

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 2, 2021

HARMONIC INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

000-25826
Commission
File Number

77-0201147
(IRS Employer
Identification No.)

2590 Orchard Parkway
San Jose, CA 95131
(Address of principal executive offices, including zip code)

(408) 542-2500
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|-------------------|---|
| Common Stock, par value \$0.001 per share | HLIT | NASDAQ Global Select Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On August 2, 2021, Harmonic Inc. ("Harmonic" or the "Company") issued a press release regarding its preliminary unaudited financial results for the quarter ended July 2, 2021. In the press release, Harmonic also announced that it would be holding a conference call on August 2, 2021 to discuss its financial results for the quarter ended July 2, 2021. A copy of the press release is furnished as Exhibit 99.1 hereto, and the information in Exhibit 99.1 is incorporated herein by reference.

The information in this Item 2.02 of this Current Report on Form 8-K and Exhibit 99.1 attached hereto is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, and this Item 2.02 of this Current Report on Form 8-K and Exhibit 99.1 furnished herewith shall not be incorporated by reference into any filing by Harmonic under the Securities Act of 1933, as amended (the "Securities Act"), or under the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|---|
| 99.1 | Press release of Harmonic Inc. dated August 2, 2021, entitled "Harmonic Announces Second Quarter 2021 Results." |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 2, 2021

HARMONIC INC.

By: /s/ Sanjay Kalra
Sanjay Kalra
Chief Financial Officer

**FOR IMMEDIATE RELEASE****Harmonic Announces Second Quarter 2021 Results***Cable Access revenue up 89% year over year**Video revenue up 34% year over year**Record backlog and deferred revenue, up 65% year over year*

SAN JOSE, California, August 2, 2021 - Harmonic Inc. (NASDAQ: HLIT) today announced its unaudited results for the second quarter of 2021.

“Harmonic delivered another strong quarter, with revenues and earnings buoyed by robust demand in both our Video and Cable Access segments”, said Patrick Harshman, president and chief executive officer of Harmonic. “Our book-to-bill ratio was 1.6, enabling us to exit the quarter with record backlog and deferred revenue. This momentum positions us well for the balance of the year and into 2022, as we continue to execute on our strategic growth initiatives.”

Q2 Financial and Business Highlights*Financial*

- Revenue: \$113.4 million, up 53% year over year
 - Cable Access segment revenue: \$50.1 million, up 89% year over year
 - Video segment revenue: \$63.3 million, up 34% year over year
- Gross margin: GAAP 53.3% and non-GAAP 53.9%, compared to GAAP 51.0% and non-GAAP 51.6% in the year ago period
 - Cable Access segment gross margin: 47.0% compared to 45.7% in the year ago period
 - Video segment gross margin: 59.3% compared to 54.8% in the year ago period
- Operating income (loss): GAAP income \$2.1 million and non-GAAP income \$6.6 million, compared to GAAP loss \$9.6 and non-GAAP loss \$5.1 million in the year ago period
- Adjusted EBITDA: \$9.5 million income compared to \$2.8 million loss in the year ago period
- Net income (loss): GAAP net loss \$2.0 million and non-GAAP net income of \$4.8 million, compared to GAAP net loss \$15.4 million and non-GAAP net loss \$5.9 million in the year ago period
- EPS: GAAP net loss per share of \$0.02 and non-GAAP net income per share of \$0.05, compared to GAAP net loss per share of \$0.16 and non-GAAP net loss per share of \$0.06 in the year ago period
- Cash: \$115.2 million, up \$37.5 million year over year

Business

- CableOS® solution commercially deployed with 62 customers, up 114% year over year
- CableOS deployments scaled to 3.3 million served cable modems, up 94% year over year
- VOS® streaming SaaS customer base increased to 102, up 55% year over year; SaaS revenue increased 68% year over year

Select Financial Information

| Key Financial Results | GAAP | | | Non-GAAP | | |
|--|---|-----------|-----------|----------|----------|-----------|
| | Q2 2021 | Q1 2021 | Q2 2020 | Q2 2021 | Q1 2021 | Q2 2020 |
| | <i>(in millions, except per share data)</i> | | | | | |
| Net revenue | \$ 113.4 | \$ 111.6 | \$ 74.0 | \$ 113.4 | \$ 111.6 | \$ 74.0 |
| Net income (loss) | \$ (2.0) | \$ (6.1) | \$ (15.4) | \$ 4.8 | \$ 4.5 | \$ (5.9) |
| Diluted EPS | \$ (0.02) | \$ (0.06) | \$ (0.16) | \$ 0.05 | \$ 0.04 | \$ (0.06) |
| Other Financial Information | Q2 2021 | Q1 2021 | Q2 2020 | Q2 2021 | Q1 2021 | Q2 2020 |
| | <i>(in millions)</i> | | | | | |
| Adjusted EBITDA for the quarter | \$ 9.5 | \$ 9.1 | \$ (2.8) | | | |
| Bookings for the quarter | \$ 186.9 | \$ 96.3 | \$ 77.0 | | | |
| Backlog and deferred revenue as of quarter end | \$ 347.2 | \$ 274.3 | \$ 210.2 | | | |
| Cash and cash equivalents as of quarter end | \$ 115.2 | \$ 100.8 | \$ 77.7 | | | |

Explanations regarding our use of non-GAAP financial measures and related definitions, and reconciliations of our GAAP and non-GAAP measures, are provided in the sections below entitled “Use of Non-GAAP Financial Measures” and “GAAP to Non-GAAP Reconciliations”.

Financial Guidance

| (Unaudited, in millions, except percentages) | Q3 2021 GAAP Financial Guidance ⁽¹⁾ | | | | | | | |
|--|--|----------------------|----------------------------|------------|---------|----------------------|----------------------------|------------|
| | Low | | | | High | | | |
| | Video | Cable Access | Adjustments ⁽²⁾ | Total GAAP | Video | Cable Access | Adjustments ⁽²⁾ | Total GAAP |
| Net revenue | \$ 62.0 | \$ 50.0 | \$ — | \$ 112.0 | \$ 67.0 | \$ 55.0 | \$ — | \$ 122.0 |
| Gross margin % | 55.0 % | 41.5% ⁽³⁾ | (0.5)% | 49.4 % | 58.0 % | 43.5% ⁽³⁾ | (0.5)% | 50.1 % |
| Operating expenses | \$ 35.0 | \$ 18.5 | \$ 5.6 | \$ 59.1 | \$ 36.0 | \$ 19.0 | \$ 5.6 | \$ 60.6 |
| Operating income (loss) | \$ (0.9) | \$ 3.3 | \$ (6.2) | \$ (3.8) | \$ 2.9 | \$ 3.8 | \$ (6.2) | \$ 0.5 |
| Tax expense ⁽⁴⁾ | | | | \$ (0.8) | | | | \$ (0.8) |
| EPS ⁽⁴⁾ | | | | \$ (0.07) | | | | \$ (0.03) |
| Shares ⁽⁴⁾ | | | | 102.0 | | | | 102.0 |
| Cash ⁽⁴⁾ | | | | \$ 115.0 | | | | \$ 125.0 |

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

(2) See “Use of Non-GAAP Financial Measures” and “GAAP to Non-GAAP Reconciliations” below.

(3) Low-end gross margin relates to high-end of revenue, and high-end gross margin relates to low-end of revenue.

(4) The guidance is provided at the total company level and not by segment.

| (Unaudited, in millions, except percentages) | Q4 2021 GAAP Financial Guidance ⁽¹⁾ | | | | | | | |
|--|--|--------------------|----------------------------|------------|---------|--------------------|----------------------------|------------|
| | Low | | | | High | | | |
| | Video | Cable Access | Adjustments ⁽²⁾ | Total GAAP | Video | Cable Access | Adjustments ⁽²⁾ | Total GAAP |
| Net revenue | \$ 82.0 | \$ 50.0 | \$ — | \$ 133.0 | \$ 87.0 | \$ 60.0 | \$ — | \$ 148.0 |
| Gross margin % | 54.0 % | 45% ⁽³⁾ | (0.6)% | 50.2 % | 56.0 % | 47% ⁽³⁾ | (0.5)% | 51.0 % |
| Operating expenses | \$ 35.0 | \$ 20.0 | \$ 4.7 | \$ 59.7 | \$ 36.0 | \$ 21.0 | \$ 4.7 | \$ 61.7 |
| Operating income (loss) | \$ 8.9 | \$ 3.6 | \$ (5.4) | \$ 7.1 | \$ 12.9 | \$ 6.3 | \$ (5.4) | \$ 13.8 |
| Tax expense ⁽⁴⁾ | | | | \$ (0.8) | | | | \$ (0.8) |
| EPS ⁽⁴⁾ | | | | \$ 0.03 | | | | \$ 0.09 |
| Shares ⁽⁴⁾ | | | | 106.6 | | | | 106.6 |
| Cash ⁽⁴⁾ | | | | \$ 125.0 | | | | \$ 145.0 |

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

(2) See “Use of Non-GAAP Financial Measures” and “GAAP to Non-GAAP Reconciliations” below.

(3) Low-end gross margin relates to high-end of revenue, and high-end gross margin relates to low-end of revenue.

(4) The guidance is provided at the total company level and not by segment.

2021 GAAP Financial Guidance ⁽¹⁾

| (Unaudited, in millions, except percentages) | Low | | | | High | | | |
|--|----------|--------------------|----------------------------|------------|----------|--------------------|----------------------------|------------|
| | Video | Cable Access | Adjustments ⁽²⁾ | Total GAAP | Video | Cable Access | Adjustments ⁽²⁾ | Total GAAP |
| Net revenue | \$ 278.0 | \$ 192.0 | \$ — | \$ 470.0 | \$ 288.0 | \$ 207.0 | \$ — | \$ 495.0 |
| Gross margin % | 55.5 % | 44% ⁽³⁾ | (0.6)% | 50.6 % | 57.0 % | 45% ⁽³⁾ | (0.6)% | 51.0 % |
| Operating expenses | \$ 141.0 | \$ 73.2 | \$ 22.0 | \$ 236.2 | \$ 143.0 | \$ 74.7 | \$ 22.0 | \$ 239.7 |
| Operating income (loss) | \$ 13.3 | \$ 13.2 | \$ (24.9) | \$ 1.6 | \$ 21.1 | \$ 16.4 | \$ (24.9) | \$ 12.6 |
| Tax expense ⁽⁴⁾ | | | | \$ (3.7) | | | | \$ (3.7) |
| EPS ⁽⁴⁾ | | | | \$ (0.12) | | | | \$ (0.01) |
| Shares ⁽⁴⁾ | | | | 101.4 | | | | 101.4 |
| Cash ⁽⁴⁾ | | | | \$ 125.0 | | | | \$ 145.0 |

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

(2) See “Use of Non-GAAP Financial Measures” and “GAAP to Non-GAAP Reconciliations” below.

(3) Low-end gross margin relates to high-end of revenue, and high-end gross margin relates to low-end of revenue.

(4) The guidance is provided at the total company level and not by segment.

Q3 2021 Non-GAAP Financial Guidance ⁽¹⁾

| (Unaudited, in millions, except percentages) | Low | | | High | | |
|--|----------|----------------------|----------|---------|----------------------|----------|
| | Video | Cable Access | Total | Video | Cable Access | Total |
| Net revenue | \$ 62.0 | \$ 50.0 | \$ 112.0 | \$ 67.0 | \$ 55.0 | \$ 122.0 |
| Gross margin % | 55.0 % | 41.5% ⁽²⁾ | 49.9 % | 58.0 % | 43.5% ⁽²⁾ | 50.6 % |
| Operating expenses | \$ 35.0 | \$ 18.5 | \$ 53.5 | \$ 36.0 | \$ 19.0 | \$ 55.0 |
| Operating income (loss) | \$ (0.9) | \$ 3.3 | \$ 2.4 | \$ 2.9 | \$ 3.8 | \$ 6.7 |
| Adjusted EBITDA | \$ 1.1 | \$ 4.7 | \$ 5.8 | \$ 4.9 | \$ 5.2 | \$ 10.1 |
| Tax rate ⁽³⁾ | | | 10.0 % | | | 10.0 % |
| EPS ⁽³⁾ | | | \$ 0.01 | | | \$ 0.05 |
| Shares ⁽³⁾ | | | 105.8 | | | 105.8 |
| Cash ⁽³⁾ | | | \$ 115.0 | | | \$ 125.0 |

(1) See “Use of Non-GAAP Financial Measures” and “GAAP to Non-GAAP Reconciliations” below. Components may not sum to total due to rounding.

(2) Low-end gross margin relates to high-end of revenue, and high-end gross margin relates to low-end of revenue.

(3) The guidance is provided at the total company level and not by segment.

Q4 2021 Non-GAAP Financial Guidance ⁽¹⁾

| (Unaudited, in millions, except percentages) | Low | | | High | | |
|--|---------|--------------------|----------|---------|--------------------|----------|
| | Video | Cable Access | Total | Video | Cable Access | Total |
| Net revenue | \$ 82.0 | \$ 50.0 | \$ 133.0 | \$ 87.0 | \$ 60.0 | \$ 148.0 |
| Gross margin % | 54.0 % | 45% ⁽²⁾ | 50.8 % | 56.0 % | 47% ⁽²⁾ | 51.5 % |
| Operating expenses | \$ 35.0 | \$ 20.0 | \$ 55.0 | \$ 36.0 | \$ 21.0 | \$ 57.0 |
| Operating income (loss) | \$ 8.9 | \$ 3.6 | \$ 12.5 | \$ 12.9 | \$ 6.3 | \$ 19.2 |
| Adjusted EBITDA | \$ 11.0 | \$ 4.9 | \$ 15.9 | \$ 15.0 | \$ 7.6 | \$ 22.6 |
| Tax rate ⁽³⁾ | | | 10.0 % | | | 10.0 % |
| EPS ⁽³⁾ | | | \$ 0.09 | | | \$ 0.15 |
| Shares ⁽³⁾ | | | 106.6 | | | 106.6 |
| Cash ⁽³⁾ | | | \$ 125.0 | | | \$ 145.0 |

(1) See “Use of Non-GAAP Financial Measures” and “GAAP to Non-GAAP Reconciliations” below. Components may not sum to total due to rounding.

(2) Low-end gross margin relates to high-end of revenue, and high-end gross margin relates to low-end of revenue.

(3) The guidance is provided at the total company level and not by segment.

2021 Non-GAAP Financial Guidance ⁽¹⁾

| (Unaudited, in millions, except percentages) | Low | | | High | | |
|--|----------|--------------------|----------|----------|--------------------|----------|
| | Video | Cable Access | Total | Video | Cable Access | Total |
| Net revenue | \$ 278.0 | \$ 192.0 | \$ 470.0 | \$ 288.0 | \$ 207.0 | \$ 495.0 |
| Gross margin % | 55.5 % | 44% ⁽²⁾ | 51.2 % | 57.0 % | 45% ⁽²⁾ | 51.6 % |
| Operating expenses | \$ 141.0 | \$ 73.2 | \$ 214.2 | \$ 143.0 | \$ 74.7 | \$ 217.7 |
| Operating income (loss) | \$ 13.3 | \$ 13.2 | \$ 26.5 | \$ 21.1 | \$ 16.4 | \$ 37.5 |
| Adjusted EBITDA | \$ 21.7 | \$ 18.7 | \$ 40.4 | \$ 29.5 | \$ 21.9 | \$ 51.4 |
| Tax rate ⁽³⁾ | | | 10.0 % | | | 10.0 % |
| EPS ⁽³⁾ | | | \$ 0.19 | | | \$ 0.29 |
| Shares ⁽³⁾ | | | 104.9 | | | 104.9 |
| Cash ⁽³⁾ | | | \$ 125.0 | | | \$ 145.0 |

(1) See “Use of Non-GAAP Financial Measures” and “GAAP to Non-GAAP Reconciliations” below. Components may not sum to total due to rounding.

(2) Low-end gross margin relates to high-end of revenue, and high-end gross margin relates to low-end of revenue.

(3) The guidance is provided at the total company level and not by segment.

Conference Call Information

Harmonic will host a conference call to discuss its financial results at 2:00 p.m. Pacific (5:00 p.m. Eastern) on Monday, August 2, 2021. The live webcast will be available on the Harmonic Investor Relations website at <http://investor.harmonicinc.com>. An audio version of the webcast will be available by calling +1.574.990.1032 or +1.800.240.9147 (conference ID 6698805). A replay will be available after 5:00 p.m. PT on the same web site or by calling +1.404.537.3406 or +1.855.859.2056 (conference ID 6698805).

About Harmonic Inc.

Harmonic (NASDAQ: HLIT), the worldwide leader in virtualized cable access and video delivery solutions, enables media companies and service providers to deliver ultra-high-quality video streaming and broadcast services to consumers globally. The Company revolutionized cable access networking via the industry’s first virtualized cable access solution, enabling cable operators to more flexibly deploy gigabit internet service to consumers’ homes and mobile devices. Whether simplifying OTT video delivery via innovative cloud and software platforms, or powering the delivery of gigabit internet cable services, Harmonic is changing the way media companies and service providers monetize live and on-demand content on every screen. More information is available at www.harmonicinc.com.

Legal Notice Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements related to our expectations regarding: net revenue, gross margins, operating expenses, operating income (loss), Adjusted EBITDA, tax expense and tax rate, EPS and cash. Our expectations regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks include, in no particular order, the following: the market and technology trends underlying our Video and Cable Access businesses will not continue to develop in their current direction or pace; the possibility that our products will not generate sales that are commensurate with our expectations or that our cost of revenue or operating expenses may exceed our expectations; the potential impact of the Covid-19 pandemic on our operations or the operations of our supply chain or our customers; the impact of general economic conditions on our sales and operations; the mix of products and services sold in various geographies and the effect it has on gross margins; delays or decreases in capital spending in the cable, satellite, telco, broadcast and media industries; customer concentration and consolidation; our ability to develop new and enhanced products in a timely manner and market acceptance of our new or existing products; losses of one or more key customers; risks associated with our international operations; exchange rate fluctuations of the currencies in which we conduct business; risks associated with our CableOS and VOS product solutions; dependence on various video and broadband industry trends; inventory management; the lack of timely availability or the impact of increases in the prices of parts or raw materials necessary to produce our products; the effect of competition, on both revenue and gross margins; difficulties associated with rapid technological changes in our markets; risks associated with unpredictable sales cycles; our dependence on contract manufacturers and sole or limited source suppliers; and the effect on our business of natural disasters. The forward-looking statements contained in this press release are also subject to other risks and uncertainties, including those more fully described in Harmonic's filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K for the year ended December 31, 2020, our most recent Quarterly Report on Form 10-Q and our Current Reports on Form 8-K. The forward-looking statements in this press release are based on information available to the Company as of the date hereof, and Harmonic disclaims any obligation to update any forward-looking statements.

Use of Non-GAAP Financial Measures

The Company reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP" or referred to herein as "reported"). However, management believes that certain non-GAAP financial measures provide management and other users with additional meaningful financial information that should be considered when assessing our ongoing performance. Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business, establish operating budgets, set internal measurement targets and make operating decisions.

These non-GAAP measures are not in accordance with, or an alternative for, measures prepared in accordance with generally accepted accounting principles and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. The Company believes that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with Harmonic's results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate Harmonic's results of operations in conjunction with the corresponding GAAP measures.

The Company believes that the presentation of non-GAAP measures when shown in conjunction with the corresponding GAAP measures, provides useful information to investors and management regarding financial and business trends relating to its financial condition and its historical and projected results of operations. Non-GAAP financial measures should be viewed in addition to, and not as an alternative to, the Company's reported results prepared in accordance with GAAP.

The non-GAAP measures presented here are: segment revenue, gross profit, operating expenses, income (loss) from operations, non-operating expenses and net income (loss) (including those amounts as a percentage of revenue), Adjusted EBITDA 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 non-GAAP financial measures discussed in this press release to the most directly comparable historical GAAP financial measures is included with the financial statements provided with this press release. The non-GAAP adjustments described below have historically been excluded from our GAAP financial measures.

Our non-GAAP financial measures reflect adjustments based on the following items, as well as the related income tax effects:

Stock-based compensation - Although stock-based compensation is a key incentive offered to our employees, we continue to evaluate our business performance excluding stock-based compensation expenses. We believe that management is limited in its ability to project the impact stock-based compensation would have on our operating results. In addition, for comparability purposes, we believe it is useful to provide a non-GAAP financial measure that excludes stock-based compensation in order to better understand the long-term performance of our core business and to facilitate the comparison of our results to the results of our peer companies.

Amortization of intangibles - A portion of the purchase price of our acquisitions is generally allocated to intangible assets, and is subject to amortization. However, Harmonic does not acquire businesses on a predictable cycle. Additionally, the amount of an acquisition's purchase price allocated to intangible assets and the term of its related amortization can vary significantly and is unique to each acquisition. Therefore, we believe that the presentation of non-GAAP financial measures that adjust for the amortization of intangible assets provides investors and others with a consistent basis for comparison across accounting periods.

Restructuring and related charges - Harmonic from time to time incurs restructuring charges which primarily consist of employee severance, one-time termination benefits related to the reduction of its workforce, lease exit costs, and other costs. These charges are associated with material business shifts. We exclude these items because we do not believe they are reflective of our ongoing long-term business and operating results.

Loss on convertible debt extinguishment - In the second quarter of fiscal 2020, we recorded a debt extinguishment loss of \$0.8 million resulting from the exchange of \$37.7 million in aggregate principal amount of our convertible notes due in 2020 for \$37.7 million in aggregate principal amount of convertible notes due in 2022. We have excluded this loss from our non-GAAP financial measures because we do not believe the loss is reflective of our ongoing long-term business and operating results.

Non-cash interest expense and other expenses related to convertible notes and other debt - We record the accretion of the debt discount related to the equity component and amortization of issuance costs as non-cash interest expense. We believe that excluding these costs provides meaningful supplemental information regarding operational performance and liquidity, along with enhancing investors' ability to view the Company's results from management's perspective. In addition, we believe excluding these costs from the non-GAAP measures facilitates comparisons to our historical operating results and comparisons to peer company operating results.

Discrete tax items and tax effect of non-GAAP adjustments - The income tax effect of non-GAAP adjustments relates to the tax effect of the adjustments that we incorporate into non-GAAP financial measures in order to provide a more meaningful measure of non-GAAP net income.

Depreciation - Depreciation expense, along with interest, tax and stock-based compensation expense, restructuring charges and amortization of intangible assets, is excluded from Adjusted EBITDA because we do not believe depreciation and the other items relate to the ordinary course of our business or are reflective of our underlying business performance.

CONTACTS:

Sanjay Kalra
Chief Financial Officer
Harmonic Inc.
+1.408.490.6031

David Hanover
Investor Relations
Harmonic Inc.
+1.212.896.1220

Harmonic Inc.
Preliminary Condensed Consolidated Balance Sheets
(Unaudited, in thousands, except per share data)

| | July 2, 2021 | December 31, 2020 |
|--|-------------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 115,177 | \$ 98,645 |
| Accounts receivable, net | 100,599 | 66,227 |
| Inventories | 43,031 | 35,031 |
| Prepaid expenses and other current assets | 42,314 | 38,132 |
| Total current assets | 301,121 | 238,035 |
| Property and equipment, net | 44,374 | 43,141 |
| Operating lease right-of-use assets | 30,175 | 27,556 |
| Other non-current assets | 33,322 | 39,117 |
| Goodwill | 242,248 | 243,674 |
| Total assets | <u>\$ 651,240</u> | <u>\$ 591,523</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Other debts, current | 5,678 | 11,771 |
| Accounts payable | 37,625 | 23,543 |
| Deferred revenue | 68,392 | 54,294 |
| Operating lease liabilities, current | 6,847 | 7,354 |
| Other current liabilities | 67,829 | 50,333 |
| Total current liabilities | 186,371 | 147,295 |
| Convertible debt, non-current | 132,575 | 129,507 |
| Other debts, non-current | 13,954 | 10,086 |
| Operating lease liabilities, non-current | 29,015 | 26,071 |
| Other non-current liabilities | 22,001 | 20,262 |
| Total liabilities | <u>\$ 383,916</u> | <u>\$ 333,221</u> |
| Stockholders' equity: | | |
| Preferred stock, \$0.001 par value, 5,000 shares authorized; no shares issued or outstanding | — | — |
| Common stock, \$0.001 par value, 150,000 shares authorized; 101,794 and 98,204 shares issued and outstanding at July 2, 2021 and December 31, 2020, respectively | 102 | 98 |
| Additional paid-in capital | 2,373,851 | 2,353,559 |
| Accumulated deficit | (2,109,344) | (2,101,211) |
| Accumulated other comprehensive income | 2,715 | 5,856 |
| Total stockholders' equity | 267,324 | 258,302 |
| Total liabilities and stockholders' equity | <u>\$ 651,240</u> | <u>\$ 591,523</u> |

Harmonic Inc.
Preliminary Condensed Consolidated Statements of Operations
(Unaudited, in thousands, except per share data)

| | Three Months ended | | Six Months Ended | |
|---|--------------------|---------------|------------------|---------------|
| | July 2, 2021 | June 26, 2020 | July 2, 2021 | June 26, 2020 |
| Revenue: | | | | |
| Appliance and integration | \$ 78,598 | \$ 42,224 | \$ 158,574 | \$ 89,976 |
| SaaS and service | 34,850 | 31,770 | 66,450 | 62,435 |
| Total net revenue | 113,448 | 73,994 | 225,024 | 152,411 |
| Cost of revenue: | | | | |
| Appliance and integration | 40,365 | 22,784 | 82,984 | 49,071 |
| SaaS and service | 12,578 | 13,437 | 26,390 | 28,829 |
| Total cost of revenue | 52,943 | 36,221 | 109,374 | 77,900 |
| Total gross profit | 60,505 | 37,773 | 115,650 | 74,511 |
| Operating expenses: | | | | |
| Research and development | 24,783 | 19,498 | 48,311 | 41,621 |
| Selling, general and administrative | 33,586 | 27,005 | 68,497 | 58,223 |
| Amortization of intangibles | — | 742 | 507 | 1,512 |
| Restructuring and related charges | — | 82 | 43 | 758 |
| Total operating expenses | 58,369 | 47,327 | 117,358 | 102,114 |
| Income (loss) from operations | 2,136 | (9,554) | (1,708) | (27,603) |
| Interest expense, net | (2,630) | (3,062) | (5,233) | (5,965) |
| Loss on convertible debt extinguishment | — | (834) | — | (834) |
| Other income (expense), net | (147) | (373) | 872 | (646) |
| Loss before income taxes | (641) | (13,823) | (6,069) | (35,048) |
| Provision for income taxes | 1,368 | 1,578 | 2,064 | 2,307 |
| Net loss | \$ (2,009) | \$ (15,401) | \$ (8,133) | \$ (37,355) |
| Net loss per share: | | | | |
| Basic and diluted | \$ (0.02) | \$ (0.16) | \$ (0.08) | \$ (0.39) |
| Shares used in per share calculations: | | | | |
| Basic and diluted | 101,218 | 96,727 | 100,539 | 96,255 |

Harmonic Inc.
Preliminary Condensed Consolidated Statements of Cash Flows
(Unaudited, in thousands)

| | Six Months Ended | |
|---|-------------------|------------------|
| | July 2, 2021 | June 26, 2020 |
| Cash flows from operating activities: | | |
| Net loss | \$ (8,133) | \$ (37,355) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation | 6,164 | 5,535 |
| Amortization of intangibles | 507 | 2,462 |
| Stock-based compensation | 12,429 | 9,807 |
| Amortization of convertible debt discount | 3,093 | 3,785 |
| Amortization of warrant | 863 | 868 |
| Foreign currency remeasurement | (1,897) | (89) |
| Loss on convertible debt extinguishment | — | 834 |
| Deferred income taxes | 981 | 1,116 |
| Provision for expected credit losses and returns | 2,230 | 662 |
| Provision for excess and obsolete inventories | 1,004 | 723 |
| Other adjustments | 111 | 207 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (36,709) | 13,024 |
| Inventories | (8,825) | (4,032) |
| Other assets | 882 | 19,182 |
| Accounts payable | 14,544 | (14,963) |
| Deferred revenues | 15,553 | 11,241 |
| Other liabilities | 15,642 | (12,117) |
| Net cash provided by operating activities | <u>18,439</u> | <u>890</u> |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (7,685) | (20,753) |
| Net cash used in investing activities | <u>(7,685)</u> | <u>(20,753)</u> |
| Cash flows from financing activities: | | |
| Payment of convertible debt | — | (25) |
| Payment of convertible debt issuance costs | — | (35) |
| Proceeds from other debts | 3,772 | 9,398 |
| Repayment of other debts | (5,401) | (6,342) |
| Proceeds from common stock issued to employees | 9,068 | 3,000 |
| Payment of tax withholding obligations related to net share settlements of restricted stock units | (1,194) | (1,049) |
| Net cash provided by financing activities | <u>6,245</u> | <u>4,947</u> |
| Effect of exchange rate changes on cash and cash equivalents | (467) | (398) |
| Net increase (decrease) in cash and cash equivalents | <u>16,532</u> | <u>(15,314)</u> |
| Cash and cash equivalents at beginning of period | 98,645 | 93,058 |
| Cash and cash equivalents at end of period | <u>\$ 115,177</u> | <u>\$ 77,744</u> |

Harmonic Inc.
Preliminary GAAP Revenue Information
(Unaudited, in thousands, except percentages)

| | Three Months Ended | | | | | |
|------------------|--------------------|--------------|-------------------|--------------|------------------|--------------|
| | July 2, 2021 | | April 2, 2021 | | June 26, 2020 | |
| Geography | | | | | | |
| Americas | \$ 71,525 | 63 % | \$ 75,062 | 67 % | \$ 42,307 | 58 % |
| EMEA | 28,441 | 25 % | 27,607 | 25 % | 24,714 | 33 % |
| APAC | 13,482 | 12 % | 8,907 | 8 % | 6,973 | 9 % |
| Total | \$ 113,448 | 100 % | \$ 111,576 | 100 % | \$ 73,994 | 100 % |

| | | | | | | |
|---------------------|-------------------|--------------|-------------------|--------------|------------------|--------------|
| Market | | | | | | |
| Service Provider | \$ 68,929 | 61 % | \$ 53,660 | 48 % | \$ 42,169 | 57 % |
| Broadcast and Media | 44,519 | 39 % | 57,916 | 52 % | 31,825 | 43 % |
| Total | \$ 113,448 | 100 % | \$ 111,576 | 100 % | \$ 73,994 | 100 % |

| | Six Months Ended | | | |
|------------------|-------------------|--------------|-------------------|--------------|
| | July 2, 2021 | | June 26, 2020 | |
| Geography | | | | |
| Americas | \$ 146,587 | 65 % | \$ 79,957 | 53 % |
| EMEA | 56,048 | 25 % | 52,530 | 34 % |
| APAC | 22,389 | 10 % | 19,924 | 13 % |
| Total | \$ 225,024 | 100 % | \$ 152,411 | 100 % |

| | | | | |
|---------------------|-------------------|--------------|-------------------|--------------|
| Market | | | | |
| Service Provider | \$ 122,589 | 54 % | \$ 85,928 | 56 % |
| Broadcast and Media | 102,435 | 46 % | 66,483 | 44 % |
| Total | \$ 225,024 | 100 % | \$ 152,411 | 100 % |

Harmonic Inc.
Preliminary Segment Information
(Unaudited, in thousands, except percentages)

Three Months Ended July 2, 2021

| | Video | Cable Access | Total Segment Measures (non-GAAP) | Adjustments ⁽¹⁾ | Consolidated GAAP Measures |
|--------------------------------|-----------|--------------|-----------------------------------|----------------------------|----------------------------|
| Net revenue | \$ 63,355 | \$ 50,093 | \$ 113,448 | \$ — | \$ 113,448 |
| Gross profit | 37,571 | 23,538 | 61,109 | (604) | 60,505 |
| Gross margin % | 59.3 % | 47.0 % | 53.9 % | | 53.3 % |
| Operating income (loss) | 1,559 | 4,992 | 6,551 | (4,415) | 2,136 |
| Operating margin % | 2.5 % | 10.0 % | 5.8 % | | 1.9 % |

Three Months Ended April 2, 2021

| | Video | Cable Access | Total Segment Measures (non-GAAP) | Adjustments ⁽¹⁾ | Consolidated GAAP Measures |
|--------------------------------|-----------|--------------|-----------------------------------|----------------------------|----------------------------|
| Net revenue | \$ 70,331 | \$ 41,245 | \$ 111,576 | \$ — | \$ 111,576 |
| Gross profit | 38,774 | 17,408 | 56,182 | (1,037) | 55,145 |
| Gross margin % | 55.1 % | 42.2 % | 50.4 % | | 49.4 % |
| Operating income (loss) | 3,772 | 1,296 | 5,068 | (8,912) | (3,844) |
| Operating margin % | 5.4 % | 3.1 % | 4.5 % | | (3.4)% |

Three Months Ended June 26, 2020

| | Video | Cable Access | Total Segment Measures (non-GAAP) | Adjustments ⁽¹⁾ | Consolidated GAAP Measures |
|---------------------------|-----------|--------------|-----------------------------------|----------------------------|----------------------------|
| Net revenue | \$ 47,453 | \$ 26,541 | \$ 73,994 | \$ — | \$ 73,994 |
| Gross profit | 26,024 | 12,128 | 38,152 | (379) | 37,773 |
| Gross margin % | 54.8 % | 45.7 % | 51.6 % | | 51.0 % |
| Operating loss | (4,237) | (878) | (5,115) | (4,439) | (9,554) |
| Operating margin % | (8.9)% | (3.3)% | (6.9)% | | (12.9)% |

Six Months Ended July 2, 2021

| | Video | Cable Access | Total Segment Measures (non-GAAP) | Adjustments ⁽¹⁾ | Consolidated GAAP Measures |
|--------------------------------|------------|--------------|-----------------------------------|----------------------------|----------------------------|
| Net revenue | \$ 133,686 | \$ 91,338 | \$ 225,024 | \$ — | \$ 225,024 |
| Gross profit | 76,345 | 40,946 | 117,291 | (1,641) | 115,650 |
| Gross margin % | 57.1 % | 44.8 % | 52.1 % | | 51.4 % |
| Operating income (loss) | 5,331 | 6,288 | 11,619 | (13,327) | (1,708) |
| Operating margin % | 4.0 % | 6.9 % | 5.2 % | | (0.8)% |

Six Months Ended June 26, 2020

| | Video | Cable Access | Total Segment Measures (non-GAAP) | Adjustments ⁽¹⁾ | Consolidated GAAP Measures |
|--------------------------------|------------|--------------|-----------------------------------|----------------------------|----------------------------|
| Net revenue | \$ 101,825 | \$ 50,586 | \$ 152,411 | \$ — | \$ 152,411 |
| Gross profit | 53,931 | 22,542 | 76,473 | (1,962) | 74,511 |
| Gross margin % | 53.0 % | 44.6 % | 50.2 % | | 48.9 % |
| Operating income (loss) | (10,504) | (4,143) | (14,647) | (12,956) | (27,603) |
| Operating margin % | (10.3)% | (8.2)% | (9.6)% | | (18.1)% |

(1) See "Use of Non-GAAP Financial Measures" above and "GAAP to Non-GAAP Reconciliations" below.

Harmonic Inc.
GAAP to Non-GAAP Reconciliations (Unaudited)
(in thousands, except percentages and per share data)

| Three Months Ended July 2, 2021 | | | | | | |
|---|------------|--------------|-------------------------|------------------------|----------------------------------|-------------------|
| | Revenue | Gross Profit | Total Operating Expense | Income from Operations | Total Non-operating expense, net | Net Income (Loss) |
| GAAP | \$ 113,448 | \$ 60,505 | \$ 58,369 | \$ 2,136 | \$ (2,777) | \$ (2,009) |
| Stock-based compensation | — | 222 | (3,811) | 4,033 | — | 4,033 |
| Amortization of intangibles | — | — | — | — | — | — |
| Restructuring and related charges | — | 382 | — | 382 | — | 382 |
| Non-cash interest and other expenses related to convertible notes | — | — | — | — | 1,560 | 1,560 |
| Discrete tax items and tax effect of non-GAAP adjustments | — | — | — | — | — | 836 |
| Total adjustments | — | 604 | (3,811) | 4,415 | 1,560 | 6,811 |
| Non-GAAP | \$ 113,448 | \$ 61,109 | \$ 54,558 | \$ 6,551 | \$ (1,217) | \$ 4,802 |
| <i>As a % of revenue (GAAP)</i> | | 53.3 % | 51.5 % | 1.9 % | (2.4)% | (1.8)% |
| <i>As a % of revenue (Non-GAAP)</i> | | 53.9 % | 48.1 % | 5.8 % | (1.1)% | 4.2 % |
| Diluted net income (loss) per share: | | | | | | |
| GAAP | | | | | | \$ (0.02) |
| Non-GAAP | | | | | | \$ 0.05 |
| Shares used in per share calculation: | | | | | | |
| GAAP | | | | | | 101,218 |
| Non-GAAP | | | | | | 103,825 |

| 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 | — | 1,037 | (7,875) | 8,912 | 1,532 | 10,638 |
| Non-GAAP | \$ 111,576 | \$ 56,182 | \$ 51,114 | \$ 5,068 | \$ (52) | \$ 4,514 |
| <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 |

Three Months Ended June 26, 2020

| | Revenue | Gross Profit | Total Operating Expense | Loss from Operations | Total Non-operating expense, net | Net Loss |
|---|-----------|--------------|-------------------------|----------------------|----------------------------------|-------------|
| GAAP | \$ 73,994 | \$ 37,773 | \$ 47,327 | \$ (9,554) | \$ (4,269) | \$ (15,401) |
| Stock-based compensation | — | 312 | (3,236) | 3,548 | — | 3,548 |
| Amortization of intangibles | — | 65 | (742) | 807 | — | 807 |
| Restructuring and related charges | — | 2 | (82) | 84 | — | 84 |
| Loss on convertible debt extinguishment | — | — | — | — | 834 | 834 |
| Non-cash interest and other expenses related to convertible notes | — | — | — | — | 1,950 | 1,950 |
| Discrete tax items and tax effect of non-GAAP adjustments | — | — | — | — | — | 2,238 |
| Total adjustments | — | 379 | (4,060) | 4,439 | 2,784 | 9,461 |
| Non-GAAP | \$ 73,994 | \$ 38,152 | \$ 43,267 | \$ (5,115) | \$ (1,485) | \$ (5,940) |
| <i>As a % of revenue (GAAP)</i> | | 51.0 % | 64.0 % | (12.9)% | (5.8)% | (20.8)% |
| <i>As a % of revenue (Non-GAAP)</i> | | 51.6 % | 58.5 % | (6.9)% | (2.0)% | (8.0)% |
| Diluted net loss per share: | | | | | | |
| GAAP | | | | | | \$ (0.16) |
| Non-GAAP | | | | | | \$ (0.06) |
| Shares used in per share calculation: | | | | | | |
| GAAP and Non-GAAP | | | | | | 96,727 |

Six Months Ended July 2, 2021

| | Revenue | Gross Profit | Total Operating Expense | Income (Loss) from Operations | Total Non-operating expense, net | Net Income (Loss) |
|---|------------|--------------|-------------------------|-------------------------------|----------------------------------|-------------------|
| GAAP | \$ 225,024 | \$ 115,650 | \$ 117,358 | \$ (1,708) | \$ (4,361) | \$ (8,133) |
| Stock-based compensation | — | 1,295 | (11,136) | 12,431 | — | 12,431 |
| Amortization of intangibles | — | — | (507) | 507 | — | 507 |
| Restructuring and related charges | — | 346 | (43) | 389 | — | 389 |
| Non-cash interest and other expenses related to convertible notes | — | — | — | — | 3,092 | 3,092 |
| Discrete tax items and tax effect of non-GAAP adjustments | — | — | — | — | — | 1,030 |
| Total adjustments | — | 1,641 | (11,686) | 13,327 | 3,092 | 17,449 |
| Non-GAAP | \$ 225,024 | \$ 117,291 | \$ 105,672 | \$ 11,619 | \$ (1,269) | \$ 9,316 |
| <i>As a % of revenue (GAAP)</i> | | 51.4 % | 52.2 % | (0.8)% | (1.9)% | (3.6)% |
| <i>As a % of revenue (Non-GAAP)</i> | | 52.1 % | 47.0 % | 5.2 % | (0.6)% | 4.1 % |
| Diluted net income (loss) per share: | | | | | | |
| GAAP | | | | | | \$ (0.08) |
| Non-GAAP | | | | | | \$ 0.09 |
| Shares used in per share calculation: | | | | | | |
| GAAP | | | | | | 100,539 |
| Non-GAAP | | | | | | 103,494 |

Six Months Ended June 26, 2020

| | Revenue | Gross Profit | Total Operating Expense | Loss from Operations | Total Non-operating expense, net | Net Loss |
|---|-------------------------------------|--------------|-------------------------|----------------------|----------------------------------|-------------|
| GAAP | \$ 152,411 | \$ 74,511 | \$ 102,114 | \$ (27,603) | \$ (7,445) | \$ (37,355) |
| Stock-based compensation | — | 1,083 | (8,724) | 9,807 | — | 9,807 |
| Amortization of intangibles | — | 950 | (1,512) | 2,462 | — | 2,462 |
| Restructuring and related charges | — | (71) | (758) | 687 | — | 687 |
| Loss on convertible debt extinguishment | — | — | — | — | 834 | 834 |
| Non-cash interest and other expenses related to convertible notes | — | — | — | — | 3,785 | 3,785 |
| Discrete tax items and tax effect of non-GAAP adjustments | — | — | — | — | — | 4,054 |
| Total adjustments | — | 1,962 | (10,994) | 12,956 | 4,619 | 21,629 |
| Non-GAAP | \$ 152,411 | \$ 76,473 | \$ 91,120 | \$ (14,647) | \$ (2,826) | \$ (15,726) |
| | <i>As a % of revenue (GAAP)</i> | 48.9 % | 67.0 % | (18.1)% | (4.9)% | (24.5)% |
| | <i>As a % of revenue (Non-GAAP)</i> | 50.2 % | 59.8 % | (9.6)% | (1.9)% | (10.3)% |
| Diluted net loss per share: | | | | | | |
| GAAP | | | | | | \$ (0.39) |
| Non-GAAP | | | | | | \$ (0.16) |
| Shares used in per share calculation: | | | | | | |
| GAAP and Non-GAAP | | | | | | 96,255 |

Harmonic Inc.
Preliminary Adjusted EBITDA Reconciliation (Unaudited)
(In thousands)

| | Three Months Ended | | |
|---|--------------------|-----------------|-------------------|
| | July 2, 2021 | April 2, 2021 | June 26, 2020 |
| Net income (loss) - GAAP | \$ (2,009) | \$ (6,124) | \$ (15,401) |
| Provision for income taxes | 1,368 | 696 | 1,578 |
| Interest expense, net | 2,630 | 2,603 | 3,062 |
| Depreciation | 3,107 | 3,057 | 2,692 |
| Amortization of intangibles | — | 507 | 807 |
| EBITDA | 5,096 | 739 | (7,262) |
| <i>Adjustments</i> | | | |
| Stock-based compensation | 4,033 | 8,398 | 3,548 |
| Loss on convertible debt extinguishment | — | — | 834 |
| Restructuring and related charges | 382 | 7 | 84 |
| Adjusted EBITDA | \$ 9,511 | \$ 9,144 | \$ (2,796) |

| | Six Months Ended | |
|---|------------------|-------------------|
| | July 2, 2021 | June 26, 2020 |
| Net income (loss) - GAAP | \$ (8,133) | \$ (37,355) |
| Provision for income taxes | 2,064 | 2,307 |
| Interest expense, net | 5,233 | 5,965 |
| Depreciation | 6,164 | 5,535 |
| Amortization of intangibles | 507 | 2,462 |
| EBITDA | 5,835 | (21,086) |
| <i>Adjustments</i> | | |
| Stock-based compensation | 12,431 | 9,807 |
| Loss on convertible debt extinguishment | — | 834 |
| Restructuring and related charges | 389 | 687 |
| Adjusted EBITDA | \$ 18,655 | \$ (9,758) |

Harmonic Inc.
GAAP to Non-GAAP Reconciliations on Financial Guidance
(In millions, except percentages and per share data)

| Q3 2021 Financial Guidance ⁽¹⁾ | | | | | | | | | | | | | | | |
|---|---------|----|--------------|--------|-------------------------|--------|-------------------------------|----|----------------------------------|---------|-------------------|-------|---------|----|-------------------------|
| | Revenue | | Gross Profit | | Total Operating Expense | | Income (Loss) from Operations | | Total Non-operating Expense, net | | Net Income (Loss) | | | | |
| GAAP | \$112.0 | to | \$122.0 | \$55.3 | to | \$61.1 | \$59.1 | to | \$60.6 | \$(3.8) | to | \$0.5 | \$(3.0) | to | \$(3.3) |
| Stock-based compensation expense | — | | | 0.6 | | | (5.6) | | | 6.2 | | | — | | 6.2 |
| Amortization of intangibles | — | | | — | | | — | | | — | | | — | | — |
| Restructuring and related charges | — | | | — | | | — | | | — | | | — | | — |
| Non-cash interest and other expenses related to convertible notes | — | | | — | | | — | | | — | | | 1.6 | | 1.6 |
| Tax effect of non-GAAP adjustments | — | | | — | | | — | | | — | | | — | | \$0.7 to \$0.3 |
| Total adjustments | — | | | 0.6 | | | (5.6) | | | 6.2 | | | 1.6 | | \$8.5 to \$8.1 |
| Non-GAAP | \$112.0 | to | \$122.0 | \$55.9 | to | \$61.7 | \$53.5 | to | \$55.0 | \$2.4 | to | \$6.7 | \$(1.4) | to | \$4.8 |
| <i>As a % of revenue (GAAP)</i> | | | | 49.4% | to | 50.1% | 52.8% | to | 49.7% | (3.4)% | to | 0.4% | (2.7)% | to | (2.5)% (6.8)% to (2.7)% |
| <i>As a % of revenue (Non-GAAP)</i> | | | | 49.9% | to | 50.6% | 47.8% | to | 45.1% | 2.1% | to | 5.5% | (1.3)% | to | (1.1)% 0.8% to 3.9% |
| Diluted net income (loss) per share: | | | | | | | | | | | | | | | |
| GAAP | | | | | | | | | | | | | | | \$(0.07) to \$(0.03) |
| Non-GAAP | | | | | | | | | | | | | | | \$0.01 to \$0.05 |
| Shares used in per share calculation: | | | | | | | | | | | | | | | |
| GAAP | | | | | | | | | | | | | | | 102.0 |
| Non-GAAP | | | | | | | | | | | | | | | 105.8 |

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

| Q4 2021 Financial Guidance ⁽¹⁾ | | | | | | | | | | | | | | | |
|---|---------|----|--------------|--------|-------------------------|--------|-------------------------------|----|----------------------------------|--------|-------------------|--------|---------|----|----------------------|
| | Revenue | | Gross Profit | | Total Operating Expense | | Income (Loss) from Operations | | Total Non-operating Expense, net | | Net Income (Loss) | | | | |
| GAAP | \$133.0 | to | \$148.0 | \$66.8 | to | \$75.5 | \$59.7 | to | \$61.7 | \$7.1 | to | \$13.8 | \$(3.0) | to | \$10.0 |
| Stock-based compensation expense | — | | | 0.3 | | | (4.3) | | | 4.6 | | | — | | 4.6 |
| Amortization of intangibles | — | | | — | | | — | | | — | | | — | | — |
| Restructuring and related charges | — | | | 0.4 | | | (0.4) | | | 0.8 | | | — | | 0.8 |
| Non-cash interest and other expenses related to convertible notes | — | | | — | | | — | | | — | | | 1.6 | | 1.6 |
| Tax effect of non-GAAP adjustments | — | | | — | | | — | | | — | | | — | | \$(0.3) to \$(1.0) |
| Total adjustments | — | | | 0.7 | | | (4.7) | | | 5.4 | | | 1.6 | | \$6.7 to \$6.0 |
| Non-GAAP | \$133.0 | to | \$148.0 | \$67.5 | to | \$76.2 | \$55.0 | to | \$57.0 | \$12.5 | to | \$19.2 | \$(1.4) | to | \$16.0 |
| <i>As a % of revenue (GAAP)</i> | | | | 50.2% | to | 51.0% | 44.9% | to | 41.7% | 5.3% | to | 9.3% | (2.3)% | to | (2.0)% 2.5% to 6.8% |
| <i>As a % of revenue (Non-GAAP)</i> | | | | 50.8% | to | 51.5% | 41.4% | to | 38.5% | 9.4% | to | 13.0% | (1.1)% | to | (0.9)% 7.5% to 10.8% |
| Diluted net income (loss) per share: | | | | | | | | | | | | | | | |
| GAAP | | | | | | | | | | | | | | | \$0.03 to \$0.09 |
| Non-GAAP | | | | | | | | | | | | | | | \$0.09 to \$0.15 |
| Shares used in per share calculation: | | | | | | | | | | | | | | | |
| GAAP | | | | | | | | | | | | | | | 106.6 |
| Non-GAAP | | | | | | | | | | | | | | | 106.6 |

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

2021 Financial Guidance ⁽¹⁾

| | Revenue | | Gross Profit | | Total Operating Expense | | Income (Loss) from Operations | | Total Non-operating Expense, net | | Net Income (Loss) | |
|---|---------|------------|--------------|------------|-------------------------|------------|-------------------------------|-----------|----------------------------------|-----------|-------------------|-------------|
| GAAP | \$470.0 | to \$495.0 | \$237.8 | to \$252.3 | \$236.2 | to \$239.7 | \$1.6 | to \$12.6 | \$(10.3) | | \$(12.4) | to \$(1.4) |
| Stock-based compensation expense | — | | 2.2 | | (21.1) | | 23.3 | | — | | 23.3 | |
| Amortization of intangibles | — | | — | | (0.5) | | 0.5 | | — | | 0.5 | |
| Restructuring and related charges | — | | 0.7 | | (0.4) | | 1.1 | | — | | 1.1 | |
| Non-cash interest and other expenses related to convertible notes | — | | — | | — | | — | | 6.3 | | 6.3 | |
| Tax effect of non-GAAP adjustments | — | | — | | — | | — | | — | | \$1.4 | to \$0.3 |
| Total adjustments | — | | 2.9 | | (22.0) | | 24.9 | | 6.3 | | \$32.6 | to \$31.5 |
| Non-GAAP | \$470.0 | to \$495.0 | \$240.7 | to \$255.2 | \$214.2 | to \$217.7 | \$26.5 | to \$37.5 | \$(4.0) | | \$20.2 | to \$30.1 |
| <i>As a % of revenue (GAAP)</i> | | | 50.6% | to 51.0% | 50.3% | to 48.4% | 0.3% | to 2.5% | (2.2)% | to (2.1)% | (2.6)% | to (0.3)% |
| <i>As a % of revenue (Non-GAAP)</i> | | | 51.2% | to 51.6% | 45.6% | to 44.0% | 5.6% | to 7.6% | (0.9)% | to (0.8)% | 4.3% | to 6.1% |
| Diluted net income (loss) per share: | | | | | | | | | | | | |
| GAAP | | | | | | | | | | | \$(0.12) | to \$(0.01) |
| Non-GAAP | | | | | | | | | | | \$0.19 | to \$0.29 |
| Shares used in per share calculation: | | | | | | | | | | | | |
| GAAP | | | | | | | | | | | 101.4 | |
| Non-GAAP | | | | | | | | | | | 104.9 | |

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

Harmonic Inc.
Adjusted EBITDA Reconciliation on Financial Guidance (Unaudited)⁽¹⁾
(In millions)

| | <u>Q3 2021 Financial Guidance</u> | | <u>Q4 2021 Financial Guidance</u> | | <u>2021 Financial Guidance</u> | | | | |
|-----------------------------------|-----------------------------------|----|-----------------------------------|---------|--------------------------------|---------|-----------|----|----------|
| Net income (loss) - GAAP | \$ (7.6) | to | \$ (3.3) | \$ 3.3 | to | \$ 10 | \$ (12.4) | to | \$ (1.4) |
| Provision for income taxes | | | 0.8 | | | 0.8 | | | 3.7 |
| Interest expense, net | | | 2.6 | | | 2.6 | | | 10.4 |
| Depreciation | | | 3.8 | | | 3.8 | | | 13.8 |
| Amortization of intangibles | | | — | | | — | | | 0.5 |
| EBITDA | \$ (0.4) | to | \$ 3.9 | \$ 10.5 | to | \$ 17.2 | \$ 16.0 | to | \$ 27.0 |
| <i>Adjustments</i> | | | | | | | | | |
| Stock-based compensation | | | 6.2 | | | 4.6 | | | 23.3 |
| Restructuring and related charges | | | — | | | 0.8 | | | 1.1 |
| Adjusted EBITDA | \$ 5.8 | to | \$ 10.1 | \$ 15.9 | to | \$ 22.6 | \$ 40.4 | to | \$ 51.4 |

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