



SECOND QUARTER 2024  
**EARNINGS**  
**CONFERENCE CALL**

Nimrod Ben-Natan, President & CEO  
Walter Jankovic, CFO

July 29, 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 Q3 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](http://www.harmonicinc.com).



Broadband strategy remains on track for **multiyear growth**



Improving Video profitability and a growing pipeline of **new tier 1 SaaS and larger scale Appliance opportunities**



Reaffirming **full year 2024 revenue guidance in both Broadband and Video**



## Q2 HIGHLIGHTS

- Revenue \$92.9 million, compared to \$97.1 million in prior year
- cOS™ commercially deployed with 118 operators, up 20% year over year
- 30.1 million cable modems served, ~17% of global market



## EXECUTING MULTIYEAR GROWTH PLAN

- Record DOCSIS 4.0 shipments of outdoor nodes
- Diversifying broadband with another Tier 1 customer win
- Fiber-to-the-home gaining traction with recent orders and wins
- Recently announced Pearl, the market's highest density remote optical line terminal (OLT)



## Q2 HIGHLIGHTS

- Total Video revenue \$45.8 million, compared to \$58.9 million in prior year
- SaaS revenue \$14.0 million, up 3.2% year over year
- Improving margins and driving towards positive EBITDA



## STRATEGIC EXECUTION AND PRIORITIES

- Executing on business streamlining ahead of plan to drive profitability
- Concentrating on strong pipeline of tier 1 SaaS opportunities
- Expanding pipeline of larger scale Appliance deals



# FINANCIAL RESULTS AND **OUTLOOK**

Walter Jankovic, CFO



## FINANCIAL RESULTS

- Revenue \$138.7 million, compared to \$156.0 million in prior year
- EPS \$0.08, compared to \$0.12 in Q2 2023
- Bookings \$72.4 million, book to bill ratio of 0.5
- Backlog and Deferred Revenue \$613.1 million



## GUIDANCE FOR KEY FINANCIAL METRICS

- Reaffirming our Broadband full year 2024 revenue guidance of \$460M to \$500M
- Broadband growth expected to accelerate further in 2025
- Reaffirming full year 2024 Video revenue guidance of \$185M to \$195M

\* Non-GAAP



# Q2 2024 REVENUE & GROSS MARGIN HIGHLIGHTS\*



Financial Metric (\$ Millions)	Q2 2024	Q1 2024	Q2 2023	Q2/Q1 Change	Q2 Y/Y Change
Total Net Revenue	\$138.7	\$122.1	\$156.0	13.7%	(11.0)%
Broadband Revenue	\$92.9	\$78.9	\$97.1	17.8%	(4.3)%
Video Revenue	\$45.8	\$43.2	\$58.9	6.1%	(22.2)%
Gross Margin (%)	53.1%	52.5%	54.7%	0.6%	(1.6)%
Broadband Gross Margin (%)	47.6%	47.5%	50.5%	0.1%	(2.9)%
Video Gross Margin (%)	64.4%	61.6%	61.7%	2.8%	2.7%

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



# Q2 2024 EARNINGS AND BOOKINGS HIGHLIGHTS\*



Financial Metric \$ Millions (except EPS)	Q2 2024	Q1 2024	Q2 2023	Q2/Q1 Change	Q2 Y/Y Change
Operating Expenses	\$61.5	\$62.8	\$67.2	\$(1.3)	\$(5.7)
Adj. EBITDA	\$16.1	\$4.1	\$21.1	\$12.0	\$(5.0)
Broadband Adj. EBITDA	\$16.3	\$10.4	\$19.7	\$5.9	\$(3.4)
Video Adj. EBITDA	\$(0.3)	\$(6.4)	\$1.4	\$6.1	\$(1.7)
EPS	\$0.08	\$0.00	\$0.12	\$0.08	\$(0.04)
Share Count	116.7	118.1	119.3	(1.4)	(2.6)
Bookings	\$72.4	\$146.1	\$194.7	\$(73.7)	\$(122.3)
Book to Bill Ratio	0.5	1.2	1.2	(0.7)	(0.7)

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

# Q2 2024 BALANCE SHEET & CASH FLOW HIGHLIGHTS



Financial Metric (\$ Millions)	Q2 2024	Q1 2024	Q2 2023
Cash	\$45.9	\$84.3	\$71.0
Cash Provided by Operations	\$(22.2)	\$26.8	\$(16.5)
Free cash flow	\$(24.1)	\$24.9	\$(18.0)
Accounts Receivable	\$120.0	\$105.9	\$119.2
DSO	78	78	69
Inventory	\$84.1	\$86.6	\$113.6
Inventory Days	116	134	145
Backlog and Deferred Revenue	\$613.1	\$677.8	\$663.8

# Q3 & 2024 FINANCIAL GUIDANCE | BY SEGMENT\*



Financial Metric - Broadband	Q3 2024 Guidance	FY 2024 Guidance
Net Revenue (\$M)	\$130 - \$140	\$460 - \$500
Gross Margin (%)	48.0% - 49.0%	47.0% - 49.0%
Gross Profit (\$M)	\$63 - \$69	\$216 - \$245
Adjusted EBITDA (\$M)	\$34 - \$39	\$102 - \$126

Financial Metric - Video	Q3 2024 Guidance	FY 2024 Guidance
Net Revenue (\$M)	\$45 - \$50	\$185 - \$195
Gross Margin (%)	63.0% - 64.0%	63.0% - 64.0%
Gross Profit (\$M)	\$28 - \$32	\$117 - \$125
Adjusted EBITDA (\$M)	\$0 - \$3	\$0 - \$5

\* Non-GAAP

# Q3 & 2024 FINANCIAL GUIDANCE | CONSOLIDATED\*



Financial Metric	Q3 2024 Guidance	FY 2024 Guidance
Total Revenue (\$M)	\$175 - \$190	\$645 - \$695
Gross Margin (%)	51.9% - 52.9%	51.6% - 53.2%
Gross Profit (\$M)	\$91 - \$101	\$333 - \$370
Adjusted EBITDA (\$M)	\$34 - \$42	\$102 - \$131
Shares**	117.0 - 117.0	117.3 - 117.3
EPS	\$0.19 - \$0.24	\$0.56 - \$0.75

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

\*\* Diluted shares assumes stock price at \$11.29 (Q2 2024 average price).



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## 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.

# 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)
<b>GAAP</b>	\$ 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
Lease-related asset impairment and other charges	—	—	(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)
<b>Total adjustments</b>	—	273	(27,569)	27,842	338	21,811
<b>Non-GAAP</b>	<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 %
<b>Diluted net income (loss) per share:</b>						
GAAP						<u>\$ (0.11)</u>
Non-GAAP						<u>\$ 0.08</u>
<b>Shares used in per share calculation:</b>						
GAAP						<u>115,030</u>
Non-GAAP						<u>116,690</u>



# Q1 2024 GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



## Three Months Ended March 29, 2024

	Revenue	Gross Profit	Total Operating Expense	Income (Loss) from Operations	Total Non-operating Expense, net	Net Income (Loss)
<b>GAAP</b>	\$ 122,060	\$ 63,081	\$ 72,607	\$ (9,526)	\$ (1,012)	\$ (8,089)
Stock-based compensation	—	522	(6,401)	6,923	—	6,923
Restructuring and related charges	—	460	(3,037)	3,497	11	3,508
Non-recurring advisory fees	—	—	(349)	349	—	349
Non-cash interest expense related to convertible notes	—	—	—	—	229	229
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	(2,538)
<b>Total adjustments</b>	<b>—</b>	<b>982</b>	<b>(9,787)</b>	<b>10,769</b>	<b>240</b>	<b>8,471</b>
<b>Non-GAAP</b>	<b>\$ 122,060</b>	<b>\$ 64,063</b>	<b>\$ 62,820</b>	<b>\$ 1,243</b>	<b>\$ (772)</b>	<b>\$ 382</b>
<i>As a % of revenue (GAAP)</i>		51.7 %	59.5 %	(7.8)%	(0.8)%	(6.6)%
<i>As a % of revenue (Non-GAAP)</i>		52.5 %	51.5 %	1.0 %	(0.6)%	0.3 %
<b>Diluted net income (loss) per share:</b>						
GAAP						\$ (0.07)
Non-GAAP						\$ 0.00
<b>Shares used in per share calculation:</b>						
GAAP						112,350
Non-GAAP						118,107

# Q2 2023 GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



Three Months Ended June 30, 2023

	Revenue	Gross Profit	Total Operating Expense	Income from Operations	Total Non-operating Expense, net	Net Income
<b>GAAP</b>	\$ 155,963	\$ 84,940	\$ 74,978	\$ 9,962	\$ (936)	\$ 1,555
Stock-based compensation	—	439	(5,620)	6,059	—	6,059
Non-recurring advisory fees	—	—	(2,135)	2,135	—	2,135
Non-cash interest expense related to convertible notes	—	—	—	—	223	223
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	3,982
<b>Total adjustments</b>	—	439	(7,755)	8,194	223	12,399
<b>Non-GAAP</b>	<u>\$ 155,963</u>	<u>\$ 85,379</u>	<u>\$ 67,223</u>	<u>\$ 18,156</u>	<u>\$ (713)</u>	<u>\$ 13,954</u>
<i>As a % of revenue (GAAP)</i>		54.5 %	48.1 %	6.4 %	(0.6)%	1.0 %
<i>As a % of revenue (Non-GAAP)</i>		54.7 %	43.1 %	11.6 %	(0.5)%	8.9 %
<b>Diluted net income per share:</b>						
GAAP						<u>\$ 0.01</u>
Non-GAAP						<u>\$ 0.12</u>
<b>Shares used in per share calculation:</b>						
GAAP and Non-GAAP						<u>119,255</u>

# ADJ. EBITDA CALCULATIONS

(UNAUDITED, IN THOUSANDS)



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

	Three Months Ended March 29, 2024	
	Broadband	Video
Income (loss) from operations <sup>(1)</sup>	\$ 8,594	\$ (7,351)
Depreciation	1,986	1,099
Other non-operating expenses, net	(179)	(99)
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>\$ 10,401</b>	<b>\$ (6,351)</b>
Revenue	\$ 78,897	\$ 43,163
<i>Adjusted EBITDA margin % <sup>(2)</sup></i>	<i>13.2 %</i>	<i>(14.7)%</i>

	Three Months Ended June 30, 2023	
	Broadband	Video
Income from operations <sup>(1)</sup>	\$ 18,066	\$ 90
Depreciation	1,671	1,388
Other non-operating expenses, net	(84)	(52)
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>\$ 19,653</b>	<b>\$ 1,426</b>
Revenue	\$ 97,096	\$ 58,867
<i>Adjusted EBITDA margin % <sup>(2)</sup></i>	<i>20.2 %</i>	<i>2.4 %</i>

# ADJ. EBITDA RECONCILIATIONS

(UNAUDITED, IN THOUSANDS)



	Three Months Ended		
	June 28, 2024	March 29, 2024	June 30, 2023
<b>Net income (loss) (GAAP)</b>	\$ (12,532)	\$ (8,089)	\$ 1,555
Provision for (benefit from) income taxes	(3,903)	(2,449)	7,471
Interest expense, net	1,424	723	800
Depreciation	3,226	3,085	3,059
<b>EBITDA</b>	<b>(11,785)</b>	<b>(6,730)</b>	<b>12,885</b>
<i>Adjustments</i>			
Stock-based compensation	6,954	6,923	6,059
Restructuring and related charges	11,482	3,508	—
Non-recurring advisory fees	406	349	2,135
Lease-related asset impairment and other charges	9,000	—	—
<b>Total consolidated segment adjusted EBITDA (Non-GAAP)</b>	<b>\$ 16,057</b>	<b>\$ 4,050</b>	<b>\$ 21,079</b>
<b>Revenue</b>	<b>\$ 138,740</b>	<b>\$ 122,060</b>	<b>\$ 155,963</b>
<i>Net income (loss) margin (GAAP)</i>	<i>(9.0)%</i>	<i>(6.6)%</i>	<i>1.0 %</i>
<i>Consolidated segment Adjusted EBITDA margin (Non-GAAP)</i>	<i>11.6 %</i>	<i>3.3 %</i>	<i>13.5 %</i>

# Q3 2024 GUIDANCE GAAP TO NON-GAAP RECONCILIATIONS

(UNAUDITED, IN MILLIONS, EXCEPT EPS AND PERCENTAGES)



## Q3 2024 Financial Guidance <sup>(1)</sup>

	Revenue	Gross Profit	Total Operating Expense	Income from Operations	Net Income
<b>GAAP</b>	\$ 175 to \$ 190	\$ 91 to \$ 101	\$ 67 to \$ 69	\$ 24 to \$ 32	\$ 16 to \$ 22
Stock-based compensation expense	—	—	(5)	5	5
Restructuring and related charges	—	—	(1)	1	1
Lease-related impairment and other charges	—	—	(1)	1	1
Tax effect of non-GAAP adjustments	—	—	—	—	(1) to —
<b>Total adjustments</b>	—	—	(7)	7	6 to 7
<b>Non-GAAP</b>	<u>\$ 175 to \$ 190</u>	<u>\$ 91 to \$ 101</u>	<u>\$ 60 to \$ 62</u>	<u>\$ 31 to \$ 39</u>	<u>\$ 22 to \$ 29</u>
<i>As a % of revenue (GAAP)</i>		51.9% to 52.9%	38.3% to 36.3%	13.7% to 16.8%	9.3% to 11.6%
<i>As a % of revenue (Non-GAAP)</i>		51.9% to 52.9%	34.3% to 32.6%	17.7% to 20.3%	12.8% to 15.3%
<b>Diluted net income per share:</b>					
GAAP					<u>\$ 0.14 to \$ 0.19</u>
Non-GAAP					<u>\$ 0.19 to \$ 0.24</u>
<b>Shares used in per share calculation:</b>					
GAAP and Non-GAAP					<u>117.0</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 <sup>(1)</sup>

	Revenue		Gross Profit		Total Operating Expense		Income from Operations		Net Income	
<b>GAAP</b>	\$ 645	to \$ 695	\$ 332	to \$ 369	\$ 296	to \$ 304	\$ 36	to \$ 65	\$ 23	to \$ 45
Stock-based compensation expense	—		1		(25)		26		26	
Restructuring and related charges	—		—		(15)		15		15	
Non-recurring advisory fees	—		—		(1)		1		1	
Lease-related impairment and other charges	—		—		(11)		(11)		11	
Non-cash interest expense related to convertible notes	—		—		—		—		1	
Tax effect of non-GAAP adjustments	—		—		—		—		(12)	to (11)
<b>Total adjustments</b>	—		1		(52)		31		42	to 43
<b>Non-GAAP</b>	<u>\$ 645</u>	<u>to \$ 695</u>	<u>\$ 333</u>	<u>to \$ 370</u>	<u>\$ 244</u>	<u>to \$ 252</u>	<u>\$ 89</u>	<u>to \$ 118</u>	<u>\$ 65</u>	<u>to \$ 88</u>
<i>As a % of revenue (GAAP)</i>			<i>51.4%</i>	<i>to 53.1%</i>	<i>45.9%</i>	<i>to 43.7%</i>	<i>5.6%</i>	<i>to 9.4%</i>	<i>3.6%</i>	<i>to 6.5%</i>
<i>As a % of revenue (Non-GAAP)</i>			<i>51.6%</i>	<i>to 53.2%</i>	<i>37.8%</i>	<i>to 36.3%</i>	<i>13.7%</i>	<i>to 16.9%</i>	<i>10.1%</i>	<i>to 12.7%</i>
<b>Diluted net income per share:</b>										
GAAP									<u>\$ 0.19</u>	<u>to \$ 0.38</u>
Non-GAAP									<u>\$ 0.56</u>	<u>to \$ 0.75</u>
<b>Shares used in per share calculation:</b>										
GAAP and Non-GAAP									<u>117.3</u>	

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

# Q3 AND 2024 GUIDANCE ADJ EBITDA CALCULATIONS



	Q3 2024 Financial Guidance			
	Broadband		Video	
Income (loss) from operations <sup>(2)</sup>	\$ 32	to \$ 37	\$ (1)	to \$ 2
Depreciation	2	2	1	1
<b>Segment adjusted EBITDA <sup>(3)</sup></b>	<b>\$ 34</b>	<b>to \$ 39</b>	<b>\$ —</b>	<b>to \$ 3</b>

  

	2024 Financial Guidance			
	Broadband		Video	
Income (loss) from operations <sup>(2)</sup>	\$ 93	to \$ 117	\$ (4)	to \$ 1
Depreciation	9	9	4	4
<b>Segment adjusted EBITDA <sup>(3)</sup></b>	<b>\$ 102</b>	<b>to \$ 126</b>	<b>\$ —</b>	<b>to \$ 5</b>



# Q3 AND 2024 ADJ. EBITDA GUIDANCE RECONCILIATIONS

(UNAUDITED, IN MILLIONS)



	Q3 2024 Financial Guidance		2024 Financial Guidance	
<b>Net income (GAAP)</b>	\$ 16	to \$ 22	\$ 23	to \$ 45
Provision for income taxes	5	7	7	14
Interest expense, net	2	2	6	6
Depreciation	3	3	13	13
<b>EBITDA</b>	26	to 34	49	to 78
<i>Adjustments</i>				
Stock-based compensation	6	6	26	26
Restructuring and related charges	1	1	15	15
Lease-related impairment and other charges	1	1	11	11
Non-recurring advisory fees	—	—	1	1
<b>Total consolidated segment adjusted EBITDA (Non-GAAP) <sup>(2)</sup></b>	<u>\$ 34</u>	<u>to \$ 42</u>	<u>\$ 102</u>	<u>to \$ 131</u>

harmonic<sup>®</sup>

**THANK YOU.**

