% to 67% and adjusted EBITDA to range from $3 million to $6 million.

On this slide, we have also provided total company guidance for Q4. In the interest of time, I will let you read through the details. Please also note that our non-GAAP tax rate remains at 21%. I would like to highlight that total company EPS for the fourth quarter is expected to be in the range of $0.06 to $0.12.

In closing, we executed a very successful quarter with sequential momentum and results that exceeded our expectations across both businesses. As we finish 2025, we are starting to see the effects of DOCSIS 4.0 transition timing become the tailwinds we anticipate will drive our broadband growth in 2026 with increasing strength as the year progresses and operator ramp-ups accelerate.

Based on all of this, we expect modest sequential broadband revenue growth in Q1 2026 versus Q4 2025 guidance, again, with momentum building as we move throughout 2026. This growth, combined with our substantial operating leverage and the cash tax benefits I mentioned earlier, leave us well positioned for not only stronger revenue growth but also increased profitability and free cash flow as we move into next year and beyond.

We thank everyone for their attention today. And now, I'll turn it back to Nimrod for final remarks before we open up the call for questions.

Nimrod Ben-Natan
President, Chief Executive Officer & Director, Harmonic, Inc.

Thanks, Walter.

For the third quarter, we generated strong results that were once again above the high end of the guidance, driven by our progress in cOS deployments, Unified 4.0, fiber and video appliances and SaaS streaming. Looking ahead, we remain confident that 2026 will mark a return to growth, supported by expanding Unified 4.0 adoption, continued fiber expansion and growing impact of our intelligent cloud services.

That concludes our prepared remarks. Walter and I are now happy to take your questions.

Question And Answer Section

Operator

Thank you. [Operator Instructions] Please stand by while we compile the Q&A roster.

And our first question will come from the line of Simon Leopold with Raymond James. Your line is open.

Simon Leopold Q
Analyst, Raymond James & Associates, Inc.

Thanks for taking the question. So, it looks like your top customers continuing to be on an improving trend through this year. Just wondering how you're thinking about that long term. In other words, should we expect that you're on a path now to getting back to levels you've had historically? Or would you consider the current level somewhat normalized? And just wondering, you haven't had that second 10% customer in a bit. We think that that customer has been absorbing inventory. Just sort of what's your expectation for when you get a second 10% customer? Thank you.

Walter F. Jankovic A
Chief Financial Officer, Harmonic, Inc.

Hi, Simon. It's Walter. So, to address both of those questions, first of all, we're not going to specifically guide any one of our large customers here in terms of when they're going to be 10% or not. I think you can look at the history of that customer in terms of being a 10% customer in past quarters, and we expect that customer to return to that level at some point in time.

With regards to how we think about our top customers, obviously we are planning in tandem our view of our top customers as well as the rest of world customers as we look at the broadband picture for 2026 and beyond. Today, we shared in our prepared remarks commentary around how we see Q1 of 2026 unfolding based on the visibility we have today as well as our expectations that the momentum will pick up as the year goes on in terms of the growth. We're just today starting to get some visibility around customers' plans for next year, and that will be fine-tuned over the coming months as it typically does as we enter into the new year.

Simon Leopold

Analyst, Raymond James & Associates, Inc.

Q

Thank you.

Operator

Thank you. One moment for our next question. And that will come from the line of Ryan Koontz with Needham & Co. Your line is open.

Q

Hi. This is [ph] Matt (00:30:39) on for Ryan. Thanks for the question. Your fourth quarter guidance implies a change to normal seasonality, which if you look historically, is usually up strong sequentially. How should we think about that change this year? And then going forward, should we expect a return to normal seasonality? Thanks.

Walter F. Jankovic

Chief Financial Officer, Harmonic, Inc.

A

Hey, [ph] Matt (00:30:59). It's Walter here. So, with regards to our Q4 guidance, I think all year we have been communicating the headwinds impacting us in terms of getting ready for the DOCSIS 4.0 transition, the Unified 4.0 platform specifically. And so, I think with this year, specifically we're looking at getting ready for that transition as we move into 2026. So that's why we're guiding what we're guiding for Q4 based on where we see things today in terms of that transition.

But as Nimrod mentioned in the prepared remarks, we're seeing everything on track in terms of progress across the piece in terms of customers getting ready for deployment of Unified 4.0. Nimrod mentioned Mediacom in his opening remarks as a great example of that. As we look at customers getting ready for that transition, that's why we continue to point to 2026 in terms of growth and accelerating growth through that year.

Nimrod Ben-Natan

President, Chief Executive Officer & Director, Harmonic, Inc.

A

And we also mentioned that the specific unified RF tray would only become available late in the fourth quarter, so that by itself is also a factor for Q4.

Q

Great. And as a follow-up, earlier in the call, you had highlighted the strong growth coming out of your Rest of World segment. Could you just share what the current market drivers are there for that strength and how we should think about that opportunity for more customer diversification going forward? Thanks.

Nimrod Ben-Natan

President, Chief Executive Officer & Director, Harmonic, Inc.

A

Yeah. So, over time, we expect most of the global market of DOCSIS to make the transition from legacy into the virtualized platform for a long list of reasons. But I think, as I highlighted, the imperatives for the network evolution for them, increasing speed was historically the driver for that, but it's no longer the main driver. They have to do whatever they can to improve customer experience and satisfaction and as a result of that, to drive improvement of churn and reducing the operating cost. And the new platform with all the tools that we provide is enabling that.

So, that's what we see globally, and we shared today a fairly long list of recent wins. And specifically as it relates to DOCSIS 4.0 with the success, and I think the Mediacom specifically kind of their launch of the service gave a lot of confidence to the rest of the market. So, we clearly see that. And I also recognize the progress that we are seeing in the kind of maturity of the ecosystem, interoperability that is taking place by CableLabs, modems availability, smart amplifiers. So, it's all coming together, and that's what's kind of driving our confidence.

Operator

Thank you. [Operator Instructions] Our next question will come from the line of Steve Frankel with Rosenblatt Securities. Your line is open.

Steven Frankel
Analyst, Rosenblatt Securities, Inc.

Q

Good afternoon. I'm wondering if you might quantify a couple of things for me. The extent of that pull-in in the Broadband business that you mentioned, how material was that in pulling revenue which you anticipated in Q4 into Q3? And then I have a Video question for you when you're finished with that.

Walter F. Jankovic
Chief Financial Officer, Harmonic, Inc.

A

Yeah, Steve, it's Walter. It was a few million dollars.

Steven Frankel
Analyst, Rosenblatt Securities, Inc.

Q

Okay. And then, maybe a ballpark on – or some description of the Akamai impact on the Video business that you mentioned in the slides, either in terms of revenue or new customer acquisition. How should we think about the leverage from that partnership?

Walter F. Jankovic
Chief Financial Officer, Harmonic, Inc.

A

Sure, Steve. I'll kick it off. With regards to Akamai, we've started onboarding customers onto the platform. And when you look at our sequential growth in Video in terms of Video SaaS from Q2 to Q3, a large part of that was a result of getting started with the onboarding with Akamai.

Now, that's going to continue in terms of several months to onboard additional customers onto the platform, and we see that as a big factor of growth as we move forward. And as we look at FY 2026 and bring those customers on and get them to full run rate, it will be part of the – big part of the growth story in SaaS next year.

Steven Frankel
Analyst, Rosenblatt Securities, Inc.

Q

Appreciate it.

Nimrod Ben-Natan
President, Chief Executive Officer & Director, Harmonic, Inc.

A

The other thing is that, Steve, just on Akamai, we are transitioning the media services, which is kind of the first layer, if you will. And some of these customers are then taking our additional services that we provide with VOS on live streaming and [ph] ad (00:36:46). So, we see incremental revenues, and some of that was already reflected in the third quarter.

Steven Frankel
Analyst, Rosenblatt Securities, Inc.

Q

Okay. But it will continue to build as we get into 2026 is what I'm hearing you say. You're [indiscernible] (00:37:01) fully transitioned until some point in 2026.

Nimrod Ben-Natan A
President, Chief Executive Officer & Director, Harmonic, Inc.

That's correct.

Steven Frankel Q
Analyst, Rosenblatt Securities, Inc.

And then if I sneak one last one in. This Spectrum announcement today, that's saying there was a portion of their network originally they thought was going to stay 3.1. Now it's going to look like the 85% that you were focused on before, correct?

Nimrod Ben-Natan A
President, Chief Executive Officer & Director, Harmonic, Inc.

I think you should relate to what they publicly announced. If I'm not mistaken, they always talked about a 4.0 phase in their network evolution. I guess the news from our point of view is that both the virtual CMTS – well, the virtual CMTS obviously supports 4.0 and future evolution of DOCSIS. There was a discussion around that during the recent SCTE TechExpo about going beyond 1.8 gigahertz, so future potential evolution of that will be covered as well as our participation in the Unified DOCSIS 4.0.

Steven Frankel Q
Analyst, Rosenblatt Securities, Inc.

Great. Thank you.

Operator

Thank you. One moment for our next question. And that will come from the line of George Notter with Wolfe Research. Your line is open.

Taran Katta Q
Analyst, Wolfe Research

Hi, guys. This is Taran on for George. I just wanted to get a better idea of the sizing or potential opportunity of this fiber-to-the-home opportunity, the announcement you guys made with Comcast. I would love any more detail there and how you guys think about that going forward?

Nimrod Ben-Natan A
President, Chief Executive Officer & Director, Harmonic, Inc.

Yeah. So, I guess what we shared is the announcement we made around the SCTE, which we enable Comcast to do that on the remote OLT and software components like the virtual BNG and that Comcast is doing about 1 million new homes a year. We did not provide any financial details unit count or anything like that, but 1 million new homes is quite sizable in terms of what they do, and we power them to enable that.

Taran Katta Q
Analyst, Wolfe Research

Okay. Great. Thank you.

Operator

Thank you. I'm showing no further questions in the queue at this time. I would now like to turn the call back over to management for any closing remarks.

Nimrod Ben-Natan

President, Chief Executive Officer & Director, Harmonic, Inc.

We appreciate your continued interest in Harmonic and look forward to updating you on our progress in the future. Thank you all for joining the call. Have a good day.

Operator

This concludes today's program. Thank you all for participating. You may now disconnect.