



THIRD QUARTER 2024
EARNINGS
CONFERENCE CALL

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October 28, 2024



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 2024 and beyond, and our Q4 and full-year 2024 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.



Record total company revenue with Broadband on track for **multiyear growth**



Video returned to profitability and advanced sales pipeline of **new tier 1 SaaS and larger scale Appliance opportunities**



Reaffirming **full year 2024 Broadband revenue guidance and raising 2024 Broadband EBITDA forecast**



Q3 HIGHLIGHTS

- Revenue \$145.3 million, compared to \$75.8 million the prior year
- cOS™ commercially deployed with 121 operators, up 16% year over year
- 32.0 million cable modems served, ~18% of global market



EXECUTING MULTIYEAR GROWTH PLAN

- Ramped revenue to record level (up 56% sequentially)
- Increased diversification with 7 new customer wins
- First to demonstrate Unified DOCSIS 4.0 nodes



Q3 HIGHLIGHTS

- Total Video revenue \$50.4 million, compared to \$51.4 million in prior year
- SaaS revenue \$14.2 million, up 13.1% year over year
- Returned to profitability with 11.9% Adjusted EBITDA margin and record gross margin performance



STRATEGIC EXECUTION AND PRIORITIES

- Completed actions to improve efficiency and drive profitability
- Continuing to advance sales pipeline of larger Appliance and Tier 1 SaaS opportunities



FINANCIAL RESULTS AND **OUTLOOK**

Walter Jankovic, CFO



FINANCIAL RESULTS

- Revenue \$195.8 million, up 54% compared to \$127.2 million the prior year
- EPS \$0.26, compared to \$0.00 in Q3 2023
- Bookings of \$171.4 million, book to bill ratio of 0.9
- Backlog and Deferred Revenue \$584.7 million



GUIDANCE FOR KEY FINANCIAL METRICS

- Reaffirming Broadband full year 2024 revenue guidance at the mid-point
- Refined full year 2024 Video revenue guidance
- Increasing total company full year 2024 EBITDA and EPS at mid-point of guidance

* Non-GAAP

Q3 2024 REVENUE & GROSS MARGIN HIGHLIGHTS*



Financial Metric (\$ Millions)	Q3 2024	Q2 2024	Q3 2023	Q3/Q2 Change	Q3 Y/Y Change
Total Net Revenue	\$195.8	\$138.7	\$127.2	41.1%	53.9%
Broadband Revenue	\$145.3	\$92.9	\$75.8	56.4%	91.7%
Video Revenue	\$50.4	\$45.8	\$51.4	10.1%	(1.9)%
Gross Margin (%)	53.7%	53.1%	49.5%	0.6%	4.2%
Broadband Gross Margin (%)	48.3%	47.6%	44.5%	0.7%	3.8%
Video Gross Margin (%)	69.0%	64.4%	56.9%	4.6%	12.1%

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

Q3 2024 EARNINGS AND BOOKINGS HIGHLIGHTS*



Financial Metric \$ Millions (except EPS)	Q3 2024	Q2 2024	Q3 2023	Q3/Q2 Change	Q3 Y/Y Change
Operating Expenses	\$60.5	\$61.5	\$62.9	\$(1.0)	\$(2.4)
Adj. EBITDA	\$43.4	\$16.1	\$3.5	\$27.3	\$39.9
Broadband Adj. EBITDA	\$37.5	\$16.3	\$8.1	\$21.2	\$29.4
Video Adj. EBITDA	\$6.0	\$(0.3)	\$(4.6)	\$6.3	\$10.6
EPS	\$0.26	\$0.08	\$0.00	\$0.18	\$0.26
Share Count	117.4	116.7	116.7	0.7	0.7
Bookings	\$171.4	\$72.4	\$96.3	\$99.0	\$75.1
Book to Bill Ratio	0.9	0.5	0.8	0.4	0.1

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

Q3 2024 BALANCE SHEET & CASH FLOW HIGHLIGHTS



Financial Metric (\$ Millions)	Q3 2024	Q2 2024	Q3 2023
Cash	\$58.2	\$45.9	\$75.6
Cash Provided by (used in) Operations	\$8.7	\$(22.2)	\$11.0
Free Cash Flow	\$5.7	\$(24.1)	\$9.1
Accounts Receivable	\$173.7	\$120.0	\$110.3
DSO	80	78	78
Inventory	\$73.9	\$84.1	\$103.7
Inventory Days	73	116	145
Backlog and Deferred Revenue	\$584.7	\$613.1	\$627.2

Q4 2024 FINANCIAL GUIDANCE | BY SEGMENT*

Financial Metric - Broadband	Q4 2024 Guidance	2024 Guidance
Net Revenue (\$M)	\$160 - \$170	\$477 - \$487
Gross Margin (%)	53.0% - 54.0%	49.6% - 50.0%
Gross Profit (\$M)	\$85 - \$92	\$237 - \$244
Adjusted EBITDA (\$M)	\$54 - \$59	\$118 - \$123

Financial Metric - Video	Q4 2024 Guidance	2024 Guidance
Net Revenue (\$M)	\$45 - \$50	\$184 - \$189
Gross Margin (%)	64.0% - 66.0%	64.9% - 65.4%
Gross Profit (\$M)	\$29 - \$33	\$120 - \$124
Adjusted EBITDA (\$M)	\$2 - \$5	\$1 - \$4

* Non-GAAP

Q4 2024 FINANCIAL GUIDANCE | CONSOLIDATED*

Financial Metric	Q4 2024 Guidance	2024 Guidance
Total Revenue (\$M)	\$205 - \$220	\$662 - \$677
Gross Margin (%)	55.4% - 56.7%	53.9% - 54.3%
Gross Profit (\$M)	\$114 - \$125	\$356 - \$368
Adjusted EBITDA (\$M)	\$55 - \$64	\$119 - \$127
Shares**	117.8 - 117.8	117.5 - 117.5
EPS	\$0.33 - \$0.39	\$0.67 - \$0.73

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

** Diluted shares assumes stock price at \$13.34 (Q3 2024 average price).



WRAP-UP & 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, lease-related asset impairment and other charges, non-cash interest expenses on convertible notes and other debt, adjustments that normalize the tax rate and depreciation.

Q3 2024 GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



Three Months Ended September 27, 2024

	Revenue	Gross Profit	Total Operating Expense	Income from Operations	Total Non-operating Expense, net	Net Income
GAAP	\$ 195,756	\$ 104,732	\$ 69,308	\$ 35,424	\$ (6,618)	\$ 21,718
Stock-based compensation	—	294	(5,416)	5,710	—	5,710
Restructuring and related charges	—	—	(281)	281	—	281
Asset impairment and related charges ⁽¹⁾	—	—	(3,103)	3,103	—	3,103
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	(871)
Total adjustments	—	294	(8,800)	9,094	—	8,223
Non-GAAP	<u>\$ 195,756</u>	<u>\$ 105,026</u>	<u>\$ 60,508</u>	<u>\$ 44,518</u>	<u>\$ (6,618)</u>	<u>\$ 29,941</u>
<i>As a % of revenue (GAAP)</i>		53.5 %	35.4 %	18.1 %	(3.4)%	11.1 %
<i>As a % of revenue (Non-GAAP)</i>		53.7 %	30.9 %	22.7 %	(3.4)%	15.3 %
Diluted net income per share:						
GAAP						<u>\$ 0.19</u>
Non-GAAP						<u>\$ 0.26</u>
Shares used in per share calculation:						
GAAP and Non-GAAP						<u>117,358</u>

Q2 2024 GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



Three Months Ended June 28, 2024

	Revenue	Gross Profit	Total Operating Expense	Income (Loss) from Operations	Total Non-operating Expense, net	Net Income (Loss)
GAAP	\$ 138,740	\$ 73,457	\$ 89,087	\$ (15,630)	\$ (805)	\$ (12,532)
Stock-based compensation	—	273	(6,681)	6,954	—	6,954
Restructuring and related charges	—	—	(11,482)	11,482	—	11,482
Non-recurring advisory fees	—	—	(406)	406	—	406
Asset impairment and related charges ⁽¹⁾	—	—	(9,000)	9,000	—	9,000
Non-cash interest expense related to convertible notes	—	—	—	—	338	338
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	(6,369)
Total adjustments	—	273	(27,569)	27,842	338	21,811
Non-GAAP	<u>\$ 138,740</u>	<u>\$ 73,730</u>	<u>\$ 61,518</u>	<u>\$ 12,212</u>	<u>\$ (467)</u>	<u>\$ 9,279</u>
<i>As a % of revenue (GAAP)</i>		52.9 %	64.2 %	(11.3)%	(0.6)%	(9.0)%
<i>As a % of revenue (Non-GAAP)</i>		53.1 %	44.3 %	8.8 %	(0.3)%	6.7 %
Diluted net income (loss) per share:						
GAAP						<u>\$ (0.11)</u>
Non-GAAP						<u>\$ 0.08</u>
Shares used in per share calculation:						
GAAP						<u>115,030</u>
Non-GAAP						<u>116,690</u>

Q3 2023 GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



Three Months Ended September 29, 2023

	Revenue	Gross Profit	Total Operating Expense	Income (Loss) from Operations	Total Non-operating Expense, net	Net Income (Loss)
GAAP	\$ 127,203	\$ 61,684	\$ 70,287	\$ (8,603)	\$ (276)	\$ (6,495)
Stock-based compensation	—	606	(6,635)	7,241	—	7,241
Restructuring and related charges	—	714	(362)	1,076	—	1,076
Non-recurring advisory fees	—	—	(364)	364	—	364
Non-cash interest and other expenses related to convertible notes	—	—	—	—	226	226
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	(2,390)
Total adjustments	—	1,320	(7,361)	8,681	226	6,517
Non-GAAP	\$ 127,203	\$ 63,004	\$ 62,926	\$ 78	\$ (50)	\$ 22
<i>As a % of revenue (GAAP)</i>		48.5 %	55.3 %	(6.8)%	(0.2)%	(5.1)%
<i>As a % of revenue (Non-GAAP)</i>		49.5 %	49.5 %	0.1 %	— %	— %
Diluted net income (loss) per share:						
GAAP						\$ (0.06)
Non-GAAP						\$ 0.00
Shares used in per share calculation:						
GAAP						112,031
Non-GAAP						116,710

ADJ. EBITDA CALCULATIONS

(UNAUDITED, IN THOUSANDS)

	Three Months Ended September 27, 2024	
	Broadband	Video
Income from operations ⁽¹⁾	\$ 38,192	\$ 6,326
Depreciation	2,001	859
Other non-operating expense, net	(2,733)	(1,199)
Adjusted EBITDA ⁽²⁾	\$ 37,460	\$ 5,986
Revenue	\$ 145,338	\$ 50,418
<i>Adjusted EBITDA margin % ⁽²⁾</i>	<i>25.8 %</i>	<i>11.9 %</i>

	Three Months Ended June 28, 2024	
	Broadband	Video
Income (loss) from operations ⁽¹⁾	\$ 13,781	\$ (1,569)
Depreciation	2,133	1,093
Other non-operating income, net	406	213
Adjusted EBITDA ⁽²⁾	\$ 16,320	\$ (263)
Revenue	\$ 92,937	\$ 45,803
<i>Adjusted EBITDA margin % ⁽²⁾</i>	<i>17.6 %</i>	<i>(0.6)%</i>

	Three Months Ended September 29, 2023	
	Broadband	Video
Income (loss) from operations ⁽¹⁾	\$ 6,128	\$ (6,050)
Depreciation	1,746	1,343
Other non-operating income, net	211	132
Adjusted EBITDA ⁽²⁾	\$ 8,085	\$ (4,575)
Revenue	\$ 75,806	\$ 51,397
<i>Adjusted EBITDA margin % ⁽²⁾</i>	<i>10.7 %</i>	<i>(8.9)%</i>

ADJ. EBITDA RECONCILIATIONS

(UNAUDITED, IN THOUSANDS)

	Three Months Ended		
	September 27, 2024	June 28, 2024	September 29, 2023
Net income (loss) (GAAP)	\$ 21,718	\$ (12,532)	\$ (6,495)
Provision for (benefit from) income taxes	7,088	(3,903)	(2,384)
Interest expense, net	2,686	1,424	619
Depreciation	2,860	3,226	3,089
EBITDA	34,352	(11,785)	(5,171)
<i>Adjustments</i>			
Stock-based compensation	5,710	6,954	7,241
Restructuring and related charges	281	11,482	1,076
Non-recurring advisory fees	—	406	364
Asset impairment and related charges	3,103	9,000	—
Total consolidated segment adjusted EBITDA (Non-GAAP)	\$ 43,446	\$ 16,057	\$ 3,510
Revenue	\$ 195,756	\$ 138,740	\$ 127,203
<i>Net income (loss) margin (GAAP)</i>	<i>11.1 %</i>	<i>(9.0)%</i>	<i>(5.1)%</i>
<i>Consolidated segment Adjusted EBITDA margin (Non-GAAP)</i>	<i>22.2 %</i>	<i>11.6 %</i>	<i>2.8 %</i>

Q4 2024 GUIDANCE GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN MILLIONS, EXCEPT EPS AND PERCENTAGES)



Q4 2024 Financial Guidance ⁽¹⁾

	Revenue	Gross Profit	Total Operating Expense	Income from Operations	Net Income
GAAP	\$ 205 to \$ 220	\$ 114 to \$ 125	\$ 70 to \$ 73	\$ 44 to \$ 52	\$ 30 to \$ 36
Stock-based compensation expense	—	—	(9)	9	9
Tax effect of non-GAAP adjustments	—	—	—	—	— to 1
Total adjustments	—	—	(9)	9	9 to 10
Non-GAAP	<u>\$ 205 to \$ 220</u>	<u>\$ 114 to \$ 125</u>	<u>\$ 61 to \$ 64</u>	<u>\$ 53 to \$ 61</u>	<u>\$ 39 to \$ 46</u>
<i>As a % of revenue (GAAP)</i>		55.4% to 56.7%	34.1% to 33.2%	21.5% to 23.6%	14.6% to 16.4%
<i>As a % of revenue (Non-GAAP)</i>		55.4% to 56.7%	29.8% to 29.1%	25.7% to 27.6%	19.0% to 20.9%
Diluted net income per share:					
GAAP					<u>\$ 0.26 to \$ 0.31</u>
Non-GAAP					<u>\$ 0.33 to \$ 0.39</u>
Shares used in per share calculation:					
GAAP and Non-GAAP					<u>117.8</u>

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

2024 GUIDANCE GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN MILLIONS, EXCEPT EPS AND PERCENTAGES)



2024 Financial Guidance ⁽¹⁾

	Revenue	Gross Profit	Total Operating Expense	Income from Operations	Net Income
GAAP	\$ 662 to \$ 677	\$ 354 to \$ 366	\$ 301 to \$ 304	\$ 54 to \$ 62	\$ 31 to \$ 37
Stock-based compensation expense	—	2	(27)	29	29
Restructuring and related charges	—	—	(15)	15	15
Non-recurring advisory fees	—	—	(1)	1	1
Asset impairment and related charges	—	—	(12)	12	12
Non-cash interest expense related to convertible notes	—	—	—	—	1
Tax effect of non-GAAP adjustments	—	—	—	—	(10) to (9)
Total adjustments	—	2	(55)	57	48 to 49
Non-GAAP	<u>\$ 662 to \$ 677</u>	<u>\$ 356 to \$ 368</u>	<u>\$ 246 to \$ 249</u>	<u>\$ 111 to \$ 119</u>	<u>\$ 79 to \$ 86</u>
<i>As a % of revenue (GAAP)</i>		53.6% to 54.0%	45.5% to 44.9%	8.2% to 9.2%	4.7% to 5.5%
<i>As a % of revenue (Non-GAAP)</i>		53.9% to 54.3%	37.2% to 36.8%	16.7% to 17.6%	11.9% to 12.7%
Diluted net income per share:					
GAAP					<u>\$ 0.27 to \$ 0.32</u>
Non-GAAP					<u>\$ 0.67 to \$ 0.73</u>
Shares used in per share calculation:					
GAAP and Non-GAAP					<u>117.5</u>

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

Q4 AND 2024 GUIDANCE ADJ EBITDA CALCULATIONS



	Q4 2024 Financial Guidance			
	Broadband		Video	
Income from operations ⁽²⁾	\$ 52	to \$ 57	\$ 1	to \$ 4
Depreciation	2	2	1	1
Segment adjusted EBITDA ⁽³⁾	\$ 54	to \$ 59	\$ 2	to \$ 5

	2024 Financial Guidance			
	Broadband		Video	
Income (loss) from operations ⁽²⁾	\$ 112	to \$ 117	\$ (2)	to \$ 1
Depreciation	9	9	4	4
Other non-operating expense, net	(3)	(3)	(1)	(1)
Segment adjusted EBITDA ⁽³⁾	\$ 118	to \$ 123	\$ 1	to \$ 4

Q4 AND 2024 ADJ. EBITDA GUIDANCE RECONCILIATIONS

(UNAUDITED, IN MILLIONS)



	Q4 2024 Financial Guidance		2024 Financial Guidance	
Net income (GAAP)	\$ 30	to \$ 36	\$ 31	to \$ 37
Provision for income taxes	11	14	11	13
Interest expense, net	2	2	7	7
Depreciation	3	3	13	13
EBITDA	46	to 55	62	to 70
<i>Adjustments</i>				
Stock-based compensation	9	9	29	29
Restructuring and related charges	—	—	15	15
Asset impairment and related charges	—	—	12	12
Non-recurring advisory fees	—	—	1	1
Total consolidated segment adjusted EBITDA (Non-GAAP) ⁽²⁾	\$ 55	to \$ 64	\$ 119	to \$ 127

harmonic[®]

THANK YOU.

